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

The offering circular referred to in this announcement includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer. The issuer accepts full responsibility for the accuracy of the information contained in this announcement and the 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.

*This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The securities referred to herein will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company making the offer, its management and financial statements. The Company does not intend to make any public offering of securities in the United States.*

Notice to Hong Kong investors: *The Issuer and Guarantor confirm that with respect to the Hong Kong market, the Notes are intended for purchase by professional investors only (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, each of the Issuer and Guarantor confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*

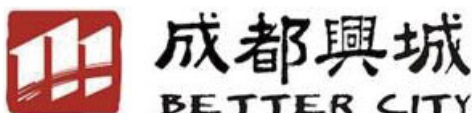
NOTICE OF LISTING ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Xingcheng (BVI) Limited

(Incorporated with limited liability in the British Virgin Islands)

**U.S.\$445,000,000 2.90 PER CENT. GUARANTEED NOTES DUE 2026
(THE “NOTES”)
(STOCK CODE: 40550)**

Unconditionally and Irrevocably Guaranteed by



Chengdu Xingcheng Investment Group Co., Ltd.
(成都興城投資集團有限公司)

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

ISSUED UNDER THE US\$1,500,000,000 GUARANTEED MEDIUM TERM NOTE PROGRAMME OF XINGCHENG (BVI) LIMITED

The Issuer announces that the listing of the Notes on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and permission to deal in the Notes by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) only has become effective on 21 January 2021.

The offering circular dated 5 January 2021 and the pricing supplement dated 13 January 2021 prepared in connection with the issue of the Notes is appended herewith.

Hong Kong, 21 January 2021.

As at the date of this announcement, the sole director of Xingcheng (BVI) Limited is Xingcheng International Investment Co., Limited 興城(香港)國際投資有限公司 and the directors of Chengdu Xingcheng Investment Group Co., Ltd. are Mr. Ren Zhineng, Mr. Zhao Weidong, Mr. Zhang Juntao, Mr. Yang Xiaosong, Mr. Zhu Zhigang and Ms. Wang Wei.

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES AND, IN CERTAIN CIRCUMSTANCES, ARE NOT U.S. PERSONS.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular (the “**Offering Circular**”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Xingcheng (BVI) Limited (the “**Issuer**”), Chengdu Xingcheng Investment Group Co., Ltd. (the “**Guarantor**”) as a result of such access. In order to be eligible to view the attached Offering Circular or make an investment decision with respect to the securities, investors must be outside the United States.

Confirmation of Your Representation: The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and China International Capital Corporation Hong Kong Securities Limited (the “**Arranger**” and the “**Dealer**”) that (1) you and any customers you represent are outside the United States and, in certain circumstances, not U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”)) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, none of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version available to you upon request from the Issuer, the Guarantor, the Arranger and the Dealers.

Restrictions: The attached Offering Circular is being furnished in connection with an offering in offshore transactions to persons outside the United States or, in certain circumstances, to non-U.S. persons outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES, OR IN CERTAIN CIRCUMSTANCES, TO U.S. PERSONS, 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. THE OFFERING IS MADE SOLELY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of any of the Issuer, the Guarantor, the Arranger or the Dealers 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, directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Arranger or Dealer or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

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

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED 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.

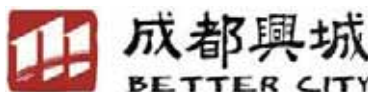
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Xingcheng (BVI) Limited

(Incorporated with limited liability in the British Virgin Islands)

U.S.\$1,500,000,000

Medium Term Note Programme
Unconditionally and Irrevocably Guaranteed by



Chengdu Xingcheng Investment Group Co., Ltd.

(成都興城投資集團有限公司)

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

Under the U.S.\$1,500,000,000 guaranteed medium term note programme described in this Offering Circular (the "Programme"), Xingcheng (BVI) Limited (the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the "Notes") which will be unconditionally and irrevocably guaranteed (the "Guarantee") by its parent company, Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司) (the "Guarantor"). The Issuer is a wholly-owned subsidiary of the Guarantor. The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$1,500,000,000 (or the equivalent in other currencies), subject to increase as further described in "Summary of the Programme".

Each Tranche (as defined in "Summary of the Programme") of Notes issued under the Programme will have the benefit of a deed of guarantee dated on or about the relevant Issue Date (as defined in Terms and Conditions of the Notes) (as amended, restated and/or supplemented from time to time, a "Deed of Guarantee") entered into between the Guarantor and The Bank of New York Mellon, London Branch as trustee (the "Trustee") substantially in the form attached to the Trust Deed (as defined in Terms and Conditions of the Notes). The Guarantor will be required to register or cause to be registered with the Sichuan Branch of the State Administration of Foreign Exchange ("SAFE") the relevant Deed of Guarantee within the prescribed timeframe after its execution in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) promulgated by SAFE following the issuance of each Tranche of the Notes. The Guarantor intends to complete the registration of the relevant Deed of Guarantee with SAFE on or before the Registration Deadline (being 90 Registration Business Days (as defined in the Terms and Conditions of the Notes)) after the relevant Issue Date. The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

In relation to each Tranche of the Notes where the NDRC Circular (as defined in the Terms and Conditions of the Notes) is applicable, registration will be completed by the Guarantor in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance of Enterprises of Foreign Debt Filings and Registrations (NDRC Wai Zi [2015] No. 2044) (《國家發改委關於推進企業發行外債備案登記制管理改革的通知》) (發改外資[2015]2044號) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules, reports, certificates or guidelines as may be issued by the NDRC, as supplemented and amended from time to time (the "NDRC Circular"), as set forth in the applicable Pricing Supplement. After issuance of each Tranche of the Notes where the NDRC Circular is applicable, the Guarantor shall file the requisite information and documents with the NDRC within the prescribed timeframe after the relevant Issue Date of the Notes in accordance with the NDRC Circular.

Application has been made to The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") for the listing of the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (together, "Professional Investors") only. This document is for distribution to Professional Investors only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

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 Programme and the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer or the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Notice to Hong Kong investors: The Issuer and the Guarantor each confirms that the Notes are intended for purchase by professional investors only (as defined in the Securities and Futures Ordinance (Cap 571) and Rules made thereunder) and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Issuer and the Guarantor each confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

Notice of the aggregate nominal amount of the Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche of the Notes will be set out in a pricing supplement (the "Pricing Supplement") which, with respect to Notes to be listed on the Hong Kong Stock Exchange, will be delivered to the Hong Kong Stock Exchange, on or before the relevant Issue Date. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

Notes may be issued in bearer or registered form. The Notes of each Series issued in bearer form ("Bearer Notes") will be represented on issue by a temporary global note in bearer form (each a "Temporary Global Note") or a permanent global note in bearer form (each a "Permanent Global Note") (collectively, the "Global Note"). Bearer Notes that are issued in compliance with rules in substantially the same form as U.S. Treasury Regulations § 1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") ("TEFRA D") must be initially represented by a Temporary Global Note and interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note on or after the date 40 days after the later of the commencement of the offering and the relevant Issue Date (the "Exchange Date"), upon certification as to non-U.S. beneficial ownership. Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. The Notes of each Series in registered form will initially be represented by a global certificate (each a "Global Certificate"). Global Notes and Global Certificates may be deposited on the relevant Issue Date with a common depository on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream"), or with a sub-custodian for the Central Money Markets Unit Service (the "CMU") operated by the Hong Kong Monetary Authority. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes or Global Certificates for Certificates are described in "Summary of Provisions Relating to the Notes while in Global Form".

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States and may not be offered or sold or, in case of Bearer Notes, delivered, in the United States or, in certain circumstances, to or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act ("Regulation S")) except pursuant to an exemption from the registration requirements of the Securities Act. There will be no public offer of securities in the United States. The Notes and the Guarantee are being offered outside the United States in reliance on Regulation S under the Securities Act. Bearer Notes are subject to U.S. tax law requirements. See "Subscription and Sale".

MIFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MIFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MIFID II") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MIFID Product Governance rules under EU Delegated Directive 2017/593 (the "MIFID Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

The Programme is expected to be assigned a rating of "BBB+" by Fitch Ratings Ltd. ("Fitch"). In addition, the Guarantor has been assigned a corporate rating of "BBB+" by Fitch. These ratings are only correct as at the date of this Offering Circular. Tranches of Notes to be issued under the Programme may be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A rating does not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors should also have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section entitled "Risk Factors" in this Offering Circular.

Arranger and Dealer

China International Capital Corporation

Offering Circular dated 5 January 2021

NOTICE TO INVESTORS

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor and their respective subsidiaries (together, the “**Group**”) and to the Guarantee, the Deeds of Guarantee and the Notes which is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Guarantee, the Deeds of Guarantee and the Notes are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and to the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Guarantee, the Deeds of Guarantee or the Notes the omission of which would, in the context of the issue and offering of the Notes, make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; and (vi) the statistical, industry and market-related data included in this Offering Circular is based on or derived from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

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

Listing of the Programme or the Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Notes. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering, including the merits and risks involved. Please see “Risk Factors” for a discussion of certain factors to be considered in connection with an investment in the Notes. Each Tranche of Notes will be issued on the terms set out herein under “Terms and Conditions of the Notes” as amended and/or supplemented by a Pricing Supplement. This Offering Circular must be read and construed together with any amendments or supplements hereto and with any information incorporated by reference herein (see “Information Incorporated by Reference and Financial Information”) and, in relation to any Tranche of Notes, must be read and construed together with the relevant Pricing Supplement. This Offering Circular shall be read and construed on the basis that such documents are incorporated in and form part of this Offering Circular.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, and China International Capital Corporation Hong Kong Securities Limited (the “**Arranger**” and the “**Dealer**”), the Trustee and the Agents (as defined in the Terms and Conditions of the Notes) and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them to inform themselves about and to observe any such restrictions. None of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them represents that this Offering Circular or any Pricing Supplement may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any

responsibility for facilitating any such distribution or offering. No action is being taken to permit a public offering of any of the Notes or the distribution of this Offering Circular or any Pricing Supplement in any jurisdiction where action would be required for such purposes. Accordingly, no Notes may be offered or sold, directly or indirectly, and none of this Offering Circular, any Pricing Supplement or any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

MiFID II product governance/target market – The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

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

UK PRIIPs REGULATION — PROHIBITION OF SALES TO UK RETAIL INVESTORS — The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289 OF SINGAPORE) – *In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

There are restrictions on the offer and sale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the EEA, the United Kingdom, the PRC, Hong Kong, Singapore, Japan and the British Virgin Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Offering Circular and any Pricing Supplement, see “Subscription and Sale”.

No person has been or is authorised to give any information or to make any representation concerning the Group, the Notes, the Guarantee or the Deed of Guarantee other than as contained in this Offering Circular or any other document entered into in relation to the Programme and the sale of Notes and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Arranger, any Dealer, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. Neither the delivery of this Offering Circular or any Pricing Supplement nor any offering, sale or delivery made in connection with the issue of the Notes shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor, the Group or any of them since the date hereof, or if later, the date upon which this Offering Circular has been most recently amended or supplemented, or create any implication that the information contained herein is correct as at any date subsequent to the date hereof or, as the case may be, the date upon which this Offering Circular has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them) to subscribe for or purchase any Notes and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is highly confidential and has been prepared by the Issuer and the Guarantor solely for use in connection with the Programme and the proposed offering of the Notes under the Programme as described herein. Neither the Issuer nor the Guarantor has authorised its use for any other purpose. This Offering Circular may not be copied or reproduced in whole or in part. It may be distributed only to and its contents may be disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Offering Circular each investor agrees to these restrictions.

No representation or warranty, express or implied, is made or given by the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to

the accuracy, completeness or sufficiency of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme, and nothing contained or incorporated in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. None of the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has independently verified any of the information contained in this Offering Circular and can give assurance that such information is accurate, truthful or complete.

To the fullest extent permitted by law, each of the Arranger, the Dealers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them does not accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by it or on its behalf in connection with the Issuer, the Guarantor, the giving of the Guarantee or the issue and offering of the Notes. Each of the Arranger, the Dealers, the Trustee and the Agents and each of their respective affiliates, directors, officers, employees, representatives, agents and advisers and each person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them undertakes to review the financial condition or affairs of the Guarantor during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investors in the Notes of any information coming to the attention of the Arranger, any Dealer, the Trustee or any Agent or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them.

This Offering Circular, the Pricing Supplement and any other information supplied in connection with the Programme or any Notes (i) are not intended to provide the basis of any credit or other evaluation and (ii) should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase any Notes. Each potential purchaser of the Notes should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Notes should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND THE NOTES MAY INCLUDE BEARER NOTES THAT ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED OR SOLD OR, IN THE CASE OF BEARER NOTES, DELIVERED, WITHIN THE UNITED STATES OR, IN CERTAIN CIRCUMSTANCES, TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS OR THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER IN CASE OF BEARER NOTES).

In connection with the issue of any Tranche of Notes, one or more of the Dealers (if any) named as stabilisation manager(s) in the applicable Pricing Supplement or persons acting on their behalf (the “**Stabilisation Manager(s)**”) may over-allot Notes or effect transactions

with a view to supporting the market price of Notes of the relevant Tranche at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilisation Manager(s) to do this. Such stabilisation, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.

This Offering Circular does not describe all of the risks and investment considerations (including those relating to each investor's particular circumstances) of an investment in Notes of a particular issue. Each potential purchaser of Notes should refer to and consider carefully the relevant Pricing Supplement for each particular issue of Notes, which may describe additional risks and investment considerations associated with such Notes. The risks and investment considerations identified in this Offering Circular and the applicable Pricing Supplement are provided as general information only. Investors should consult their own financial and legal advisers as to the risks and investment considerations arising from an investment in an issue of Notes and should possess the appropriate resources to analyse such investment and the suitability of such investment in their particular circumstances. Each person receiving this Offering Circular acknowledges that such person has not relied on the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although this information is believed to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and none of the Issuer, the Guarantor, the Arranger, the Dealers, the Trustee or the Agents or any their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified.

PRESENTATION OF FINANCIAL INFORMATION

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 31 December 2017 and 2018 and 2019, which has been extracted from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2017, 2018 and 2019 (together, the “**Audited Financial Statements**”) which are included elsewhere in this Offering Circular. The Audited Financial Statements have been audited by Wuyige Certified Public Accountants LLP (“**Daxin**”), the independent auditor of the Guarantor in accordance with Chinese Certified Public Accountant Auditing Standards.

The Guarantor merged with Chengdu Construction Engineering Group Co., Ltd. (成都建工集團有限公司) (“**Chengdu Construction**”) in September 2018 and the financial results of Chengdu Construction are consolidated with the Guarantor's audited consolidated financial statements since 2018. The Guarantor's consolidated financial information as at and for the year ended 31 December 2017 in its audited consolidated financial statements as at and for the year ended 31 December 2018 (the “**Guarantor's 2018 Financial Statements**”) is presented for

illustrative purposes only to show how the Group's operations in such period may have appeared had the merger with Chengdu Construction occurred on 1 January 2017. Unless otherwise stated in this Offering Circular, the Guarantor's consolidated financial information as at and for the year ended 31 December 2017 included in this Offering Circular has been extracted from its audited consolidated financial statements as at and for the year ended 31 December 2017. For more information, see "Summary Consolidated Financial Information".

The Offering Circular also contains unaudited but reviewed consolidated interim financial information of the Guarantor as at and for the six months ended 30 June 2019 and 2020, which has been extracted from the unaudited but reviewed interim consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2020 (the "**Reviewed Financial Statements**", together with the Audited Financial Statements, the "**Historical Financial Statements**"). The Reviewed Financial Statements have been reviewed by Daxin but have not been audited. The Reviewed Financial Statements should not be relied upon by investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Group's financial condition or results of operations. The Reviewed Financial Statements should not be taken as an indication of the expected results of operations of the Group for the full financial year ending 31 December 2020.

None of the Arranger, the Dealer nor their respective affiliates, directors, employees, agents, representatives, officers or advisers make any representation or warranty, express or implied, regarding the sufficiency of any unaudited figures in this Offering Circular. Potential investors must exercise caution when using such unaudited figures to evaluate the financial condition and results of operations of the Guarantor and its subsidiaries.

The Historical Financial Statements were prepared in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). PRC GAAP differs in certain respects from the International Financial Reporting Standards (the "**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, please see the section entitled "Description of Certain Differences between PRC GAAP and IFRS".

As at 1 January 2018, the Guarantor adopted new accounting standards, in accordance with the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (財政部關於修訂印發2018年度合併財務報表格式的通知) (the "**MOF 2018 Notice**"), which are effective for accounting periods beginning on or after 1 January 2018. The MOF 2018 Notice made revision on the formatting requirement of financial statements of general enterprises. The impact of the initial application of the new accounting standards is disclosed in note 3.29 of the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2018.

As at 1 January 2019, the Guarantor adopted additional new accounting standards, in accordance with the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (財政部關於修訂印發2019年度合併財務報表格式的通知) (the "**MOF 2019 Notice**"), which are effective for accounting periods beginning on or after 1 January 2019. The MOF 2019 Notice made revision on the formatting requirement of financial statements of general enterprises. The impact of the initial application of the new accounting standards is disclosed in note 3.31 of the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2019.

As at 1 January 2019, the Guarantor changed its valuation method for investment real estate from cost method to fair value method. The impact of the initial application of the new accounting standards is disclosed in note 3.31 of the audited consolidated financial statements of the Guarantor as at and for the year ended 31 December 2019.

EXCHANGE RATE INFORMATION

The consolidated financial statements of the Guarantor are presented in Renminbi. For convenience only and unless otherwise noted, all translations from Renminbi into U.S. dollars in this Offering Circular were made at the rate of RMB7.0651 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 30 June 2020. No representation is made that the Renminbi amounts referred to in this Offering Circular could have been or could be converted into U.S. dollars at any particular rate or at all, and vice versa.

ROUNDING

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.

CERTAIN DEFINITIONS AND CONVENTIONS

We have prepared this offering circular using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we”, “us”, “our”, the “Company”, the “Group” and words of similar import, we are referring to Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司) itself, or Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司) and its consolidated subsidiaries, as the context requires.

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

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**Renminbi**” or “**RMB**” are to the lawful currency of the PRC; references to “**Hong Kong dollars**” or “**HKS**” are to the lawful currency of Hong Kong; references to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America and references to “**sterling**” or “**£**” are to the lawful currency of the United Kingdom.

INFORMATION INCORPORATED BY REFERENCE AND FINANCIAL INFORMATION

This Offering Circular should be read and construed in conjunction with:

- (i) each relevant Pricing Supplement; and
- (ii) all amendments and supplements from time to time to this Offering Circular;

which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular.

Any statement contained in this Offering Circular or in a document incorporated by reference into this Offering Circular will be deemed to be modified or superseded for purposes of this Offering Circular to the extent that a statement contained in any such subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Offering Circular, except as modified or superseded.

Copies of the documents mentioned in (i) and (ii) above which are so deemed to be incorporated in, and to form part of, this Offering Circular will be available (upon prior written request and proof of holding and identity satisfactory to the Trustee) free of charge, during usual business hours (being between 9:00 a.m. and 3:00 p.m., Hong Kong time) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the principal office of the Trustee set out at the end of this Offering Circular.

SUPPLEMENTAL OFFERING CIRCULAR

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that unless the Issuer has notified the Permanent Dealers in writing that it does not intend to issue Notes under the Programme for the time being, each of the Issuer and the Guarantor shall prepare and publish an amendment or supplement to the Offering Circular if at any time during the duration of the Programme a significant new factor, material mistake or material inaccuracy arises or is noted relating to the information included in the Offering Circular which is capable of affecting an assessment by investors of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and/or the Guarantor and/or of the rights attaching to the Notes and/or the Guarantee.

FORWARD-LOOKING STATEMENTS

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

- the Group's business and operating strategies;
- the Group's capital expenditure and development plans;
- the amount and nature of, and potential for, future development of the Group's business;
- future developments, trends and conditions in the industries and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- changes in political, economic, legal and social conditions in the PRC, including the specific policies of the PRC central and local governments affecting the regions where the Group operates;
- changes in the global economic conditions and material volatility in the global financial markets;
- the prospective financial condition and performance regarding the Group's businesses;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industries and markets in which the Group operates;
- availability and costs of bank loans and other forms of financing;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's ability to obtain additional capital on acceptable terms;
- reduction or discontinuance of the government subsidies and other government grants or the mismatch in terms of timing of the availability of the government fiscal support and the Group's cash flow requirement;
- fluctuations in the PRC and general risks incidental to the ownership and management of properties; and
- other risks identified in the section entitled "Risk Factors" in this Offering Circular.

The words "anticipate", "believe", "estimate", "expect", "intend", "plan" and similar expressions are intended to identify a number of these forward-looking statements. The Issuer, the Guarantor and each other member of the Group undertake no obligation to update

or revise any forward-looking statements whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur and the actual results of the Issuer, the Guarantor or the Group could differ materially from those anticipated in these forward-looking statements.

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

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
SUMMARY OF THE PROGRAMME	4
SUMMARY CONSOLIDATED FINANCIAL INFORMATION	11
RISK FACTORS	19
FORM OF PRICING SUPPLEMENT	66
TERMS AND CONDITIONS OF THE NOTES	81
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	128
DESCRIPTION OF THE ISSUER	134
USE OF PROCEEDS	135
CAPITALISATION AND INDEBTEDNESS	136
DESCRIPTION OF THE GROUP	137
DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT	174
PRC REGULATION	181
TAXATION	203
PRC CURRENCY REGULATIONS	211
SUBSCRIPTION AND SALE	214
GENERAL INFORMATION	220
INDEX TO FINANCIAL STATEMENTS	F-1

SUMMARY

OVERVIEW OF THE GROUP

The Guarantor is a leading integrated city operator wholly owned by the Chengdu State-owned Assets Supervision and Administration Commission (the “**Chengdu SASAC**”). Established in 2009, the Group is a designated entity to carry out the Chengdu Municipal Government’s blueprint for primary land development, urban infrastructure construction and municipal development in Chengdu. Following the merger with Chengdu Construction Engineering Group Co., Ltd. (成都建工集團有限公司) (“**Chengdu Construction**”, together with its subsidiaries, “**Chengdu Construction Group**”) in 2018, the Group’s construction business became its core business. Over the years, the Group played a significant role in implementing the Chengdu Municipal Government’s urban planning and developed into a key force to optimise the industrial structure and enhance the commercial attractiveness and competitiveness of Chengdu. The Group has received various honours and awards in recognition of its business achievements. For instance, in 2018, the Group was named as one of the “China Top 500 Enterprises (中國企業五百強)” and one of the “China Top 500 Service Enterprises (中國服務業五百強)” by China Enterprise Confederation (中國企業聯合會) and China Entrepreneurs Association (中國企業家協會).

The Group’s business operations primarily include (i) construction; (ii) property development; (iii) pharmaceutical and healthcare and (iv) miscellaneous. Below is a brief summary of each of the Group’s business segments:

- *Construction.* Construction became the Group’s core business since its merger with Chengdu Construction Group in 2018. In March 2019, the Guarantor acquired an aggregate 29.28 per cent. share of Zhonghua Geotechnical Engineering Group Co., Ltd. (中化岩土集團股份有限公司) (Stock Code: 002542) (“**Zhonghua Geotechnical**” together with its subsidiaries, the “**Zhonghua Geotechnical Group**”) to further the Group’s expansion in the construction industry. The Group’s construction business includes building construction and building materials logistics. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income from the Group’s construction business was RMB38,922.5 million, RMB54,145.9 million, RMB23,940.6 million and RMB27,374.6 million, respectively, representing 89.1 per cent., 85.6 per cent., 81.5 per cent. and 87.2 per cent. of the Group’s total operating income for the relevant periods.
- *Property development.* The Group carries out commodity housing development projects and affordable housing development projects throughout Chengdu. In response to the Chengdu Municipal Government’s plans to attract and retain talented individuals in Chengdu, the Group commenced the development and operation of talent apartments since 2017. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group’s total contracted sales for properties it developed amounted to approximately RMB4.4 billion, RMB3.8 billion, RMB6.1 billion and RMB11.3 billion, respectively. As at 30 June 2020, the Group had 32 properties under construction with an estimated total investment of approximately RMB58,894.0 million. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group’s property development business was RMB4,007.4 million, RMB3,524.2 million, RMB3,554.0 million, RMB2,495.1 million and RMB365.1 million, respectively, representing 84.4 per cent., 8.1 per cent., 5.6 per cent., 8.5 per cent. and 1.2 per cent. of the Group’s operating income for the relevant periods.

- *Pharmaceutical and healthcare.* The Group commenced its pharmaceutical and healthcare business in 2019 after its acquisition of shares in Tianjin Chase Sun Pharmaceutical Co., Ltd. (天津紅日藥業股份有限公司) (Stock Code: 300026) (“Chase Sun”). The Group produces a broad range of pharmaceutical products, spanning medicine formula granule, drug products, drug ingredients and excipients and medical equipment, and also provides medical services. For the year ended 31 December 2019 and for the six months ended 30 June 2019 and 2020, operating income generated from the Group’s pharmaceutical and healthcare business was RMB3,942.7 million, RMB1,243.9 million and RMB1,746.2 million, respectively, representing 6.2 per cent., 4.2 per cent. and 5.6 per cent. of the Group’s operating income for the relevant periods.
- *Miscellaneous.* In addition, the Group participates in infrastructure construction, asset lease, hotel and tourism, equipment rental and sales and other businesses. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group’s miscellaneous business was RMB740.3 million, RMB1,217.6 million, RMB1,636.9 million, RMB1,685.5 million and RMB1,890.7 million, respectively, representing 15.6 per cent., 2.8 per cent., 2.6 per cent., 5.7 per cent. and 6.0 per cent. of the Group’s operating income for the relevant periods.

COMPETITIVE STRENGTHS

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

- Well-positioned to benefit from Chengdu’s strategic location and economic development
- A key entity of urbanisation and industrialisation of Chengdu
- Strong support from the Chengdu Municipal Government
- Strong financing capability with diversified financing channels
- Sound corporate governance and dedicated senior management with extensive experience and in-depth industry knowledge

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

- Continue to act as an integrated city operator in Chengdu
- Further improve its business portfolio to create new sources of income
- Explore innovative financing channels and expand the financing sources of the Group
- Adhere to prudent financial management with stringent risk control
- Strategically invest in high-quality companies

RECENT DEVELOPMENT

Investment in Chengdu Rural Commercial Bank

In June 2020, the Guarantor acquired 35.0 per cent. of equity interest in Chengdu Rural Commercial Bank Co., Ltd. (成都農村商業銀行股份有限公司) (“**Chengdu Rural Commercial Bank**”) with a consideration of RMB16,508.0 million, and such share transfer was completed in July 2020. As at the date of this Offering Circular, the Guarantor in aggregate holds 35.0 per cent. equity interest in Chengdu Rural Commercial Bank, which, however, is not a consolidated subsidiary of the Guarantor as it does not meet the audit requirements for consolidation. The Guarantor’s investment in Chengdu Rural Commercial Bank will be recorded as long-term equity investment on the Guarantor’s consolidated balance sheet.

Additional Indebtedness since 30 June 2020

Since 30 June 2020, the Group has incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In August 2020, the Guarantor issued RMB1.0 billion 2.5 per cent. super short-term commercial paper with a maturity of 270 days. In September 2020, the Guarantor issued RMB1.8 billion 4.49 per cent. corporate bonds with a maturity of three years. In September 2020, the Guarantor issued RMB0.2 billion 4.8 per cent. corporate bonds with a maturity of five years. In December 2020, the Guarantor issued RMB1.5 billion 4.8 per cent. corporate bonds with a maturity of three years. In December 2020, the Guarantor issued RMB1.5 billion 4.74 per cent. renewable corporate bonds with an initial maturity of three years.

Financial performance of the Group as at and for the nine months ended 30 September 2020

On 22 December 2020, the Guarantor published its quarterly financial statements as at and for the nine months ended 30 September 2020 (the “**2020 Q3 Interim Financial Statements**”) on the website of the Shanghai Clearing House, which was not subject to an audit or review. The financial information in the 2020 Q3 Interim Financial Statements may differ from future audited or reviewed information and the 2020 Q3 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The 2020 Q3 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2020. The 2020 Q3 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See “Risk Factors – Risks Relating to the Financial Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular”.

For the nine months ended 30 September 2020, the Group recorded an increase in its total operating income as compared to the same period in 2019. The Group’s total operating costs, including selling and distribution expenses, general administration expenses, R&D expenses and financial expenses, for the nine months ended 30 September 2020 increased correspondingly, and resulted in a slight increase in the Group’s total operating profit compared with the same period in 2019.

As at 30 September 2020, total liabilities of the Group increased as compared to the balance as at 1 January 2020, which was primarily attributable to increases in short-term loans, long-term loans and bonds payable incurred to meet the Group’s increasing capital needs as it continued to expand and grow its businesses.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular. This summary must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of the Offering Circular as a whole, including any information incorporated by reference. Phrases used in this summary and not otherwise defined shall have the meanings given to them in the section entitled “Terms and Conditions of the Notes”.

Issuer	Xingcheng (BVI) Limited.
Guarantor	Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司).
Description	Guaranteed Medium Term Note Programme.
Size	Up to U.S.\$1,500,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time. The Issuer and the Guarantor may increase the aggregate nominal amount of the Programme in accordance with the terms of the Dealer Agreement.
Legal Entity Identifier (LEI)	655600FFMBOY3ZM8Q607.
Risk Factors	Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer and the Guarantor to fulfil their respective obligations in respect of the Notes and the Guarantee are discussed under “ Risk Factors ”.
Arranger and Dealer	China International Capital Corporation Hong Kong Securities Limited. The Issuer and the Guarantor may from time to time terminate the appointment of any Dealer under the Programme or appoint Dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to “ Dealers ” are to all persons appointed as a dealer in respect of one or more Tranches or the Programme.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ Subscription and Sale ”). Further restrictions may apply in connection with any particular Series or Tranches of Notes.
Trustee	The Bank of New York Mellon, London Branch.

Issuing and Paying Agent .	The Bank of New York Mellon, London Branch.
Registrar (for Notes other than CMU Notes) and Transfer Agent (for Notes other than CMU Notes)	The Bank of New York Mellon SA/NV, Luxembourg Branch.
CMU Lodging and Paying Agent, Registrar (for CMU Notes) and Transfer Agent (for CMU Notes)	The Bank of New York Mellon, Hong Kong Branch.
Calculation Agent	In relation to a specific Series of Notes, The Bank of New York Mellon, London Branch if appointed as such for such Series (or such other Calculation Agent as may be appointed in relation to such Series).
Method of Issue	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and/or the issue price), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “ Tranche ”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the Issue Date, the issue price, the first payment of interest on them, nominal amount of the Tranche, the timing for submission of the NDRC Post-Issue Filing (if applicable) and the timing for completion of the Cross-border Security Registration, will be identical to the terms of other Tranches of the same Series) will be completed in the Pricing Supplement.
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer or registered form as described in “ Terms and Conditions of the Notes ”. Registered Notes will not be exchangeable for Bearer Notes and vice versa. Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Tranche of Registered Notes will initially be represented by a Global Certificate.

Where TEFRA D (as defined below) is applicable, Bearer Notes must initially be issued in the form of a Temporary Global Note, exchangeable for permanent Global Notes or Definitive Notes upon certification of non-U.S. beneficial ownership.

Clearing Systems Clearstream, Euroclear, the CMU and, in relation to any Tranche, such other clearing system as may be selected by the Issuer and/or the Guarantor, and approved in writing by the Trustee, the Issuing and Paying Agent or, as the case may be, the CMU Lodging and Paying Agent and, if applicable, the Registrar.

Initial Delivery of Notes On or before the issue date for each Tranche, the Global Note or Global Certificate representing the Notes may be deposited with a common depositary for Euroclear and Clearstream or deposited with a sub-custodian for the CMU. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Guarantor, the Trustee, the Issuing and Paying Agent and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of, or in the name of nominees or a common nominee for, such clearing systems.

Currencies Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealer(s).

Maturities Subject to compliance with all relevant laws, regulations and directives, any maturity as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).

Specified Denomination Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all relevant laws, regulations and directives. Unless otherwise permitted by the then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) will have a minimum denomination of £100,000 (or its equivalent in other currencies).

Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
Fixed Rate Notes	Fixed interest will be payable in arrear on such date or dates as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s).
Floating Rate Notes	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> • on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or • by reference to LIBOR, EURIBOR, HIBOR or CNH HIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin; or • on such other basis as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
Zero Coupon Notes	Zero Coupon Notes (as defined in the Terms and Conditions of the Notes) may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes (as defined in the Terms and Conditions of the Notes) will be made in such currencies, and based on such rates of exchange, as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.
Index Linked Notes	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in prices of securities or commodities or to such other factors as the Issuer, the Guarantor and the relevant Dealer(s) may agree and as may be specified in the relevant Pricing Supplement.

Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.
Redemption	The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable (detailed in a formula, index or otherwise). Unless permitted by then-current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement as further described in Condition 6(e) and Condition 6(f), respectively, of the Terms and Conditions of the Notes.
Redemption for Relevant Events	Following the occurrence of a Relevant Event, any Noteholder will have the right, at such Noteholder's option, to require the Issuer to redeem all, but not some only, of such Noteholder's Note 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 Non-Registration Event) of their nominal amount, together in each case with accrued interest, as further described in Condition 6(d) of the Terms and Conditions of the Notes.
Redemption for Taxation Reasons	Notes will be redeemable at the Issuer's option prior to maturity for taxation reasons as further described in Condition 6(c) of the Terms and Conditions of the Notes.
Status of Notes	The Notes and any Receipts and Coupons relating to them will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Notes) unsecured obligations of the Issuer and will at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

Status of the Guarantee . . .	<p>The Guarantor will in respect of each Tranche of Notes pursuant to the relevant Deed of Guarantee unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and, if applicable, the Receipts and the Coupons.</p> <p>The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Notes, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.</p>
Negative Pledge	The Notes will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Notes.
Cross-Default	The Terms and Conditions of the Notes will contain a cross-default provision as described in Condition 10(c) of the Terms and Conditions of the Notes.
Withholding Tax	All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts and Coupons or under the relevant Guarantee will be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. The Issuer or (as the case may be) the Guarantor will, subject to certain customary exceptions, pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required. As further described in Condition 8 of the Terms and Conditions of the Notes.
Ratings	<p>The Programme is expected to be assigned a rating of “BBB+” by Fitch. Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agency.</p>
Governing Law and Jurisdiction	English law. Exclusive jurisdiction of the Hong Kong courts.

Listing and Admission to Trading Application has been made to the Hong Kong Stock Exchange for the listing of the Programme by way of debt issues to Professional Investors only during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange.

However, unlisted Notes and Notes to be listed, traded or quoted on or by any other competent authority, stock exchange or quotation system may be issued pursuant to the Programme. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Hong Kong Stock Exchange or listed, traded or quoted on or by any other competent authority, exchange or quotation system.

Notes listed on the Hong Kong Stock Exchange will be traded on the Hong Kong Stock Exchange in a board lot size of at least HK\$500,000 (or its equivalent in other currencies).

Selling Restrictions There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Japan, Hong Kong, the PRC, Singapore and the British Virgin Islands and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “Subscription and Sale”.

Bearer Notes will be issued in compliance with rules in substantially the same form as U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) (“**TEFRA D**”) unless (i) the relevant Pricing Supplement states that the Bearer Notes are issued in compliance with rules in substantially the same form as U.S. Treasury Regulation §1.163-5(c)(2)(i)(C) for purposes of Section 4701 of the Code (“**TEFRA C**”) or (ii) the Bearer Notes are issued other than in compliance with TEFRA D or TEFRA C. In the case of Bearer Notes, only Notes with a term of 365 days or less (taking into account any unilateral extensions and rollovers) will be issued other than in compliance with TEFRA D or TEFRA C and will be referred to in the relevant Pricing Supplement as a transaction to which the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”) is not applicable. Bearer Notes with a term of more than 365 days (taking into account any unilateral extensions and rollovers) that are held through the CMU must be issued in compliance with TEFRA C, unless at the time of issuance the CMU and CMU Lodging and Paying Agent have procedures in place so as to enable the Issuer to comply with the certification requirements under TEFRA D.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Group as at and for the periods indicated. The summary financial information as at and for the years ended 31 December 2017, 2018 and 2019 as set forth below is extracted from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2017 and 2019. The summary financial information as at and for the six months ended 30 June 2019 and 2020 is extracted from the Guarantor's Reviewed Financial Statements.

The following tables also set forth the adjusted consolidated financial information of the Group as at and for the year ended 31 December 2017, which is extracted from the Guarantor's 2018 Financial Statements and shows how the Group's operations in such period may have appeared had the merger with Chengdu Construction occurred on 1 January 2017. The adjusted consolidated financial information of the Group as at and for the year ended 31 December 2017 from the Guarantor's 2018 Financial Statements is presented for illustrative purposes only. The information is not necessarily indicative of the results of operations that might have occurred had the merger with Chengdu Construction occurred on the date indicated, nor is it necessarily indicative of the Group's future results of operations.

The Guarantor's Audited Financial Statements have been audited by, and the Guarantor's Interim Financial Statements have been reviewed by Daxin in accordance with PRC GAAP. The Guarantor's Reviewed Financial Statements have not been audited by the Guarantor's independent auditors. As a result, the Guarantor's Reviewed Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit. Potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations. The Guarantor's Reviewed Financial Statements should not be taken as an indication of the expected financial condition and results of operations and prospect of the Guarantor for the full financial year ending 31 December 2020. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences between PRC GAAP and IFRS".

The summary consolidated financial information as set forth below should be read in conjunction with, and is qualified in its entirety by reference to, the relevant audited or reviewed consolidated financial statements of the Guarantor and the notes thereto included elsewhere in this Offering Circular. The Guarantor's historical consolidated financial information should not be taken as an indication of its future financial performance. See "Risk Factors – Risks Relating to the Financial Information – Historical consolidated financial information of the Group may not be indicative of its current or future results of operations".

Pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements for 2019 (Cai Kuai [2019] No. 6), which was promulgated on 30 April 2019, notes receivable and accounts receivable has been adjusted and divided into two separate line items, and notes payable and accounts payable has been adjusted and divided into two separate line items. For details and impact on the Guarantor's of such restatement, see Note 3.31.2 "the main influence of accounting policy change" to the Guarantor's consolidated financial statements as at and for the year ended 31 December 2019 included elsewhere in this Offering Circular.

Summary Consolidated Balance Sheet Data

	As at 31 December				As at 30 June
	2017		2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited and adjusted)	(audited)	(audited)	(reviewed)
Current assets					
Cash at bank and on hand	8,310,771	14,705,276	13,133,584	23,503,687	28,009,014
Notes receivable	–	69,531	260,503	667,662	659,757
Accounts receivable	528,872	15,467,763	16,619,023	22,860,046	25,884,803
Prepayments	677,559	2,463,935	940,232	1,071,480	2,006,188
Other receivables	2,211,917 ⁽¹⁾	2,707,162 ⁽¹⁾	4,152,519	8,507,115	9,038,556
Inventories	12,467,519	33,561,499	50,800,885	68,206,910	73,936,322
Contract assets	–	–	–	–	2,129,280
Held-for-sale assets	–	–	9,449	9,499	9,499
Non-current assets due within one year	720,643	773,282	720,643	766,709	909,119
Other current assets	199,033	537,494	878,223	1,462,916	2,279,921
Total current assets	25,115,501	70,285,942	87,515,061	127,056,024	144,862,458
Non-current assets					
Available-for-sale financial assets	140,000	482,219	623,929	1,506,657	1,368,697
Held-to-maturity investments	3,688,731	3,718,631	3,222,672	2,564,726	2,498,509
Long-term receivables	6,516,941	8,697,204	8,776,921	6,500,198	6,058,170
Long-term equity investments	400,636	424,942	1,309,999	1,896,950	19,271,637
Investment in other equity instruments	–	–	–	–	393,067
Investment property	3,724,690	5,378,022	13,650,129	18,751,335	19,887,383
Property, plant and equipment	67,137	2,084,169	1,985,555	5,616,089	4,998,330
Construction in progress	35,465,553	35,504,944	38,986,660	40,888,337	47,525,251
Disposal of property, plant and equipment	19	–	–	–	–
Intangible assets	–	748,599	732,473	2,657,917	2,305,733
Development expenditures	–	–	–	400,076	412,395
Goodwill	–	–	–	1,715,673	1,715,673
Long-term deferred expenses	177,471	209,116	189,801	343,708	336,917
Deferred tax assets	95,272	1,142,297	1,462,512	1,433,924	1,482,995
Other non-current assets	314,459	1,568,569	3,267,735	2,284,612	2,263,944
Total non-current assets	50,590,909	59,958,712	74,208,385	86,560,202	110,518,699
Total Assets	75,706,410	130,244,654	161,723,446	213,616,227	255,381,157

	As at 31 December				As at 30 June
	2017		2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited and adjusted)	(audited)	(audited)	(reviewed)
Current liabilities					
Short-term loans	122,000	11,645,860	12,560,571	10,149,933	12,274,101
Notes payable	–	294,500	811,898	1,330,646	2,179,147
Accounts payable	3,707,274	27,407,926	29,176,080	40,242,368	39,861,440
Advances from customers	3,797,983	6,887,995	6,640,294	7,974,982	13,207,933
Contract liabilities					292,159
Employee benefits payable	1,305	150,066	143,102	284,031	178,713
Taxes and surcharges payable	578,956	1,318,959	1,616,175	1,831,213	1,806,169
Other payables	1,256,762 ⁽²⁾	1,663,782 ⁽²⁾	5,391,720	8,121,040	9,810,989
Non-current liabilities due within one year	8,206,670	10,312,012	6,576,419	12,074,207	8,541,014
Other current liabilities	–	522,228	670,555	665,489	955,604
Total current liabilities	17,670,950	60,203,327	63,586,815	82,673,908	89,107,249
Non-current liabilities					
Long-term loans	10,790,437	16,054,906	26,612,848	31,091,940	60,371,469
Bonds payable	4,697,818	4,697,818	11,779,618	22,216,664	24,248,617
Long-term payables	11,573,343 ⁽³⁾	11,657,781 ⁽³⁾	10,349,425	6,531,785	7,081,252
Long-term employee benefits payable	–	5,466	5,466	5,466	5,466
Provisions	–	73,513	22,386	14,019	13,778
Deferred income	–	68,999	60,791	104,469	101,880
Deferred tax liabilities	–	1,067,968	2,593,680	3,657,804	3,653,809
Other non-current liabilities	–	–	–	20,000	25,000
Total non-current liabilities	27,061,598	33,626,451	51,424,214	63,642,146	95,501,271
Total Liabilities	44,732,547	93,829,778	115,011,030	146,316,054	184,608,520

	As at 31 December				As at 30 June
	2017		2018	2019	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(audited)	(audited and adjusted)	(audited)	(audited)	(reviewed)
Equity					
Paid-in capital (or Share capital)	5,525,400	5,525,400	5,525,400	5,525,400	5,525,400
Other equity instruments	4,400,000	4,400,000	6,169,500	11,171,500	11,090,500
Capital reserve	13,124,758	18,563,972	22,156,740	23,002,304	25,019,780
Other comprehensive income	(406)	(406)	126	2,205,401	2,552,038
Special reserve	–	24,015	29,941	42,680	61,369
Surplus reserve	158,743	158,743	449,225	485,175	485,175
Retained earnings	3,256,600	3,250,141	7,886,925	7,432,838	8,219,072
Equity attributable to parent company	26,465,096	31,921,865	42,217,857	49,865,298	52,953,334
Minority interests	4,508,767	4,493,011	4,494,560	17,434,875	17,819,304
Total equity	30,973,862	36,414,875	46,712,416	67,300,173	70,772,637
Total liabilities and equity	75,706,410	130,244,654	161,723,446	213,616,227	255,381,157

Notes:

1. The interest receivables, dividends receivable and other receivables have been adjusted and combined into one line item in the Guarantor's consolidated financial statements as at 31 December 2018. Such adjustment was made based on accounting rules promulgated in 2018 – “Notice on the Revision of the Format for Issuing General Enterprise Financial Statements” (Cai Kuai [2018] No. 15).
2. The interest payable dividends and other payable have been adjusted and combined into one line item in the Guarantor's consolidated financial statements as at 31 December 2018. The restatement was made based on newly promulgated and amended accounting rules in 2018 – “Notice on the Revision of the Format for Issuing General Enterprise Financial Statements” (Cai Kuai [2018] No. 15), which adjusted the calculation of notes payable, accounts payable, notes receivable, accounts receivable, other payables and long-term payables.
3. The long-term payables and special payables have been adjusted and combined into one line item in the Guarantor's consolidated financial statements as at 31 December 2018. The restatement was made based on newly promulgated and amended accounting rules in 2018 – “Notice on the Revision of the Format for Issuing General Enterprise Financial Statements” (Cai Kuai [2018] No. 15), which adjusted the calculation of notes payable, accounts payable, notes receivable, accounts receivable, other payables and long-term payables.

Summary Consolidated Statement of Income Data

	Year ended 31 December			Six months ended 30 June		
	2017		2018	2019		
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	
	(audited)	(audited and adjusted)	(audited)	(audited)	(reviewed)	(reviewed)
Operating income	4,747,717	36,153,525	43,664,309	63,279,143	29,365,140	31,376,642
Less: Operating cost . . .	3,288,235	32,277,509	39,233,950	55,143,991	25,665,179	27,654,485
Taxes and surcharges	234,486	314,845	498,645	714,738	391,873	203,612
Selling and distribution expenses	75,228	181,237	178,257	1,900,647	616,331	1,034,456
General and administrative expenses	141,494	899,982	1,167,311	1,750,244	709,181	793,473
R&D expenses . . .	–	26,799	55,569	347,014	77,853	151,605
Finance expenses .	42,855	697,876	956,614	1,389,426	721,733	579,116
Impairment on assets	2,150	1,267,708	198,248	474,079	(118,779)	(21,994)
Other income	214	25,857	17,936	35,254	13,733	30,896
Investment income/(loss)	3,687	(24,999)	1,829	(54,001)	13,151	815,603
Including: Investment income from associates and joint venture	416	619	1,465	(74,151)	1,681	814,369
Add: Gain/(loss) from changes in fair value .	–	–	(41,836)	27,410	–	–
Gain/(loss) from asset disposal	27,344	39,740	221	14,983	256	376
Operating profit	994,513	528,167	1,353,864	1,582,649	1,085,909	1,708,930
Add: Non-operating income	1,737	1,013,302	12,022	52,745	17,063	66,611
Less: Non-operating expenses	10,682	29,170	25,093	34,370	18,169	11,109
Profit before tax	985,569	1,512,298	1,340,794	1,601,024	1,084,803	1,764,432
Less: Income tax expenses	266,654	437,486	319,067	532,351	277,634	152,636
Net profit	718,915	1,074,812	1,021,727	1,068,673	807,169	1,611,796

	Year ended 31 December			Six months ended 30 June		
	2017		2018	2019	2019	2020
	(RMB'000) (audited)	(RMB'000) (audited and adjusted)	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (reviewed)	(RMB'000) (reviewed)
Classified by ownership:						
Net profit attributable to parent company	683,877	1,042,327	778,887	491,193	494,108	1,088,821
Profit/loss attributable to minority shareholders	35,038	32,486	242,840	577,480	313,061	522,975
Classified by business continuity:						
Profit or loss from continuing operations	718,915	1,074,812	–	–	807,169	1,611,796
Profit or loss from discontinuing operations	–	–	–	–	–	–
Other comprehensive income net of tax	(406)	(406)	532	2,195,974	6,483	345,736
Total comprehensive income	718,509	1,074,406	1,022,259	3,264,647	813,652	1,957,532
Total comprehensive income attributable to shareholders of the parent company	683,471	1,041,921	779,419	2,696,468	500,591	1,435,458
Total comprehensive income attributable to minority share-holders	35,038	32,486	242,840	568,179	313,061	522,075

Summary Consolidated Statement of Cash Flow Data

	Year ended 31 December			Six months ended 30 June		
	2017	2018	2019	2019	2020	
	(RMB'000) (audited)	(RMB'000) (audited and adjusted)	(RMB'000) (audited)	(RMB'000) (reviewed)	(RMB'000) (reviewed)	
Net cash flow from operating activities . . .	(5,602,765)	(6,093,545)	(11,664,483)	(8,489,624)	(9,238,421)	(5,336,141)
Net cash flow from investing activities	(350,855)	(574,848)	(5,210,535)	(5,079,072)	(3,184,135)	(17,015,042)
Net cash flow from financing activities . . .	1,379,324	2,543,243	15,234,692	23,733,053	18,232,566	26,667,793
Effect of changes in exchange rate on cash and cash equivalents . .	(71,903)	(71,903)	(6,040)	1,811	8,969	3,219
Net increase of cash and cash equivalents	(4,646,199)	(4,197,053)	(1,646,367)	10,166,167	5,818,979	4,319,829
Add: Beginning balance of cash and cash equivalents	12,934,826	18,878,549	14,681,496	13,035,129	13,123,859	23,087,247
Ending balance of cash and cash equivalents . .	<u>8,288,627</u>	<u>14,681,496</u>	<u>13,035,129</u>	<u>23,201,296</u>	<u>18,942,838</u>	<u>27,407,076</u>

Other Financial Data

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2017	2018	2019	2019	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
EBITDA ⁽¹⁾ (RMB'000)	1,220,893	2,724,580	4,013,693	3,888,196	1,884,223
EBITDA margin ⁽²⁾ (per cent.)	25.7	6.2	6.3	13.2	6.0
EBITDA/total interest expense	1.5x	2.4x	2.4x	5.2x	2.3x
Total indebtedness ⁽³⁾ / EBITDA	22.2x	22.5x	20.3x	22.3x	59.7x
Net debt ⁽⁴⁾ /EBITDA	15.4x	17.7x	14.5x	17.3x	44.9x

Notes:

- EBITDA for any year or period equals gross profit (operating income minus operating costs) for the year, minus business taxes and surcharges, selling expenses, general and administrative expenses, R&D expenses, plus depreciation of fixed assets, amortisation of intangible assets and amortisation of long-term deferred expenses. EBITDA is not a standard measure under PRC GAAP or IFRS. 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 Guarantor's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Guarantor has included EBITDA because the Guarantor believes that it is a useful supplement to cash flow data as a measure of its 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 Guarantor's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Interest expense excludes amounts capitalised.
- EBITDA margin is calculated as EBITDA divided by total operating income.
- Total indebtedness represents the aggregate of short-term borrowings, notes payable, non-current liabilities due within one year, long-term loans, bonds payable and long-term payables.
- Net debt is equal to total indebtedness less cash.

RISK FACTORS

An investment in the Notes involves a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Notes. The following describes some of the significant risks relating to the Group, its business, the market in which the Group operates and the Notes. Some risks may be unknown to the Group and other risks, currently believed to be immaterial, could materially and adversely affect the business, financial condition, results of operations or prospects of the Group or the value of the Notes. The Group believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the ability of the Issuer and/or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may be affected by some factors that may not be considered as significant risks by the Issuer and the Guarantor 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 and the Guarantor are 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 many factors, including the risks described below and elsewhere in this Offering Circular.

The statements below regarding the risk factors of holding any Notes are not 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'S BUSINESS

The Group's business, financial condition, results of operations and prospects depend heavily on the level of economic development in Chengdu and the PRC.

A substantial portion of the Group's business and assets are located in Chengdu. Therefore, the Group's business, financial condition, results of operations and prospects have been and may continue to depend heavily on the level of economic development in Chengdu, as well as the public spending and budget of the Chengdu Municipal Government on infrastructure development and fixed asset investments.

China's economic growth has experienced a slowdown in recent years. According to the statistics published on the official website of the National Bureau of Statistics of the People's Republic of China, the annual growth rate of China's Gross Domestic Product ("GDP") in 2015 slowed to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis before increasing slightly to 6.9 per cent. in 2017 on a year-on-year basis. In 2018, the annual growth rate of China's GDP dropped back to 6.6 per cent. on a year-on-year basis and it further decreased to 6.1 per cent. in 2019 on a year-on-year basis, the slowest pace in the nation's history since 1990. In the first half of 2020, China's GDP shrank by 1.6 per cent. year-on-year. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers, which have added to market concerns that the historic rapid growth of the economy of the PRC may not be sustainable and that the future performance of China's economy may be uncertain. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth. In addition, sustained tensions between the United States and the PRC over trade policies could also significantly undermine the stability of Chengdu and the PRC economies. See "– Economic, political and social conditions in the PRC and government policies could affect the Group's business and prospects." It is hard to predict how

the general economic development conditions of Chengdu will be affected by a slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures issued and implemented by the PRC government will be effective in stimulating the recovery of the economy.

There can be no assurance that the level of economic development in Chengdu will continue at the past rate of growth, if at all. Any slowdown in the economic development in Chengdu or the PRC may affect the PRC government's support or the Chengdu Municipal Government's investments in the industries where the Group operates, reduce the demand for the Group's services and products and adversely affect its business, financial condition, results of operations and prospects.

The Chengdu SASAC exerts significant influence on the Group's business, and it may not always act in the Group's best interests.

As at the date of this Offering Circular, the Guarantor is wholly-owned by the Chengdu SASAC, which is directly supervised by the Chengdu Municipal Government. As the Guarantor's controlling shareholder, the Chengdu SASAC has significant influence on the Group with respect to its scope of business, major investment decisions, development strategies, appointment of directors and certain senior management positions. For example, in September 2018, the Chengdu SASAC transferred its 100.0 per cent. equity interest in Chengdu Construction to the Group for nil consideration to expand the Group's business portfolio into the construction business. However, when the Chengdu SASAC carries out its administrative function and implements the PRC government's policies, there can be no assurance that the Chengdu SASAC would always take actions that are in the Group's best commercial interests or that aim to maximise the Group's profit. Those actions, which may be beneficial to Chengdu as a whole, could have an adverse impact on the Group's business, financial condition, results of operations and prospects. Furthermore, the Chengdu SASAC may transfer part or substantially all of the Group's assets to other entities outside the Group. Such transfer could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

Any loss or reduction in the financial support from the local government may adversely affect the Group's business.

The Group receives financial support and enjoys preferential treatment from the Chengdu SASAC in various forms, such as government subsidies and grants. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, government grants received by the Group amounted to approximately RMB0.2 million, RMB18.6 million, RMB53.5 million and RMB30.9 million, respectively. The government's continuous financial support to the Group and timely payment of the promised subsidies and grants depend to a large extent on the future fiscal revenue and fiscal policies of the Chengdu Municipal Government and the PRC government. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatment from the Chengdu SASAC in the future. Any loss or reduction in government subsidies and grants or other form of government support could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to potential risks associated with participation in government-directed construction projects.

The Group enters into certain contracts with governmental authorities or government-controlled entities in carrying out its business, such as its construction projects. Changes in government budgets for public facilities projects of related industries or factors such as public expenditures and policy considerations, changes in governmental officials or

policy makers or other political factors could result in changes or delays to these projects because most of these projects are funded by the government, government authorities and public organisations.

In addition, disputes with the entities established by or directed by the PRC or other governmental entities could lead to contract termination if the disputes are left unresolved or may take a considerably longer period of time to resolve than disputes with the Group's private sector counterparties, and payments from such entities may be delayed as a result. Such entities may from time to time require the construction methods or equipment to be changed, requiring the Group to reconfigure the Group's designs or purchase additional machinery and equipment, thereby subjecting the Group to additional costs. Changes to government budgets and policies relating to the Group's projects could lead to delays in project completion or a withholding of, or delay in, payments to it. Government-controlled entities generally exercise substantial bargaining power in the performance of their contracts with the Group. If a local government-controlled entity terminates or fails to renew a contract with the Group, the Group's pipeline of projects may be reduced. The occurrence of any of these risks may have an adverse effect on the Group's business, financial position and results of operations.

The Group may be adversely affected by the performance of its contractors.

The Group engages contractors for its construction and property development projects. The Group generally selects independent contractors through a public tender process. However, there can be no assurance that the services rendered by any of these contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any contractor is not satisfactory, the Group may need to replace them or take other actions to remedy the situation, which could increase the cost and adversely affect the construction progress of its projects. Further, if the contractor experiences financial or other difficulties, the completion of the Group's projects may be delayed and the Group may incur additional costs. In addition, the Group may be asked to undertake construction on short notice, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may also undertake projects for other companies and developers, which affects their ability to complete their work for the Group on time or within budget. Any of these factors may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, in accordance with applicable PRC laws and regulations, the Group provides statutory warranties on the quality of the project it constructs or properties it sells to its customers. In most circumstances, the Group also withholds certain percentage of the settlement amount to be paid to its contractor as quality warranties or receives quality warranties from its contractor in its construction projects and property development projects. If claims are brought against the Group under its warranties, and if the relevant contractor fails to indemnify the Group for these claims in a timely manner, or at all, or if the money retained by it is insufficient to cover its compensation obligations under the warranties, it could incur significant expenses to resolve these claims or face delays in rectifying the defects. This may harm the Group's reputation and have a material adverse effect on its reputation, business, results of operations and financial condition.

PRC regulations on the administration of local government debts may have a material impact on the Group's business, prospects and ability to finance.

The Group's results of operations and financial condition may be heavily affected by changes in PRC regulations concerning local government debts and the financing platforms of local governments. In September 2014, the State Council of the PRC (the "State Council") released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments

(關於加強地方政府性債務管理的意見) (“**Circular 43**”) with an aim to control a significant increase in local government debts and associated risks in the PRC’s banking system. According to Circular 43, government debts shall not be borrowed in the name of enterprises, and enterprise debts shall not be repaid by the local governments. The function of government financing shall be separated from that of the financing platform companies, which are not allowed to cause any increase in government debt. The Group, as with other financing platform companies, should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

The Ministry of Finance (the “**MOF**”), together with the NDRC, the People’s Bank of China (“**PBOC**”), China Securities Regulatory Commission, China Banking Regulatory Commission (the “**CBRC**”, the predecessor of China Banking and Insurance Regulatory Commission) and the Ministry of Justice of the PRC, released the Notice Concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) to emphasise the principles and policies set out in Circular 43 in April 2017. On 28 May 2017, the MOF issued the Notice on Resolutely Curbing the Illegal Financing of the Local Governments in the Name of Government Procurement of Services (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) to regulate government procurement of services, which stipulates the scope of government procurement of services and requires the funds needed for government procurement of services shall be faithfully earmarked in full in the annual budget and medium-term financial plan.

The MOF issued the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知, 財金[2018]23號) (“**Circular 23**”), effective 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. On 11 May 2018, the Circular of the National Development and Reform Commission and the MOF on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the “**Joint Circular**”) was released, reiterating the PRC government’s position to isolate the debt of enterprises from the relevant local government and to control the increase of the local governments’ debt. The Joint Circular requires enterprises that seek to borrow medium and long-term foreign debt to establish sound and market-standard corporate governance, a management decision-making system and financial management system. It further requires that the assets owned by such enterprises should be of good quality and have clear ownership, while public interest assets, such as public parks, hospitals, rivers, and land reserves of the local government should be excluded in the evaluation of their asset base.

On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the NDRC on the Relevant Requirements for Filing and Registration of Foreign Debts Issuance by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知) (“**Circular 666**”), which aims to strengthen the management of local government debt and avoid or mitigate risks relating to medium and long-term foreign debt as well as hidden debt of local governments. Circular 666 expressly restricts the use of proceeds of foreign debt securities issued by state-owned enterprises which undertake local government financing functions to the repayment of medium and long-term offshore debt due within one year.

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

The Group's business operations are capital intensive and any failure by it to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect the Group's business, financial condition and prospects.

The Group's business operations require substantial capital resources. The Group has historically met its cash requirements primarily through (i) the cash flow generated from its operating activities, (ii) proceeds from bank and other borrowings, (iii) issuance of bonds and notes in the PRC and international capital markets, (iv) capital injection by the Chengdu SASAC, and (v) government subsidies. The Group believes it will continue to require substantial capital resources to support its business operations.

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group recorded net operating cash outflows of RMB5,602.8 million, RMB11,664.5 million, RMB8,489.6 million, RMB9,238.4 million and RMB5,336.1 million, respectively. See “– The Group has historically experienced net operating cash outflows.” Insufficient cash flow generated from the Group's operating activities may also increase its reliance on external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

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

There can be no assurance that additional financing, either on a short-term or a long-term basis, will be available, or that such financing will be obtained on terms favourable to the Group. If the Group is unable to obtain financing on a timely basis and at a reasonable cost, or at all, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the services it provides and adversely affect its business, financial condition, results of operations and prospects. In addition, substantial indebtedness may in turn increase the pressure on the Group's liquidity and cause additional operational risks. See “– The Group has substantial indebtedness.”

The Group has substantial indebtedness.

The Group relies on bank loans and proceeds from issuance of bonds and notes in the PRC and international capital markets to satisfy a portion of its capital requirements and the Group has a significant amount of outstanding indebtedness. As at 30 June 2020, the Group's total indebtedness (comprising short-term loans, notes payable, non-current liabilities due within one year, long-term loans, bonds payable and long-term payables) was approximately RMB112,534.0 million, of which approximately RMB22,994.3 million would become due within one year. In addition, the Group had outstanding guarantee in a total amount of approximately RMB1,292.2 million as at 30 June 2020.

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

- requiring the Group to divert its operating cash flow to service the Group's indebtedness;
- increasing the Group's finance costs, thus affecting its overall profits;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting, together with the financial and other restrictive covenants of its 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.

In addition, in incurring indebtedness and liabilities from time to time, the Group creates security rights such as pledges, charges and mortgages over its assets including equity interests in favour of certain creditors. As at 30 June 2020, such restricted assets amounted to RMB14,245.2 million, representing 5.6 per cent. of the Group's total assets. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect the Group's operational efficiency. If the Group is unable to service and repay the Group's debts under such loan facilities on a timely basis, the Group may lose control of the Group's subsidiaries, the assets mortgaged or charged may be foreclosed, which may adversely affect the Group's business, prospects, financial condition, and results of operations. See “-The Group is subject to restrictive covenants in its financing documents.”

The Group's ability to generate cash to service its indebtedness depends on many factors beyond its control.

The Group's ability to repay or to refinance its indebtedness will depend on the Group's ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Group's control including prevailing uncertainties in the capital markets as a result of the ongoing COVID-19 pandemic. The Group's businesses might not generate sufficient cash flow from operations to enable it to pay its indebtedness or to satisfy the Group's other liquidity needs. The Group may need to refinance all or a portion of its indebtedness on or before maturity. However, the Group might not be able to refinance any of its indebtedness on commercially reasonable terms. If the Group is unable to service its indebtedness or obtain refinancing on terms acceptable to the Group, it may be forced to adopt an alternative strategy that may include reducing capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group is subject to restrictive covenants in its financing documents.

Certain financing contracts entered into by members of the Group contain operational and financial restrictions 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. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, to obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of

these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations.

If the Issuer, the Guarantor or any of the Group's relevant subsidiaries are unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, creditors may be entitled to terminate their commitments granted to the Group, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, depending on the provisions of the relevant agreements. Some financing agreements of the Group contain cross-acceleration or cross-default provisions. Creditors under these financing agreements can require the Group to immediately repay their loans or declare a default of borrower as a result of the acceleration or default of other financing agreements by any other member of the Group. If any of these events occur, there can be no assurance that the Group will be able to obtain the lenders' waiver in a timely manner, or at all, or that the assets and cash flow of the Group would be sufficient to repay in full all of its respective debts as they become due, or that the Group would be able to find alternative financing. Even if the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Group.

The Group has historically experienced net operating cash outflows.

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group had recorded net operating cash outflows of RMB5,602.8 million, RMB11,664.5 million, RMB8,489.6 million, RMB9,238.4 million and RMB5,336.1 million, respectively. The Group's net operating cash outflow was largely attributable to a mismatch between the development timetable which determines its expenditures and the payment timetable which determines its operating income from the relevant real property and construction projects.

The Group's ability to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, the payment schedules agreed between the Group and its customers, the Group's ability to execute its projects in an efficient manner, timely payment of the Group's customers of contracting fees, and changes in the general market conditions and regulatory environment. Any adverse change in any of these factors, which may be out of the Group's control, may create capital shortfall.

There cannot be any assurance that the Group will not experience net operating cash outflow or operating cash flow volatility in the future. A negative net cash flow position for operating activities could impair the Group's ability to make necessary capital expenditures, constrain the Group's operational flexibility and adversely affect the Group's ability to expand the Group's business and enhance the Group's liquidity. For example, the Group may risk defaulting on the Group's payment obligations and potentially be unable to develop the Group's projects as planned. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected. Even if the Group can generate net operating cash inflow, if the Group's operating activities fail to generate sufficient cash to satisfy the Group's cash requirements, the Group has to increase the Group's reliance on external financing to satisfy the Group's working capital and capital expenditure, which in turn may increase the pressure on the Group's liquidity and materially and adversely affect the Group's financial condition and results of operations.

The Group has historically experienced decrease in its gross profit margin.

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group had gross profit margin of 30.7 per cent., 10.1 per cent., 12.9 per cent., 12.6 per cent., and 11.9 per cent., respectively. The decrease of the Group's gross profit margin was mainly due to the low gross profit margin of the Group's construction business, which became the Group's core business as a result of the merger with Chengdu Construction in 2018. A substantial portion of the Group's operating income is derived from its construction business, and if the gross profit margin of the Group's construction business segment continues to decrease in the future, the Group's profitability, financial condition and results of operations may be adversely affected.

The Group's overseas operations may be affected by the economic and political uncertainties in the relevant overseas markets.

The Group has been expanding its construction business in overseas countries and regions, such as Hong Kong and Malaysia. As at 30 June 2020, the Group had operations in nine overseas countries and regions. The Group's business is therefore subject to changing international economic and political conditions, and local conditions, including certain regions where political and economic conditions are often subject to instability. As a result of the Group's overseas operations, the Group is exposed to various risks associated with conducting business in foreign countries and regions that include, among other factors:

- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, other armed conflict, regional and global political or military tensions and strained or altered foreign relations;
- abrupt changes in foreign government regulations or policies;
- expropriation and nationalisation of the Group's assets in foreign countries;
- currency value fluctuations and conversion restrictions;
- tax increases, confiscatory taxation or other adverse tax policies;
- governmental activities that limit or disrupt markets, restrict payments or limit the movement of funds;
- governmental activities that may result in the deprivation of contract rights;
- governmental activities that may result in the inability to obtain or retain licenses required for operations;
- competition from other international large-scale construction companies;
- adverse labour conditions; and
- lack of a well-developed or independent legal system in the overseas countries and regions in which the Group has operations, which may create difficulties in the enforcement of contractual rights.

As the Group's overseas operations are susceptible to changes in the overseas jurisdictions' respective local economic, political and regulatory environments as well as changes in the global economy, a variety of factors, many of which are beyond the Group's control, could significantly affect the profitability and growth of these operations. Any

slowdown of the global economy could result in reduced construction projects which could in turn affect the Group's overseas operations. In addition, the Group may be required to deploy management resources and personnel to high-risk areas where the Group's overseas projects are located.

As such, the Group may incur substantial costs to implement safety and security measures to protect the Group's personnel and assets. Such measures may not always be adequate. The Group's level of exposure to certain risks varies with respect to each project, and is dependent on the particular work stage of each project. Any of the above factors could lead to, amongst others, project disruptions, losses of personnel and assets and other indirect losses, which could harm the Group's international business operations, overall financial condition and profitability.

The Group may have difficulty expanding its business into new provinces and regions in China and new overseas markets.

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, a majority of the construction projects awarded to the Group, as well as a majority of its property development projects were located in Chengdu. While maintaining its dominant market share in Chengdu, the Group also aims to expand its operations in other cities and provinces, such as Chongqing, Guizhou, Fujian, Tibet, Shaanxi and Qinghai. Furthermore, the Group has expanded its operations to overseas countries and regions, such as Hong Kong and Malaysia. There can be no assurance that the Group will be successful in leveraging its experience in its existing markets to expand in other provinces, regions and overseas markets, as the economic conditions, regulatory environment, business practices and customs and customer preferences may differ in these markets. See “- The Group's overseas operations may be affected by the economic and political uncertainties in the relevant overseas markets.”

The Group may also fail to accurately assess the risks involved in engaging in business operations in such provinces, regions and overseas markets given its limited operating experience in those areas. In addition, the Group may be competing against regional, national and international competitors in these provinces, regions and overseas markets that are more familiar with the local customs and practices, or have stronger relationships with local customers. Furthermore, local government authorities may be protective of local construction businesses, limiting the number of projects the Group may acquire or its ability to obtain the requisite licenses, certificates and permits to do business in the local construction industry or property market. Even if the Group acquires projects, the higher costs associated with engaging a local labour force, and transporting its equipment and machinery to, or leasing equipment and machinery from local suppliers in, regions domestically and internationally may significantly affect the Group's profitability in such projects. If it fails to expand into other provinces, regions or overseas markets, or fails to expand profitably or in a manner favourable to it, the Group's business, growth and prospects may be materially and adversely affected.

The Group is exposed to risks relating to its high level of inventories.

The Group's inventories are primarily the costs incurred for its property development projects. As at 31 December 2017, 2018 and 2019 and 30 June 2020, the balance of the Group's inventories was RMB12,467.5 million, RMB50,858.8 million, RMB68,206.9 million and RMB73,936.3 million, respectively, representing approximately 49.6 per cent., 58.0 per cent., 53.7 per cent. and 51.0 per cent. of the Group's total current assets as at the corresponding dates. Although the Group endeavours to closely monitor its level of inventory to minimise its exposure to liquidity risk, there is no assurance that the measures it has adopted will be effective or it can manage its inventories effectively or at all.

If the Group maintains a high level of inventory, it may incur additional inventory carrying cost. Increased inventories adversely affect the Group's pricing strategies, increase write-downs and write-offs and result in pressure on the Group's cash flow. According to the Group's accounting policies, the Group makes provisions for inventory obsolescence based on the prevailing market conditions and the accounting estimates and judgements of its management.

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 the Group's investment properties. In accordance with the Group's accounting policy, the Group is required to reassess the fair value of the Group's investment properties at every balance sheet date for which the Group issues financial statements, 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 the Group's liquidity in spite of the increased profit represented by any fair value gains. For the year ended 31 December 2018, the Group recorded fair value losses on the Group's investment properties of RMB41.8 million. For the year ended 31 December 2019, the Group recorded fair value gains on the Group's investment properties of RMB27.4 million.

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 valuer 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 the Group's 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 rates, interest rates, inflation rates, urbanisation and disposable income levels, in addition to any government regulations, can substantially affect the fair value of the Group's investment properties and affect the supply and demand in the PRC or local property markets. Many of these factors are beyond the Group's control and there can be no assurance that changes in market conditions will continue to create fair value gains on the Group's investment properties at the historical levels, or that the fair value of the Group's investment properties will not decrease in the future.

Significant amount of account receivables may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2017, 2018 and 2019 and 30 June 2020, the Group's account receivables, which mainly represent the outstanding contracting fees payable by the property owners, amounted to RMB528.9 million, RMB16,619.0 million, RMB22,860.0 million and RMB25,884.8 million, respectively, representing 2.1 per cent., 19.0 per cent., 18.0 per cent. and 17.9 per cent., respectively, of the Group's total current assets, as at the corresponding dates.

There are inherent risks associated with the ability of the Group's customers and other third parties to make timely payment of the amounts due, such as deteriorations in the financial condition and cash flow of the payors and adverse changes in the general economic and regulatory environments. Furthermore, the process to recover various payments due can be time-consuming and may require additional resources. Failure to make timely payment by the Group's customers and other third parties or the Group's inability to collect receivables on a timely basis could materially and adversely affect the Group's liquidity and in turn affect the Group's business, financial condition and results of operations.

The Group's business operations are heavily regulated and any failure to comply with applicable laws, rules and regulations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect the Group's business, financial condition and results of operations.

The Group needs to obtain a number of approvals, certificates, licences and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC laws and regulations. For example, the Group is required to obtain a project approval and environmental assessment approval at the outset of a project before the Group is permitted to commence construction of the relevant project. As the projects progress, the Group also needs to obtain a construction land planning permit, construction project planning permit and construction permit, etc. It normally takes six to 12 months to obtain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the business. For this reason, there are significant uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and verbal clarifications given by the PRC governmental authorities may be inconsistent with the regulations concerned, increasing the Group's compliance risk. There can be no assurance that all such permits, approvals and licences would be granted by the local authority in due time, or at all, and according to PRC laws and regulations, failure to obtain a construction land planning permit, construction project planning permit or construction permit could result in suspension of construction projects or penalty which may materially and adversely affect the Group's business.

PRC governmental authorities from time to time amend existing laws and regulations and release new policies which may affect the Group's business operations. The Group may be unable to comply with new laws, regulations or policies or fail to respond to any changes in the regulatory environment in a timely manner. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. Any non-compliance could result in suspension or revocation of the Group's permits, licences and certificates as well as fines or other penalties, which could have a material adverse effect on its business, financial condition, results of operations.

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 received any notice regarding any material noncompliance with the applicable safety regulations or requirements from any governmental authority. In addition, PRC laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Group.

The Group may be involved in disputes, claims and litigations in the Group's ordinary course of business.

The Group may be involved in disputes, claims and litigations in the ordinary course of the Group's business with the project owners, the Group's suppliers, subcontractors or other parties from time to time.

If the Group was found liable on such claims, the Group could be liable for significant monetary damages, as well as be subject to government sanctions, including fines and the loss of operational licenses, approvals and permits. In addition, the Group may bring up claims against project contractors for additional costs incurred as a result of the contractors' underperformance or non-performance, project defects or default by the contractors. If such disputes or claims are not resolved through negotiations, the Group may be subject to lengthy and expensive litigation or arbitration proceedings. Further, the Group might suffer negative publicity resulting from such dispute or claims. If any negative publicity or reputational harm is not effectively remedied or reversed, the Group's existing or potential customers may develop negative views of the safety and quality of the Group's services and products, which may negatively affect the Group's ability to maintain solid relationships with the Group's customers, engage new customers and expand into new markets. In addition, the measures the Group take to remedy or reverse any negative publicity may be financially costly, force the Group to divert significant management attention, and may not generate the desired results. Even if the Group is not found liable for any of such claims, the Group's assets may be frozen pending a court's judgement. There can be no assurance that the Group will not be subject to future liability claims or that the Group's business and results of operations would not be materially and adversely affected as a result.

Labour shortage, increases in construction material costs and labour costs may have an adverse impact on the Group's financial condition.

The Group engages contractors or subcontractors to carry out its construction projects and property development projects. In recent years, work stoppages, employee suicides and other similar events in certain cities in the PRC have caused the PRC government to amend labour laws to enhance protection of employees' rights. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs afforded by PRC enterprises in general, including the Group and its contractors. As such, labour shortages, labour disputes or increases in labour costs could delay construction progress and result in an increase in the Group's fees payable to its contractors, which could in turn materially and adversely affect the Group's business and results of operations.

In addition, the price of the construction materials, particularly steel, has been volatile in recent years. The Group's profitability and profit margin are sensitive to changes in prices of the construction materials. There is no assurance that the cost of construction materials will be stable, and that the quality of construction materials supplied to the Group will meet its required standards. The Group may be forced to replace these construction materials from other suppliers at additional costs or time delay. If the Group is unable to factor in these potential fluctuations into its tenders or quotations and pass on all or part of any additional costs to its customers, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- misappropriation of funds;
- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- making or accepting bribery activities; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group's risk management systems and internal control policies may not be effective in mitigating risk exposure.

The Group seeks to manage its credit risk exposure through customer due diligence and other risk management measures. For example, before entering into the transaction with its potential clients, the Group will conduct its customer due diligence to manage its credit risk exposure. The Group's risk management systems and internal control policies may not be effective in mitigating the exposure to all types of risk, including unidentified or unanticipated risks in its construction business. Some of the Group's risk management and control methods are based upon historical market behaviour and past events. As such, the Group may not be able to adequately identify or estimate future risk exposure, which could be significantly greater than those indicated by measures based on historical data. Other risk management methods depend on evaluation of information regarding markets, customers or other relevant matters, which may be inaccurate, incomplete, obsolete or improperly evaluated. Furthermore, as the Group enters new industry sectors, approaches other customer segments or develops additional product and service offerings, it may not be in a position to adequately identify and predict future risk exposure. There is no assurance that the Group is able to manage its credit risk effectively with its existing risk management system.

The Group's financial condition and results of operations may be affected by material fluctuations in interest rates.

Most of the Group's existing floating rate bank loans bear interests that accrue at rates linked to the Loan Prime Rate (the "LPR"), which was released by PBOC on 20 August 2019. A material fluctuation in the LPR 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. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

As at the date of this Offering Circular, the Group has also issued bonds outside the PRC. As the Group will further explore overseas sources of funding to replenish its capital, it is also exposed to risks arising from interest rate fluctuation overseas. Any unfavourable interest rate overseas could cause the Group to incur additional financing cost for its overseas financing.

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

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

- operating limitations imposed by environmental or other regulatory requirements;
- work-related personal injuries;
- on-site occupational accidents;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Group maintains insurance policies that provide different types of risk coverage and the Group believes the scope of the coverage is in line with industry norms in the PRC. However, claims under the Group's insurance policies may not be honoured fully on time, or at all and its insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. Certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) are not insured in the PRC because they are either uninsurable or not economically insurable. To the extent that the Group suffers loss or damage that is not covered by its insurance or that exceeds the limit of its insurance coverage, the Group's business, financial condition, results of operations and cash flow may be materially and adversely affected.

The Group may be involved in intellectual property disputes and claims of infringement, which may divert its management's attention and harm its reputation and profitability.

The Group relies upon a combination of patents, trademarks, domain names and contractual rights to protect its intellectual property rights. As at 30 June 2020, it owned 349 trademarks relating to its construction business in the PRC. It also possesses proprietary information in connection with its operations, such as information relating to construction methods. For example, as at 30 June 2020, the Group owned 15 national construction methods, 302 provincial construction methods and completed 42 national and provincial project construction standards. However, there can be no assurance that the steps the Group has taken to monitor and protect its intellectual property rights are adequate to prevent or deter infringement or other misappropriation of its intellectual property. Failure to successfully enforce its intellectual property rights would diminish the Group's competitiveness and harm its reputation. In addition, the Group may be required to incur significant costs in monitoring and protecting its intellectual property. In particular, the Group's trademarks and brand names are significant to its brand recognition and the success of its business. The Group may be required to commence legal proceedings to enforce its intellectual property rights and protect its proprietary information. Conversely, the Group may be subject to litigation involving claims by third parties that its products or services infringe their intellectual property rights. Any litigation or claims brought by or against it, whether with or without merit, or whether successful or not, can be both costly and time-consuming and may significantly reduce its resources. An unfavourable determination in any such litigation or proceedings to which the Group may become a party could materially and adversely affect its business, financial condition and results of operations.

The Group's business may be adversely affected if it is unable to retain and hire qualified employees.

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

The Group's operations are subject to force majeure events, natural disasters and outbreaks of contagious diseases, including the recent COVID-19 pandemic.

Force majeure events, natural disasters, catastrophe or other events could result in severe personal injury to the Group's staff, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially and adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. In addition, the Group's operations are subject to outbreaks of contagious diseases.

An outbreak of respiratory illness caused by a novel coronavirus, COVID-19, continues to expand within the PRC and globally. The new strain of COVID-19 is considered highly contagious and may pose a serious public health threat. On 30 January 2020, the World Health Organisation (the “WHO”) declared the outbreak of COVID-19 a Public Health Emergency of International Concern. As at the date of this Offering Circular, the epidemic has escalated into a major public health crisis on a global scale and declared a pandemic by the WHO. Public-health authorities around the world are also intensifying containment efforts, leading to a severe drop in business activity and curtailing global trade. It also remains uncertain as to when the outbreak of COVID-19 will be contained. In the event that the outbreak of COVID-19 is not effectively controlled within a short timeframe, the Group’s business operations and financial condition may be materially and adversely affected as a result of the changes in the outlook of the property market, any slowdown in economic growth, negative business sentiment or other factors that the Group cannot foresee.

The occurrence or continuance of any of these or similar events could increase the costs associated with the Group’s operations and reduce its ability to operate its businesses effectively, thereby reducing its revenues. Insurance policies for civil liability and damages taken out by the Group could prove to be significantly inadequate, and there can be no assurance that the Group will always be able to maintain a level of cover at least equal to current cover levels and at the same cost. Such accidents could also lead to the shutdown of the Group’s affected operating facilities such as highways and railways and, potentially, similar facilities that may be considered to present the same risks.

The Group’s merger and acquisition activities expose it to various risks.

The Group may from time to time pursue mergers and acquisitions and strategic alliances that it believes will complement its current business by expanding into new geographic areas, diversifying its customer base and enabling it to specialise, expand or enhance technological capabilities. For example, in September 2018, the Chengdu SASAC transferred its 100.0 per cent. equity interest in Chengdu Construction to the Group for nil consideration to expand the Group’s business portfolio into the construction business. In November 2018, the Group acquired in aggregate 29.28 per cent. equity interest in China Zhonghua Geotechnical, a company that primarily engages in the construction business. In January 2019, the Group further acquired in aggregate 22.22 per cent. equity interest in Chase Sun, a company that primarily engages in the pharmaceutical and healthcare business.

The Group may not always be able to find suitable acquisition targets or partners with whom to form strategic alliances, and the failure to do so in a timely manner or at all may affect its ability to realise its growth objectives. Furthermore, the process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties that may require a disproportionate amount of management attention and financial and other resources. The Group’s failure to realise the expected synergies or minimise any unforeseen operational difficulties could have a material adverse effect on its financial condition and results of operations.

The Group’s construction operations are exposed to inherent operational risks and occupational hazards, which could cause it to incur substantial costs, damage to reputation and loss of future business.

Construction sites are potentially dangerous workplaces and the Group’s construction projects routinely place its employees and others in close proximity with heavy duty construction machinery and equipment, moving motor vehicles, highly regulated and volatile materials, and chemical processes. Over the years, the Group has implemented and enforced a complete set of safety policies and standardised construction methods and technologies and consistently purchased accident and casualty insurance for its construction workers. Despite

the foregoing, the Group is still subject to risks surrounding these activities, such as equipment failure, industrial accidents, geological catastrophes, fire and explosions. These hazards can cause personal injury or fatalities, as well as damage to or destruction of property and equipment. The Group had not experienced material accidents as at 30 June 2020. There can be no assurance, however, that material workplace accidents will not occur in the future despite its safety policies and measures. Even if such accidents were not caused by its fault or negligence, such accidents may still cause the Group to incur substantial costs and damage to its reputation. Damage to the Group's reputation as a result of workplace accidents, whether or not its fault, may cause it to lose future business, which may materially and adversely affect its business and results of operations.

The construction business is subject to claims under statutorily mandated quality warranties.

The Group may incur significant costs in relation to warranties offered to its customers. For a majority of construction projects that the Group undertakes, quality warranties or maintenance deposits retained by the Group's customers are generally equal to 2.0 per cent. to 5.0 per cent. of the total contract value. The warranty arrangement typically requires these deposits to be returned to the Group promptly upon expiry of the warranty period if there are no major quality issues with its construction projects during such period. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group collected substantially all of the retention fees retained by its customers pursuant to the contract terms as they became due. There can be no assurance, however, that the Group will be able to recover all or any of the amounts retained by customers for warranty purposes in the future. If it is unable to recover a significant proportion of the amounts retained by its customers as warranties, the Group's future business, financial condition and results of operations may be materially and adversely affected.

Any material discrepancies between the estimated construction costs and the actual construction costs ultimately incurred may materially and adversely affect the Group's financial condition and results of operations.

The Group generally charges contracting fees at fixed rates as specified in relevant contracting agreement with property owners. The lengthy bidding, contract negotiation and construction process of its construction projects limit the Group's ability to accurately predict costs at the outset. The contract terms therefore expose the Group to cost overruns as a result of factors beyond its control, including variations in labour and equipment productivity, price fluctuations of raw materials and unforeseen project conditions. The occurrence of any of such factors may result in inaccurate cost estimates, lower profits or even a loss despite any buffers the Group may have built into the contract value to safeguard against cost increases. Some of the Group's contracts may have a price adjustment clause, allowing it to adjust the contract value for additional costs incurred due to a significant increase in its costs as a result of certain circumstances. In such cases, the Group is typically required to cover a portion of the increased costs. If its estimated costs are lower than its actual costs, or if the price adjustment does not cover its increased costs, the Group's business, financial condition and results of operations may be materially and adversely affected. From time to time, the Group may need to perform additional work or adjust the scope of work under its contracts. For example, the Group may be required to change its work scope when its customer changes their blueprint design. If it is unable to recover the additional costs arising from change in work scope caused by its customers, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's construction business is exposed to geographical concentration risks.

The construction business has been the Group's core business since its merger with Chengdu Construction in 2018. The Group's construction projects are mainly concentrated in

Chengdu. For the six months ended 30 June 2020, approximately 79.0 per cent. of the contract value of the Group's newly-signed construction contracts was contributed by construction projects located in Chengdu. The Group's construction business therefore is highly dependent upon the performance of the property market and the level of infrastructure development in Chengdu. Compared with some of the Group's competitors in the PRC whose operations are more geographically diversified, the Group is exposed to greater geographical concentration risk. As long as the Group's construction projects remain substantially concentrated in Chengdu, if the conditions of the property market and infrastructure development in Chengdu decline, or if Chengdu experiences any significant economic downturn, disruptions in local financial markets, natural disasters, epidemics, hostilities or any other similar events, the Group's business, results of operations and financial condition may be materially and adversely affected.

The Group faces risks associated with undertaking PPP projects.

The Group believes that public-private-partnership ("PPP") projects are attractive business opportunities that have a high return potential. An increasing number of construction projects in China are expected to be completed under a PPP model in the future. As such, the Group has undertaken and expects to continue to undertake PPP projects in the future. Risks associated with PPP projects include the discrepancy of cash outflow during the construction of the project and the cash inflow after the completion of construction, which may put pressure on the Group's liquidity. The Group was not responsible for financing most of its PPP projects. However, for the PPP project that requires the Group to seek financing, they generally require longer construction periods and larger working capital requirements. The Group may also have disagreements or disputes with its partners in PPP projects. In addition, the Group is exposed to risks associated with fluctuating economic conditions and the Group's inaccurate estimate of project profitability, which may affect the success of the Group's PPP projects.

The profitability of PPP projects may depend on government policies relating to public-private participation and the sharing of risks and returns from these projects with partners in PPP projects. Some changes in government policies may, to a certain extent, limit the Group's ability to profit from its PPP projects, which may materially and adversely affect its business and results of operations. Further, the occurrence of PPP projects in the construction sector is relatively recent, and the Group has limited experience in assessing the risks particular to PPP projects. Any inability to execute or handle PPP projects to generate sufficient, or any, returns on the Group's investment may materially and adversely affect its business, financial condition and results of operations.

The Group may not be able to acquire suitable land for future development at reasonable prices or at all.

The Group derives a portion of its revenue from the sale of properties that it has developed. It is important that the Group identifies suitable land for future development and replenish its land reserves to support a steady supply of properties for sale. The Group may also need to compete with other property developers which may be interested in sites it has identified. Competition among property developers can be further intensified by land policies adopted by the PRC government and local governments which, for instance, regulate the means of acquiring land. Any changes in land policies of the PRC government with regard to land supply and development may lead to an increase in the Group's costs of acquisition and limit its ability to successfully acquire land at reasonable prices. There can be no assurance that the Group will be able to successfully acquire any or all of the land use rights for projects planned for future development at reasonable prices, or at all and this may have a material adverse effect on the Group's business, results of operations and financial condition.

The PRC government may adopt further measures to cool down the growth in the property sector.

Starting from the second half of 2009, residential property prices in certain cities in the PRC rose rapidly. In order to prevent the overheating of the property market and the possible formation of a speculative bubble, the PRC government introduced a series of regulatory measures in an effort to stabilise the real estate market and facilitate its sustainable development, including raising the down payment ratio and residential mortgage loan interest rate, limiting the number of houses that a single household may purchase, increasing the supply of affordable housing to low- and middle-income families, increasing the supply of public housing to targeted populations, restricting foreign investments in properties in the PRC, abolishing the preferential business tax treatment on transfer of ordinary housing within five years and launching new property tax schemes in certain cities. In previous years, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales and some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. More recently, however, due to a strong increase in prices starting early 2016, local governments and developers in certain cities have implemented measures to suppress the level of increase in property prices, such as tightening mortgage restrictions on second home purchases. See “– Regulation.” Starting in March 2017, several cities such as Guangzhou, Shenzhen, Suzhou and Hangzhou adopted stricter measures on second home purchases, such as shortening the mortgage duration and increasing the down payment ratio. The PRC government may adopt additional and more stringent industry policies, regulations and measures in the future. These measures may limit the Group’s access to capital resources, reduce market demand for the Group’s products and increase the Group’s operating costs in complying with these measures. If the Group fails to adapt its operations to such new policies, regulations and measures that may come into effect from time to time, the Group’s business prospects, financial condition and results of operations may be materially and adversely affected.

The Group’s property development projects may be materially and adversely affected by difficulties in and costs associated with demolition and resettlement of existing businesses and residents.

The Group’s property development projects may involve the demolition of existing buildings and the resettlement of incumbent businesses and residents. On 21 January 2011, the State Council promulgated the Regulation on Expropriation and Compensation Related to Buildings on State-Owned Land (國有土地上房屋徵收與補償條例), which replaced the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆遷管理條例). The regulation provides, among other things, that only government authorities are permitted to conduct resettlement activities, but companies which have already obtained a demolition and resettlement permit may continue to use such permit to complete the demolition and resettlement. The Group has relied on, and will continue to rely on the local government for demolition and resettlement. There can be no assurance that the local government will be able to complete demolition and resettlement within the expected timetable, which may significantly delay the timetable for the Group’s land development activities and consequently adversely affect the Group’s financial condition.

The Group is exposed to pre-sale related contractual and legal risks and changes in pre-sale related regulations may adversely affect the Group’s financial performance.

The Group sells a portion of the property it develops through pre-sale contracts, in which it makes undertakings regarding timely completion and delivery of the property. These pre-sale contracts and PRC laws and regulations provide for remedies with respect to any breach of such undertakings. For example, if the Group pre-sells a property project and the

Group fails to complete that property project, it will be liable to the purchasers for their losses. Should the Group fail to complete a pre-sold property project on time, the Group's purchasers may seek compensation for late delivery pursuant to either their contracts with the Group or PRC laws and regulations. If the Group's delay extends beyond a specified period, purchasers may terminate the pre-sale contracts and claim compensation. There is no assurance that the Group will not experience delays in completion and delivery of the Group's projects, which may have a material adverse effect on the Group's business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, PBOC in a report entitled "2004 Real Estate Financing Report" recommended to discontinue the practice of pre-selling unfinished properties because such practices, in PBOC's opinion, create significant market risks and generate transactional irregularities. In July 2007, an economic research group under the NDRC recommended the abolishment of the pre-sale system. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. Recently, certain developers have commenced the practice of trial sale of completed residential properties. There is no assurance that the PRC governmental authority will not ban the practice of pre-selling residential properties prior to completion or implement further restrictions on the pre-sale of such properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of the Group's properties are an important source of financing for its property developments. Consequently, any restriction on the Group's ability to pre-sell its properties, including any increase in the amount of up-front expenditure the Group must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of the Group's capital outlay and would require that the Group seek alternative means to finance the various stages of its property developments. This, in turn, could have an adverse effect on the Group's business, cash flow, results of operations and financial condition.

The Group may not be able to complete or deliver its property development projects on time and the Group may be subject to liabilities as a result of such delays.

Various factors may materially and adversely affect the progress of a property development project or a construction project, including delays in obtaining necessary permits or governmental approvals, delays in delivery of land to the Group, changes in governmental policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and natural disasters or adverse weather conditions and other unforeseen problems or circumstances. The Group may also experience delays in obtaining the relevant land, which may adversely affect its business, results of operations and financial condition.

There can be no assurance that the Group will not experience any significant delays in the completion or delivery of the Group's properties, or that the Group will not be subject to any liabilities for any such delays. If the Group experiences a delay and it is liable to compensate for any such delay, this may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be liable to the Group's customers for damages if the Group fails to assist them in obtaining individual property ownership certificates in a timely manner.

The Group is typically required to obtain a general property ownership certificate for each of the Group's completed projects. In addition, for properties stipulated in the contract for the sale of commodity houses which are uncompleted houses, the Group generally has to assist its customers in obtaining their individual property ownership certificates within 90

days of delivering the possession of properties unless otherwise specified in the relevant sale and purchase agreements. In general, the Group elects to specify the deadline to apply for the individual property ownership certificates upon the provision of the necessary documents by the customers in the sale and purchase agreements to allow sufficient time for the application and approval processes. Under current PRC laws and regulations, the Group shall, before delivering the properties, entrust entities with qualifications for real estate surveying and mapping to survey and map the properties. The result of the surveying and mapping shall be used in the house property right registration after being reported to the real estate administration for verification and approval. The Group is then required to submit, within certain periods after delivery of the properties, the sale and purchase agreements relating to such properties, the identification documents of the purchasers and the proof of payment of deed tax, together with the general property ownership certificate, for the relevant local authority's review and for the issuance of individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. Property developers, including the Group, may become liable for monetary penalties to purchasers for late delivery of the individual property ownership certificates due to delays in the administrative approval processes or for any other reason beyond its control. There is no assurance that the Group will be able to timely deliver all property ownership certificates in the future or that the Group will not be subject to any liabilities as a result of any late deliveries of property ownership certificates.

The Group's business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.

Many purchasers of the Group's properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers' affordability of properties. In addition, the PRC government and commercial banks may increase the down-payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market (《國務院辦公廳關於促進房地產市場平穩健康發展的通知》), which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40 per cent. of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise the minimum down payment for second home purchases to 50 per cent. and set a minimum 30 per cent. down payment on first homes with a GFA of more than 90 sq.m. Further, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110 per cent. of the PBOC benchmark lending rate. In May 2010, Ministry of Housing and Urban-Rural Development ("MOHURD"), PBOC and CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser's spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans.

According to a notice jointly issued by PBOC and CBRC on 29 September 2010, the minimum down-payment has been raised to 30 per cent. for all first home purchases, and

commercial banks are required to suspend mortgage loans for purchases of a customer's third or subsequent residential properties. In January 2011, the State Council issued a circular to further raise the minimum down-payment requirement for second home purchases to 60 per cent. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50 per cent. of the borrower's monthly income. Since 2013, as a result of the foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. On 29 September 2014, PBOC and CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property.

On 25 August 2019, the PBOC issued an announcement (PBOC Notice (2019) No.16) regarding the interest rate for new mortgage loans, which provides that after 8 October 2019, new mortgage loans shall be priced by adding basis points to the latest monthly LPR of corresponding maturity; the interest rate of the loans for the first residential property shall not be lower than the LPR of corresponding maturity, and that of the second residential property not be lower than the LPR of corresponding maturity plus 60 basis points.

If the availability or attractiveness of mortgage financing is reduced or limited, many of the Group's prospective customers may not be able to purchase its properties and, as a result, the Group's business, results of operations and financial condition may be adversely affected.

The Group face risks relating to the calculation and enforcement of LAT by the PRC tax authorities, which may materially and adversely affect the Group's profitability and cash flow position.

In accordance with the provisions of the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例》), which was promulgated on 13 December 1993 and amended on 8 January 2011, and the related implementation rules, all entities and individuals that receive income from the sale or transfer of stated-owned land use rights, buildings and ancillary facilities are subject to LAT at progressive rates at 30 per cent., 40 per cent., 50 per cent. or 60 per cent. of the appreciation value of such properties, with certain exemptions available for (1) the sale of ordinary residential properties if the appreciation values do not exceed 20 per cent. of the total deductible items as defined in the relevant LAT regulations. Sales of luxury residential properties, villas and resorts are not eligible for such exemption; or (2) the properties recalled or expropriated by the PRC government according to relevant PRC laws for construction purposes.

The Group estimates and makes provisions for the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. LAT provisions are recorded as a part of "Deferred tax assets and deferred tax liabilities" on the Group's balance sheets. The Group's provisions for LAT are based on the Group's management's best estimates according to their understanding of the requirements discussed above. However, actual LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and PRC tax authorities may not agree with the basis on which the Group has calculated the its LAT obligations. There can be no assurance that the current provisions for LAT are adequate or that the final outcome will not be different from the amounts initially recorded. In the event that the Group is required to settle any or all unpaid LAT, the Group's cash flow and results of operations during the related period may be adversely affected.

Effective 1 February 2007 and amended on 15 June 2018, the State Administration of Taxation of the PRC (the “SAT”) issued the Notice on the Administration of the Settlement of LAT of Property Development Enterprises (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which requires that:

- final settlement of LAT will be conducted on a project-by-project basis. For multi-phase projects, each phase will be required to undergo the LAT clearance and settlement process;
- the appreciated value of ordinary residential properties and non-ordinary residential properties contained within a project shall be calculated separately; and
- property developers must conduct final settlement if one of the following conditions is satisfied:
 - (1) the project is completed and has been sold entirely;
 - (2) the project is transferred as a whole before the completion of the construction; or
 - (3) the land use rights of the project are transferred.

This Notice also stipulates that the PRC tax authorities may require the property developer to conduct final LAT settlement if one of the following conditions is met:

- for completed projects, the area sold exceeds 85 per cent. of the total saleable area or, though less than 85 per cent., the rest of the saleable area has already been rented or is being self-used;
- the project has held a sale or a pre-sale license for at least three years but has not been sold entirely;
- the taxpayer has applied for tax de-registration but the LAT settlement has not been conducted; or
- other situations set forth by the provincial PRC tax authorities.

Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations and there are uncertainties as to how they will enforce this notice. On 12 May 2009, SAT issued the Provisions on Administration of the Settlement of LAT (《土地增值稅清算管理規程》), which became effective on 1 June 2009 and stipulates in detail the procedures for settlement of LAT and methods of calculating LAT. Furthermore, on 25 May 2010, SAT published the Circular on Strengthening the Collection and Administration of LAT (《關於加強土地增值稅徵管工作的通知》) (the “SAT Circular”). According to SAT Circular, all local governments were required to make adjustments to the then prevailing provisional LAT rate. In addition to safeguarding housing, the provisional LAT rate of provinces in the eastern region shall not be lower than 2 per cent., while the provinces in the middle and northeastern regions shall not be lower than 1.5 per cent. and the provinces in the western region shall not be lower than 1 per cent.; and the local governments may determine the provisional LAT rate applicable to different types of real estate. Pursuant to the Circular on Value-Added Tax Policies for Financial, Real Estate Development, Education Ancillary Service and Other Services (《關於明確金融、房地產開發、教育輔助服務等增值稅政策的通知》), which became effective on 1 May 2016, except for choosing the simplified tax method, when the general taxpayer sells real estate project developed by itself,

the compensation for demolition paid to other companies or individuals upon land acquisition is permitted to be deducted for the purpose of calculation the sales income. Besides, if a real estate developer establishes a project company to develop the granted land after paying the land premium, the project company, for the purpose of calculation the sales income, may deduct the land premium that has been paid by the real estate developer if fulfilling the relevant requirements of changing the grantee of the land use right. In the event that relevant tax authorities change their requirements as to the amount or timing of payment of provisional LAT, the Group's cash flow may be materially and adversely affected.

The full-fledged levy of value added tax on operating revenues from a comprehensive list of service sectors may subject the Group's operating revenues to a higher average tax rate.

Pursuant to the Notice on Adjustment of Transfer Business Tax to Appreciation Tax (《關於全面推開營業稅改增值稅試點的通知》) issued on 23 March 2016 and implemented on 1 May 2016 (“Circular 36”) by MOF and SAT, effective from 1 May 2016, and partially repealed by the Notice on Pilot Policies of Transfer Business Tax to Appreciation Tax for Construction Services and Other Sectors (《關於建築服務等營改增試點政策的通告》) which was effective on 1 July 2017 and the Announcement on Policies for Deepening the VAT Reform (《關於深化增值稅改革有關政策的公告》) which was effective on 1 April 2019, PRC tax authorities have started imposing value added tax (“VAT”) on operating revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that coexisted with VAT for over 20 years. Since the issuance of Circular 36, MOF and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on operating revenues from construction, real estate, financial services and lifestyle services. The VAT rates applicable to the Group may be generally higher than the business tax rate the Group was subject to prior to the implementation of Circular 36. For example, the VAT rate for the sale of self-developed real estate projects will be increased from 5 per cent. (the applicable business tax rate prior to 1 May 2016 and the applicable VAT rate for sale of “old projects”, i.e. real property whose construction commenced prior to 1 May 2016) to 11 per cent. Unlike business tax, the VAT will only be imposed on added value, which means the input tax incurred from the Group's construction and real estate can be offset from its output tax. However, new rules concerning VAT for the real estate sector may be subject to changes and will only be finalised after the interim-period under Circular 36. The Group is still in the process of assessing the comprehensive impact of the new VAT regime on the Group's tax burden, its operating revenues and results of operations, which remains uncertain.

The Ministry of Land and Resources of the PRC may impose fines or penalties on the Group or revoke the land use rights with respect to certain land held by it.

Under PRC laws and regulations, if a property developer fails to develop land according to the terms of the land use rights grant contract (including those relating to the payment of fees, designated use of land, amount of GFA developed, time for commencement and completion or suspension of the development, and amount of capital invested), the relevant government authorities may issue a warning to or impose a penalty on the developer or cancel the relevant land use rights. For example, the Ministry of Land and Resources of the PRC may impose an idle land fee equal to 20.0 per cent. of the land premium if the Group does not commence development of the land held by it for more than one year after the date specified in the relevant land use rights grant contract. The Ministry of Land and Resources of the PRC has the power to revoke the land use rights certificate without compensation if the Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State Council issued the Notice on Promoting the Saving and Intensification of Use of Land which states, among other things, that the Ministry of Land and Resources and other authorities in the PRC are required to research and commence the drafting of implementation rules concerning the levy of land

appreciation fees on idle land. Furthermore, the Ministry of Land and Resources of the PRC issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land which reiterates its policy on idle land. There can be no assurance that the Group will not be subject to any fines or penalties or its land use rights will not be revoked by the government in the future for its failure of meeting the requirements aforesaid, any fines or penalties or revocation of the land use rights may materially and adversely affect the Group's business, results of operations and financial condition.

Intensified competition in the property development industry may materially and adversely affect the Group's business, results of operations and financial condition.

Competition within the PRC property development industry is intense. Many of the Group's competitors may have more financial, marketing, technical and other resources than it has and they may be more sophisticated than it is in certain areas. Competition among property developers may lead to an increase in costs for land and raw materials, shortages in quality construction contractors, surplus in property supply. As a result, property prices may decrease while costs to attract or retain skilled employees may increase. If the Group fails to compete effectively, its business, results of operations and financial condition may be materially and adversely affected.

The Group may fail to sufficiently and promptly respond to rapid changes in treatment of diseases and customer preferences in the pharmaceutical industry.

The PRC pharmaceutical manufacturing, healthcare services and medical devices industries are characterised by rapid advances in science and technology and continuous emergence of new diseases. The Group's future success depends on its ability to launch new products and services that meet evolving market demands, in particular, new pharmaceutical products, diagnostic products and medical devices that are effective in treating or diagnosing new diseases and illnesses. There is no assurance that the Group will be able to respond to emerging trends by improving the Group's product portfolio and services in a timely manner, or at all.

In addition to the industry changes, the preferences and purchasing patterns of the Group's customers with regard to pharmaceutical products, healthcare services, diagnostic products and medical devices can also change rapidly. The Group's success depends on its ability to anticipate product and service offering lead-time and demand, identify customer preferences and adapt the Group's products and services to these preferences. The Group must adjust its research and development plan, production scale and schedule, product portfolio, service offering and inventory levels based on customer demand, sales trends and other market conditions. There is no assurance that the Group will be able to sufficiently and promptly respond to changes in customer preferences and purchasing patterns in the future, and such failure may have a material and adverse effect on the Group's business, financial condition, results of operations and profitability.

Each of the PRC pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries is highly regulated, and the regulatory framework, requirements and enforcement trends may constantly change.

The pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services and medical devices industries in China are subject to extensive government regulation and supervision. In recent years, the PRC government has implemented a variety of regulatory measures and announced plans to implement additional rules and regulations with respect to the aforesaid industries, including those relating to:

- the manufacturing, distribution or pricing of pharmaceutical products, diagnostic products and medical devices;

- additional quality control, licensing and certification requirements;
- the pricing, procurement, prescription and dispensing of essential and other medicines by public hospitals and other healthcare institutions; and
- governmental funding for individual healthcare and medical services.

These measures may lead to significant changes in the PRC pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries, and could result in increased costs and lowered profit margins for manufacturers, distributors and retailers of pharmaceutical products, medical devices and medical diagnostic products as well as for healthcare service providers. These measures could also lead to a decrease in the amount of products and services purchased by the Group's customers or the price of its products and services. In addition, there is no assurance that the PRC government will continue to adopt policies supporting the pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, diagnostic products and medical devices industries.

In addition, many initiatives taken, or to be taken, by the PRC government under the ongoing healthcare reform plan are expected to contribute significantly to the growth of the healthcare industry. For example, a significant portion of the government investment under the ongoing healthcare reform plan will be applied towards subsidising patients' purchases of drugs. There is no assurance, however, that the relevant PRC government authorities will continue to introduce favourable policies. On the other hand, the relevant PRC government authorities may also introduce policies that are unfavourable to the healthcare industry. Termination of or material alterations to any favourable policies, or introduction of any unfavourable policies, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may fail to obtain or maintain necessary qualifications, permits and approvals for its pharmaceutical and healthcare business operations, which may adversely affect the Group's business, financial condition and results of operations.

All pharmaceutical, diagnostic products and medical device manufacturers and pharmaceutical retail and other distribution companies in China are required to obtain certain permits and licenses from various PRC governmental authorities, which are subject to periodic reassessment or renewal. The reassessment criteria are subject to reviews and may change from time to time and the standards are increasingly stringent. The Group intends to apply for the renewal of these permits, licenses and certifications when required by applicable laws and regulations. Any failure by the Group to obtain and maintain all licenses, permits and certifications necessary to carry on the Group's business at any time could have a material adverse effect on its business, financial condition and results of operations.

In addition, any inability to renew these permits, licenses and certifications could severely disrupt the Group's business, and prevent the Group from continuing to carry on the Group's business. Any changes in the standards used by governmental authorities in considering whether to renew or reassess the Group's business licenses, permits and certifications, as well as any enactment of new regulations that may restrict the conduct of the Group's business, may also decrease its revenue or increase its costs, which in turn could materially and adversely affect the Group's profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new regulations come into effect, so as to require the Group to obtain any additional permits, licenses or

certifications that were previously not required to operate the Group's existing businesses. There is no assurance that the Group may successfully obtain such permits, licenses or certifications.

The Group is subject to regular inspections, examinations, inquiries or audits by the regulatory authorities as part of the process of the Group's maintaining or renewing the permits, licenses and certificates required for the manufacturing and distribution of its pharmaceutical products, diagnostic products and medical devices and the provision of healthcare services. In the event that any of its products or facilities fails such inspections, the Group's business, profitability and reputation in the relevant industries may be adversely affected.

The Group's building materials logistics business relies on a limited number of suppliers to supply a substantial portion of its materials and a limited number of customers to purchase a substantial portion of its materials.

The Group relies on a limited number of suppliers for certain materials, such as concrete and cement, steel and electronic products and industrial materials.

There is no assurance that there will not be any dispute between the Group and its major customers and suppliers, or that the Group will be able to maintain business relationships with its existing customers and suppliers. As the Group has been relying on a small pool of major customers and suppliers for the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, in the event that the existing major customers cease to engage the Group's service or decrease the number of orders placed, or that the existing major suppliers suspend their supply of commodities to the Group, the Group may not be able to find new customers or suppliers as replacement within a reasonable period of time or at all. As a result, the Group's pricing power and results of operations in its building materials logistics business could be materially and adversely affected.

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 2015 slowed down to 6.9 per cent. on a year-on-year basis compared to 7.3 per cent. in 2014, and it further decreased to 6.7 per cent. in 2016 on a year-on-year basis. In 2017, the annual growth rate of China's GDP slightly raised to 6.9 per cent. but it slowed down to 6.6 per cent. in 2018. In 2019, the annual growth rate of China's GDP further dropped back to 6.1 per cent. on a year-on-year basis, the slowest pace in the nation's history since 1990. In the first half of 2020, China's GDP shrank by 1.6 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but is also exposed to material changes in global

economic and political conditions as well as the performance of certain major developed economies in the world, such as the United States and the European Union. Any change in the U.S. global trade policy against China, including tightening regulatory restrictions, industry-specific quotas, tariffs, non-tariff barriers and taxes may have an adverse effect on China's economy. For example, in 2018 and 2019, the U.S. government imposed several rounds of tariffs on cumulatively U.S.\$550 billion worth of Chinese products. In retaliation, the Chinese government responded with tariffs on cumulatively U.S.\$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from importing certain sensitive U.S. goods. The Chinese government lodged a complaint in the World Trade Organisation against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On 15 January 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on China's economy and the industries in which the Group operates remains uncertain. In addition, on 29 March 2017, the United Kingdom notified the European Council of its intention to withdraw from the European Union in accordance with Article 50(2) of the Treaty on European Union ("**Brexit**"). This event has resulted in a downgrade of the credit ratings of the United Kingdom. On 31 January 2020, the United Kingdom officially left the European Union. The effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market. These and other issues resulting from the global economic slowdown have adversely affected, and may continue adversely affecting, the general consumption and manufacturing level in the PRC. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

Any slowdown in the PRC economy may increase the Group's exposure to material losses from its investments, decrease the opportunities for developing the Group's businesses, create a credit tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, any of which may result in a material adverse effect on the Group's business, results of operations and financial condition.

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

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. 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, the PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business. The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the Group's operations and financial results, as well

as its ability to satisfy its obligations under the Notes, could also be materially and adversely affected by changes to or introduction of measures to control changes in the rate or method of taxation and the imposition of additional restrictions on currency conversion.

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

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, China has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. 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. There can be no assurance that the Group will always be aware of the change in the PRC legal system from time to time and there can be no assurance that the Group will not be subject to any penalty, fine or investigation in the future. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management's attention. All of these uncertainties including the 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 the Group's operations and to the holders of the Notes.

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

The Guarantor and most of its subsidiaries are incorporated in the PRC. Substantially all of the Group's assets are located in the PRC. In addition, most of the Group's directors, supervisors and executive officers reside within the PRC and the assets of the Group's directors and officers may be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors, supervisors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for prospective investors to enforce any judgments obtained from foreign courts against the Group or any of the Group's directors, supervisors or senior management in the PRC.

Fluctuation of the foreign exchange rates and government control of currency conversion may adversely affect the value of investors' investments.

Substantially all of the Group's operating income is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. Prospective investors shall take reference to the applied foreign exchange rates when making their decision to invest in the Notes.

In addition, a portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on

declared dividends, if any, on the Notes. However, the PRC government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Notes in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the State Administration of Foreign Exchange or its local branch (“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 implementation of PRC employment regulations may increase labour costs in the PRC generally.

The PRC Labour Contract Law became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees.

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, which could result in an adverse impact on the Group’s business, financial condition and results of operations. Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group’s business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting the Group’s business and the costs of labour as well. Rising labour costs may increase the Group’s operating costs and partially erode the cost advantage of the Group’s operations and therefore negatively impact the Group’s profitability.

RISKS RELATING TO THE FINANCIAL INFORMATION

Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Guarantor from time to time issues corporate bonds and short-term commercial paper in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Guarantor needs to publish its semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its corporate bonds and short-term commercial paper. After the Notes are issued, the Guarantor is obligated by the terms of the Notes, among others, to provide holders of the Notes with its audited annual financial statements and unaudited semi-annual financial statements. The interim financial information published by the Group in the PRC is normally derived from the Group’s management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Guarantor is not responsible to holders of the Notes for the unaudited and unreviewed financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information.

The Guarantor’s Audited Financial Statements were audited and the Guarantor’s Reviewed Financial Statements were reviewed in accordance with PRC GAAP which may be different from IFRS.

The Guarantor’s Audited Financial Statements and the Guarantor’s Reviewed Financial Statements were prepared in accordance with PRC GAAP. Although PRC GAAP

are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See “ – Summary of Certain Differences Between PRC GAAP and IFRS”. There is no guarantee that PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Potential investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Guarantor’s auditor has limited international capital markets experience.

The Guarantor’s current independent auditors, Daxin, is a registered member of The Chinese Institute of Certified Public Accountants and although it has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results and is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies or applicable laws and regulations with retrospective impact on the Guarantor’s financial reporting or to reflect the comments provided by the Guarantor’s independent auditors during the course of their audit or review in subsequent financial periods. For example, the financial results of the Guarantor’s investees, which are currently recorded under long-term equity investment, may be consolidated with the Guarantor’s financial statements in future as permitted under relevant account policies. 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 accounting rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its business.

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 and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them, and, therefore, none of the Issuer, the Guarantor, the Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any 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.

Daxin, the auditor of the Guarantor, may be involved in investigations initiated by relevant PRC authorities from time to time.

Daxin, the auditor for the Issuer, is a registered accounting firm in the PRC. It is supervised by relevant PRC regulatory agencies, including China Securities Regulatory Commission (中國證券監督管理委員會) (“CSRC”). In the past few years, Daxin has been subject to several administrative sanction by the CSRC. For example, in January 2020, Jilin Regulatory Bureau of CSRC issued a warning letter to Daxin in relation to its inadequate procedure when performing audit of the financial statements of Changchun Gas Co., Ltd. (長春燃氣股份有限公司). In March 2020, Shanghai Regulatory Bureau of CSRC issued a warning letter to Daxin in relation to its inadequate procedure when performing audit of the financial statements of Beijing Tianxiang Changyun Technology Co., Ltd. (北京天翔昌運科技股份有限公司). In July 2020, Beijing Regulatory Bureau of CSRC issued a warning letter to Daxin for its violation of Provisions on the Regular Rotation of Signatory Certified Public Accountants for the Securities and Futures Auditing Business (關於證券期貨審計業務簽字註冊會計師定期輪換的規定).

According to Daxin, none of the abovementioned administrative sanctions are related to the Daxin serving as the Guarantor’s current auditor. The abovementioned administrative sanctions imposed by CSRC do not disqualify the Daxin from participating in the offering of the Notes or have any impact on the ability of Daxin to provide services to the Group. There can be no assurance that the involvement of Daxin in such administrative actions or any negative news about Daxin would not affect investors’ confidence in companies and financial statements audited or reviewed by it. Prospective investors should consider these factors prior to making any investment decision.

RISKS RELATING TO THE NOTES AND THE GUARANTEE

The Notes and the Guarantee are unsecured obligations.

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

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

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

The PRC government has no obligations under the Notes.

The PRC government, including the Chengdu Municipal Government, is not an obligor under the Notes and Noteholders shall have no recourse to the PRC government in respect of any obligation arising out of or in connection with the Notes in lieu of the Issuer, or the Guarantor, as the case may be. The Chengdu SASAC only assumes limited liability as the sole shareholder of the Guarantor, which is limited to its equity contributions in the Guarantor only, and does not necessarily correlate to, or provide any assurance as to, the Guarantor's financial condition. The Noteholders shall have no recourse to the Chengdu Municipal Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Notes or the Trust Deed. This position has been reinforced by the Circular 23 and the Joint Circular. Both Circulars are relatively new, and because of the limited volume of published decisions, the interpretation and enforcement of these laws and regulations involve uncertainties.

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

The Notes and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries, other than the Issuer, whether or not secured. The Notes will not be guaranteed by any of the Issuer's or the Guarantor's subsidiaries, and the Issuer and the Guarantor may not have direct access to the assets of such subsidiaries unless these assets are transferred by dividend or otherwise to the Issuer or the Guarantor. The ability of such subsidiaries to pay dividends or otherwise transfer assets to the Issuer or the Guarantor is subject to various restrictions under applicable laws.

Each of the Issuer's and the Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Notes or the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's and the Guarantor's subsidiaries, respectively, upon that subsidiary's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Issuer or the Guarantor are creditors of that subsidiary). Consequently, the Notes and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Issuer's and the Guarantor's subsidiaries, other than the Issuer, and any subsidiaries that the Issuer or the Guarantor may in the future acquire or establish.

The Notes and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, respectively, and will (i) rank equally in right of payment with all the Issuer's and the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, 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 or the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Notes, these assets will be available to pay obligations on the Notes only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Noteholders rateably with all of the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Notes then outstanding would remain unpaid.

The Notes may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Offering Circular, any applicable supplement to the Offering Circular or any Pricing Supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes may be complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to the purchaser's overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio. Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

Any failure to complete the relevant registrations or filings with the NDRC relating to the issue of the Notes may have adverse consequences for the Guarantor, the Issuer and/or the investors of the Notes.

According to the Notice on Promoting the Reform of the Administration of the Registration of Foreign Debt of by Enterprises (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) (the “**NDRC Circular**”) issued by the NDRC on 14 September 2015, PRC enterprises and their overseas controlled entities shall procure the registration of any debt securities with a maturity of more than one year or medium to long term loans issued or incurred outside the PRC with the NDRC prior to the issue of the securities or drawings under the loans, and notify the particulars of the relevant issues or drawings within 10 working days after the date of issuance or drawing. Thus, the Guarantor shall make the registration of the Notes to be issued prior to the relevant issue date (the “**NDRC Pre-Issue Registration**”) and file the requisite information relating to the issue of the Notes with the NDRC within 10 working days after the relevant issue date (the “**NDRC Post-Issue Filing**”). In the worst case scenario, failure to complete the NDRC Pre-Issue Registration or the NDRC Post-Issue Filing may result in it being unlawful for the Guarantor or the Issuer to perform or comply with any of their respective obligations under the Notes and the Guarantee. Potential investors of the Notes are advised to exercise due caution when making their investment decisions.

Each of the Issuer and the Guarantor will undertake under the Terms and Conditions of the Notes to perform the issuance registration and filing as required by laws and regulations as applicable to it from time to time. A failure to complete any applicable registration and filing procedure will not only constitute a breach of the relevant laws and regulations (which may carry administrative penalties), but will also constitute an event of default pursuant to which the Notes could be accelerated.

If the Guarantor fails to submit the relevant Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

If the Guarantor fails to submit the relevant Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee. The Guarantor will enter into a Deed of Guarantee in respect of each Tranche of Notes issued under the Programme. Pursuant to such Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under such Tranche of Notes and the Trust Deed. The Guarantor is required to submit for registration the relevant Deed of Guarantee and other documents to the Sichuan Branch of SAFE for registration in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) within the prescribed timeframe after the execution of such Deed of Guarantee. Although the non-registration does not render the Guarantee of the Notes ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor. The Guarantor intends to use its all reasonable endeavours to complete the registration of the relevant Deed of Guarantee on or before the Registration Deadline (as defined in the Terms and Conditions of the Notes).

Following the occurrence of a Non-Registration Event (as defined in the Terms and Conditions of the Notes), the holder of any Notes of the relevant Tranche will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date at 100 per cent. of their nominal amount, together with accrued interest to such Put Settlement Date.

The administration of the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the relevant Deed of Guarantee with SAFE can be completed by the Guarantor or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the relevant Deed of Guarantee in the PRC.

The Notes may be represented by Global Notes or Global Certificates and holders of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more Global Notes (in the case of Bearer Notes) or Global Certificates (in the case of Registered Notes). Such Global Notes and Global Certificates will be deposited with a common depository for Euroclear and Clearstream or lodged with the CMU (each of Euroclear, Clearstream and the CMU, a "Clearing System"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the Clearing System(s).

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Notes by making payments to the relevant Clearing System(s) for distribution to their account holders or in the case of the CMU, to the persons for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the Issuer and the Guarantor in a relevant CMU Instrument Position Report or any other notification by the CMU.

A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right under the respective Global Notes or Global Certificates to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

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

If specified in the relevant Pricing Supplement, the Issuer may, at its option, at maturity, at Noteholders' option or following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes) or a Non-Registration Event (as defined in the Terms and Conditions of the Notes), be required to redeem all or some of the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

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

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

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

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

The ratings of the Programme may be downgraded or withdrawn.

The Programme is expected to be assigned a rating of “BBB+” by Fitch. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Notes and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time. A reduction or withdrawal of the ratings may adversely affect the market price of the Notes and the Issuer’s or the Guarantor’s ability to access the debt capital markets.

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

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

The Issuer may be treated as a PRC resident enterprise for PRC tax purposes and certain withholding taxes may be applicable.

Under the PRC Enterprise Income Tax Law and its implementation rules, enterprises established outside the PRC whose “de facto management bodies” are located within the territory of PRC are considered “resident enterprises” for PRC tax purposes.

The implementation rules define the term “de facto management body” as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation specified certain criteria for the determination of the “de facto management bodies” for foreign enterprises that are controlled by PRC enterprises.

As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered a PRC tax resident enterprise for the purpose of EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. If the Issuer is deemed to be a PRC resident enterprise for EIT purposes, the Issuer generally would be subject to the PRC enterprise income tax at the rate of 25.0 per cent. on its worldwide income.

Furthermore, if the Issuer is deemed to be a PRC resident enterprise, the Issuer would be obligated to withhold PRC income tax on payments of interest or redemption premium (if any) at a rate of 10 per cent. for non-PRC resident enterprises, or at a rate of 20 per cent. for non-PRC resident individuals. In addition, any gains realised by such investors from the transfer of the Notes may be subject to a 10.0 per cent. PRC income tax for non-PRC resident enterprises, or a 20.0 per cent. PRC income tax for non-PRC resident individuals, if such gains are regarded as income derived from sources within the PRC. Furthermore, because the Guarantor is a PRC tax resident, the Guarantor will be required to withhold PRC tax on payments under the Guarantee with respect to interest or any redemption premium at the above rates regardless of whether the Issuer is treated as a PRC tax resident. The PRC income tax liability may be reduced under applicable income tax treaties, such as the arrangement for avoidance of double taxation with Hong Kong. However, it is unclear whether in practice non-resident Noteholders would be able to obtain the benefit of income tax treaties entered into between PRC and their countries.

On 23 March 2016, the Ministry of Finance (“MOF”) and State Administration of Taxation (“SAT”) issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》) (“Circular 36”), which introduced a new value-added tax (“VAT”) from 1 May 2016. According to Circular 36, which was amended on 11 July 2017 and 20 March 2019, VAT is applicable where the entities or individuals provide financial services such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. It is further clarified under Circular 36 that the loans refer 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 Notes may be treated as the Noteholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the Noteholders may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6 per cent. In addition, in that case the holders of the Notes shall also be subject to the local levies at approximately 12 per cent. of the VAT payment. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Subject to certain exceptions, the Issuer and Guarantor will be required to pay additional amounts with respect to any such PRC withholding taxes. The request to pay additional amounts will increase the cost of servicing the Notes and will adversely impact the cash flows of the Issuer and Guarantor. In addition, if any PRC tax is imposed on the disposition of the Notes, an investor's investment return would be materially and adversely affected.

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

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

The Trustee may request the Noteholders to provide an indemnity, security and/or prefunding to its satisfaction.

In certain circumstances, including, without limitation, giving of notice to the Issuer and the Guarantor pursuant to Condition 10 of the Terms and Conditions of the Notes and taking any steps and/or actions and/or instituting any proceedings pursuant to Condition 12 of the Terms and Conditions of the Notes, the Trustee may, at its sole discretion, request the Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of the Noteholders. The Trustee shall 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 such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or prefunding to it, in breach of the terms of the Trust Deed or the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such steps and/or actions and/or institute proceedings directly.

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

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

The Terms and Conditions of the Notes also provide that the Trustee may (but shall not be obliged to), without the consent of Noteholders, agree (i) to any modification (other than with respect to certain reserved matters) of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed, the relevant Deed of Guarantee or the Agency Agreement which in the opinion of the Trustee will not be materially prejudicial to the interests of Noteholders and (ii) to any modification of the Trust Deed, the Terms and Conditions of the Notes, the relevant Deed of Guarantee or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Noteholders, authorise or waive any proposed breach or breach (other than a proposed breach or breach relating to the subject of certain reserved matters) of the Terms and Conditions of the Notes or any of the provisions of the Trust Deed, the relevant Deed of Guarantee or the Agency Agreement.

RISKS RELATING TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES UNDER THE PROGRAMME

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Dual Currency Notes have features which are different from single currency issues.

The Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- they may receive no interest;
- payment of principal or interest may occur at a different time or in a different currency than expected; and
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero.

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

The market price of variable rate Notes with a multiplier or other leverage factor may be volatile.

Notes with variable interest rates can be volatile securities. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include such features.

The regulation and reform of “benchmark” rates of interest and indices may adversely affect the value of Notes linked to or referencing such “benchmarks”.

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (“**LIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international reforms in making any investment decision with respect to any Notes linked to or referencing a Benchmark.

The value of, and return on, Floating Rate Notes linked to or referencing LIBOR or other similar indices may be adversely affected in the event of a permanent discontinuation of LIBOR or other similar indices.

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes provide that the Issuer may vary the Terms and Conditions of the Notes, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Terms and Conditions of the Notes also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the relevant Notes, the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, will continue to apply to maturity. This will result in the floating rate Notes, in effect, becoming fixed rate Notes.

Where ISDA Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Terms and Conditions of the Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks. If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the floating rate Notes.

Inverse Floating Rate Notes are typically more volatile than conventional floating rate debt.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Notes carrying an interest rate which may be converted from fixed to floating interest rates and vice versa, may have lower market values than other Notes.

Fixed Rate Notes and Floating Rate Notes (as defined in the Terms and Conditions of the Notes) may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed Rate Notes may be less favourable than then-prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then-prevailing rates on its Notes.

The market prices of Notes issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than prices for conventional interest-bearing securities do.

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Investors may lose part or all of their investment in any Index-Linked Notes issued.

If, in the case of a particular Tranche of Notes, the relevant Pricing Supplement specifies that the Notes are Index-Linked Notes or variable redemption amount Notes, there is a risk that the investor may lose the value of its entire investment or part of it.

RISKS RELATING TO THE MARKET GENERALLY

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer, the Guarantor and the Group. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances, investors may not be able to sell their Notes at all or at their fair market value. Although application has been made to the Hong Kong Stock Exchange for the listing of the Programme, and for the permission to deal in, and for the listing of, Notes issued under the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

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

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

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

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

Exchange rate risks and exchange controls may result in a Noteholder receiving less interest or principal than expected.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, a Noteholder may receive less interest or principal than expected, or no interest or principal.

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

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform their respective obligations under the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may materially and adversely affect the market price of the Notes and the Issuer's and the Guarantor's ability to access the debt capital markets.

RISKS RELATING TO RENMINBI-DENOMINATED NOTES

Notes denominated in Renminbi ("**Renminbi Notes**") may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the PRC.

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

Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

In respect of Renminbi foreign direct investments (“**FDI**”), PBOC promulgated the Administrative Measures on Renminbi Settlement of Foreign Direct Investment (《外商直接投資人民幣結算業務管理辦法》) (the “**PBOC FDI Measures**”) on 13 October 2011, which was amended on 5 June 2015, as part of PBOC’s detailed Renminbi FDI accounts administration system. The system covers almost all aspects in relation to FDI, including capital injections, payments for the acquisition of PRC domestic enterprises, repatriation of dividends and other distributions, as well as Renminbi denominated cross-border loans. On 14 June 2012, PBOC issued a circular setting out the operational guidelines for FDI, which was amended on 5 June 2015. Under the PBOC FDI Measures, special approval for FDI and shareholder loans from PBOC, which was previously required, is no longer necessary. In some cases however, post-event filing with PBOC is still necessary.

On 3 December 2013, the Ministry of Commerce of the PRC (“**MOFCOM**”) promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (《關於跨境人民幣直接投資有關問題的公告》) (the “**MOFCOM Circular**”), which became effective on 1 January 2014, to further facilitate FDI by simplifying and streamlining the applicable regulatory framework. Pursuant to the MOFCOM Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on FDI, the MOFCOM Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Circular also clearly prohibits the FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (“**Circular 13**”), which was amended on 30 December 2019, to simplify foreign exchange rules for cross-border investments. According to Circular 13, foreign exchange registration for foreign direct investment and outbound direct investment will be exempted from the approval by the SAFE and the registration rights will be delegated from the SAFE to the qualified banks from 1 June 2015. Under the Circular 13, foreign investors could open foreign exchange accounts in qualified banks directly after providing the banks with registration documents, with no need to obtain separate government approval. By Circular 13, such qualified banks will administer foreign exchange transactions according to the registration information provided by the parties and the SAFE will indirectly supervise foreign exchange registration by verifying and inspecting the qualified banks.

On 30 March 2015, the SAFE promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform of the Administrative Method of the Conversion of Foreign Exchange Funds by Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資金結算管理方式的通知》) (“**Circular 19**”), which was amended on 9 June 2016 and 30 December 2019 and relaxed the capital account settlement for all foreign invested enterprises across the nation from 1 June 2015.

On 9 June 2016, the SAFE further promulgated the Circular of the SAFE on Relevant Issues Concerning the Reform and Regulation of the Administrative Policies of the Conversion under Capital Items (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (“**Circular 16**”). According to Circular 16, in case of any discrepancy between Circular 19 and Circular 16, Circular 16 shall prevail. Circular 16 allows all foreign invested enterprises across the PRC to convert 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 at their own discretion without providing various supporting documents. However, to use the converted Renminbi, a foreign invested enterprise still needs to provide supporting documents and go through the review process with the banks for each withdrawal. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular 16.

In addition, pursuant to the Notice of SAFE on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》) (“**Circular No. 3 [2017]**”) promulgated on 26 January 2017, when conducting outward remittance of a sum equivalent to more than U.S.\$50,000 for a domestic institution, the bank shall, under the principle of genuine transaction, check the profit distribution resolution made by the board of directors (or profit distribution resolution made by partners), original of tax filing form and audited financial statements, and stamp with the outward remittance sum and date on the original of tax filing form. In addition, the domestic institution shall make up its losses of previous years under the applicable laws. On 24 March 2017 and 27 April 2017, the SAFE respectively posted two series of questions and answers on its official website, in order to further explain the Circular No. 3 [2017].

On 5 January 2018, PBOC promulgated the Notice on Further Improving Policies of Cross-Border Renminbi Business to Promote Trade and Investment Facilitation (《關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》) (“**Circular No. 3 [2018]**”), which supports enterprises to use Renminbi in cross-border settlement and for the investment income such as profits and dividends legally obtained by overseas investors in the PRC, banks shall review relevant materials as required before processing cross-border Renminbi settlement and ensure free remittance of profits of foreign investors in accordance with the law.

As these are relatively new circulars, they will be subject to interpretation and application by the relevant authorities in the PRC.

There is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer and the Guarantor to source Renminbi to finance their obligations under Notes denominated in Renminbi.

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

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi denominated banking services to Hong Kong residents and specified business customers. PBOC has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (《關於人民幣業務的清算協議》) (the “Settlement Agreement”) between PBOC and Bank of China (Hong Kong) Limited (the “**Renminbi Clearing Bank**”) to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit on the ability of corporations to convert Renminbi; and there will no longer be any restriction on the transfer of Renminbi funds between different accounts in Hong Kong. In addition, PBOC has now established Renminbi clearing and settlement systems with financial institutions in other major global financial centres (each also a “**Renminbi Clearing Bank**”), including London, Frankfurt and Singapore to further internationalise the Renminbi.

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

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

Payments in respect of Renminbi Notes will only be made to investors in the manner specified in such Renminbi Notes.

All payments to investors in respect of Renminbi Notes will be made solely (i) when Renminbi Notes are represented by Global Notes or Global Certificates, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures, or (ii) when Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. The Issuer or the Guarantor (as the case may be) cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

FORM OF PRICING SUPPLEMENT

The Pricing Supplement that will be issued in respect of each Tranche will be substantially in the following form, duly supplemented if (necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue.

[“MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.”]

[UK MiFIR PRODUCT GOVERNANCE/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a

professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore – 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 Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.))¹

[This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HKSE**”) and in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (together, “**Professional Investors**”) only. **Investors should not purchase the Notes in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Notes are only suitable for Professional Investors.**

HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take 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.

Notice to Hong Kong investors: The Issuer and the Guarantor each confirms that the Notes are intended for purchase by professional investors only (as defined in the Securities and Futures Ordinance (Cap 571) and Rules made thereunder) and will be listed on The Hong Kong Stock Exchange Limited on that basis. Accordingly, the Issuer and the Guarantor each confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document 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.]

¹ For any Notes to be offered to Singapore investors, the Issuer to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

[Date]

Xingcheng (BVI) Limited
Legal entity identifier (LEI): 655600FFMBOY3ZM8Q607
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Chengdu Xingcheng Investment Group Co., Ltd.
(成都興城投資集團有限公司)
under its U.S.\$1,500,000,000
Guaranteed Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “**Conditions**”) set forth in the Offering Circular dated 5 January 2021 (the “**Offering Circular**”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated [original date]. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Offering Circular dated [original date] [and the Supplemental Offering Circular dated [●]], save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular[, the Supplemental Offering Circular dated [●]] and this Pricing Supplement]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- | | | |
|---|--|---|
| 1 | (i) Issuer: | Xingcheng (BVI) Limited |
| | (ii) Guarantor: | Chengdu Xingcheng Investment Group Co., Ltd.
(成都興城投資集團有限公司) |
| 2 | (i) Series Number: | [●] |
| | (ii) Tranche Number: | [●] |
| | (iii) Date on which the Notes will be consolidated and form a single Series: | The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 34 below, which is expected to occur on or about [date]]/[Not Applicable] |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | (ii) Tranche: | [●] |
| 5 | (i) Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)] |
| | (ii) [Net proceeds: | [●]] [<i>Delete for unlisted issuances.</i>] |
| 6 | (i) Specified Denominations: ^{2, 3} | [●] |
| | (ii) Calculation Amount: | [●] |

² Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year and must have a minimum redemption value of £100,000 (or its equivalent in other currencies).

³ If the specified denomination is expressed to be €100,000 or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording as follows: €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No notes in definitive form will be issued with a denomination above €199,000. In relation to any issue of Notes which are a “Global Note exchangeable to Definitive Notes” in circumstances other than in the limited circumstances specified in the Global Note, such Notes may only be issued in denominations equal to, or greater than, €100,000 (or equivalent) and multiples thereof.

- 7 (i) Issue Date: [●]
- (ii) Interest Commencement Date: [*specify/Issue Date/Not Applicable*]
- 8 Maturity Date: [*Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to specify month*]⁴
- 9 Interest Basis: [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR/HIBOR/CNH HIBOR] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
- 10 Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid][Instalment]
[specify other]
- 11 Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
[Not Applicable]
- 12 Put/Call Options: Relevant Events Put Option
[Investor Put]⁵
[Issuer Call]
[(further particulars specified below)]
- 13 Rating Maintenance: [Applicable/Not Applicable]
- 14 Date of [Board] approval for issuance of Notes and Guarantee obtained: [●] [and [●], respectively]
(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)

⁴ Note that for Renminbi and Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification it will be necessary to use the second option here and the following words should be added: “provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.”

⁵ For as long as Bearer Notes issued in accordance with TEFRA D are represented by a Temporary Global Note, an Investor Put shall not be available unless the certification required under TEFRA D with respect to non-U.S. beneficial ownership has been received by the Issuer or the Agent.

- 15 Regulatory approval for issuance of Notes obtained: ⁶ /None required
[Date]
- 16 Listing: The Stock Exchange of Hong Kong Limited/*specify other/None* (*For Notes to be listed on the HKSE, insert the expected effective listing date of the Notes*)
- 17 Method of distribution: Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable

- 18 Fixed Rate Note Provisions Applicable/Not Applicable
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: per cent. per annum [payable annually/semi-annually/quarterly/other *(specify)*] in arrear]
- (ii) Interest Payment Date(s): in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted*]
(N.B.: This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount(s): per Calculation Amount⁷
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): per Calculation Amount, payable on the Interest Payment Date falling [in/on]
- (v) Day Count Fraction: 30/360 or Actual/Actual (ICMA/ISDA) or Actual/365 (Fixed)⁸ or [specify other]]

⁶ If pre-Issue registration with the NDRC is required, the date of the Registration Certificate of Enterprise Foreign Debt should be included.

⁷ For Renminbi or Hong Kong dollar denominated Fixed Rate Notes where the Interest Payment Dates are subject to modification the following alternative wording is appropriate: "Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005 being rounded upwards in the case of Renminbi denominated Fixed Rate Notes and to the nearest HK\$0.01, HK\$0.005 for the case of Hong Kong dollar denominated Fixed Rate Notes, being rounded upwards."

⁸ Applicable to Hong Kong dollar denominated Fixed Rate Notes and Renminbi denominated Fixed Rate Notes.

- (vi) Determination Date(s): in each year
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
(N.B.: This will need to be amended in the case of regular interest payment dates which are not of equal duration)
(N.B.: Only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: None/*Give details*
- 19 Floating Rate Note Provisions Applicable/ Not Applicable
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment] [, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (ii) Specified Interest Payment Dates: in each year [, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment] [, as the Business Day Convention in (v) below is specified to be Not Applicable]]
- (iii) Interest Period Date: Not Applicable/ in each year [, subject to adjustment in accordance with the Business Day Convention set out in (v) below] [, not subject to any adjustment] [, as the Business Day Convention in (v) below is specified to be Not Applicable]]
(Not applicable unless different from Interest Payment Date)
- (iv) First Interest Payment Date:
- (v) Business Day Convention: Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ *specify other*]]
- (vi) Additional Business Centre(s):
- (vii) Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination/ ISDA Determination/ *specify other*]]

- (viii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Issuing and Paying Agent):
- (ix) Screen Rate Determination:
- Reference Rate:
(Either LIBOR, EURIBOR, HIBOR, CNH HIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s):
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling, Hong Kong dollar or euro LIBOR), second Hong Kong business day prior to the start of each Interest period if CNH HIBOR, first day of each Interest Period if Sterling LIBOR or Hong Kong dollar LIBOR or HIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page:
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (x) ISDA Determination:
- Floating Rate Option:
 - Designated Maturity:
 - Reset Date:
- (xi) Linear Interpolation: [Note Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Accrual Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
- (xii) Margin(s): +/- [●] per cent. per annum
- (xiii) Minimum Rate of Interest: per cent. per annum
- (xiv) Maximum Rate of Interest: per cent. per annum

- (xv) Day Count Fraction: [Actual/Actual or Actual/Actual (ISDA)
Actual/365(Fixed)
Actual/365(Sterling)
Actual/360 30/360, 360/360 or Bond Basis
30E/360 or Eurobond Basis
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (xvi) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 20 Zero Coupon Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction: [●]
- (iii) Any other formula/basis of determining amount payable: [●]
- 21 Index Linked Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: *[give or annex details]*
- (ii) Calculation Agent: [●]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Issuing and Paying Agent): [●]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*

- (vi) Interest or calculation period(s)
- (vii) Specified Period(s)/Specified Interest Payment Dates:
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (ix) Additional Business Centre(s):
- (x) Minimum Rate of Interest: per cent. per annum
- (xi) Maximum Rate of Interest: per cent. per annum
- (xii) Day Count Fraction:
- 22 Dual Currency Interest Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Issuing and Paying Agent):
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable:

Provisions Relating to Redemption

- 23 Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part: [●]
- (a) Minimum Redemption Amount: [●]
- (b) Maximum Redemption Amount: [●]
- (iv) Notice period (if other than as set out in the Conditions): *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)*
- 24 Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/specify other/see Appendix]

- | | | |
|-------|--|--|
| (iii) | Notice period (if other than as set out in the Conditions): | [●]
<i>(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Paying Agent or the Trustee)</i> |
| 25 | Relevant Events Put | Condition 6(d) applies |
| 26 | Final Redemption Amount: | [[●] per Calculation Amount/specify other/see Appendix] |
| 27 | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): | [[●] per Calculation Amount/specify other/see Appendix] |

General Provisions Applicable to the Notes

- | | | |
|----|---|---|
| 28 | Form of Notes: | <p>Bearer Notes:
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
 [Temporary Global Note exchangeable for Definitive Notes on [●] days' notice⁹]
 [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]]</p> <p>Registered Notes:
 Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate]</p> |
| 29 | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | <p>[Not Applicable/give details]
 <i>(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 17(iii) and 19(vii) relate)</i></p> |

⁹ If the Specified Denominations of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000", the Temporary Global Note shall not be exchangeable on [●] days' notice.

- 30 Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 31 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B.: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
- 32 Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
- 33 Redenomination applicable: Redenomination [not] applicable [(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]
- 34 Consolidation provisions: [Not Applicable]/[The provisions annexed to this Pricing Supplement apply]
- 35 Other terms or special conditions: [Not Applicable/give details]
- Distribution**
- 36 (i) If syndicated, names and addresses of Managers and commitments: [Not Applicable/give names and addresses and commitments]
- (ii) Date of Subscription Agreement [●]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- 37 If non-syndicated, name of relevant Dealer: [Not Applicable/give name and address]
- 38 Total commission and concession: [●] per cent. of the Aggregate Nominal Amount

- 39 U.S. Selling Restrictions: [Reg. S Category 1/Category 2; TEFRA D/TEFRA C/TEFRA not applicable¹⁰]
- 40 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the EEA, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
- 41 Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared in the UK, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)
- 42 Additional selling restrictions: [Not Applicable/give details]
- Operational Information**
- 43 Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s): [CMU/Not Applicable/give name(s) and number(s)]
- 44 Delivery: Delivery [against/free of] payment
- 45 Additional Paying Agent(s) (if any): [●]
- 46 (i) ISIN: [●]
- (ii) Common Code: [●]
- (iii) *(insert here any other relevant codes such as a CMU instrument number)* [●]
- 47 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): [Not applicable/U.S.\$[●]]

¹⁰ “TEFRA not applicable” is only available for Bearer Notes with a with a term of 365 days or less (taking into account any unilateral extensions and rollovers) or Registered Notes.

- 48 Ratings: The Notes to be issued have been rated:
 [[●]: [●]]
 [[●]: [●]]
 [[●]: [●]]
 (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)
- 49 Private Bank Rebate/Commission: [Not Applicable/give details]

[USE OF PROCEEDS

Give details if different from the “Use of Proceeds” section in the Offering Circular.]

[STABILISATION

In connection with the issue of any Tranche of Notes, one or more of the Dealers named as Stabilisation Manager in this Pricing Supplement (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date of the relevant Tranche of Notes. However, there is no obligation on the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager) to do this. Such stabilisation if commenced may be discontinued at any time, and must be brought to an end after a limited period. Such stabilisation shall be in compliance with all applicable laws, regulations and rules.]

[Listing Application

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.\$1,500,000,000 Guaranteed Medium Term Note Programme of Xingcheng (BVI) Limited.]

Responsibility

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: _____
 Duly authorised

By: _____
 Duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, save for the words in italics and subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement or the Trust Deed. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued by Xingcheng (BVI) Limited (the “**Issuer**”) and guaranteed by Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司) (the “**Guarantor**”), and are constituted by a Trust Deed dated 5 January 2021 (as amended, restated and/or supplemented from time to time, the “**Trust Deed**”) between the Issuer, the Guarantor and The Bank of New York Mellon, London Branch (the “**Trustee**”, which expression shall, where the context so permits, include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bearer Notes, the Certificates, the Receipts, the Coupons and the Talons referred to below. An agency agreement dated 5 January 2021 (as amended, restated and/or supplemented from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as initial issuing and paying agent, The Bank of New York Mellon, Hong Kong Branch as CMU lodging and paying agent for Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “**CMU**”) and the other agents named therein. The issuing and paying agent, the CMU lodging and paying agent, any other paying agents, the registrar, the transfer agent(s) and the calculation agent(s) for the time being are referred to below respectively as the “**Issuing and Paying Agent**” (which expression includes any successor Issuing and Paying Agent appointed from time to time in connection with the Notes), the “**CMU Lodging and Paying Agent**” (which expression includes any successor CMU Lodging and Paying Agent appointed from time to time in connection with the Notes), the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent and the CMU Lodging and the Paying Agent and any successor Paying Agents appointed from time to time in connection with the Notes), the “**Registrar**” (which expression includes any successor Registrar appointed from time to time in connection with the Notes), the “**Transfer Agents**” (which expression shall include the Registrar and any successor Transfer Agents appointed from time to time in connection with the Notes) and the “**Calculation Agent(s)**” (which expression includes any successor Calculation Agents appointed from time to time in connection with the Notes) and collectively, the “**Agents**”. For the purposes of these Conditions, all references to the Issuing and Paying Agent shall, with respect to a Series of Notes to be held in the CMU, be deemed to be a reference to the CMU Lodging and Paying Agent and all such references shall be construed accordingly. Each Tranche (as defined below) of Notes will have the benefit of a deed of guarantee dated on or about the relevant date of issue of the Notes (the “**Issue Date**”) (as amended, restated and/or supplemented from time to time, each a “**Deed of Guarantee**”) entered into between the Guarantor and the Trustee.

Copies of the Trust Deed, the relevant Deed of Guarantee and the Agency Agreement are available for inspection during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays) at the principal office of the Trustee (being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom) and at the specified office of the Issuing and Paying Agent following prior written request and provision of proof of holding and identity satisfactory to the Trustee or, as the case may be, the Issuing and Paying Agent.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments (the “**Receiptholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the relevant Deed of Guarantee and the Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects, and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series with such Tranche of Notes and (b) identical in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, the timing for submission of the NDRC Post-Issue Filing (if applicable) and the timing for making and completing of the Cross-border Security Registration and the related notifications to the Trustee and Noteholders).

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

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes 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**”). Except as ordered by a court of competent jurisdiction or as

required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon 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 it (or on the Certificate representing it) or its theft or loss (or that of the relevant Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes, Transfers of Registered Notes and Certificates

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may, subject to Conditions 2(b) and 2(f) and the terms of the Agency Agreement, be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (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 such other Transfer Agent may require. In the case of a transfer of part only of a holding of Registered Notes (which shall be in a Specified Denomination) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in a Specified Denomination) shall be issued to the transferor. All transfers of Notes and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement (the “**Regulations**”). 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 Noteholder following written request and provision of proof of holding and identity satisfactory to the Registrar.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or a Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Registered Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or Condition 2(c) shall be available for delivery within seven business days of receipt of a duly completed and signed form of transfer or Put Exercise Notice (as defined in Condition 6(d)) or Exercise Notice (as defined in Condition 6(f)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or any other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Put Exercise Notice, Exercise Notice or 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, Put Exercise Notice, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate (but free of charge to the holder and at the expense of the Issuer, failing whom the Guarantor) to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant other Transfer Agent (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(d), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are open for business in the place of the specified office of the Registrar or the relevant other Transfer Agent (as the case may be).
- (e) **Transfers Free of Charge:** Transfers of Registered Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent, but upon (i) payment by the relevant Noteholder of any tax, duties or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant other Transfer Agent may require); (ii) the Registrar or the relevant other Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant other Transfer Agent being satisfied that the Regulations have been complied with.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) after the exercise of the put option in Condition 6(d) in respect of that Registered Note, (iii) after the exercise of the put option in Condition 6(f) in respect of that Registered Note, (iv) during the period of 15 days prior to any date on which Notes may called for redemption in part by the Issuer at its option pursuant to Condition 6(e), (v) after any such Registered Note has been called for redemption or (v) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(c)(ii)).

3 **Guarantee and Status**

- (a) **Status of Notes:** The Notes and any Receipts and Coupons relating to them constitute direct, 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 among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

- (b) **Guarantee:** The Guarantor will in respect of each Tranche of Notes pursuant to the relevant Deed of Guarantee unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and, if applicable, the Receipts and the Coupons (the “**Guarantee**”). The payment obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

4 Negative Pledge and Other Covenants

(a) **Negative Pledge:**

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Guarantor shall 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 relevant Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) **Undertakings in relation to the Guarantee:**

- (i) For the benefit of each Tranche of the Notes to be issued in accordance with these Conditions and the Trust Deed, the Guarantor shall execute a Deed of Guarantee in connection with such Tranche substantially in the form attached to the Trust Deed on the relevant Issue Date.
- (ii) The Guarantor shall:
- (A) register or cause to be registered with SAFE the relevant Deed of Guarantee within the prescribed timeframe after its execution in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定) of the PRC (the “**Cross-border Security Registration**”);
 - (B) use its best endeavours to complete the Cross-border Security Registration on or before the relevant Registration Deadline and obtain the relevant SAFE registration certificate relating to such Cross-border Security Registration (or any other document evidencing completion of the Cross-border Security Registration);
 - (C) deliver to the Trustee on or before the relevant Registration Deadline (x) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the Cross-border Security Registration in connection with the relevant Deed of Guarantee, and (y) a copy of the relevant SAFE registration certificate relating to the Cross-border Security Registration (or any other document

evidencing completion of the Cross-border Security Registration), which is to be attached to the certificate referred to in (x) of this Condition 4(b)(ii)(C) and certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor (the items specified in (x) and (y) of this Condition 4(b)(ii)(C) together, the “**SAFE Registration Documents**”);

- (D) comply with all applicable PRC laws and regulations in relation to the Guarantee; and
- (E) procure the giving of notice to Noteholders in accordance with Condition 16, within five Registration Business Days after the SAFE Registration Documents are delivered to the Trustee, confirming the completion of the Cross-border Security Registration.

(c) **Financial Information:** For so long as any Note or Coupon remains outstanding:

- (i) the Guarantor will furnish the Trustee with (A) a Compliance Certificate of the Guarantor (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Noteholder and/or Couponholder or any other person for such reliance) and a copy of the relevant Audited Financial Reports within 120 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”) (audited by a nationally or internationally recognised firm of independent accountants) of the Guarantor and its Subsidiaries 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, together with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and (B) a copy of the Unaudited Financial Reports within 60 days of the end of each Relevant Period prepared on a basis consistent with the audited consolidated financial statements of the Guarantor and its Subsidiaries and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (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 with a certificate in English signed by an authorised signatory of the Guarantor certifying that such translation is complete and accurate; provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish the Trustee with, as soon as they are available but in any event not more than 30 calendar days after any financial or other reports of the Guarantor in English are filed with the exchange on which the Guarantor capital stock is at such time listed for trading, copies of any financial or other report filed with such exchange, each certified in English by an Authorised Signatory of the Guarantor as being a true and correct copy of the relevant financial or other report as filed with such exchange, in lieu of the reports identified in Conditions 4(c)(i)(A) and 4(c)(i)(B) above;

- (ii) the Issuer will furnish the Trustee with a Compliance Certificate of the Issuer (on which the Trustee may rely conclusively as to such compliance and shall not be liable to any Noteholder and/or Couponholder or any other person for such reliance) within 120 days of the last day of each financial year of the Guarantor (being 31 December of that financial year); and
 - (iii) each of the Issuer and the Guarantor shall furnish the Trustee with a Compliance Certificate within 14 days of any request therefor from the Trustee, and the Trustee may rely conclusively on any Compliance Certificate provided as contemplated in this Condition 4(c)(iii) and shall not be liable to any Noteholder and/or Couponholder or any other person for doing so.
- (d) **Rating Maintenance:** Where Rating Maintenance is specified hereon, so long as any Note remains outstanding (as defined in the Trust Deed), save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, each of the Issuer and the Guarantor undertake that they will maintain a rating on the Notes by a Rating Agency.
- (e) **Issuer Activities:** The Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the Notes, the Receipts and the Coupons (such activities in connection with the Notes, the Receipts and the Coupons shall, for the avoidance of doubt, include (i) establishment and maintenance of the Programme, (ii) the offering, sale or issuance of the Notes, the Receipts and the Coupons under the Programme or other debt securities which are, or are capable of being listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) outside the PRC, the on-lending of the proceeds therefrom to the Guarantor or any of the Guarantor's other Subsidiaries and any other activities reasonably incidental thereto; and (iii) the activities directly related to the establishment and/or maintenance of the Issuer's corporate existence).
- (f) **NDRC:** In relation to each Tranche of Notes where the NDRC Circular is applicable, the Guarantor undertakes that it will submit the NDRC Post-Issue Filing and, as soon as reasonably practicable after, and in any event within ten Registration Business Days after, such submission, 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 Guarantor confirming the submission of the NDRC Post-Issue Filing; and (ii) a copy of the relevant documents evidencing the NDRC Post-Issue Filing, which are to be attached to the certificate referred to in (i) of this Condition 4(f) and each of which is to be certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor (the items specified in (i) and (ii) of this Condition 4(f) together, the "**NDRC Post-issue Filing Documents**"). In addition, the Guarantor shall procure that, within five Registration Business Days after the NDRC Post-issue Filing Documents are delivered to the Trustee, the Issuer gives notice to the Noteholders (in accordance with Condition 16) confirming the completion of the NDRC Post-Issue Filing.

- (g) **Trustee Reliance:** The Trustee shall be entitled to conclusively rely on or act in reliance on any certificate, notice or document received by it as contemplated in this Condition 4 as sufficient evidence of the facts and/or matters stated therein and shall not be liable to any Noteholder and/or Couponholder or any other person for so doing.

The Trustee shall have no obligation or duty to monitor or ensure or to assist with the filing or registration of the Notes or the relevant Deed of Guarantee with SAFE on or before the Registration Deadline or the NDRC Post-Issue Filing within the timeframe specified in Condition 4(f) or to verify the accuracy, completeness, validity and/or genuineness of any documents in relation to or in connection with the Cross-border Security Registration and/or the NDRC Post-Issue Filing and/or the SAFE Registration Documents and/or the information and documents filed with the NDRC in the course of the NDRC Post-Issue Filing and/or the documents evidencing the NDRC Post-Issue Filing (if any) or to procure that any SAFE Registration Document or any other certificate, confirmation, information or document filed with the NDRC in the course of the NDRC Post-Issue Filing which is not in English is translated into English or, if any English translation of any document is provided or retained, to verify the accuracy of any English translation of any SAFE Registration Document or any other certificate, confirmation or document or to give notice to the Noteholders or any other person confirming the completion of the Cross-border Security Registration and/or the NDRC Post-Issue Filing, and shall not be liable to Noteholders and/or Couponholders or any other person for not doing so.

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

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

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

- (i) no Event of Default or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) each of the Issuer and the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the relevant Deed of Guarantee and the Notes or, if non-compliance had occurred, giving details of it;

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

“**Macau**” means the Macau Special Administrative Region of the People’s Republic of China;

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

“**NDRC Circular**” means the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的 通知 (發改外資 [2015] 2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules, reports, certificates or guidelines as may be issued by the NDRC prior to the submission of such filing, as supplemented and amended from time to time;

“**NDRC Post-Issue Filing**” means the filing of the requisite information and documents with the NDRC within the prescribed timeframe after the relevant Issue Date of the Notes in accordance with the NDRC Circular;

“**Potential Event of Default**” means an event or circumstance which could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 10 become an Event of Default;

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

“**Rating Agency**” means any one of (i) S&P Global Ratings, a division of The McGraw-Hill Companies, Inc., and its successors (“**S&P**”); (ii) Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors (“**Moody’s**”); (iii) Fitch Ratings Ltd. and its successors (“**Fitch**”); or (iv) if one or more of S&P, Moody’s or Fitch shall not make a rating of the Notes publicly available, any other internationally recognised securities rating agency or agencies, as the case may be, selected by the Guarantor and notified in writing to the Trustee, which shall be substituted for S&P, Moody’s or Fitch or any combination thereof, as the case may be;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or a day on which SAFE is authorised or obligated by law or executive order to remain closed;

“**Registration Deadline**” means the day falling 90 Registration Business Days after the relevant Issue Date of the Notes;

“**Relevant Indebtedness**” means any indebtedness outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

“**Relevant Period**” means (i) in relation to each of the Audited Financial Reports, each period of twelve months ending on the last day of their respective financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of its first half financial year (being 30 June of that financial year);

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

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

“**Unaudited Financial Reports**” means semi-annual (or any other interim reporting period required by applicable law or regulations) unaudited and unreviewed consolidated balance sheet, income statement, statement of cash flows and statements of changes in owners’ equity of the Guarantor together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them; and

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

5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
 - (i) **Interest Payment Dates:** Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
 - (ii) **Business Day Convention:** If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention,

such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

- (iii) **Rate of Interest for Floating Rate Notes:** The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11:00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR or Hong Kong time in the case of HIBOR) or 11:15 a.m. (Hong Kong time in the case of

CNH HIBOR) or if, at or around that time it is notified that the fixing will be published at 2:30 p.m. (Hong Kong time), then as of 2:30 p.m. (Hong Kong time, in the case of CNH HIBOR), as the case may be, on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR or HIBOR or CNH HIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon;

- (y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Issuer shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks or, if the Reference Rate is HIBOR or CNH HIBOR, the principal Hong Kong office of each of the Reference Banks, to provide the Issuer with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the Interest Determination Date in question, and such offered quotations shall be notified by the Issuer to the Calculation Agent. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Issuer determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Issuer by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), or, if the Reference Rate is HIBOR or CNH HIBOR, at approximately 11.00 a.m. (Hong Kong time) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, or, if the Reference Rate is HIBOR or CNH HIBOR, the Hong Kong inter-bank market, as the case may be, and such offered rates shall be notified by the Issuer to the Calculation Agent, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Benchmark Discontinuation

(x) Independent Adviser

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(b)(iii)(C)(y)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(b)(iii)(C)(z)(aa)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(b)(iii)(C) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Guarantor, the Trustee, the Paying Agents, the Noteholders, the Receiptholders or the Couponholders for any determination made by it, pursuant to this Condition 5(b)(iii)(C).

If (1) the Issuer is unable to appoint an Independent Adviser; or (2) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(b)(iii)(C)(x) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(b)(iii)(C)(x).

(y) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(C)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(b)(iii)(C)).

(z) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(aa) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(b)(iii)(C) and the Independent Adviser determines (1) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (2) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(b)(iii)(C)(z)(bb), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the relevant Deed of Guarantee and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by an Authorised Signatory of the Issuer pursuant to Condition 5(b)(iii)(C)(z)(bb), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged so to concur if in the sole opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or the relevant Deed of Guarantee (including, for the avoidance of doubt, any supplemental deed of guarantee) in any way.

Notwithstanding any other provision of this Condition 5(b)(iii)(C), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 5(b)(iii)(C) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(b)(iii)(C)(z)(aa), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(bb) Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(b)(iii)(C) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 16, to Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Trustee, the Calculation Agent and the Paying Agents a certificate in English signed by an Authorised Signatories of the Issuer:

- (1) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(b)(iii)(C); and
- (2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Trustee, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without investigation and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(b)(iii)(C), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(b)(iii)(C), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

(cc) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 5(b)(iii)(C)(x), Condition 5(b)(iii)(C)(y) and Condition 5(b)(iii)(C)(z), the Original Reference Rate and the fallback provisions provided for in Condition 5(b)(iii)(B) will continue to apply unless and until a Benchmark Event has occurred.

(D) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

- (iv) **Rate of Interest for Index Linked Interest Notes:** The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum Rate of Interest/Minimum Rate of Interest, Maximum Instalment Amount/Minimum Instalment Amount and Maximum Redemption Amount/Minimum Redemption Amount and Rounding:**
- (i) If any Margin is specified hereon (either (A) generally, or (B) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (B), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Maximum Instalment Amount or Minimum Instalment Amount or Maximum Redemption Amount or Minimum Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (B) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant figure shall be rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the jurisdiction(s) of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

- (i) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts:** The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, each of the Transfer Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 5 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.
- (j) **Determination or Calculation by an agent of the Issuer:** Without prejudice to the provisions of Condition 5(l) below, if the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, the Issuer shall appoint an agent on its behalf to do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, such agent shall apply the foregoing provisions of this Condition 5, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

- (k) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Adjustment Spread**” means either (i) a spread (which may be positive, negative or zero) or (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (B) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) (if the Independent Adviser determines that no such spread is customarily applied), the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(b)(iii)(C)(y) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

“**Applicable Maturity**” means: (i) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (ii) in relation to ISDA Determination, the Designated Maturity;

“**Benchmark Amendments**” has the meaning given to it in Condition 5(b)(iii)(C)(z)(aa);

“**Benchmark Event**” means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Event shall be deemed to occur (A) in the case of sub-paragraphs (ii) and (iii) above of this definition, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (B) in the case of sub-paragraph (iv) above of this definition, on the date of the prohibition of use of the Original Reference Rate and (C) in the case of sub-paragraph (v) above of this definition, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Trustee, the Calculation Agent and the Paying Agents. For the avoidance of doubt, none of the Trustee, the Calculation Agent, the Paying Agents or any other Agent shall have any responsibility for making such determination and none of them shall be liable to Noteholders of any other person for any such determination;

“Business Day” means:

- (i) in the case of a currency other than euro or Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and in each (if any) Additional Business Centre; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**) and in each (if any) Additional Business Centre; and/or
- (iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong;

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (A) that day is the last day of February but not the Maturity Date or (B) such number would be 31, in which case **D₂** will be 30;

(viii) if “**Actual/Actual-ICMA**” is specified hereon,

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

“**Independent Adviser**” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(b)(iii)(C)(x);

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date;

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon;

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or Hong Kong dollars or Renminbi other than where the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro nor Hong Kong dollars nor Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro or (iv) the day falling two Business Days in Hong Kong prior to the first day of such Interest Accrual Period if the Specified Currency is Renminbi and the Reference Rate is CNH HIBOR;

“Interest Period” means the period beginning on and including the Interest Commencement 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 unless otherwise specified thereon;

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon;

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon;

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

“**Relevant Nominating Body**” means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof;

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market and, in the case of a determination of HIBOR, the principal Hong Kong office of four major banks in the Hong Kong inter-bank market and, in the case of a determination of CNH HIBOR, the principal Hong Kong office of four major banks dealing in Renminbi in the Hong Kong inter-bank market, in each case selected by the Calculation Agent or as specified hereon;

“**Reference Rate**” means the rate specified as such hereon;

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated;

“**Successor Rate**” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body; and

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

- (1) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note or Coupon is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under these Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early

Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with prior written notice to the Trustee) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

- (m) **Certificates to be final:** All certificates, communications, opinions, determinations, calculations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Calculation Agent, the other Agents and all Noteholders and/or Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders or the Couponholders or any other person shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within Condition 6(a)(i) above, its final Instalment Amount.

(b) Early Redemption:

- (i) *Zero Coupon Notes:*
 - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

- (B) Subject to the provisions of sub-paragraph (C) below of this Condition 6(b)(i), the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above of this Condition 6(b)(i), except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in Condition 6(b)(i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(e) or Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to (but excluding) the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) it (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided

by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the giving of any notice of redemption pursuant to this Condition 6(c), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by an Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(c) cannot be avoided by the Issuer (or the Guarantor, as the case may be) 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 (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change in or amendment to laws or regulations or change in the application or official interpretation thereof, and the Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (i) and (ii) above of this Condition 6(c) without further enquiry and without liability to any Noteholder, Receiptholder or Couponholder or any other person, in which event the same shall be conclusive and binding on the Noteholders, Receiptholders and Couponholders. The Trustee shall be protected and shall have no liability to any Noteholder, Receiptholder or Couponholder or any other person for so accepting and relying on any such certificate and opinion. All Notes in respect of which any notice of redemption is given under this Condition 6(c) shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

- (d) **Redemption for Relevant Events:** At any time following the occurrence of a Relevant Event, the holder of any Note will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Notes on the Put Settlement Date at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a Non-Registration Event) of their nominal amount, together in each case with accrued interest to (but excluding), such Put Settlement Date. To exercise such right, the holder of the relevant Note must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and (in the case of Fixed Rate Notes other than Due Currency Notes of Index-Linked Notes) Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificates representing such Note(s) with the Registrar or any other Transfer Agent at its specified office together with a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent, Transfer Agent or the Registrar (as applicable) (a "**Put Exercise Notice**"), by not later than 30 days following the occurrence of a Relevant Event or, if later, 30 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 16. The "**Put Settlement Date**" shall be the 14th day (in the case of a redemption for a Change of Control) or the fifth day (in the case of a redemption for a Non-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 Notes which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer shall give notice to Noteholders in accordance with Condition 16 and to the Trustee and the Issuing and Paying Agent in writing by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition 6(d).

The Trustee and the Agents shall not be required to take any steps to ascertain whether a Relevant Event has occurred and none of them shall be responsible for or liable to the Noteholders, the Receiptholders, the Couponholders, the Issuer, the Guarantor or any other person for any loss arising from any failure to do so.

In this Condition 6(d):

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

- (i) (A) Chengdu SASAC, and (B) any other Person directly or indirectly Controlled by Chengdu Municipal Government, Sichuan Provincial Government or the central government of the PRC (such Person and Chengdu SASAC, each a “**PRC Government Person**”), together cease to directly or indirectly hold or own 75 per cent. of the issued share capital of the Guarantor;
- (ii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any other Person or Persons, acting together, except where such Person(s) is/are directly or indirectly Controlled by a PRC Government Person; or
- (iii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer;

“**Chengdu SASAC**” means the State-owned Assets Supervision and Administration Commission of the Chengdu Municipal Government or its successor;

“**Control**” means (i) the ownership or control of more than 50 per cent. of the Voting Rights of the issued share capital of the relevant Person or (ii) the right to appoint and/or remove all or the majority of the members of the relevant Person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term “Controlled” has meanings correlative to the foregoing;

a “**Non-Registration Event**” occurs when any of the SAFE Registration Documents have not been received by the Trustee on or prior to the Registration Deadline;

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

a “**Relevant Event**” will be deemed to occur if:

- (i) there is a Non-Registration Event; or
- (ii) there is a Change of Control; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of a person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency, and any such voting power shall therefore be excluded for the purpose of this definition).

- (e) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (in accordance with Condition 16) and to the Trustee and the Issuing and Paying Agent in writing (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date specified hereon. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(e).

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as determined by the Issuer and notified in writing to the Trustee and the Issuing and Paying Agent, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (f) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) specified hereon at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to (but excluding) the date fixed for redemption, if applicable.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an “**Exercise Notice**”) in the form for the time being current, obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (g) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the provisions specified hereon.
- (h) **Purchases:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Notes so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for certain purposes, including for the purpose of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11(a) and 12.
- (i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, shall be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.
- (j) **Trustee Reliance:** The Trustee shall be entitled to conclusively rely on or act in reliance on any certificate, notice or document received by it as contemplated in this Condition 6 as sufficient evidence of the facts and/or matters stated therein and shall not be liable to any Noteholder and/or Couponholder or any other person for so doing.

Neither the Trustee nor any of the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists within or as contemplated in this Condition 6 and none of them will be responsible or liable to the Noteholders, the Receiptholders or the Couponholders or any other person for any loss arising from any failure by it to do so. Unless and until the Trustee or any Agent has notice in writing of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance has occurred or exists.

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 this Condition 6, whether from the Issuer or any Noteholder and none of them shall be liable to the Noteholders, Receiptholders or Couponholders, the Issuer, the Guarantor or any other person for not doing so.

7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii) and Condition 7(f)(vi)), as the case may be:
- (i) in the case of a currency other than Renminbi, at the specified office of any Paying Agent outside the United States by transfer to an account denominated in such currency with, a Bank;
 - (ii) in the case of Renminbi, by transfer from the relevant Paying Agent's office outside the United States to a Renminbi account maintained by or on behalf of the Noteholder with a Bank in Hong Kong.

In this Condition 7(a) and Condition 7(c), "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System or, in the case of Renminbi, in Hong Kong.

- (b) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (c) **Registered Notes:**
- (i) Payments of principal (which for the purposes of this Condition 7(c) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(c)(ii).

- (ii) Interest (which for the purpose of this Condition 7(c) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof or in the case of Renminbi or otherwise specified, on the fifth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made:
 - (A) in the case of a currency other than Renminbi, in the relevant currency by transfer to an account in the relevant currency maintained by the payee with a Bank; and
 - (B) in the case of Renminbi, by transfer to Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.
- (d) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives applicable thereto in the place of payment 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 any law, regulation or official guidance implementing an intergovernmental approach thereto but no commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent(s) initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Issuing and Paying Agent, the CMU Lodging and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholders or Couponholder. The Issuer and the Guarantor(s) reserve the right at any time with the prior written approval of the Trustee (where required in accordance with these Conditions and/or the Agency Agreement) to vary or terminate the appointment of the Issuing and Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and the Guarantor shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a CMU Lodging and Paying Agent in relation to Notes accepted for clearance through the CMU, (v) one or more Calculation Agent(s) where these Conditions so require, and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(b) above.

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

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes), such Notes should be surrendered for payment together with all unmaturred Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmaturred Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturred Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmaturred Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relevant unmaturred Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmaturred Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent on any business day in the location of the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, “**business day**” means a day (other than a Saturday, Sunday or public holiday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro and Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day; or
- (iii) (in the case of a payment in Renminbi) on which banks and foreign exchange markets are open for business and settlement of Renminbi payments in Hong Kong.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes, the Receipts, the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the British Virgin Islands, the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the applicable tax rate as at the date on which agreement is reached to issue the first Tranche of Notes (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Noteholders, Receiptholders or Couponholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any British Virgin Islands deduction or withholding is required, the Issuer or, as the case may be, the Guarantor in such event shall pay such additional amounts (“**Additional Tax Amounts**”) so that the net amount received by Noteholders, Receiptholders or Couponholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required, except that no such Additional Tax Amounts shall be payable in respect of any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a Noteholder, Receiptholder or Couponholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the British Virgin Islands or the PRC other than the mere holding of the Note, Receipt or Coupon; or
- (b) presented (or in respect of which the Certificate representing it is presented) for payment (where presentation is required) more than 30 days after the Relevant Date except to the extent that the Noteholder, Receiptholder or Couponholder would have been entitled to such Additional Tax Amounts on presenting it for payment on the thirtieth day.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon 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 falling seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate), Receipt or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

For the avoidance of doubt, neither the Trustee nor any Agent shall be responsible or liable for paying any tax, duty, charges, withholding or other payment referred to in this Condition 8 or for determining whether such amounts are payable or the amount thereof, and none of the Trustee or any of the Agents shall be responsible or liable for (A) determining whether the Issuer, the Guarantor or any Noteholder, Receiptholder or Couponholder is liable to pay any taxes, duty, charges, withholding or other payment referred to in this Condition 8; or (B) determining the sufficiency or insufficiency of any amounts so paid. None of the Trustee or the Agents shall be responsible or liable for any failure of the Issuer, the Guarantor, any Noteholder, Receiptholder or Couponholder, or any other third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Notes without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall (subject as provided in Condition 7(f)(i)) be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (provided in any case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction in its sole discretion), give written notice to the Issuer and the Guarantor declaring that the Notes are, and they shall immediately become, due and payable at (in the case of Zero Coupon Notes) their Early Redemption Amount or (in the case of Notes other than Zero Coupon Notes) their nominal amount together (if applicable) with accrued interest:

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of any of the Notes when due; or (ii) any interest on any of the Notes within fourteen days after the due date of such payment; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes, the relevant Deed of Guarantee or the Trust Deed (other than where it gives rise to a right of redemption pursuant to Condition 6(d)) which default is, in the opinion of the Trustee, incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not remedied within 30 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer, the Guarantor or any of their respective 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, the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred in aggregate equals or exceeds U.S.\$40 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 10(c) operates); or
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 45 days; or

- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of the Principal Subsidiaries over all or a material part of their respective assets, as the case may be, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or
- (f) **Insolvency:** the Issuer, the Guarantor or any of the Principal Subsidiaries (i) is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, (ii) stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or a material part of its debts (or of any part which it will or might otherwise be unable to pay when due), (iii) 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 (iv) a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the debts of the Issuer, the Guarantor or any of the Principal Subsidiaries, as the case may be; or
- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution passed for the winding-up or dissolution of the Issuer, the Guarantor or any of the Principal Subsidiaries, or the Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee acting pursuant to an Extraordinary Resolution of the Noteholders, or (ii) in the case of a Principal Subsidiary other than the Issuer, where (A) the undertaking and assets of any Principal Subsidiary are transferred to or otherwise vested in the Guarantor or any of its Subsidiaries or (B) there is a disposal of a Principal Subsidiary on an arm's length basis and the proceeds resulting from such disposal are fully invested in the Issuer, the Guarantor and/or any other Subsidiary of the Guarantor; or
- (h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any of the Principal Subsidiaries; 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 and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Notes, the relevant Deed of Guarantee and the Trust Deed, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Notes, the relevant Deed of Guarantee, the Coupons, the Register, the Receipts and the Trust Deed admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done, except in the case of (i) and (ii) of this Condition 10(i) where the failure to take, fulfil or do such action, condition or thing gives rise to a right of redemption pursuant to Condition 6(d); or

- (j) **Illegality:** it is or will become unlawful for any of the Issuer and the Guarantor to perform or comply with any one or more of their respective obligations under any of the Notes, the relevant Deed of Guarantee, the Coupons, the Receipts or the Trust Deed; or
- (k) **Unenforceability of Guarantee:** except as permitted under the Trust Deed, any part of the relevant Guarantee is unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Issuer or the Guarantor; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in Conditions 10(a) to 10(k) (both inclusive).

In this Condition 10, “**Principal Subsidiary**” means any Subsidiary of the Guarantor:

- (a) whose total operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total operating income, as shown by its latest audited income statement is at least five per cent. of the consolidated total operating income as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (b) whose net profits or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement are at least five per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (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 are at least five per cent. of the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustments 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 (xx) 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 (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (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 Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, total operating income, net profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Guarantor;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its total operating income, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Guarantor; and
- (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Guarantor, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor.

11 Meetings of Noteholders, Modification, Waiver and Substitution

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions for convening meetings of Noteholders 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, the relevant Deed of Guarantee and the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested to do so by Noteholders holding not less than 10 per cent. in aggregate nominal amount of the Notes for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any Redemption Amount in respect of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or

amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest is shown hereon, to reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify or cancel the relevant Guarantee otherwise than in accordance with Condition 11(b), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in aggregate nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

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 nominal amount of the Notes for the time being outstanding, or (B) passed by Electronic Consent shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders 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 Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of Agreements and Deeds:** The Trustee may (but shall not be obliged to) agree, without the consent of the Noteholders, Receiptholders or Couponholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the relevant Deed of Guarantee or the Agency Agreement that is of a formal, minor or technical nature or is made to correct a manifest error or is to comply with any mandatory provision of applicable law, and (ii) any other modification (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, the relevant Deed of Guarantee or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable thereafter. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances set out in Condition 5(b)(iii)(C) without the consent of the Noteholders, Receiptholders or Couponholders.

- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders, and the Trustee shall not be entitled to require on behalf of any Noteholder, Receiptholder or Couponholder, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may (but shall not be obliged to), at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the relevant Deed of Guarantee, the Notes, the Receipts and the Coupons, but it need 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 Noteholders holding at least 25 per cent. in aggregate nominal amount of the Notes then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder, Receiptholder and/or Couponholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking such steps and/or actions and/or instituting such proceedings to enforce payment unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer and/or the Guarantor in relation to the Notes of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor 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 Noteholder, Receiptholder or Couponholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Noteholders. The Trustee shall be entitled to rely on any direction, request or resolution of Noteholders given by holders of the requisite nominal amount of Notes outstanding or passed at a meeting of Noteholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the relevant Deed of Guarantee or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Noteholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee and the Agents shall not be under any obligation to ascertain whether any Event of

Default, Default or Potential Event of Default (as defined in the Trust Deed), as the case may be, has occurred or may occur or to monitor compliance with the provisions of the Trust Deed, the relevant Deed of Guarantee, the Agency Agreement or these Conditions.

The Trustee and the Agents may rely without liability to the Issuer, the Guarantor, Noteholders, Receiptholders or Couponholders or any other person on any report, confirmation, opinion or certificate or any advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to them 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 or any Agent may accept and shall be entitled to rely on any such report, confirmation, opinion or certificate or advice and, in such event, such report, confirmation, opinion or certificate or advice shall be binding on the Issuer, the Guarantor, the Noteholders, Receiptholders and the Couponholders.

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

14 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is mutilated or defaced or is alleged to have been lost, stolen or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Noteholders, 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 and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer, the Issuing and Paying Agent and/or the Registrar in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer or the relevant Agent may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the issue date, the issue price, the first payment of interest on them, the timing for submission of the NDRC Post-Issue Filing (if applicable) and the timing for making and completing the Cross-border Security Registration and the related notifications to the Trustee and the Noteholders) and so that such further issue shall be consolidated and form a single series with the outstanding Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15.

16 Notices

Notices required to be given to the holders of Registered Notes pursuant to these Conditions 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 or a Sunday) after the date of mailing and, so long as the Notes are listed on a stock exchange and the rules of that exchange so require, published at the expense of the Issuer, failing whom the Guarantor, in a leading newspaper having general circulation in Asia (which is expected to be the Wall Street Journal Asia) and/or in such manner which complies with the rules and regulations of that stock exchange or such relevant authority. Notices required to be given to the holders of Bearer Notes pursuant to these Conditions shall be valid if published in a daily newspaper of general circulation in Asia (which is expected to be the Wall Street Journal Asia). If any such publication is not practicable, notices required to be given pursuant to these Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Asia. 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 publication is made, as provided above.

Receiptholders and Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

17 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Receipt or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer, the Guarantor or otherwise) by any Noteholder, Receiptholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Receipt or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Receipt or Coupon, the Issuer and the Guarantor jointly and severally shall indemnify it against any loss sustained by it as a result. In any event, the Issuer and the Guarantor jointly and severally shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition 17, it shall be sufficient for the Noteholder, Receiptholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the other obligations of the Issuer and the Guarantor, respectively, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Receiptholder or Couponholder and shall continue to be in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Receipt or Coupon or any other judgment or order.

18 Contracts (Rights of Third Parties) Act 1999

Without prejudice to the rights of the Noteholders as set out in these Conditions, no person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 except (a) as contemplated in Condition 12 and (b) to the extent expressly provided for in these Conditions and in the Trust Deed.

19 Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, the Agency Agreement, the relevant Deed of Guarantee and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, the laws of England.
- (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 Notes, Receipts, Coupons or Talons, the Agency Agreement, the relevant Deed of Guarantee and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons, the Agency Agreement, the relevant Deed of Guarantee or the Trust Deed (“**Proceedings**”) may be brought in the courts of Hong Kong. Pursuant to (i) the Trust Deed, each of the Issuer, the Guarantor and the Trustee, and (ii) the relevant Deed of Guarantee, each of the Guarantor and the Trustee, has irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed in the Trust Deed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong.
- (d) **Independence and Waiver of Immunity:**

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Terms used in this section that are not otherwise defined shall have the meanings given to them in “Terms of Conditions of the Notes”.

INITIAL ISSUE OF NOTES

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream (the “**Common Depository**”) or a sub-custodian for the CMU.

Upon the initial deposit of a Global Note or a Global Certificate with the Common Depository or with a sub-custodian for the CMU or registration of Registered Notes in the name of (i) any nominee of the Common Depository for Euroclear and Clearstream or (ii) the Hong Kong Monetary Authority as operator of the CMU and delivery of the relevant Global Note or Global Certificate to the Common Depository or the sub-custodian for the CMU (as the case may be), Euroclear or Clearstream or the CMU (as the case may be) will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream or other clearing systems.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of Euroclear, Clearstream or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or a Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of

the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent (as agent of the Issuer) for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

EXCHANGE

Temporary Global Notes

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme – Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

The holder of a Temporary Global Note issued pursuant to TEFRA D will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. The payments in respect of a Note issued under TEFRA D pursuant to Conditions 6(d) and 6(f) may not be collected without certificate as to non-U.S. beneficial ownership.

In respect of a Note issued under TEFRA D, for the purpose of dealing in Euroclear or Clearstream or the CMU, any further issue of Notes by the Issuer pursuant to Condition 15 may not be consolidated and form a single series with the outstanding securities of any series (including the Notes) until the exchange of interests in a Temporary Global Note for interests in a Permanent Global Note upon the relevant Certification.

Permanent Global Notes

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided in the paragraph titled “Partial Exchange of Permanent Global Notes” below, in part for Definitive Notes if the Permanent Global Note is held on behalf of Euroclear, Clearstream, the CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect

of such holding and would need to purchase a nominal amount of Notes such that it holds an aggregate nominal amount equal to one or more Specified Denominations.

Global Certificates

The following will apply in respect of transfers of Notes held in Euroclear, Clearstream, the CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system. Transfer of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part if the relevant 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.

In the event that a Global Certificate is exchanged for a definitive Certificate, such definitive Certificate shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a definitive Certificate in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an aggregated nominal amount equal to one or more Specified Denominations.

Partial Exchange of Permanent Global Notes

For so long as a Permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such Permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes (i) if principal, interests and Instalment Amounts in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Terms and Conditions of the Notes (which will be set out in the relevant Pricing Supplement) relating to Partly Paid Notes.

DELIVERY OF NOTES

On or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent).

In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Global Notes, Global Certificates and Definitive Notes will be delivered outside the United States and its possessions. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon).

Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

EXCHANGE DATE

“Exchange Date” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

AMENDMENT TO THE TERMS AND CONDITIONS OF THE NOTES

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Terms and Conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

PAYMENTS

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

Payments on any Temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note (except with respect to a Global Note held through the CMU) will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be enfaced on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 7(f)(vi) of the Terms and Conditions of the Notes will apply to the Definitive Notes only. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation (if applicable) shall be disregarded in the definition of “business day” set out in Condition 7(h) of the Terms and Conditions of the Notes.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through the CMU) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

In respect of a Global Note or Global Certificate held through the CMU, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Global Note or Global Certificate are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) and, save in the case of final payment, no presentation of the relevant bearer Global Note or Global Certificate shall be required for such purpose.

PRESCRIPTION

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Notes).

MEETINGS

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholders holding, whether or not represented by a Global Certificate.

CANCELLATION

Cancellation of any Note represented by a Permanent Global Note that is required by the Terms and Conditions of the Notes to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) for endorsement in the relevant schedule of such Permanent Global Note or, in the case of a Global Certificate, by reduction in the aggregate nominal amount of the Certificates in the Register, whereupon the nominal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

PURCHASE

Notes represented by a Permanent Global Note or by a Global Certificate may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

ISSUER'S OPTION

Any option of early redemption of the Issuer provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a Permanent Global Note or by a Global Certificate shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Terms and Conditions of the Notes, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, the CMU or Alternative Clearing System (as the case may be).

NOTEHOLDERS' OPTIONS

Any option of the Noteholders provided for in the Terms and Conditions of the Notes of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent (or, in the case of Notes lodged with the CMU, the CMU Lodging and Paying Agent) within the time limits relating to the deposit of Notes with a Paying Agent, a Transfer Agent or the Registrar (as applicable) set out in the Terms and Conditions of the Notes substantially in the form of the notice available from any Paying Agent, any Transfer Agent or the Registrar (as applicable), except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Issuing and Paying Agent (or, in the case of Notes lodged with

the CMU, the CMU Lodging and Paying Agent), for notation accordingly in relevant schedule of such Permanent Global Note.

TRUSTEE'S POWERS

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of, or in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interest if such accountholders were the holders of the Notes represented by such Global Note or the relevant Global Certificate, as the case may be.

NOTICES

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of (i) Euroclear and/or Clearstream or Alternative Clearing System (except as provided in (ii) below), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Terms and Conditions of the Notes or by delivery of the relevant notice to the holder of the Global Note or (ii) the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the CMU on the second business day preceding the date of despatch of such notice as holding interests in the relevant Global Note or the relevant Global Certificate, as the case may be.

PARTLY PAID NOTES

The provisions relating to Partly Paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holders in respect of them.

DESCRIPTION OF THE ISSUER

FORMATION

The Issuer is a limited liability company incorporated under the BVI Business Companies Act, 2004. It was incorporated in the British Virgin Islands on 30 September 2020 and indirectly wholly-owned by the Guarantor. Its registered office is at Ritter House, Wickhams Cay II, P.O. Box 3170, Road Town, Tortola, British Virgin Islands VG1110.

BUSINESS ACTIVITY

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to the objects and powers set out in its memorandum of association. As at the date of this Offering Circular, the Issuer does not carry and has not carried on any business other than entering into arrangements for the issuance of the Notes and the Issuer has no debt outstanding and no contingent liabilities. As at the date of this Offering Circular, the Issuer has no subsidiaries and no material assets or liabilities.

SHARE CAPITAL

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class each with no par value each of a single class. As at the date of this Offering Circular, 1,000 shares have been issued and are held by Xingcheng International Investment Co., Limited 興城(香港)國際投資有限公司. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing of or permission to deal in such securities is being or proposed to be sought.

FINANCIAL STATEMENTS

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions.

DIRECTORS AND OFFICERS

The sole director of the Issuer is Xingcheng International Investment Co., Limited 興城(香港)國際投資有限公司 and it does not hold any options to acquire shares of the Issuer. The Issuer does not have any employees and has no subsidiaries.

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

USE OF PROCEEDS

The net proceeds of any Notes issued under the Programme, being the gross proceeds less commissions and other estimated expenses payable in connection with the Programme and Notes to be issued under the Programme, will be used for offshore refinancing and general corporate purposes, subject to the relevant regulatory approval.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Group as of 30 June 2020. The following table should be read in conjunction with the Historical Financial Statements and the notes thereto included in this Offering Circular.

	As of 30 June 2020	
	(RMB'000) (reviewed)	(USD'000) ⁽¹⁾ (unaudited)
Short-term indebtedness		
Short-term loans	12,274,101	1,737,286
Notes payable	2,179,147	308,438
Non-current liabilities due within one year	8,541,014	1,208,902
Total short-term indebtedness	22,994,262	3,254,627
Long-term indebtedness		
Long-term loans	60,371,469	8,545,027
Bonds payable	24,248,617	3,432,169
Long-term payables	4,919,693	696,337
Total long-term indebtedness	89,539,779	12,673,533
Total indebtedness⁽²⁾	112,534,041	15,928,160
Total equity	70,772,637	10,017,217
Total capitalisation⁽³⁾	183,306,678	25,945,376

Notes:

- (1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB7.0651 to U.S.\$1.00, based on the noon buying rate as set forth in the H.10 statistical release of on 30 June 2020.
- (2) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.
- (3) Total capitalisation equals the sum of total indebtedness and total equity.

Since 30 June 2020, the Group has incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In August 2020, the Guarantor issued RMB1.0 billion 2.5 per cent. super short-term commercial paper with a maturity of 270 days. In September 2020, the Guarantor issued RMB1.8 billion 4.49 per cent. corporate bonds with a maturity of three years. In September 2020, the Guarantor issued RMB0.2 billion 4.8 per cent. corporate bonds with a maturity of five years. In December 2020, the Guarantor issued RMB1.5 billion 4.8 per cent. corporate bonds with a maturity of three years. In December 2020, the Guarantor issued RMB1.5 billion 4.74 per cent. renewable corporate bonds with an initial maturity of three years.

Except as otherwise disclosed above, there has been no material adverse change in the consolidated capitalisation and indebtedness of the Group since 30 June 2020.

DESCRIPTION OF THE GROUP

OVERVIEW OF THE GROUP

The Guarantor is a leading integrated city operator wholly owned by the Chengdu SASAC. Established in 2009, the Group is a designated entity to carry out the Chengdu Municipal Government's blueprint for primary land development, urban infrastructure construction and municipal development in Chengdu. Following the merger with Chengdu Construction Group in 2018, the Group's construction business became its core business. Over the years, the Group played a significant role in implementing the Chengdu Municipal Government's urban planning and developed into a key force to optimise the industrial structure and enhance the commercial attractiveness and competitiveness of Chengdu. The Group has received various honours and awards in recognition of its business achievements. For instance, in 2018, the Group was named as one of the "China Top 500 Enterprises (中國企業五百強)" and one of the "China Top 500 Service Enterprises (中國服務業五百強)" by China Enterprise Confederation (中國企業聯合會) and China Entrepreneurs Association (中國企業家協會).

The Group's business operations primarily include (i) construction; (ii) property development; (iii) pharmaceutical and healthcare and (iv) miscellaneous. Below is a brief summary of each of the Group's business segments:

- *Construction.* Construction became the Group's core business since its merger with Chengdu Construction Group in 2018. In March 2019, the Guarantor acquired an aggregate 29.28 per cent. share of Zhonghua Geotechnical (Stock Code: 002542) to further the Group's expansion in the construction industry. The Group's construction business includes building construction and building materials logistics. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income from the Group's construction business was RMB38,922.5 million, RMB54,145.9 million, RMB23,940.6 million and RMB27,374.6 million, respectively, representing 89.1 per cent., 85.6 per cent., 81.5 per cent. and 87.2 per cent. of the Group's total operating income for the relevant periods.
- *Property development.* The Group carries out commodity housing development projects and affordable housing development projects throughout Chengdu. In response to the Chengdu Municipal Government's plans to attract and retain talented individuals in Chengdu, the Group commenced the development and operation of talent apartments since 2017. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020, the Group's total contracted sales for properties it developed amounted to approximately RMB4.4 billion, RMB3.8 billion, RMB6.1 billion and RMB1.3 billion, respectively. As at 30 June 2020, the Group had 32 properties under construction with an estimated total investment of approximately RMB58,894.0 million. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group's property development business was RMB4,007.4 million, RMB3,524.2 million, RMB3,554.0 million, RMB2,495.1 million and RMB365.1 million, respectively, representing 84.4 per cent., 8.1 per cent., 5.6 per cent., 8.5 per cent. and 1.2 per cent. of the Group's operating income for the relevant periods.
- *Pharmaceutical and healthcare.* The Group commenced its pharmaceutical and healthcare business in 2019 after its acquisition of shares in Chase Sun (Stock Code: 300026). The Group produces a broad range of pharmaceutical products, spanning medicine formula granule, drug products, drug ingredients and

excipients and medical equipment, and also provides medical services. For the year ended 31 December 2019 and for the six months ended 30 June 2019 and 2020, operating income generated from the Group's pharmaceutical and healthcare business was RMB3,942.7 million, RMB1,243.9 million and RMB1,746.2 million, respectively, representing 6.2 per cent., 4.2 per cent. and 5.6 per cent. of the Group's operating income for the relevant periods.

- *Miscellaneous.* In addition, the Group participates in infrastructure construction, asset lease, hotel and tourism, equipment rental and sales and other businesses. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group's miscellaneous business was RMB740.3 million, RMB1,217.6 million, RMB1,636.9 million, RMB1,685.5 million and RMB1,890.7 million, respectively, representing 15.6 per cent., 2.8 per cent., 2.6 per cent., 5.7 per cent. and 6.0 per cent. of the Group's operating income for the relevant periods.

OVERVIEW OF SICHUAN PROVINCE AND CHENGDU

Sichuan Province

Sichuan province is, politically, economically, culturally and historically, one of the most important provinces in China's interior, and occupies an area of approximately 486,000.0 sq.km. Traditionally viewed as the centre of western China, Sichuan is situated at the upper Yangtze River valley and connected to China's southwestern, northwestern and central regions. It is the fifth largest province in China in terms of land area and consists of 21 cities and 183 counties according to the official website of the People's Government of Sichuan Province. As at 31 December 2019, Sichuan's permanent residential population was 83.8 million, ranking it the fourth most populous province in China. In recent years, Sichuan has enjoyed a stable annual population growth rate.

The following map shows the geographical location of Sichuan province:



Sichuan is located at the intersection linking the Yangtze River Economic Belt (長江經濟帶) and the areas covered by the PRC government's "Belt and Road" initiative. It serves as a main traffic hub for railways, highways, airlines and river transportation in southwestern China and plays a key role in the national railway and highway network.

Sichuan abounds in natural resources, such as water, biological and energy resources including hydroelectric power, coal and natural gas. With approximately 1,400 rivers running through it, Sichuan is known as the "Province with A Thousand Rivers". According to the Sichuan Statistical Yearbook of 2019, the province possesses a theoretical reserve of hydroelectric power of approximately 143.0 million kilowatts, representing 21.2 per cent. of China's gross theoretical reserve of hydroelectric power, ranking second only to Tibet.

Sichuan has been involved in various government initiatives. Being part of the Chengdu-Chongqing Economic Zone (成渝經濟區), it has been positioned as a hub for advanced equipment manufacturing, modern services including logistics and financial services, high technology and agricultural product industries. It is also located in the region that forms the National Interior Open Model Area (國家內陸開放示範區) and National Ecological Preservation Area (國家生態安全保障區). In August 2016, the State Council announced the establishment of the China (Sichuan) Pilot Free Trade Zone (“**Sichuan Free Trade Zone**”), which is one of the seven new national free trade zones in China. Sichuan Free Trade Zone is expected to promote free trade among gateway cities in western China, establish support for strategic economic liberalisation inland and enhance synergies between the economies of the inland and coastal areas in China.

According to the Statistics Bureau of Sichuan, Sichuan recorded an annual gross regional product (“**GRP**”) of approximately RMB4,661.6 billion in 2019, representing a year-on-year growth of 7.5 per cent. as compared to 2018.

Chengdu

Chengdu is the capital city of Sichuan province and covers an area of approximately 14,335 sq.km. It is located in the western part of the Sichuan Basin and serves as a gateway to the southwestern, northwestern and central regions of China. Situated within the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Zone, Chengdu plays a vital role in the implementation of the “Belt and Road” initiative of the PRC government, and is expected to attract foreign investments from South Asia, Central Asia, Japan and South Korea.

The following map shows the geographical location of Chengdu in Sichuan province:



Chengdu enjoys an advanced transportation network. It is the railway hub of southwestern China and is the terminus for major railways such as Baoji – Chengdu (寶成線), Chengdu – Chongqing (成渝線), Chengdu – Kunming (成昆線), Chengdu – Lanzhou (成蘭線) and Chengdu – Dazhou (成達線), as well as high speed railways such as Shanghai – Wuhan – Chengdu (滬漢蓉高鐵), Xi’an – Chengdu (西成高鐵) and Chengdu – Guiyang (成貴高鐵). Chengdu is also easily accessible by air. It is served by the Chengdu Shuangliu International Airport, the busiest airport in central and western China and the nation’s fourth largest airline hub in 2019 according to the Statistics Bulletin of Civil Aviation Administration of China. In addition, a new airport, Chengdu Tianfu International Airport, is under construction in line with the Thirteenth Five-Year Plan of China (十三五規劃). Upon completion of this airport, Chengdu will, together with Beijing and Shanghai, be one of only three cities in China that is served by two airports.

Historically, Chengdu has been a stronghold for the agriculture, manufacturing, finance and commerce industries. Its other major industries include electronics, pharmaceuticals, aeronautics, food and tobacco. Chengdu's high technology industry has experienced accelerated growth since 2010 and Chengdu is becoming one of the major information technology industrial centres in China. In recent years, Chengdu has been designated by the PRC government as a centre for technology, commerce, finance, logistics transportation and communication in western China.

In October 2014, the State Council officially approved the establishment of Tianfu New Area as one of the state-level new areas. Tianfu New Area is located in the southern part of Chengdu and will span approximately 1,578 sq.km. The PRC government plans to develop Tianfu New Area as a new international city offering a refined environment for work, business, leisure and living. The priority of Tianfu New Area is to develop the headquarters economy and circular economy, and accelerate the advancement of strategic industries such as energy resources, new materials, energy conservation, biotechnology, new-generation information technology and high-end equipment manufacturing.

Chengdu's population has steadily increased in recent years, while enjoying high per capita disposable income. According to the Chengdu Bureau of Statistics, the per capita disposable income for urban residents in Chengdu for 2019 was RMB45,878.0, representing a year-on-year increase of 8.9 per cent.; and the per capita disposable income of rural residents (i.e., those residents in areas designated as "rural" within Chengdu municipality) was RMB24,357.0 in 2019, representing a year-on-year increase of 10.0 per cent. Hence, Chengdu residents enjoy higher corresponding per capita disposable income than the national average per capita disposable income for urban residents and the per capita disposable income of rural residents, which are RMB42,359.0 and RMB16,021.0, respectively.

Chengdu's prime geographical location, advanced transportation network, strong industries and steadily increasing population have contributed to its sustained economic growth. According to the Chengdu Bureau of Statistics, Chengdu recorded an annual GRP of approximately RMB1,701.3 billion in 2019, which represented a year-on-year increase of 7.8 per cent. as compared to 2018.

COMPETITIVE STRENGTHS

The Group believes the following competitive strengths have contributed to its success and are important to its future development:

Well-positioned to benefit from Chengdu's strategic location and economic development

The Group believes that its business and future growth potential will benefit from the strategic location and economic strength of Chengdu, where most of the Group's business activities are conducted. Chengdu is the capital city of Sichuan province and is one of the most important economic centres and transportation and communication hubs in southwestern China. Situated within the Yangtze River Economic Belt and the Chengdu-Chongqing Economic Zone, Chengdu plays a vital role in the implementation of the "Belt and Road" initiative of the PRC government, and is expected to attract foreign investments from South Asia, Central Asia, Japan and South Korea. Chengdu's prime geographical location, advanced transportation network, strong industries and steadily increasing population have contributed to its sustained economic growth. According to the Chengdu Bureau of Statistics, Chengdu recorded an annual GRP of approximately RMB1,701.3 billion in 2019, which represented a year-on-year increase of 7.8 per cent. as compared to 2018. See "– Overview of Sichuan Province and Chengdu". The Group believes that the demand for building construction services and property development will further increase in Chengdu.

Chengdu from time to time enjoys preferential governmental policies to improve living standards and economic development. In 2016, the CPC Chengdu Municipal Committee issued the Implementation Opinions on Promoting Green Development and Building a Beautiful Model City in China (關於推進綠色發展建設美麗中國典範城市的實施意見), which set goals to build Chengdu into an environment-friendly city suitable for business and living. In 2018, the General Office of CPC Chengdu Municipal Committee (中共成都市委辦公廳) and Chengdu Municipal Government (成都市政府) jointly issued Several Opinions on Further Accelerating the Construction of the Western Financial Centre of the Country (關於進一步加快建設國家西部金融中心的若干意見), pursuant to which Chengdu will be strategically positioned as a hub for financial institutions in western China. Guided by the Outline of the 13th Five-Year Plan for the National Economic and Social Development of Chengdu (成都市國民經濟和社會發展第十三個五年規劃綱要) issued by the Chengdu Municipal Development and Reform Commission (成都市發展和改革委員會), Chengdu Municipal Government will continue adhering to its goal to develop high-end pharmaceutical industry in Chengdu, and promoting the integration of commerce, culture and tourism to build Chengdu as an international travel destination. As the Group's business has now extended to building construction, property development, pharmaceutical and healthcare, hotel and tourism and other emerging industries, it expects such development strategies and planning of Chengdu will bring significant business opportunities to the Group.

Accordingly, the Group believes it is well-positioned to and will continue to benefit from Chengdu's strategic location, strong economic growth and future urban development.

A key entity of urbanisation and industrialisation of Chengdu

The Group is one of the major construction service providers and property developers in Chengdu, and plays a crucial strategic role in supporting and promoting the urbanisation and industrialisation of Chengdu. The Group has historically been engaged by the Chengdu Municipal Government as a primary entity to carry out its blueprint for urban construction and municipal development, including large-scale demolition and resettlement projects, primary land development projects and infrastructure construction projects. As at the date of this Offering Circular, the Group has participated in several construction projects of great significance in Chengdu, such as Longquan Mountain Danjing Terrace (龍泉山丹景台), Tianfu Conference Centre (天府會議中心), East Lake Long Island Community (東湖長島社區), Jincheng Lake (錦城湖), Chengdu University (成都大學), Chengdu Municipal Party School of CPC (成都市委黨校), Chengdu Archives (成都市檔案館), West Second Ring Road Reconstruction Project (西二環改造工程), Riyue Avenue Renovation Project (日月大道改造工程), Yuanhua Road Fairy Tree Intersection Project (元華路神仙樹節點項目) and Chengdu-Chongqing Expressway City Entry Section Reconstruction Project (成渝高速入城段改造工程). Through its subsidiary Chengdu Xingcheng Renju Property Investment Group Co., Ltd. (成都興城人居投資集團股份有限公司) ("**Renju Property**"), the Group enjoys a strong market presence. It undertakes a number of affordable housing development projects and talent apartment development projects in Chengdu responding to Chengdu Municipal Government's urban development planning, such as Yinmu Jiayuan (銀木佳苑) and Haitang Jiayuan (海棠佳苑), and actively participates in commodity housing development projects. Over the years, the Group has established a leading market position in the property market in Chengdu with its prudent land selection strategy, strong regional brand awareness and high customer satisfaction. It is expected that the development of Tianfu New Area and Chengdu Eastern New Area will bring along ever-expanding housing needs in Chengdu, which provides significant opportunities to the Group's property development business.

Since the merger with Chengdu Construction Group in 2018, the Group has expanded its business into construction business, which has now become the Group's core business. With top-grade construction work related qualifications and extensive operational experience over building construction and other construction works such as municipal transportation infrastructure construction, Chengdu Construction Group completed a large number of building construction projects during the two years ended 31 December 2019 and the six months ended 30 June 2020. For the year ended 31 December 2018 and 2019 and the six

months ended 30 June 2020, Chengdu Construction Group's newly-signed contract value under its building construction segment amounted to approximately RMB82,205.0 million, RMB105,606.0 million and RMB46,507.0 million, respectively.

The strength of the Group's extensive experience and local connections allow the Group to anticipate opportunities and challenges and deliver specialised solutions across a project's entire lifecycle. By leading the development of major construction projects in Chengdu, the Group has not only accumulated experience in the development and management of large-scale projects, but also consolidated its position as a key entity to implement the PRC government's blueprint for developing Chengdu and further aligned its business with the interest of the PRC government and Chengdu.

Strong support from the Chengdu Municipal Government

The Guarantor is a state-owned company directly and wholly owned by the Chengdu SASAC. Throughout its development, the Group has aligned its business interest and development plans with the Chengdu government's missions. The Group believes that its success in business operations and development is attributable to strong support provided by the Chengdu Municipal Government. As a result of the Group's state-owned background and in recognition of the strategic importance of the Group's business and operations to Chengdu, the Group has received, and expects to continue to receive, various kinds of support from the Chengdu Municipal Government, examples of which are set out below:

- *Capital injection:* the predecessor of the Guarantor, Chengdu Xingcheng Investment Co., Ltd. (成都市興城投資有限公司) (“**Xingcheng Investment**”), was established with an initial registered capital of RMB3.0 billion through a merger of Chengdu Xingdong Investment Co., Ltd. (成都興東投資有限公司) (“**Xingdong Investment**”) and Chengdu Xingnan Investment Co., Ltd. (成都興南投資有限公司) (“**Xingnan Investment**”) in March 2009 and became a wholly-owned entity under the direct supervision of Chengdu SASAC. In 2012, the Chengdu SASAC made capital injection in the aggregate amount of RMB2,525.4 million in cash mainly to support the initial development of Tianfu New Area by the Group, increasing the Guarantor's registered capital to RMB5,525.4 million.
- *Asset injection:* In September 2018, the Chengdu SASAC transferred its 100.0 per cent. equity interest in Chengdu Construction to the Group for nil consideration. In November 2018 and January 2019, under the guidance of the Chengdu Municipal Government, the Group acquired in aggregate 29.28 per cent. equity interest in Zhonghua Geotechnical and 22.22 per cent. equity interest in Chase Sun, respectively. These quality assets enable the Group to diversify its business operation and create new sources of income.
- *Financial support:* the Chengdu Municipal Government issues government bonds and special bonds to fund the Group's major construction projects. During the years ended 31 December 2018 and 2019, the Group received proceeds from issuances of government bonds in an amount of approximately RMB347.1 million and RMB1,077.0 million, respectively, and received proceeds from issuance of special bonds in an amount of approximately RMB171.0 million and RMB1,073.7 million, respectively.

The Group believes that the strong support from the Chengdu Municipal Government has been the key to the Group's success in carrying out the capital-intensive and large-scale urban construction and development projects.

Strong financing capability with diversified financing channels

The Group has access to diversified domestic and offshore financing channels to fund its project development in the PRC. The Group has in the past financed its operations primarily through banks loans, issuances of debt securities in the PRC capital market and international capital market and other forms of financing. The Group maintains long-term relationships with around 35 commercial banks and other financial institutions in the PRC, which have provided low-cost capital to the Group. As at 30 June 2020, the Group had credit facilities in a total amount of approximately RMB154.3 billion, of which approximately RMB85.0 billion had not been used. In addition, the Group has successfully raised capital by issuing corporate bonds and medium-term notes in the PRC capital market and issuing debt securities in the international capital market, including the issuance of US\$300 million bonds due 2021 in November 2016, €365,000,000 bonds due 2021 in March 2018 and €135,000,000 bonds due 2023 in March 2018. The Group's strong financing capability provides it with adequate funding sources for the expansion of its business. Through comprehensive budget management and prudent financial management, the Group believes that it will be able to effectively reduce its financing costs.

Sound corporate governance and dedicated senior management with extensive experience and in-depth industry knowledge

As the Group is wholly owned by and under the direct supervision of the Chengdu SASAC, the Chengdu SASAC closely participates in and monitors the decision-making process pertaining to the management of the Group's business goals, the management of the Group's key investment projects as well as the appointment of the Group's directors, supervisors and senior management. The Guarantor has set up an operational management system with nine departments at the headquarters level, namely the (1) Organisation and Human Resources Department; (2) Discipline, Inspection and Supervision Department; (3) General Office of the Board of Directors; (4) General Office of the Group; (5) Finance Department; (6) Auditing and Legal Department; (7) Investment and Development Department; (8) Land Affairs Department; and (9) Construction and Technology Department. In the meantime, the Group has established policies mainly covering organisation management, information reporting, performance evaluation, contract management, financial management, fund management, investment and financing management, budget management, human resources management and external guarantee management.

The Group has a dedicated senior management team, among whom a number of directors, supervisors and senior management have previously served as senior officials within various state-owned enterprises and government departments of the PRC. Their past experience and understanding of the regulatory framework and government policies allows the Group to better align its business interest with the development of Chengdu.

BUSINESS STRATEGIES

The Group intends to implement the following strategies to achieve its business objectives:

Continue to act as an integrated city operator in Chengdu

The Group intends to continue to act as an integrated city operator in Chengdu by leveraging its relationship with local governmental authorities, existing preferential policies and geographical advantages. The Group believes that the PRC government's "Belt and Road" initiative and the continuing development of the Yangtze River Economic Belt and Chengdu-Chongqing Economic Zone will also continue to bring significant needs for housing

and properties in Chengdu, which will in turn bring growing business opportunities to the Group. As such, the Group will leverage the opportunity on the construction and development of Chengdu to further enhance its core competitive advantages in the construction business. In addition, the Group plans to undertake projects which have a positive impact on the overall development of Chengdu and will improve the quality of life for Chengdu residents. The Group has, for example, commenced and will continue to carry out the construction of several talent apartments as well as high-end commodity housing projects. In order to establish an integrated community infrastructure in Chengdu, the Group will build several community hospitals and specialist hospitals, which will in turn enhance its pharmaceutical and healthcare business.

Further improve its business portfolio to create new sources of income

The Group was historically positioned as a designated entity to undertake infrastructure construction, primary land development and affordable housing projects in Chengdu. In recent years, the Group has successfully diversified its business to include construction, property development and pharmaceutical and healthcare businesses. While focusing on construction as its core business, the Group will continue to actively seek opportunities to grow other businesses to achieve optimal diversification and develop its business into five main strategic segments, namely, construction, property development, pharmaceutical and healthcare, cultural and tourism and capital operation and asset management. For example, to enhance its healthcare operation, the Group plans to build a number of community hospitals and specialist hospitals. The Group will also commence construction of several tourism projects such as Three Kingdoms Shuhan City (三國蜀漢城) to expand its tourism business. The Group intends to explore projects in line with the Chengdu Municipal Government's policies and trends in the macro-economic environment, and will continue to evaluate business opportunities arising from different business segments from time to time.

Explore innovative financing channels and expand the financing sources of the Group

The Group plans ahead of time and takes proactive measures in conducting its financing activities. The Group plans to explore new financing channels to secure funding on more favourable terms. In implementing this strategy, the Group aims to rely on a wide range of financing channels including bond issuance, loans from banks and other financing channels such as trust financing. In relation to the funding requirements of large-scale construction projects, the Group may choose to finance projects through a public-private partnership model, where the projects can be funded and operated through a partnership representing the government and private companies. Furthermore, the Group plans to focus on lowering its financing cost. The Group seeks to control the cost of indirect financing below the benchmark interest rate as well as the cost of direct financing.

Adhere to prudent financial management with stringent risk control

The Group believes that a prudent financial management system can reduce operational and financial risks and help achieve long-term sustainable growth. The Group will continue to implement its cash management policies and procedures to maintain efficient control over its cash and cash equivalents. For instance, the Group will continue to strengthen its stringent financial reporting and control system which emphasises centralised management and administration, consistent internal control policies and compliance with legal and regulatory requirements. The Group will also continue to work on establishing a standardised capital management mechanism to monitor capital efficiency and capital risk. The Group aims to effectively enhance the results and efficiency of its overall financial management through implementing a prudent investment policy that seeks to achieve a balance between investment return and risk taking.

Strategically invest in high-quality companies

The Group will continue to invest in high-quality companies which are in the key industries and sectors with large growth potential by means of a variety of financial instruments. The Group anticipates further alignment of its business strategies and corporate interest with the Chengdu SASAC's plans for industrial upgrading. It intends to focus on investments in the projects that are implementing the "Belt and Road" initiative and those that may lower operating cost or create other synergies as a result of business integration. The Group believes that this investment will give it the opportunity to integrate more social and industry resources in Chengdu. See "Risk Factors – The Group's merger and acquisition activities expose it to various risks."

RECENT DEVELOPMENT

Investment in Chengdu Rural Commercial Bank

In June 2020, the Guarantor acquired 35.0 per cent. of equity interest in Chengdu Rural Commercial Bank with a consideration of RMB16,508.0 million, and such share transfer was completed in July 2020. As at the date of this Offering Circular, the Guarantor in aggregate holds 35.0 per cent. equity interest in Chengdu Rural Commercial Bank, which, however, is not a consolidated subsidiary of the Guarantor as it does not meet the audit requirements for consolidation. The Guarantor's investment in Chengdu Rural Commercial Bank will be recorded as long-term equity investment on the Guarantor's consolidated balance sheet.

Additional Indebtedness since 30 June 2020

Since 30 June 2020, the Group has incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. In August 2020, the Guarantor issued RMB1.0 billion 2.5 per cent. super short-term commercial paper with a maturity of 270 days. In September 2020, the Guarantor issued RMB1.8 billion 4.49 per cent. corporate bonds with a maturity of three years. In September 2020, the Guarantor issued RMB0.2 billion 4.8 per cent. corporate bonds with a maturity of five years. In December 2020, the Guarantor issued RMB1.5 billion 4.8 per cent. corporate bonds with a maturity of three years. In December 2020, the Guarantor issued RMB1.5 billion 4.74 per cent. renewable corporate bonds with an initial maturity of three years.

Financial performance of the Group as at and for the nine months ended 30 September 2020

On 22 December 2020, the Guarantor published the 2020 Q3 Interim Financial Statements on the website of the Shanghai Clearing House, which was not subject to an audit or review. The financial information in the 2020 Q3 Interim Financial Statements may differ from future audited or reviewed information and the 2020 Q3 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The 2020 Q3 Interim Financial Statements should not be taken as an indication of the expected financial condition or results of operations of the Group for the full financial year ending 31 December 2020. The 2020 Q3 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. See "Risk Factors – Risks Relating to the Financial Information – Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular".

For the nine months ended 30 September 2020, the Group recorded an increase in its total operating income as compared to the same period in 2019. The Group's total operating costs, including selling and distribution expenses, general administration expenses, R&D expenses and financial expenses, for the nine months ended 30 September 2020 increased correspondingly, and resulted in a slight increase in the Group's total operating profit compared with the same period in 2019.

As at 30 September 2020, total liabilities of the Group increased as compared to the balance as at 1 January 2020, which was primarily attributable to increases in short-term loans, long-term loans and bonds payable incurred to meet the Group’s increasing capital needs as it continued to expand and grow its businesses.

HISTORY AND DEVELOPMENT

On 26 March 2009, the Chengdu SASAC approved the establishment of Xingcheng Investment, the predecessor of the Guarantor, through the merger of Xingdong Investment and Xingnan Investment for the purpose of primary land development in Chengdu. Xingcheng Investment was established with an initial registered capital of RMB3.0 billion.

Set forth below are certain key corporate historical events and milestones:

- | | |
|------------|---|
| 2009 | In March 2009, Xingcheng Investment (the predecessor of the Guarantor) was established through the merger of Xingdong Investment and Xingnan Investment. |
| 2010 | In January 2010, the resettlement project in Tongji Town of Pengzhou City constructed by the Group was awarded the “Planning & Environment Gold Award” in the 2009 National Classic Habitation on Planning and Design Competition (2009 年全國人居經典建築規劃設計方案競賽) organised by China Urban Planning Society, China Landscape Architecture Society and China Architectural Society. In July 2010, the Group completed its construction of Tianfu Avenue (Ocean Park Section) Tunnel Construction Project (天府大道(海洋公園段)下穿隧道工程). In December 2010, the Group completed its construction of Chuanshaan Road Shantytown Renovation and Reconstruction Project (川陝路棚改擴建工程項目). |
| 2011 | In September 2011, the Group was ranked 40th among “2011 Chengdu Top 100 Enterprises (成都企業100強)” by Chengdu Enterprises Confederation (成都企業聯合會). |
| 2012 | In February 2012, as approved by the Chengdu SASAC, Xingcheng Investment was renamed as Chengdu Xingcheng Investment Group Co., Ltd. (成都興城投資集團有限公司). |
| | In April 2012, the Guarantor’s registered capital was increased to RMB5,525.4 million through capital injection from the Chengdu SASAC. |
| | In October 2012, the Group was ranked 37th among “2012 Chengdu Top 100 Enterprises (成都企業100強)” by Chengdu Enterprises Confederation (成都企業聯合會). |
| 2013 | In April 2013, the Chengdu Planning Museum Comprehensive Building Project (成都規劃館綜合樓專案) constructed by the Group was awarded the “China Steel Structure Gold Award (中國鋼結構金獎)” by China Construction Metal Structure Association (中國建築金屬結構協會). |

- In August 2013, the Group was ranked 35th among the “2013 Chengdu Top 100 Enterprises (成都企業100強)” by Chengdu Enterprises Confederation (成都企業聯合會).
- 2014 In June 2014, the Guarantor’s wholly-owned subsidiary, Chengdu Xingdong Property Co., Ltd. (成都市興東置業有限公司) obtained the real estate development enterprise second-level qualification issued by the MOHURD.
- In 2014, the Group completed several large-scale infrastructure construction projects including Qionglai City Post-disaster Recovery and Reconstruction Project (邛崃市災後恢復重建項目), Chengdu Municipal Party School of CPC New Campus Cultural and Sports Centre Project (成都市委黨校新校區文體館項目) and Jinshang Tianhua Project (錦尚天華).
- 2015 In July 2015, the Group was ranked the first for the third time in the Chengdu Municipal State-owned Enterprise Target Performance Evaluation (成都市屬國企目標績效考評).
- In December 2015, the Chengwen Road Renovation Project (成溫路改造工程) constructed by the Group was awarded the “2014-2015 National Quality Engineering Award (2014-2015年度國家優質工程獎)” by China Association of Construction Enterprise Management (中國施工企業管理協會).
- 2016 In June 2016, the Guarantor’s corporate rating was upgraded to “AAA” from “AA+” by China Lianhe Credit Rating Co., Ltd. (聯合資信評級公司).
- In November 2016, Fitch Ratings Inc. assigned a corporate rating of “BBB+” to the Guarantor.
- In November 2016, the Guarantor successfully issued US\$300,000,000 3.25 per cent. senior bonds due 2021.
- 2017 In June 2017, Chengdu Tianfu Greenway Construction Investment Co., Ltd. (成都天府綠道建設投資有限公司), a wholly-owned subsidiary of the Guarantor, was established to construct Tianfu Greenway Project (天府綠道項目).
- In August 2017, Xingcheng International Investment Co., Limited 興城(香港)國際投資有限公司, a wholly-owned subsidiary of the Guarantor, was established to manage the Group’s overseas operation.
- In November 2017, the General Office of CPC Chengdu Municipal Committee (中共成都市委辦公廳) and the General Office of Chengdu Municipal Government (成都市政府辦公廳) jointly issued the Work Plan to Optimising the Layout of Municipal State-owned Capital (優化市屬國有資本佈局的工作方案), according to which the Group will be reorganised to merge with Chengdu Construction.

Chengdu SASAC agreed to transfer its 100.0 per cent. equity interest in Chengdu Construction to the Group for nil consideration.

2018 In March 2018, the Guarantor successfully issued €365,000,000 2.50 per cent. bonds due 2021 and €135,000,000 2.95 per cent. bonds due 2023.

In September 2018, the transfer of Chengdu SASAC's 100.0 per cent. equity interest in Chengdu Construction to the Group was completed, and Chengdu Construction became a subsidiary of the Guarantor.

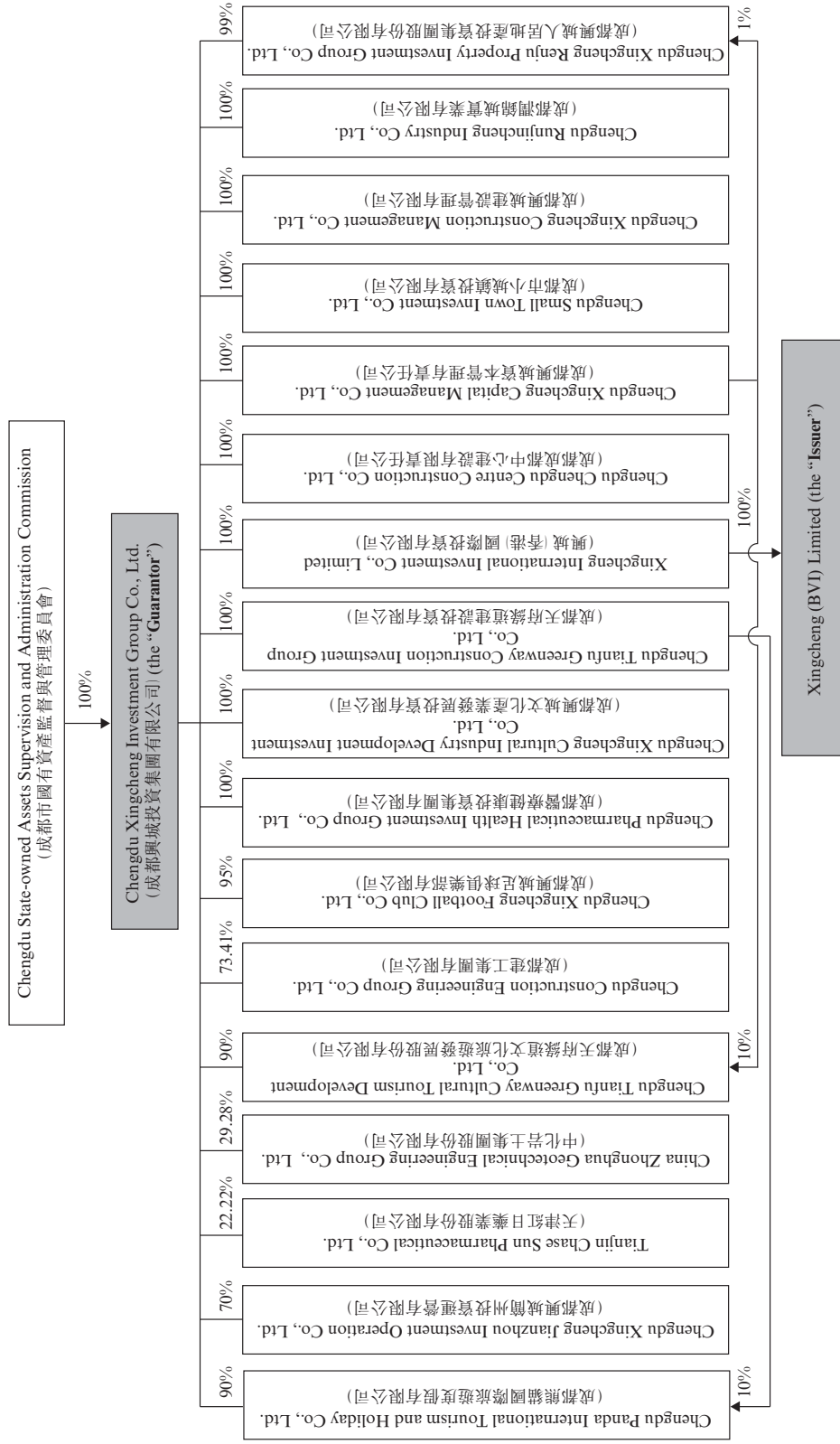
2019 In March 2019, the Guarantor acquired an aggregate 29.28 per cent. share of Zhonghua Geotechnical (Stock Code: 002542), the first listed company in geotechnical engineering industry in China, and became its largest shareholder.

In December 2019, the Guarantor acquired an aggregate 22.22 per cent. share of Chase Sun (Stock Code: 300026) and became its largest shareholder.

2020 In June 2020, the Guarantor acquired 35.0 per cent. of equity interest in Chengdu Rural Commercial Bank with a consideration of RMB16,508.0 million, and such share transfer was completed in July 2020.

CORPORATE STRUCTURE

The following chart presents a simplified structure of the Group as at 30 June 2020:



DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group's business consists of four segments, namely (i) construction; (ii) property development; (iii) pharmaceutical and healthcare and (iv) miscellaneous.

The following table sets forth a breakdown of the Group's operating income from each business segment and as a percentage of its total operating income for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.	Amount	Per cent.
	(audited)	of total	(audited)	of total	(audited)	of total	(reviewed)	of total	(reviewed)	of total
	(RMB in million, except for percentages)									
Construction	–	–	38,922.5	89.1	54,145.5	85.6	23,940.6	81.5	27,374.6	87.2
– Building construction . . .	–	–	36,924.5	84.6	51,898.2	82.0	23,000.2	78.3	26,000.5	82.9
– Building materials logistics	–	–	1,998.0	4.6	2,247.3	3.6	940.4	3.2	1,374.1	4.4
Property development	4,007.4	84.4	3,524.2	8.1	3,554.0	5.6	2,495.1	8.5	365.1	1.2
Pharmaceutical and healthcare	–	–	–	–	3,942.7	6.2	1,243.9	4.2	1,746.2	5.6
Miscellaneous ⁽¹⁾	740.3	15.6	1,217.6	2.8	1,636.9	2.6	1,685.5	5.7	1,890.7	6.0
Total	4,747.7	100.0	43,664.3	100.0	63,279.1	100.0	29,365.1	100.0	31,376.6	100.0

Note:

- (1) This amount represents the aggregate of the Group's operating income from operations of the "asset lease", "hotel and tourism", "equipment rental and sales" and "others" businesses, as reported in the Group's financial statements of the respective period.

The following table sets forth a breakdown of the Group's gross profit from each business segment and as a percentage of its total gross profit for the periods indicated:

	Year ended 31 December						Six months ended 30 June			
	2017		2018		2019		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(audited)		(audited)		(audited)		(reviewed)		(reviewed)	
	(RMB in million, except for percentages)									
Construction	-	-	2,384.9	53.8	3,285.7	40.4	1,389.3	37.5	1,602.5	43.1
- Building construction	-	-	2,109.7	47.6	3,110.2	38.2	1,327.2	35.9	1,536.2	41.3
- Building materials logistics	-	-	275.2	6.2	175.5	2.2	62.1	1.7	66.3	1.8
Property development	936.4	64.2	1,292.0	29.2	1,482.9	18.2	1,035.3	28.0	195.1	5.2
Pharmaceutical and healthcare	-	-	-	-	2,414.4	29.7	878.4	23.7	1,247.1	33.5
Miscellaneous ⁽¹⁾	523.1	35.8	753.5	17.0	952.2	11.7	396.9	10.7	677.5	18.2
Total	1,459.5	100.0	4,430.4	100.0	8,135.2	100.0	3,700.0	100.0	3,722.2	100.0

Note:

- (1) This amount represents the aggregate of the Group's gross profit from operations of "asset lease", "hotel and tourism", "equipment rental and sales" and "others" businesses, as reported in the Group's financial statements of the respective period.

Construction

Overview

Construction has become the Group's core business since its merger with Chengdu Construction in 2018. With premium construction qualifications and a proven track record of more than 60 years in the construction industry, Chengdu Construction has grown into a large and reputable construction company in Sichuan province. To further the Group's expansion in the construction industry, in March 2019, the Guarantor acquired an aggregate 29.28 per cent. share of Zhonghua Geotechnical (Stock Code: 002542), the first company in the geotechnical engineering industry to be listed in China, and became its largest shareholder. As at the date of this Offering Circular, the Group conducts its construction business primarily through Chengdu Construction and Zhonghua Geotechnical.

The Group engages in a wide range of construction activities, such as building construction and building materials logistics. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, substantially all of the Group's operating income from the construction business was generated from its building construction segment, which was mainly derived from the Group's construction projects for residential buildings, commercial buildings and affordable housing.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income from the Group's construction business was RMB38,922.5 million, RMB54,145.9 million, RMB23,940.6 million and RMB27,374.6 million, respectively, representing 89.1 per cent., 85.6 per cent., 81.5 per cent. and 87.2 per cent. of the Group's

total operating income for the relevant periods. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's gross profit generated from its construction business was RMB2,384.9 million, RMB3,285.7 million, RMB1,389.3 million and RMB1,602.5 million, respectively, representing 53.8 per cent., 40.4 per cent., 37.5 per cent. and 43.1 per cent. of the Group's total gross profit for the relevant periods. The Group did not record any operating income or generate any gross profit from its construction business in 2017 since the operating results of Chengdu Construction were consolidated into the Group's financial statements only since 2018 and the operating results of Zhonghua Geotechnical were consolidated into the Group's financial statements only since 2019.

Building Construction

Chengdu Construction Group

Overview

Building construction has been the Group's core business since its merger with Chengdu Construction Group (hereinafter referred to as the "CCG") in 2018. Through the CCG, the Group primarily undertakes construction projects for residential buildings, commercial buildings and affordable housing. Other than these construction works, the CCG also participates in municipal road and bridge construction and provides other ancillary construction services, including construction equipment installation and building renovation and decoration.

The CCG holds both the premium class housing construction EPC qualification (房屋建築工程施工總承包企業特級資質) and the grade-A construction engineering design qualification (建築工程設計甲級資質) issued by the MOHURD. The premium class housing construction EPC qualification is the highest qualification awarded to building construction general contractors in China satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The grade-A construction engineering design qualification is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. The holding of these and other top-grade construction work related qualifications enable the CCG to provide fully-integrated construction solutions with increased complexity and higher returns nationwide.

For the year ended 31 December 2018 and 2019 and the six months ended 30 June 2020, the CCG's newly-signed contract value under its building construction segment amounted to approximately RMB82,205.0 million, RMB105,606.0 million and RMB46,507.0 million, respectively. As at 31 December 2018 and 2019 and 30 June 2020, the backlog contract value of the CCG's building construction business amounted to approximately RMB112,585.0 million, RMB164,820.0 million and RMB190,813.0 million, respectively. As at 30 June 2020, the CCG had 20 major building projects under construction with a total contract value of approximately RMB22,254.3 million.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income from the Group's building construction business was RMB36,924.5 million, RMB51,898.2 million, RMB23,000.2 million and RMB26,000.5 million, respectively, representing 84.6 per cent., 82.0 per cent., 78.3 per cent. and 82.9 per cent. of the Group's total operating income for the relevant periods. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, the Group's gross profit generated from its building construction business was RMB2,109.7 million, RMB3,110.2 million, RMB1,327.2 million and RMB1,536.2 million, respectively, representing 47.6 per cent., 38.2 per cent., 35.9 per cent. and 41.3 per cent. of the Group's total gross profit for the relevant periods.

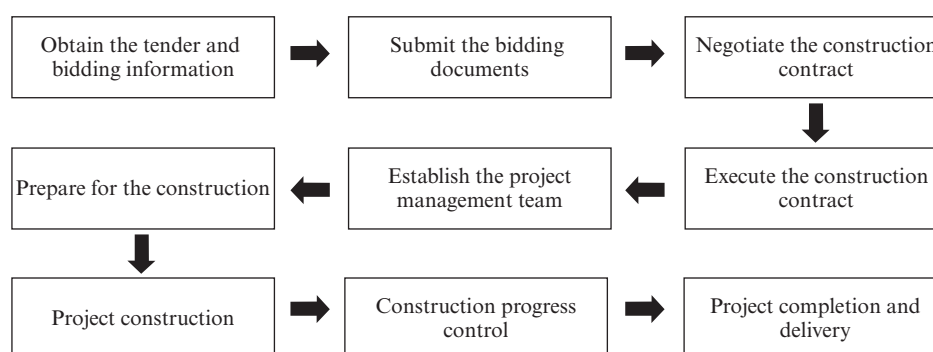
Business model

The CCG undertakes most of its building construction projects as a general contractor. In such role, the CCG performs all major aspects of a construction project, including main structure, lighting and utilities installation and fitting-out works. The CCG is also responsible for coordinating the work of all parties, providing the major equipment and machinery, procuring raw materials and ensuring that the construction project is on schedule. In certain projects where specialised construction work is required, if applicable laws and regulations permit, the CCG may subcontract construction work to other professional companies to improve the time- and cost-efficiency of the relevant projects. The CCG needs to obtain consent from the property owner before engaging such subcontractors.

The CCG provides services as a professional contractor from time to time. When acting in such capacity, the CCG is engaged by the general contractor and is only responsible for the construction work within the scope of its professional license in certain projects where specialised construction work is required. In addition, the CCG also undertakes PPP projects for municipal transportation infrastructure construction, such as highways and bridges in Chengdu.

Construction process

The following flowchart summarises the key operating stages of operation process in the CCG's building construction business, which mainly covers project bidding preparation, pre-construction preparation, construction control and completion and delivery of project:



The CCG primarily obtains orders for its building construction projects through a public tender and bidding process. Only a few of its construction projects were assigned directly by governmental bodies. If the CCG is required to submit a bid for a construction project, it will first conduct a detailed analysis of the proposed construction project, including a comprehensive review of the technical and commercial conditions and requirements, the work scope of the project and a cost and risk assessment. With such analysis, the CCG will put together a draft bid. A draft bid generally includes a proposed project schedule and timeline of each construction stage as well as a schedule of rates, which primarily includes the rates charged for raw materials, equipment and machinery and labour. The CCG typically submits its bid through its branches or subsidiaries in the relevant regions where the projects are located. When calculating the bids and proposals for a construction project, the CCG generally takes into consideration the engineering sketch and pricing list provided by the property owner, as well as the overall complexity of such construction project.

If the CCG is successful in its bid for a construction project, it will draft the construction contract based on tender and bidding documents. After negotiation of the terms in the construction contract, the negotiated terms will then undergo the CCG's sign-off process.

Upon execution of the construction contract, the CCG will establish a project management group to prepare for the construction project. The CCG will form construction plans in accordance with the construction blueprint design, terms of the construction contract and tender and bidding documents, as well as formulate plans to purchase raw materials and for leasing or procuring construction equipment.

The CCG has established project management and control procedures and conducts its construction business in accordance with such procedures to ensure compliance with contract requirements. During the course of the construction projects, the CCG's customers, or independent surveyors engaged by its customers, conduct regular inspection of its work. The CCG also communicates regularly with its customers during the construction process to ensure that its work meets customers' expectations.

Upon completion of the construction project and after the project passes the CCG's internal inspection, a project completion report will be submitted to the customers. The CCG's customers, or third-party inspectors engaged by its customers, and the relevant government authorities will then conduct inspection on the project. From time to time, the CCG's customers may require it to make certain modifications or reworks upon inspection. Upon passing the inspection, the CCG will receive an acceptance of project completion report issued by its customer and other parties involved in the inspection process.

Procurement

The primary raw materials of the CCG's building construction projects are steel and concrete. Under the CCG's construction contract entered into with property owners, the raw materials are procured either by the CCG or by property owners.

Self-procurement is the primary procurement model for the CCG's property construction projects. The CCG has subsidiaries specialising in procuring construction raw materials. As such, when comparing fee quotes from different suppliers, the fee quotes from the CCG's internal suppliers typically prevail as long as the terms and conditions therein are commercially reasonable to the CCG. The suppliers will commence procurement after the execution of relevant procurement contracts. Before the execution of procurement contracts, the CCG must also satisfy internal filing requirements if such contract is to be entered into with the CCG's external suppliers.

Payment arrangement

The payment of contracting fees is normally determined by reference to payment terms under the relevant contracting contract for construction project.

After the CCG executes the construction contract and before commencement of construction, certain property owners pay the CCG a deposit of approximately 5.0 per cent. to 10.0 per cent. of the contract value, which could be used by the CCG to replenish its working capital. For most construction projects, however, the CCG needs to bear the construction costs of the projects before obtaining reimbursement. When the CCG commences its construction work, according to the terms in construction contracts, property owners typically provide progressive payments to the CCG according to milestones reached, which are typically assessed on a monthly basis. The CCG's project department is responsible for calculating the monthly construction costs and submitting to the property owner for the

latter's approval. The CCG recognises operating income when a property owner approves a construction cost. The payment of contracting fees to the CCG is usually made by cash or bank acceptance bill. The CCG believes that such progressive payment arrangements ensure the effective collection of its contracting fees.

Upon settlement after audit of construction costs and any agreed adjustment to the original contract value, the project owner will normally pay 95.0 per cent. to 98.0 per cent. of the agreed settlement amount (including all the amounts the CCG has received prior to settlement). The remaining 2.0 per cent. to 5.0 per cent. of the settlement amount is typically withheld by the project owner for an average of two years after the construction is completed, determined on a case-by-case basis, as a warranty on quality for the relevant project.

Newly-signed construction contract for each period

The table below sets forth the key information of the CCG's then newly-signed building construction contracts for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, respectively:

	Year ended 31 December		Six months ended
	2018	2019	30 June
	(RMB in million, except for the numbers)		
Number of newly-signed contracts	797	881	439
Contract value for newly-signed contracts	82,205	105,606	46,507
Of which:			
Number of newly-signed contract with contract value exceeding RMB100 million	207	238	114
Contract value for newly-signed contracts with contract value exceeding RMB100 million	72,963	94,794	40,752
Completed contract value	41,716	53,371	20,514
Backlog contract value at the end of relevant period	112,585	164,820	190,813

As at 30 June 2020, the CCG 's construction projects were mainly concentrated in Chengdu. While maintaining its competitive market position in Chengdu, the CCG also actively undertakes construction projects located in other cities in the PRC. The following table sets forth the geographic distribution of the CCG's newly-signed building construction value for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, respectively:

Location of Projects	Year ended 31 December				Six months ended 30 June	
	2018		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
(RMB in million, except for percentages)						
Chengdu	59,898	72.9	78,379	74.2	36,721	79.0
Cities in Sichuan province (Other than Chengdu)	16,114	16.9	18,507	17.5	5,971	12.8
Cities outside Sichuan province . .	6,193	7.5	872	8.3	3,815	8.2
Total	82,205	100.0	105,606	100.0	46,507	100.0

The CCG primarily undertakes construction projects for residential buildings, commercial buildings and affordable housing. Other than these construction works, the CCG also participates in municipal road and bridge construction and provides other ancillary construction services, including construction equipment installation and building decoration. The following table sets forth the breakdown of the CCG's then newly-signed building construction contract value by types of projects for the years ended 31 December 2018 and 2019 and the six months ended 30 June 2020, respectively:

Type of Projects	Year ended 31 December				Six months ended 30 June	
	2018		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
(RMB in million, except for percentages)						
Construction of various types of buildings	59,199	72.0	72,397	68.6	34,366	73.9
Municipal road and bridge	19,147	23.3	29,310	27.8	9,767	21.0
Construction equipment installation	453	0.6	956	0.9	471	1.0
Building decoration	2,133	2.6	2,269	2.1	653	1.4
Others	1,273	1.5	674	0.6	1,250	2.7
Total	82,205	100.0	105,606	100.0	46,507	100.0

Backlog

Backlog contract value represents the estimate of the contract value of work that remains to be completed as at a certain date. Backlog is not a measure defined by generally accepted accounting principles and may not be indicative of the CCG's future operating results. As at 31 December 2018 and 2019 and 30 June 2020, the backlog of the CCG's building construction projects was approximately RMB112,585.0 million, RMB164,820 million and RMB190,813.0 million, respectively.

Completed projects

The table below sets forth particulars of major building construction projects the CCG had completed as at 30 June 2020:

No.	Project	Commencement date	Completion date	Payback period	Contract value	Total investment	Total payment to be received	Payment received
(RMB in million)								
1.	Zhonghuan Road Metro Line No. 7 Road Restoration and Upgrading Project (中環路地鐵7號線道路恢復提升工程)	December 2015	December 2018	2017-2022	950.0	1,245.7	1,346.5	918.6
2.	Global Foundries (Chengdu) Integrated Circuit Manufacturing Project (格芯(成都)積體電路製造項目)	March 2017	January 2019	2017-2022	8,200.0	5,781.9	5,970.8	5,498.0
3.	Phoenix Mountain Elevated Bridge (鳳凰山高架橋)	April 2014	December 2018	2014-2020	900.0	682.9	753.9	753.9
4.	Jinshan Transportation Hub Complex (金沙公交樞紐綜合體)	August 2013	March 2018	2014-2022	1,150.0	716.3	744.9	687.0
5.	Huangtianba Village Reconstruction Project (黃田壩城中村改造項目)	April 2016	January 2018	2016-2023	642.5	540.6	592.1	562.3
6.	Green Island Tower (綠島築)	December 2015	January 2019	2016-2020	632.1	563.9	590.6	561.1
7.	Guizhou Qiangui Tianneng Coking Co., Ltd. 1.3 Million Tonnes Per Year Loop Economical Coal Coking Expansion Project (貴州黔桂天能焦化有限責任公司130萬噸/年迴圈經濟型煤焦化擴建工程)	July 2011	April 2015	2011-2020	467.4	435.6	467.4	467.4
8.	Xiangdu Jinyuan (香都錦苑)	May 2014	March 2016	2016-2018	364.3	429.6	454.0	450.3

No.	Project	Commencement date	Completion date	Payback period	Contract value	Total investment	Total payment to be received	Payment received
(RMB in million)								
9.	Golden River Oasis (金河綠洲)	April 2016	June 2018	2016-2021	599.9	367.1	378.1	347.7
10.	Air China Southwest Regional Production Command Centre Construction Project (國航西南區域生產指揮中心遷建項目)	May 2011	January 2018	2016-2020	247.0	344.1	353.3	335.6
Total					14,153.2	11,107.7	11,651.5	10,581.8

Projects under construction

The table below sets forth particulars of the CCG's major building construction projects under construction as at 30 June 2020:

No.	Project	Commencement date	Estimated completion date	Contract value	Cost Incurred	Payment received	Construction progress
(RMB in million)							(per cent.)
1.	East-West City Axis (東西城市軸線)	December 2019	November 2023	4,300.0	600.5	394.0	16.4
2.	Caojin Road Reconstruction Project (草金路改造工程)	November 2018	May 2021	2,138.0	438.9	288.2	15.4
3.	Construction Project for the 31st Summer Universiade, Chengdu Universiade Village (第31屆世界大學生夏季運動會成都大運村)	August 2019	February 2021	1,516.4	685.2	424.2	45.3
4.	Urban Ecology Project (環城生態)	May 2019	April 2021	1,291.0	333.0	15.0	9.1
5.	Reconstruction of the Xindu Section of the Golden Phoenix Elevated Highway (Ring Expressway to Xiangcheng Avenue) (金鳳凰高架新都段(繞城高速至香城大道)改建工程)	May 2019	May 2021	1,007.9	224.3	190.7	17.5
6.	Jintang 120 Acres Commercial Housing (金堂120畝商品房)	November 2019	December 2021	990.7	98.5	50.5	11.8
7.	Futian Town Community Engineering Survey-Design-Site Preparation Project General Contracting (福田鄉社區工程勘察-設計-場地準備工作工程施工總承包)	July 2018	December 2020	961.0	803.7	518.9	75.3
8.	Demolition and Resettlement Housing in Zone B of Mingyue Jinyuan Phase III (明月錦苑三期B區拆遷安置房)	October 2019	September 2021	941.4	221.2	205.6	26.1

No.	Project	Commencement date	Estimated completion date	Contract value	(RMB in million)		Construction progress (per cent.)
					Cost Incurred	Payment received	
9.	Longquan Mountain Danjing Terrace (龍泉山丹景台)	May 2018	January 2021	884.9	616.1	464.8	61.0
10.	Bailu Jincheng (白鷺錦城)	December 2018	March 2021	869.6	258.3	237.0	33.1
11.	Pengzhou City Third Ring Road First Section (彭州市三環路一標段)	December 2019	September 2021	855.0	6.3	–	0.6
12.	Wuhou District “Liveable Waterfront” Phase II PPP Project Cooperation Contract (武侯區“宜居水岸”二期PPP項目合作合同)	September 2019	September 2021	837.3	210.0	197.0	25.6
13.	Section 1-7 of Longhu Tower Plant Project (龍湖鐵塔廠項目1-7標段)	April 2018	November 2020	833.8	634.6	724.1	83.9
14.	Mingyue Jinyuan Area A Demolition and Resettlement Housing (明月錦苑A區拆遷安置房)	October 2017	September 2020	785.5	656.2	586.8	95.1
15.	Renju Group 2, 3 and 5 Talend Apartment (人居2、3、5組人才公寓)	September 2019	August 2021	718.5	220.7	32.8	33.5
16.	Cuiyi Fenghui (翠怡峰薈)	November 2018	April 2021	713.6	173.2	268.9	28.7
17.	East Lake Long Island Community (東湖長島社區)	February 2018	August 2020	703.0	680.2	559.5	97.8
18.	Renju Group 6 and 7 Talent Apartment (人居6、7組人才公寓)	September 2019	August 2021	698.1	200.6	31.9	31.3
19.	Nanchong North Lake (南充北湖)	March 2019	September 2020	610.0	531.1	310.0	95.0
20.	Jinniu Modern Urban Industrial Port (金牛現代都市工業港)	August 2019	February 2021	598.7	225.5	218.6	39.7
Total				22,254.3	7,818.1	5,718.3	

PPP Projects

In recent years, the PRC government has encouraged the development of the private-public partnership, or PPP model whereby private enterprises partner with local government in the financing, construction, operation and maintenance of infrastructure projects and other public works. The CCG began to undertake projects under the PPP model in 2016. As at 30 June 2020, most of the PPP projects the CCG entered into were for the construction of municipal infrastructure including roads and bridges in Sichuan Province.

Under the PPP model, the CCG, together with investors, act as the private party of a PPP project to participate in public tenders of government projects. In the event the CCG wins the bid, it will set up a project company through a joint venture with a designated government institution. With respect to such cooperative arrangement under the PPP model,

the CCG typically takes up an equity stake of no more than 20.0 per cent. in the joint venture, which is recorded as the CCG's financial assets available-for-sale on its balance sheet.

The PPP model sets out the specific time frame of both the construction period and the operating period of a project. During the construction period, the CCG is primarily responsible for project construction according to the terms of the construction contract entered into between the relevant government institution and the CCG. It also receives construction fees, which represent the CCG's major source of profit in undertaking PPP projects, from the relevant government institution in accordance with such construction contract.

Investors under the PPP model are responsible for fund-raising and satisfying the capital needs in a PPP project, while the relevant government institution is responsible for land supply and project supervision. During the operating period of a PPP project, the CCG records operating income from the dividend declared by the joint venture. At the end of the operating period, the CCG receives its portion of the remaining assets upon the dissolution of the joint venture.

The table below sets forth particulars of building construction PPP projects CCG participated as at 30 June 2020:

No.	Project	Contract value (RMB in million)	Construction period (years)	Operation period (years)	The CCG's equity stake in the joint venture (%)	Cost Incurred (RMB in million)	Payment received	Construction Status
1.	Sichuan Province Tongjiang Middle School Gaoming Campus Construction PPP Project (四川省通江中學高明校區建設PPP項目)	718.0	2	10	90.0	75.0	135.5	Under construction
2.	Ziyun Industrial Park Phase II PPP Project (紫雲工業園二期PPP項目)	238.0	2	10	2.0	112.2	42.2	Under construction
3.	Hejiang County Ganzi Road Transportation Infrastructure Construction PPP Project (合江縣甘自路交通基礎設施建設PPP項目)	687.0	3	8	20.0	-	-	To be constructed
4.	S409 Qianan to Lancao Section Construction Project (S409漸岸至蘭草段建設項目)		2	10	56.0	179.9		Under construction
5.	G542 Line Tanxi Town to Jinbao Avenue Construction Project (Phase I) (G542線坦溪鎮至金寶大道建設工程(一期)項目)	1,200.0 ⁽¹⁾	2	10	56.0	147.3	198.5 ⁽²⁾	Under construction

No.	Project	Contract value (RMB in million)	Construction period (years)	Operation period (years)	The CCG's equity stake in the joint venture (%)	Cost Incurred (RMB in million)	Payment received (RMB in million)	Construction Status
6.	East Interchange to Tonghe Bridge Connection Line Construction Project (東互通至通河橋連接線建設項目)		3	9	56.0	115.0		Under construction
7.	Sichuan Health Vocational College Phase I Construction Project (四川健康職業學院一期建設項目)	510.0	2	10	15.56	475.7	447.5	Completed
8.	Qinba Logistics Park "One Vertical and Three Horizontal" Roads and Helong Reservoir Area Infrastructure Project (秦巴物流園“一縱三橫”道路及河龍水庫片區基礎設施項目)	1,500.0	3	7	4.98	844.4	689.5	Under construction
9.	Yibin County Industrial Park Municipal Road Infrastructure Phase I PPP Project (宜賓縣工業園區市政道路基礎設施一期工程PPP項目)	1,219.6	3	10	5.0	163.1	75.8	To be constructed
10.	Wuhou District "Liveable Waterfront" Phase II PPP Project (武侯區“宜居水岸”二期PPP項目)	837.3	2	13	4.5	210.0	197.0	Under construction
Total		6,910.2				2,322.7	1,785.9	

Notes:

- (1) This amount represents the aggregate contract value of S409 Qianan to Lancao Section Construction Project (S409漸岸至蘭草段建設項目), G542 Line Tanxi Town to Jinbao Avenue Construction Project (Phase I) (G542線坦溪鎮至金寶大道建設工程(一期)項目) and East Interchange to Tonghe Bridge Connection Line Construction Project (東互通至通河橋連接線建設項目).
- (2) This amount represents the aggregate payment received from S409 Qianan to Lancao Section Construction Project (S409漸岸至蘭草段建設項目), G542 Line Tanxi Town to Jinbao Avenue Construction Project (Phase I) (G542線坦溪鎮至金寶大道建設工程(一期)項目) and East Interchange to Tonghe Bridge Connection Line Construction Project (東互通至通河橋連接線建設項目).

Zhonghua Geotechnical Group

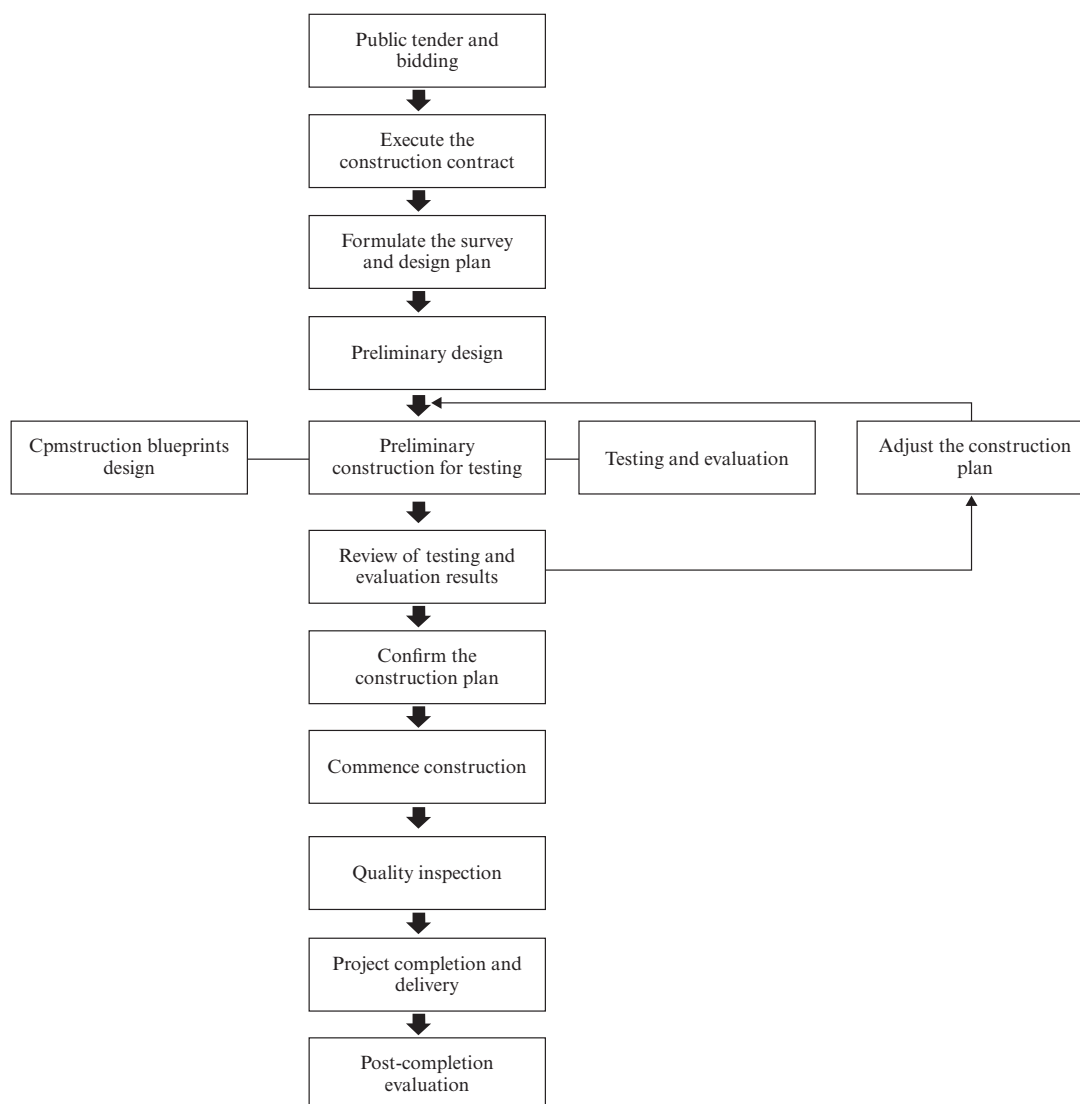
Overview

In 2019, the Group further acquired an aggregate 29.28 per cent. share of Zhonghua Geotechnical, which primarily provides geotechnical engineering services and underground

construction services. The Zhonghua Geotechnical Group holds top-grade engineering qualifications such as foundation engineering professional contracting qualification (level I) (地基基礎工程專業承包一級資質), which enables it to provide a wide range of geotechnical engineering services including investigation, engineering designing, engineering testing, engineering evaluation and other ancillary services.

Business model

The Zhonghua Geotechnical Group undertakes most of its geotechnical engineering construction projects as a general contractor. In such role, the Zhonghua Geotechnical Group is responsible for all major aspects of a construction project. The Zhonghua Geotechnical Group provides services as a professional contractor from time to time. The following flowchart summarises the key stages of operation process in the Zhonghua Geotechnical Group's construction business:



The Zhonghua Geotechnical Group obtains orders for its building construction projects through a public tender and bidding process. If the Zhonghua Geotechnical Group is successful in its bid for a construction project, it will prepare the construction contract for execution and form the survey and design plan. The design process primarily covers the design of construction drawing, experimental construction and experimental testing and evaluation. If the experimental testing and evaluation results are not satisfying, the Zhonghua Geotechnical Group will continue to adjust the design plan before determining the concrete

construction plan. The Zhonghua Geotechnical Group will carry out its project construction in accordance with the design parameters determined through the experiments.

The Zhonghua Geotechnical Group has established project management and control procedures and conducted its construction business in accordance with such procedures to ensure compliance with contract requirements. During the course of the construction projects, the Zhonghua Geotechnical Group's customers, or independent surveyors engaged by its customers, conduct regular inspection of its work.

Upon completion of the construction project, the Zhonghua Geotechnical Group, together with its customers, or third-party inspectors engaged by its customers, and the relevant government authorities will commence the inspection on the project. Upon passing the inspection, the Group will settle its accounts with the customer in accordance with the construction contract.

Projects under construction

The table below sets forth particulars of Zhonghua Geotechnical Group's major building construction projects under construction as at 30 June 2020:

No.	Project	Contract value	Total revenue recognised	Total payment received
1.	Hong Kong Airport the Third Runway Reclamation Project Subcontract of Foundation Treatment Works Contract Section 3206 (香港機場第三跑道填海工程項目 3206 合同段的地基處理工程分包合同)	HKD 2,558.9 million	HKD 1,076.9 million	HKD 758.5 million
2.	The East-West City Axis Chengyu Expressway Auxiliary Road (The Boundary Of The Longquanyi District Of The East Second Ring Road) Engineering Survey, Design And Construction Project The First Bid Section (東西城市軸線成渝高速路輔道(東二環龍泉驛區界)工程勘察設計施工總承包一標段)	RMB 2,600.0 million	RMB 1424.0 million	RMB 708.8 million

Building Materials Logistics

Overview

Leveraging the rapid development of the construction industry in China and the Group's merger with Chengdu Construction, the Group commenced its building materials logistics business in 2018. The Group's building materials logistics business mainly includes (1) trading of steel; (2) producing and trading of commercial concrete; and (3) trading of electronics and industrial materials. The Group conducts its building materials logistics business through its five subsidiaries, namely, Chengdu Construction Materials Co., Ltd. (成都建工物資有限責任公司), Chengdu Construction Building Materials Co., Ltd. (成都建工建材有限責任公司), Chengdu Jiangong Pre-built Technology Co., Ltd. (成都建工預築科技有限公司), Chengdu Jiangong Saili Concrete Engineering Co., Ltd. (成都建工賽利混凝土工程有限公司) and Chengdu Jiangong Industrial Construction Co., Ltd. (成都建工工業化建築有限公司). The Group funds its building materials logistics business primarily through its operating cash flow.

For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group's building materials logistics business

was RMB1,998.0 million, RMB2,247.3 million, RMB940.4 million and RMB1,374.1 million, respectively, representing 4.6 per cent., 3.6 per cent., 3.2 per cent. and 4.4 per cent. of the Group's operating income for the relevant periods. For the years ended 31 December 2018 and 2019 and the six months ended 30 June 2019 and 2020, gross profit generated from the Group's building materials logistics business was RMB275.2 million, RMB175.5 million, RMB62.1 million and RMB66.3 million, respectively, representing 6.2 per cent., 2.2 per cent., 1.7 per cent. and 1.8 per cent. of the Group's total gross profit for the relevant periods.

The following table sets forth a breakdown of the operating income from each sub-category of the Group's building materials logistics business for the periods indicated:

	Year ended 31 December				Six months ended 30 June	
	2018		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in million, except for percentages)					
Steel	862.3	43.1	527.7	23.5	872.8	63.5
Commercial concrete	782.8	39.1	666.6	29.7	319.5	23.2
Electronics and industrial materials	246.5	12.3	862.5	28.4	110.9	8.1
Miscellaneous ⁽¹⁾	106.4	5.6	190.4	8.5	70.9	5.2
Total	1,998.0	100.0	2,247.3	100.0	1,374.1	100.0

Note:

- (1) This amount represents the aggregate of the Group's operating income from the trading of concrete elements, pipes and stone.

Business model

Steel

The Group's steel trading involves procurement of steel from its suppliers and on-selling them to its customers. At the beginning of a year, the Group usually negotiates with large-scale domestic steel mills for preferable prices and terms for purchasing steel, which will subsequently be reflected in annual cooperative agreements entered into between the Group and each of the selected steel mills. When receiving orders from its downstream customers, the Group places order with upstream suppliers taking into consideration the prices, volume and arrival time for the steel ordered, among other factors. When a customer places order with the Group on credit, the Group will charge a premium fee according to the sales agreement with such customer. If the selected supplier is not able to supply the steel ordered by the Group in its entirety and on time, the Group will seek other steel suppliers, and place orders with the supplier with the most desirable price and quality, to satisfy its customers' demand of steel.

As at 30 June 2020, most of the Group's suppliers were reputable steel mills located in Sichuan province, and the Group's downstream customers for steel were spread across all major cities and counties in Sichuan province, as well as Yunnan, Guizhou, Gansu and Hunan provinces.

Commercial concrete

The Group procures cement and mortar to produce commercial concrete. In addition to producing commercial concrete to satisfy the Group's internal needs, the Group also

establishes long-term cooperative relationships with its external customers to provide them with commercial concrete as well as other ancillary services, such as technical consulting and inspection services.

When procuring cement from upstream suppliers, if the customer has designated a specific brand of cement, the Group will arrange for bidding and auction to select the most competitive supplier of such brand of cement. The company that wins the bid will be responsible for the Group's supply of cement under such brand. If the brand of cement is not confirmed by the customer, or the customer expresses no particular preference, the Group will procure cement from renowned suppliers with which it has extensive cooperative relationships. When selecting its suppliers of mortar, the Group generally compares the supply capacity of different quarries, as well as the quality and price of mortar they produce.

As at 30 June 2020, the Group procured most of its cement and mortar from suppliers in Sichuan province, while most of its customers for commercial concrete were located within Chengdu. The Group derives profit in its commercial concrete trading from the difference between costs of raw materials and resale price of commercial concrete.

Electronics and industrial materials

Apart from steel and commercial cement, the Group also provides trading services for electronics and industrial materials, including but not limited to building materials, metals (excluding rare and precious metals), metal products, wood, lubricants, chemical products (excluding hazardous chemicals), rubber products, machinery and equipment, household appliances, mechanical and electrical products, computer software and hardware, office equipment, electronic products, wires and cables, sports equipment and accessories and fire-fighting equipment, among others. The Group derives profit in its electronics and industrial materials trading from the difference between the purchase price and resale price.

Payment arrangement

The Group generally purchases materials directly from its upstream suppliers, which reduces the Group's procurement costs since no sales agencies will be engaged in the procurement process. Such procurement arrangement also allows the Group to obtain advantageous trade credit from its suppliers. When the Group's credit period expires, it will make payment to its suppliers through bank acceptance bills that mature in three months.

The Group also grants trade credit to its downstream customers on a case-by-case basis, and the Group has a sales department primarily responsible for collecting payments from its downstream customers, which is usually made through bank transfer.

Property Development

Overview

The Group has historically played a substantial role in developing affordable housing in Chengdu since 2010 and expanded its property development business into commodity housing in 2009. In addition, the Group has also participated in the development and operation of apartments targeting talented individuals, in Chengdu since 2017. The Group carries out its property development projects through its subsidiary Renju Property, which holds the Class One Property Development Qualification (國家一級房地產開發資質).

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group's property development business was RMB4,007.4 million, RMB3,524.2 million, RMB3,554.0 million, RMB2,495.1 million

and RMB365.1 million, respectively, representing 84.4 per cent., 8.1 per cent., 5.6 per cent., 8.5 per cent. and 1.2 per cent. of the Group's operating income for the relevant periods. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, gross profit generated from the Group's property development business was RMB936.4 million, RMB1,292.0 million, RMB1,482.9 million, RMB1,035.3 million and RMB195.1 million, respectively, representing 64.2 per cent., 29.2 per cent., 18.2 per cent., 28.0 per cent. and 5.2 per cent. of the Group's total gross profit for the relevant periods. The financial contribution of the property development business to the Group's operating income has declined since 2018 due to the merger with CCG, resulting in massive increment of the Group's operating income.

Business Model

Commodity housing

The Group primarily develops mid-end residential properties for homebuyers seeking maximal living space within budget, and other supporting commercial properties, to satisfy the increasing housing need in Chengdu.

The Group's commodity housing development process involves site selection and market positioning, land acquisition, financing of property developments, design, marketing and promotion, pre-sales, sales, payment and mortgage financing and after-sales services. The Group obtains the land use rights through the public bidding, auction and listing process, and engages contractors for the construction of most of its commodity housing developments. To ensure the quality of construction, the Group's construction contracts set out specific quality requirements in which, for example, the Group requires its contractors to provide performance guarantees and detailed construction plan. The Group typically obtains its pre-sale permit approximately ten months after it commences construction. After the Group obtains the pre-sale permit for a commodity housing, it develops its sales strategies and arranges for the distribution and sale of the properties by itself or through sales agents.

Consistent with industry practice, the Group typically enters into purchase contracts with customers while the properties are still under development, after satisfying the conditions for pre-sales. The Group does not recognise any operating income from the pre-sales of its commodity housing until the development of such commodity housing is completed and the properties are delivered to the purchasers. Before the delivery of a pre-sold property upon the completion of development, deposits and purchase price or portions thereof received from the Group's customers are recorded as advances from customers under current liabilities on the Group's balance sheet.

The Group typically funds the development of its commodity housing through its working capital, pre-sale proceeds and external funding such as bank loans. When the Group obtains external funding, lenders will generally require the Group to pledge the Group's land use rights as security for the land on which the relevant property will be developed.

Talent apartment

Pursuant to the Action Plan to Implement the Talent Priority Development Strategy (成都實施人才優先發展戰略行動計劃) issued by the Chengdu Municipal Government in 2017 and other relevant policies, the Group was appointed by the Chengdu SASAC to develop talent apartments in Chengdu to attract and retain talented individuals in Chengdu. The Group's talent apartments primarily target qualified talents specified in the Catalog of Talent in Short Supply and High-end Talent in Chengdu (成都市急需緊缺人才和高端人才目錄), which covers scholars, scientists and technicians with prestigious international, national, provincial or other similar awards or recognition.

After the completion of the development, the Group is also responsible for the operation of such talent apartments, including property sale and leasing. The Group's operating income from developing talent apartments comprises the income from its sales or leases of talent apartments to qualified talents.

Affordable housing

The Group develops affordable housing projects either as the developer or on an agency basis. If the Group acts as the developer and undertakes affordable housing construction, it records operating income from its sales of affordable housing. Revenues from sale of affordable housings are recognised when the relevant properties are delivered to the purchasers. The Group typically funds the development of its properties through its working capital and bank loans.

If the affordable housing construction is developed by the Group on an agency basis, the Group enters into agency construction agreements with the Chengdu Guaranteed Housing Centre (成都市住房保障中心) and is generally entitled to an agency construction management fee of a certain percentage of the total investment costs, which it recognises as operating income for affordable housing construction projects. According to the agency construction agreement, the Chengdu Housing Security Centre is responsible for arranging the funding for the projects, while the Group manages the construction process throughout the projects and applies for progress payment by submitting the construction supervision reports indicating the progress of the construction.

Project Description

Over the years, the Group has undertaken and completed a large number of property development projects in Chengdu. As at 30 June 2020, the Group had 32 properties under construction with an estimated total investment of approximately RMB58,894.0 million. The following table sets forth details of the Group's properties under development as at 30 June 2020:

No.	Project	Construction Period	Site Area	Total GFA	Estimated	Cost
					Total Investment	Incurred
			(thousand sq.m.)	(RMB in million)		
1.	Donghu Long Island (東湖長島)	2018 – 2020	62.2	459.4	3,655.0	3,394.0
2.	Huazhao Yunting (花照雲庭)	2017 – 2020	44.6	242.7	1,811.0	1,073.0
3.	Jincheng Lake Hotel Project (錦城湖酒店項目)	2018 – 2020	28.4	63.0	1,368.0	833.0
4.	Jincheng Fenghui (錦城峰薈)	2018 – 2021	85.4	320.0	4,014.0	3,072.0
5.	Baiyun Court (柏雲庭)	2018 – 2021	81.9	305.0	3,800.0	1,773.0
6.	Datong Fenghui (大同峰薈)	2018 – 2021	57.1	210.0	1,935.0	988.0
7.	Changdao Huicheng Phase I (長島薈城一期)	2018 – 2021	44.5	120.0	1,136.0	584.0
8.	Zihui Plaza (紫薈廣場)	2018 – 2021	19.2	42.0	329.0	101.0
9.	Creative Mountain Phase II (創意山二期)	2019 – 2021	19.0	159.1	918.0	184.0

No.	Project	Construction Period	Site Area	Total GFA	Estimated Total Investment	Cost Incurred
			(thousand sq.m.)		(RMB in million)	
10.	Dongcheng Huahui Phase II (東城花匯二期)	2019 – 2021	11.3	72.7	538.0	79.0
11.	Jiulinyu Phase II (九林語二期)	2019 – 2021	27.9	85.0	1,292.0	838.0
12.	Jiulinyu Phase I (九林語一期)	2019 – 2021	27.2	111.0	1,907.0	1,099.0
13.	Yueyun Court (悅雲庭)	2019 – 2021	43.3	173.0	1,963.0	1,212.0
14.	Jingyun Court (璟雲庭)	2019 – 2021	22.5	87.8	1,053.0	724.0
15.	Wanxin Fenghui (萬新峰薈)	2018 – 2021	33.4	126.7	1,116.0	616.0
16.	Yuejiang Fenghui (樾江峰會)	2018 – 2021	49.7	150.0	1,260.0	693.0
17.	Yunshan Mansion (雲山府)	2019 – 2022	56.2	127.0	1,056.0	499.0
18.	Zhihui City Phase I (智薈城一期)	2018 – 2021	71.7	185.0	1,508.0	673.0
19.	Cuiyi Fenghui (翠怡峰薈)	2018 – 2021	51.7	200.0	1,987.0	855.0
20.	Yilan Fenghui (億瀾峰薈)	2018 – 2021	38.6	112.4	1,004.0	531.0
21.	Jintang 46.58 Mu (金堂46.58畝)	2019 – 2021	31.1	95.1	855.0	257.0
22.	Jintang 120.24 Mu (金堂120.24畝)	2019 – 2021	80.2	244.0	2,153.0	678.0
23.	Baihui City Huirui Court (77.18 Mu) (柏薈城薈瑞閣(77.18畝))	2019 – 2021	51.6	157.8	2,332.0	1,247.0
24.	Baihui City Huilan Court (77.42 Mu) 柏薈城薈瀾閣 (77.42畝)	2019 – 2021	51.5	152.5	2,284.0	1,230.0
25.	Shulan Fenghui (蜀瀾峰薈)	2019 – 2021	25.5	54.1	401.0	78.0
26.	Ziyun Mansion Phase I (紫雲府一期)	2019 – 2021	60.9	154.6	1,128.0	483.0
27.	Ziyun Mansion Phase II (紫雲府二期)	2019 – 2021	57.0	155.8	1,075.0	289.0
28.	Xiyun Mansion (璽雲府)	2019 – 2021	174.3	621.1	5,196.0	1,934.0
29.	Ruiyun Mansion (瑞雲府)	2019 – 2021	68.7	192.2	1,474.0	524.0
30.	Long Island Huicheng Phase II (180 Mu) (長島薈城二期(180畝))	2020 – 2022	120.3	294.3	3,575.0	1,123.0
31.	Long Island Huicheng Phase II (174 Mu) 長島薈城三期(174畝)	2020 – 2023	116.6	285.1	3,008.0	1,094.0
32.	Xinjin 87 Mu Talents Apartment (新津87畝人才公寓)	2020 – 2022	58.5	229.7	1,763.0	421.0
Total			1,772.0	5988.1	58,894.0	29,179.0

As at 30 June 2020, the Group had four properties held for future development. The estimated total investment for those projects was approximately RMB5,241.0 million. The following table sets forth details of the Group's major properties held under development as at 30 June 2020:

No.	Project	Site Area	Total GFA	Estimated Total Investment
		(thousand sq.m.)		(RMB in million)
1.	Tianfu New Area (87 Mu) Project (天府新區(87畝)項目)	58.3	196.2	3,299.0
2.	Dujiangyan 59 Mu (都江堰59畝)	39.5	107.1	819.0
3.	Dujiangyan 65 Mu (都江堰65畝)	43.5	118.2	893.0
4.	Jiazhidong Project (嘉之鼎項目)	6.4	35.3	230.0
Total		147.7	456.8	5,241.0

Land Bank

The Group acquires land interests mainly through public tenders, acquisitions and list-for-sale from governments. As at 30 June 2020, the Group's land bank was concentrated in Chengdu. The following table sets forth details of the Group's land bank as at 30 June 2020:

No.	Land	Location	Site Area	Project to be Constructed
			(thousand sq.m.)	
1.	Wenjia Chang Project (文家場項目)	Qingyang Area, Chengdu	37.5	Commodity housing
2.	Dujiangyan Chengda Project (都江堰成大項目)	Dujiangyan, Chengdu	56.3	Commodity housing
3.	Dujiangyan 90 Mu (都江堰90畝)	Dujiangyan, Chengdu	60.2	Commodity housing
4.	Dujiangyan 59 Mu (都江堰59畝)	Dujiangyan, Chengdu	39.5	Commodity housing
5.	Dujiangyan 65 Mu (都江堰65畝)	Dujiangyan, Chengdu	43.5	Commodity housing
6.	Dujiangyan 112 Mu (都江堰112畝)	Dujiangyan, Chengdu	75.1	Commodity housing
7.	Dujiangyan 60 Mu (都江堰60畝)	Dujiangyan, Chengdu	40.1	Commodity housing

No.	Land	Location	Site Area (thousand sq.m.)	Project to be Constructed
8.	Dujiangyan 52 Mu (都江堰52畝)	Dujiangyan, Chengdu	34.7	Commercial property
9.	Dujiangyan 78 Mu (都江堰78畝)	Dujiangyan, Chengdu	52.6	Hotel
10.	Dujiangyan 85 Mu (都江堰85畝)	Dujiangyan, Chengdu	57.1	Hotel
11.	Tianfu New Area (87 Mu) Project (天府新區(87畝)項目)	Tianfu New Area, Chengdu	58.3	Commodity housing
12.	Dujiangyan (58.4 Mu) Project (都 江堰(58.4畝)項目)	Dujiangyan, Chengdu	39.0	Commodity housing
13.	Dujiangyan (61.92 Mu) Project (都 江堰(61.92畝)項目)	Dujiangyan, Chengdu	41.3	Commodity housing
14.	Dujiangyan (69.69 Mu) Project (都 江堰(69.69畝)項目)	Dujiangyan, Chengdu	46.5	Commodity housing
15.	Tianfu New Area (71.46 Mu) Project (天府新區(71.46畝) 項目)	Tianfu New Area, Chengdu	47.7	Commodity housing
16.	Tianfu New Area (84.34 Mu) Project (天府新區(84.34畝) 項目)	Tianfu New Area, Chengdu	56.3	Commodity housing
17.	Jiazhidong (嘉之鼎)	Jiading District, Shanghai	6.4	Office building
18.	Tiaodenghe South Road No. 9 (跳蹬河南路9號)	Chenghua District, Chengdu	19.4	Commodity housing
Total			811.3	

Pharmaceutical and Healthcare

Overview

The Group commenced its pharmaceutical and healthcare business in 2019 after its acquisition of shares in Chase Sun (Stock Code: 300026). The Group produces a broad range of pharmaceutical products, spanning medicine formula granule, drug product, drug ingredients and excipients and medical equipment, while also providing medical services. For the year ended 31 December 2019 and for the six months ended 30 June 2019 and 2020, operating income generated from the Group's pharmaceutical and healthcare business was

RMB3,942.7 million, RMB1,243.9 million and RMB1,746.2 million, respectively, representing 6.2 per cent., 4.2 per cent. and 5.6 per cent. of the Group's operating income for the relevant periods. For the years ended 31 December 2019 and the six months ended 30 June 2019 and 2020, gross profit generated from the Group's property development business was RMB2,414.4 million, RMB878.4 million and RMB1,247.1 million, respectively, representing 29.7 per cent., 23.7 per cent. and 18.2 per cent. of the Group's total gross profit for the relevant periods.

Product Portfolio

Formula Granule

The Group produces herbal formula granules through a subsidiary of Chase Sun, namely Beijing Tcmages Pharmaceutical Co., Ltd. (北京康仁堂藥業有限公司) (“**Beijing Tcmages**”), which specialises in research and production of herbal formula granules. Based on the theories of traditional Chinese medicine, Beijing Tcmages formulates the “full-composition” concept (“全成分”理論) and focuses on producing full-composition herbal formula granules, which provides more stable curative effect than traditional Chinese medicine.

Drug Product

The Group produces drug products through Chase Sun. The drug products it manufactures include Xuebijing Injection (血必淨注射液), Fasudil Hydrochloride Injection (鹽酸法舒地爾注射液) and Low Molecular Weight Heparin Calcium Injection (低分子量肝素鈣注射液).

Drug Ingredients and Excipients

The Group also manufactures drug ingredients and excipients by Huzhou Zhanwang Pharmaceutical Co., Ltd. (湖州展望藥業有限公司) (“**Huzhou Zhanwang**”) and Hubei Enoray Biopharmaceutical Co., Ltd. (湖北億諾瑞生物製藥有限公司) (“**Hubei Enoray**”), subsidiaries of Chase Sun, to downstream pharmaceutical manufacturers. Huzhou Zhanwang primarily produces hydroxypropyl methylcellulose (羥丙甲纖維素), hydroxypropyl cellulose (羥丙纖維素) and microcrystalline cellulose (微晶纖維素). Hubei Enoray primarily produces heparin and graded low-molecular-weight heparin (肝素和分級低分子肝素), which have obtained certificates issued by the Food and Drug Administration of the United States.

Medical Equipment

In addition to pharmaceutical products and components, the Group also manufactures medical equipment, including pulse oximeter (脈搏血氧儀), pulse monitor (脈搏監護儀), electrocardiogram (ECG) tester (心電檢測儀), breathing exerciser (呼吸訓練器) and other innovative electronic medical devices, through Beijing Choice Electronic Tech Co., Ltd. (北京超思電子技術有限責任公司), a subsidiary of Chase Sun.

Medical Services

The Group also operates a traditional Chinese medicine clinic named Yizhentang (醫珍堂) and an online health management platform named Hongkang Cloud (紅康雲) to provide healthcare services.

Miscellaneous

The Group's miscellaneous business includes the operations of infrastructure construction, asset lease, hotel and tourism, equipment rental and sales and other businesses.

For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, operating income generated from the Group's property development business was RMB740.3 million, RMB1,217.6 million, RMB1,636.9 million, RMB1,685.5 million and RMB1,890.7 million, respectively, representing 15.6 per cent., 2.8 per cent., 2.6 per cent., 5.7 per cent. and 6.0 per cent. of the Group's operating income for the relevant periods. For the years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020, gross profit generated from the Group's property development business was RMB523.1 million, RMB753.5 million, RMB952.2 million, RMB396.9 million and RMB677.5 million, respectively, representing 35.8 per cent., 17.0 per cent., 11.7 per cent., 10.7 per cent. and 18.2 per cent. of the Group's total gross profit for the relevant periods.

Risk Management

The Group's risk management system covers different aspects of its operations, including strategic management, financial and capital management, asset management, investment management, connected transaction and information disclosure. To ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks, each department is well-informed of the Group's internal control and risk management policies. The Group's systematic approach has helped the Group manage risk in a disciplined manner.

Occupational Safety and Environmental Protection

The Group has adopted a comprehensive work safety system which is run by its main construction engineering department to ensure employee safety. The Group has established safety protocols and also implemented guidelines setting out the responsibilities of safety officers. The safety officer is involved in the planning and implementation of each project to ensure that safety targets are met and plays a key role in monitoring the effectiveness of the safety measures, educating project members on the safety requirements, handling any infractions, ensuring safety records are properly kept and managing onsite safety and emergency incidents. The Group believes that it has complied in all material respects with applicable safety regulations.

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 governmental authorities in the PRC. The Group believes that it has complied 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 environmental proceedings or investigations to which it might become a party.

Employees

As at 30 June 2020, the Group had approximately 34,000 employees.

The Group believes that its workforce is one of its most important assets and relies on its employees for its future success. The Group enjoys a good relationship with its employees and has not had any material turnover of staff or disruption to its business operations due to labour disputes. In order to equip the Group's employees with greater opportunities to enhance their work performance, the Group provides vocational training to its employees. The Group believes that its management has and will continue to maintain good relations with its employees.

Insurance

The Group is required to obtain contractors' all-risk and third-party liability insurance for most of the projects it undertakes. Such policies generally extend for the entire contract

period, including the maintenance period following completion of the project. In addition, for its construction business, the Group generally purchases insurance for its fixed assets. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to applicable PRC laws and regulations.

The Group believes it maintains adequate insurance coverage for its operations and that the scope of the coverage is in line with industry norms. However, there are certain risks for which the Group is not insured, and it may not have sufficient insurance coverage for damages and liabilities that may arise in the course of the Group's business operations. See Risk Factors – Risks Relating to the Guarantor's Business – The insurance coverage of the Group may not adequately protect it against all operational risks”.

Legal Proceedings and Regulatory Compliance

From time to time, the Group may be involved in legal proceedings or other disputes in the ordinary course of business. As at the date of this Offering Circular, the Group is not aware of any legal proceedings, claims or disputes currently existing or pending against it that may have a material adverse effect on its business or results of operations and financial condition.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

As at the date of this Offering Circular, the Guarantor's board of directors is comprised of six members, including the chairman and five directors. The members of the Guarantor's board of directors, except for the employee representative directors, are appointed and removed by the Chengdu SASAC. The board of directors reports to the Chengdu SASAC and are primarily responsible for establishing and implementing the Guarantor's strategic development and management plans, formulating the Guarantor's annual financial budget plans and major financing plans, appointing and removing the Guarantor's general manager and financial principals, deciding the Guarantor's corporate structure, financial affairs and other major matters of the Guarantor. The following table sets forth the Guarantor's directors as at the date of this Offering Circular:

Name	Year of Birth	Position
Mr. Ren Zhineng (任志能)	1964	Chairman of the board of directors
Mr. Zhao Weidong (趙衛東)	1971	Director and general manager
Mr. Zhang Juntao (張俊濤)	1963	Independent director
Mr. Yang Xiaosong (楊效松)	1963	Independent director
Mr. Zhu Zhigang (朱志剛)	1962	Independent director
Ms. Wang Wei (王薇)	1983	Employee representative director

Mr. Ren Zhineng (任志能) has been the chairman of the board of directors and the secretary of the Party Committee of the Guarantor since May 2013. From 2011 to May 2013, he served as a director, the general manager and a deputy secretary of the Party Committee of the Guarantor. Mr. Ren previously also served as a soldier of the General Logistics Department of the People's Liberation Army in the military region of Tibet and Chengdu (西藏軍區和成都軍區後勤部), an accountant and a deputy director of the Planning and Accounting Division of the Chengdu Municipal Engineering Bureau (成都市市政工程局), an officer, a deputy director and the director of the Planning and Finance Division, a deputy director of the general office and a member of the Party Committee of the Funan River Comprehensive Regulatory Committee Office (府南河綜合整治管委會辦公室), a deputy commander and a member of the Party Committee of the Chengdu Road Construction Command (成都市幹道建設指揮部) and a deputy general manager and a director of Chengdu Communications Investment Company Limited (成都交通投資集團有限公司). He graduated from Sichuan College of Business Administration (四川省工商管理學院) in 2001 with a master's degree in business administration, and is qualified as a certified public accountant.

Mr. Zhao Weidong (趙衛東) has been a director and the general manager of the Guarantor since December 2020. He currently also serves as the chairman of the board of directors and secretary of the Party Committee of Chengdu Construction. He previously served as a technician of Sichuan Pujiang County Property Development Co., Ltd. (四川省蒲江縣房地產開發公司), the chief of the construction engineering management section of the Construction Committee of Pujiang County of Sichuan Province (四川省蒲江縣建委), the chief of the construction industry management section, a director's assistant and a deputy director of the Construction Bureau of Pujiang County of Sichuan Province (四川省蒲江縣建設局), a deputy director and the director of the Bureau of Urban and Rural Planning and Construction Management of Pujiang County of Sichuan Province (四川省蒲江縣城鄉規劃建設管理局), the director of the Bureau of Urban and Rural Planning and Construction of Pujiang County of Sichuan Province (四川省蒲江縣城鄉規劃建設局), the director of the

Planning Bureau of Pujiang County of Sichuan Province (四川省蒲江縣規劃局), the director of Construction Bureau of Pujiang County of Sichuan Province (四川省蒲江縣建設局), a vice chief executive of Pujiang County of Sichuan Province, a vice mayor of Chongzhou, a member of the Standing Committee of the Party Committee of Chongzhou, a deputy secretary of the Municipal Party Committee of Chongzhou and a vice chairman of the board of directors of the Guarantor. Mr. Zhao graduated from Chongqing University (重慶大學) in 1997 with a bachelor's degree, and is qualified as an intermediate engineer.

Mr. Zhang Juntao (張俊濤) has been an independent director of the Guarantor since December 2020 and a deputy secretary of the Party Committee of the Guarantor since January 2013. He previously served as the workshop technician, section chief, the branch secretary of the Communist Youth League (共青團), a member of the Youth League Committee (共青團團委), an officer of the enterprise management division and an officer of the planning department of Chengdu Metallurgical Factory (成都冶金實驗廠), a deputy head of the office of the Chengdu Economic Committee (成都市經委辦公室), the head of the general office of the Chengdu SASAC, a deputy general manager of Chengdu Xingdong Investment Co., Ltd. (成都市興東投資有限公司) and the general manager of the Guarantor. He graduated from Party School of the Central Committee of C.P.C. (中共中央黨校) in 2001 with a master's degree in economic management.

Mr. Yang Xiaosong (楊效松) has been an independent director of the Guarantor since December 2017. He previously served as a staff member, an officer, a senior staff member and a principal staff member of the general office of Chengdu Municipal Government, a principal staff member and a deputy director of the Government Division of Target Management and Inspection Office (目標管理督查辦公室機關處) of Chengdu Municipal Government, a deputy director of the First Secretary Division of the General Office of Chengdu Municipal Government (成都市人民政府辦公廳), a deputy director and the director of the Supervisory Division of Target Management and Supervisory Office of Chengdu Municipal Government (成都市人民政府目督辦督辦處), the director of supervisory division of Target Management and Supervisory Office (Rules and Services Office) of Chengdu Municipal Government (成都市人民政府目督辦(規服辦)), the head of general office of Chengdu Municipal Government, the director of the Fifth Secretary Division of General Office of Chengdu Municipal Government (成都市人民政府辦公廳第五秘書處) and a deputy general manager of Chengdu Urban Construction Investment and Management Group Co., Ltd. (成都城建投資管理集團有限責任公司). Mr. Yang graduated from Party School of the Central Committee of C.P.C. (中共中央黨校) in 1996 with a bachelor's degree.

Mr. Zhu Zhigang (朱志剛) has been an independent director of the Guarantor since January 2020. He previously served a soldier, an officer and a division director in the People's Liberation Army Air Force (中國人民解放軍空軍), an assistant researcher in the Publicity Department of the Party Committee of the People's Bank of China Chengdu Branch (中國人民銀行成都分行), an assistant researcher of the Government Construction Bureau of Chenghua District in Chengdu (成都市成華區政府建設局), a deputy director and the director of Transportation Bureau of Chenghua District in Chengdu (成都市成華區交通局) and a director, a vice general manager and a member of the Party Committee of the Guarantor. Mr. Zhu graduated from Party School of the Central Committee of C.P.C. (中共中央黨校) in 1995 with a bachelor's degree.

Ms. Wang Wei (王薇) has been an employee representative director of the Guarantor since June 2019. She currently also serves as the director of the finance department of the Guarantor, the chairman of the board of directors of Chengdu Xingcheng Capital Management Co., Ltd. (成都興城資本管理有限責任公司) and Xincheng (HK) International Investment Co., Ltd. (興城(香港)國際投資有限公司). Ms. Wang previously served as the section chief, a deputy director and the director of the finance department of the Guarantor, and a director and the chief financial officer of China Sichuan International Investment Co.,

Ltd. (中國四川國際投資有限公司). Ms. Wang graduated from Southwestern University of Finance and Economics (西南財經大學) in 2012 with a bachelor's degree, and is qualified as a senior economist.

SUPERVISORS

As at the date of this Offering Circular, the board of supervisors of the Guarantor consists of two members, including two employee representative supervisors. The board of supervisors is primarily responsible for reporting to the Chengdu SASAC, inspecting the financial affairs of the Guarantor and supervising the performance of the directors and senior officers of the Guarantor.

Name	Year of Birth	Position
Mr. Liu Rongyou (劉榮友)	1969	Employee representative supervisor
Ms. Hu Hui (胡慧)	1972	Employee representative supervisor

Mr. Liu Rongyou (劉榮友) has been an employee representative supervisor of the Guarantor since December 2013. He previously served as a deputy head of the People's Armed Force Department (人民武裝部) and deputy head of the general office of the Chengdu Municipal Facilities Management Department (Chengdu Urban Roads and Bridges Management Department) (成都市市政設施管理處(成都市城市道路橋樑管理處)), a deputy head and head of the general office of Chengdu Xingdong Investment Co., Ltd. (成都興東投資集團有限公司), the head of the general office and a deputy head of the general department of the Guarantor and the head of the human resources department of the Guarantor. He graduated from Renmin University of China (中國人民大學) in 1997 with a bachelor's degree.

Ms. Hu Hui (胡慧) has been an employee representative supervisor of the Guarantor in December 2013. She currently also serves as an auditor in the audit department of the Guarantor. Ms. Hu previously served as an accountant in Sichuan Shengda Certified Public Accountants Co., Ltd. (四川勝達會計師事務所有限責任公司). She graduated from Southwestern University of Finance and Economics (西南財經大學) in 1997 with a bachelor's degree in accounting and is qualified as an intermediate accountant.

SENIOR MANAGEMENT

The Guarantor currently has one general manager, who is responsible for overseeing the day-to-day management of the Guarantor's business and operations. The general manager is appointed by the board of directors, is accountable to the board of directors, and performs his duties pursuant to the Guarantor's articles of association and the board of directors' authorisation. The following table sets forth the Guarantor's senior management as at the date of this Offering Circular:

Name	Year of Birth	Position
Mr. Zhao Weidong (趙衛東)	1971	General manager
Mr. Zhou Wensheng (周文勝)	1968	Deputy general manager
Ms. Zhang Hang (張航)	1976	Deputy general manager
Ms. Song Yan (宋焰)	1973	Chairman of the labour union
Mr. Zeng Qiang (曾強)	1969	Deputy general manager

Name	Year of Birth	Position
Mr. Li Mingqin (李鳴琴)	1972	Deputy general manager
Mr. Yang Shengdong (楊勝東)	1964	Deputy general manager
Ms. Zhong Li (鐘莉)	1971	Chief accountant

Mr. Zhao Weidong (趙衛東) has been the Guarantor’s general manager since December 2020. For Mr. Zhang’s biography, see “– Directors” above.

Mr. Zhou Wensheng (周文勝) has been a deputy general manager of the Guarantor since July 2015. He previously served as an officer and the head of the finance department of the Longtan Village Government (龍潭鄉政府), a deputy head of the Longtan Village Government, a deputy head of the Unified Construction Office of Chenghua District (成華區統建辦), a member of the Leading Party Group of the Construction Bureau of Chenghua District (成華區建設局), the secretary of the Leading Party Group and the director of the Housing Management Bureau of Chenghua District (成華區房管局), the secretary of the Party Committee and the director of the Dilapidated Building Renovation Office of Chenghua District (成華區危改辦), the secretary of the Leading Party Group and director of the Unified Construction Office of Chenghua District (成華區統建辦), the secretary of Working Committee of Fuqing Road of Chenghua District (成華區府青路街道黨工委), the general manager of Chenghua Urban Construction Investment Co., Ltd. (成華城投公司) and the general manager of Chenghua Shantytown Town Renovation Company (成華棚戶區建設公司). He graduated from Sichuan Provincial Party School of C.P.C. (四川省委黨校) in 2001 with a bachelor’s degree, and is qualified as a certified public accountant.

Ms. Zhang Hang (張航) has been a deputy general manager of the Guarantor since December 2017. Ms. Zhang previously served as a cashier in Chengdu No. 9 Construction Engineering Co., Ltd. (成都市第九建築工程公司) (“**Chengdu No.9 Construction**”), an accountant and a secretary of the Joint Party Committee of the water and electricity branch of Chengdu No.9 Construction, a standing deputy manager and a secretary of the Joint Party Committee of the decoration branch of Chengdu No. 9 Construction, a deputy secretary of the Party Committee, the secretary of the commission for discipline and inspection, the chairman of labour union, the secretary of the Party Committee, a deputy general manager and the general manager of Chengdu No.9 Construction. She graduated from Sichuan University of Science and Engineering (四川輕化工學院) in 2000 with a bachelor’s degree, and is qualified as a senior economist, a senior political worker and a senior engineer.

Ms. Song Yan (宋焰) has been the chairman of the labour union of the Guarantor since December 2017. Ms. Song previously served as a staff member of the Party Committee’s office of Sansheng Village of Jinjiang District in Chengdu (成都市錦江區三聖鄉), a staff member of the information section of the Party Committee’s office of Jinjiang District in Chengdu (成都市錦江區委辦公室), a senior staff member, a principal staff member, a researcher, a deputy director and the director of the Human Resources Division of the General Office of the Chengdu Municipal Party Committee (成都市委辦公廳組織人事處) and the director of the No. 3 General Division of the General Office of Chengdu Municipal Party Committee (成都市委辦公廳綜合三處). She graduated from Chongqing University (重慶大學) in 1996 with a bachelor’s degree.

Mr. Zeng Qiang (曾強) has been a deputy general manager of the Guarantor since December 2017. He previously served as a deputy director of the cost division, a deputy director of the auditing division and the head of the cost supervisory department of Chengdu Civilian Unified Construction Office (成都市民用建築統一建設辦公室), a deputy general manager of Chengdu High Technology Property Co., Ltd. (成都高新置業有限公司), an assistant to the general manager of Chengdu Minjiang Property Development Co., Ltd. (成都市岷江房地產開發總公司), a deputy general manager and a member of the Party Committee

in Chengdu Finance City Investment Development Co., Ltd. (成都金融城投資發展有限責任公司) and the chairman of the board of directors of Chengdu Finance City Property Co., Ltd. (成都金融城置業有限公司). He graduated from Chongqing Architecture and Engineering College (重慶建築工程學院) in 1991 with a bachelor's degree, and is qualified as a senior engineer.

Mr. Li Mingqin (李鳴琴) has been a deputy general manager of the Guarantor since December 2017. Mr. Li previously served as a deputy director of the office of Chengdu Red Flag Glassware Factory (紅旗玻璃廠), the director of the budget and accounting division of the Funan River Management Committee Office (府南河管委辦), a finance manager, an assistant to general manager and the director of general manager's office of Chengdu Funan River Comprehensive Improvement Development Co., Ltd. (成都市府南河綜合整治開發有限公司), a deputy director of the general office of Chengdu Road Traffic Construction Development Co., Ltd. (成都幹道建設開發總公司), the director and a deputy director of the general office of Chengdu Urban Construction Property Co., Ltd. (成都城投地產有限公司), a deputy director of the general manager's office of Chengdu Urban Construction Group Co., Ltd. (成都城投集團), a director of Chengdu Gas Co., Ltd. (成都燃氣公司), and the director of the general office, a director and a deputy general manager of Chengdu Construction Engineering Group Co., Ltd. (成都建築工程集團總公司). He graduated from Sichuan Provincial Party School of C.P.C. (四川省委黨校) in 2002 with a master's degree, and is qualified as a senior engineer.

Mr. Yang Shengdong (楊勝東) has been a deputy general manager of the Guarantor since January 2019. Mr. Yang also serves as the secretary of the Party Committee, a director and the chairman of the board of directors of Chengdu Municipal Small Village Investment Co., Ltd. (成都市小城鎮投資有限公司). He previously served as an assistant engineer, an engineer and the manager of engineering department of Shenzhen Branch of Zhongfang Group Chengdu Property Co., Ltd. (中房集團成都房地產公司), the chief engineer and the standing deputy general manager of Chengdu Residence Property Co., Ltd. (成都人居置業有限公司), a deputy general manager of Chengdu Tianfu New District Construction and Investment Co., Ltd. (成都天府新區建設投資有限公司), a deputy general manager, a director and the chairman of the board of directors of Chengdu Xingcheng Construction Management Co., Ltd. (成都興城建設管理有限公司), a director and the chairman of the board of directors of Chengdu Dongjing Gas Co., Ltd. (成都東景燃氣責任有限公司) and the secretary of the Party Committee, a director, the general manager and the chairman of the board of directors of Chengdu Tianfu Ludao Investment Group Co., Ltd. (成都天府綠道投資集團有限公司). He graduated from Southwest Jiaotong University (西南交通大學) in 1987 with a bachelor's degree, and is qualified as a senior engineer.

Ms. Zhong Li (鐘莉) has been a chief accountant of the Guarantor since December 2017. She previously served as an accountant, a deputy section director, the section director of the finance section of the Chengdu Municipal Service Disposal Plant (成都市污水處理廠), the manager of the finance department and an assistant to the general manager of Chengdu Xingdong Investment Co., Ltd. (成都市興東投資有限公司) and an assistant to the general manager, the director of Auditing and Legal Department, the director of the Finance Department and a member of the discipline and inspection committee of the Guarantor. She graduated from Chengdu University (成都大學) in 2003 with a bachelor's degree, and is qualified as a senior accountant.

CORPORATE GOVERNANCE

The Guarantor has established and implemented an effective corporate governance structure. It has set up nine departments at the headquarter level, namely the (1) Organisation and Human Resources Department; (2) Discipline, Inspection and Supervision Department; (3) General Office of the Board of Directors; (4) General Office of the Group; (5) Finance

Department; (6) Auditing and Legal Department; (7) Investment and Development Department; (8) Land Affairs Department; and (9) Construction and Technology Department. The primary duties of these nine departments are set forth as follows:

Organisation and Human Resources Department is primarily responsible for Party building and organising activities for Party members; preparing and drafting important documents and plans for the Party Committee; organising meeting of Party members and preparing meeting minutes; managing the election of the Party organisations and the development of Party members; recruiting and promoting employees; formulating the Group's human resources strategic plan, salary management plan and staff assessment method; managing the Group's employment contracts and relevant files of its employees; processing the employees' social security affairs and making payment of housing provident funds for its employees; formulating the Group's annuity plan; assisting the compensation and assessment committee of the board of directors of the Guarantor in carrying out its work; managing the employee's international travels; managing the employee's retirement, etc.

Discipline, Inspection and Supervision Department is primarily responsible for inspecting the Guarantor and its subsidiaries in observing the applicable laws and regulations; establishing the penalty system within the Group to prevent the risks relating to corruption; organising educational activities regarding anti-corruption; managing the complaint letters and visits; processing the appeals from the Group's management or Party members; establishing the inspection and supervision team in the Group; handling daily secretarial works, organising conference, maintaining the confidentiality policies and managing seals and files for the Group's discipline and inspection committee, etc.

General Office of the Board of Directors is primarily responsible for carrying out the daily work of the Guarantor's board of directors; communicating with directors and assisting the chairman of the board of directors in dealing with daily works; preparing the documents to be submitted to the board of directors and the shareholder; organising the meetings for the board of directors; formulating the relevant policies of the board of directors; preparing amendments to the Guarantor's articles of association; assisting the strategy and investment committee of the board of directors in formulating the Group's development plan; handling the Group's daily legal affairs; managing the usage of the special funds for the board of directors of the Group; evaluating the resolution and decision made by the board of directors and reporting to the chairman of board of directors regularly, etc.

General Office of the Group is primarily responsible for managing the use of the Group's articles of association and corporate seals; managing the confidential information and the intranet; drafting official documents for the Group; organising the general manager's meetings and preparing meeting notes and resolutions; preparing drafts for all important documents for the Group's senior management personnel; preparing the Group's annual administrative budget and coordinating the Group's internal affairs; maintaining public relationship, cultivating and promote the Group's corporate culture; managing the Group's logistics affairs; establishing the Group's administrative management policies; leading the Group's poverty alleviation work; maintaining and improving the Group's information system and database; formulating the Group's file management policies, etc.

Financial Management Department is primarily responsible for formulating the Group's financing plan; managing the Group's financing and guarantee activities; managing the Group's funds; preparing and managing annual budget of the Guarantor; preparing the final financial accounts for the Group's completed projects; managing daily financial accounts and preparing financial statements; participating in internal control and risk management; participating in researches and operation of the Group's material investment or financing plans, etc.

Auditing and Legal Department is primarily responsible for performing audit of the Group under the supervision of state-owned assets management authorities, national audit

authorities and the auditing committee of the board of directors of the Guarantor; assisting the auditing committee of the board of directors to reviewing the Group's audit policies, financial information and internal control policies; reviewing and evaluating the suitability and effectiveness of the internal control systems of the Guarantor and its subsidiaries; formulating the internal auditing policies and management guidelines; communicating with external auditors regarding engagement and cooperation; representing the Group in various arbitration and litigation cases; preparing annual auditing work plan and submit to the auditing committee of the board of directors of the Guarantor; performing audit of the Group's procurement, bidding, investment, land demolition and other material activities; performing audit of the Group's annual salary payment; guiding and evaluating the internal auditing work of the Guarantor's subsidiaries, etc.

Investment and Development Department is primarily responsible for preparing the Group's annual investment and development plan; formulating the Group's domestic investment management policies, investment project management policies and offshore business development policies; attracting investments and managing the external investment and cooperation; proposing investment projects and conducting relevant review and filing; managing the Guarantor's indirect subsidiaries; supervising and inspecting the overseas projects and operations; managing the listing matters of the Guarantor's subsidiaries; assisting the strategy and investment committee of the board of directors, etc.

Land Affairs Department is primarily responsible for conducting researches on the national land policies on land acquisition, demolition and resettlement, preparing summaries of relevant regulations and policies for the Group; managing the affordable housing constructed by the Group, etc.

Construction and Technology Department is primarily responsible for formulating the Group's safety production management system and inspection policies; establishing the Group's annual safety production goals and supervising the Guarantor and its subsidiaries' status in achieving such goals; implementing the safety production policies and inspecting the construction sites; organising and carrying out safety education and training; cooperating with government to implement the government's urbanisation plans; participating in the analysis of major investment projects of the Group; developing and introducing new technologies; managing the construction of the Group's projects, etc.

PRC REGULATION

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

THE PRC LEGAL SYSTEM

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

The National People's Congress of the PRC, or the NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws of the PRC. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

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

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

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

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws(《全國人民代表大會常務委員會關於加強法律解釋工作的決議》)passed in June 1981, the Supreme People's Court, the State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

THE PRC JUDICIAL SYSTEM

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

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

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

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

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

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

REGULATIONS RELATING TO CONSTRUCTION BUSINESS

Qualifications

Administration of Qualifications

Pursuant to the Construction Law of the PRC (《中華人民共和國建築法》) and other relevant laws and regulations, an enterprise engaged in construction, survey, design and

project supervision activities shall obtain different classes of qualifications, which have varying requirements for registered capital, specialised technical personnel, technical equipment in their possession and achievements in construction projects completed and may only be permitted to contract for those construction works that fall within the scope permitted by its qualification class. According to Article 23 of the Provisions on the Administration of the Qualifications of Construction Enterprises (《建築業企業資質管理規定》), the relevant government authorities shall not grant the Premium Class Certificate to applicants who have had two or more general accidents in the past year.

Specialised technical personnel engaging in building operations shall obtain corresponding qualification certificates for operations in accordance with PRC law and engage in building operations within the scope permitted by the qualification certificates.

Qualifications for Construction Contracting

The Construction Law of the PRC, Provisions on the Administration of the Qualifications of Construction Enterprises, Qualification Standards of Construction Enterprises, issued on 6 November 2014 and effective on 1 January 2015, the Premium Class Standards, the Implementing Measures of Premium Class Qualification Standards for General Construction Contractors, issued and effective on 30 November 2010, the Construction Enterprise Qualification Management Regulations and the Implementation of Quality Standards, issued on 31 January 2015 and effective on 1 March 2015, the Qualification Standards of Construction Labour Subcontracting Enterprises, issued and effective on 8 March 2001, together with other regulations stipulate the application requirements and the scope of contracting of construction enterprises.

Construction enterprises shall comply with the aforesaid regulations and apply for relevant qualifications accordingly to engage in the construction contracting business. Qualifications for construction enterprises are categorised into three groups, namely, general construction contracting, specialised subcontracting and labour subcontracting. The general construction contracting qualification is divided into four classes, namely, the premium class, the first class, the second class and the third class. The specialised subcontracting qualification is divided into three classes, namely, the first class, the second class and the third class.

The Qualification Standards of Construction Enterprises sets forth detailed provisions on the requirements for each type and class of qualification mentioned above and the premium class qualification standards are prescribed separately in the Premium Class Standards.

Enterprises holding the Premium Class Certificate may undertake all grades of general contracting for construction and design and carry out the business of general contracting for engineering and project management in accordance with the scope of the qualification.

Enterprises holding the qualification for general construction contracting work may undertake construction project management services in accordance with the scope of the qualification. Such enterprises may undertake all aspects of the construction works themselves, or subcontract non-essential construction works to subcontracting enterprises. Such enterprises may also hire labour subcontracting agents to carry out the construction work. Construction work should be subcontracted to subcontracting enterprises with relevant qualifications, and labour work should be subcontracted to labour subcontracting agents with relevant qualifications.

Enterprises holding subcontracting certificates may undertake projects subcontracted from a general construction contractor in compliance with relevant regulations. An enterprise

that has obtained subcontracting certifications should undertake the entire subcontracting project itself, but a subcontracting enterprise may subcontract any labour work to labour subcontracting agents with relevant qualifications in accordance with relevant PRC laws and regulations.

If the construction enterprise needs to continue to use qualification certificates after the period of validity expires, an application for renewal shall be made within three months before the expiration.

Qualifications for Construction Design and Survey

Pursuant to the Regulations on the Administration of Survey and Design of Construction Projects (《建設工程勘察設計管理條例》), issued on 25 September 2000 and amended and newly effective on 7 October 2017, and the Provisions on the Administration of Qualifications for Survey and Design of Construction Projects, issued on 26 June 2007 and amended and newly amended on 22 December 2018, the PRC government has implemented a system of qualification administration for enterprises engaged in construction survey and design. Enterprises engaged in construction survey and design shall apply for certifications based on a number of criteria, including their registered capital, professional and technical such as personnel, technical equipment and achievements of survey and design before they undertake construction survey and design activities. According to Article 23 of the Provisions on the Administration of the Qualifications of Construction Enterprises, the relevant government authorities shall not grant the Engineering Design Certificate to applicants who have had two or more general accidents in the past year.

Construction design certifications are classified into four types and four grades. The four types are comprehensive construction design certifications, industry-specific construction design certifications, specialty construction design certifications, and specific construction design certifications. The four grades are Grades A, B, C and D. Grade A is the only level for the comprehensive construction design certification. Industry-specific construction design certifications, specialty construction design certifications and specific construction design certifications are generally categorised into Grade A and Grade B. Depending on the nature and technical characteristics of the relevant construction engineering projects, there may be an additional Grade C category for certain industry-specific and specialty construction design certifications, and an additional Grade C and D category for specific construction design certifications.

The scope of work that enterprises are allowed to provide depends on the specific type and grade of their certificates:

- (a) An enterprise with the Grade A comprehensive construction design certificate may provide construction design services for all types of construction projects;
- (b) An enterprise with the industry-specific construction design certificate may provide construction design services within the scope of the qualifications grade and related specialty and specific construction design services (other than those requiring integrated design and construction certifications) in the relevant industry and of the same grade;
- (c) An enterprise with the specialty construction design certificate may provide construction design services within the relevant specialty of a corresponding qualifications grade and related specific construction design business (other than those requiring integrated design and construction certifications) of the same grade; and
- (d) An enterprise with the specific construction design certificate may provide specific construction design services of a corresponding qualifications grade.

The Qualification Standards of Construction Design, issued and effective on 29 March 2007, sets forth detailed provisions on application requirements of each type and grade mentioned above.

Pursuant to the Provisions on the Administration of Qualifications for Survey and Design of Construction Projects, an enterprise shall submit an application to the original licensing department for renewal of registration within 60 days before the expiration date. The renewal process is based on various factors, including whether the company has complied with relevant laws, regulations and technical standards during the validity period, has poor credit history, and has met the standard for registered capital, professional and technical staff. The period of validity for the renewal qualification shall be five years.

Bids

According to the Construction Law of the PRC and the Tender and Bidding Law of the PRC (《中華人民共和國招標投標法》), issued on 30 August 1999, effective on 1 January 2000 and amended on 27 December 2017, certain large-scale infrastructure and public works projects relating to social and public welfare and safety within the PRC, including the survey, design, engineering and supervision of such projects, as well as the procurement of major equipment and materials regarding engineering and construction, shall be subject to bidding. The bid winner may, according to the provisions of the contract or the consent of the project owner, subcontract non-vital parts of the project.

According to the Administrative Measures of Tender and Bidding for Construction of Buildings and Public Infrastructures, issued and effective on 1 June 2001 and amended on 28 September 2018, no company or individual is permitted to evade the bidding process by splitting a project for which a bid must be invited according to law or by any other means. Invitations for survey and design bidding for construction projects are categorised as public tender and tender by invitation. A bid inviter may, in light of the various characteristics of a construction engineering project, conduct an overall bidding process for exploration and design or conduct separate processes in stages as required without prejudicing the integrity and continuity of the project. A bid may not be invited if approved by the competent authority for the exploration, design of construction projects requiring patented or special technologies or having special requirements on the artistic design of the construction.

The Provisions on Tender and Bidding of Survey and Design of Construction Project, issued on 12 June 2003, amended on 11 March 2013 and newly effective on 1 May 2013, the Provisions on Tender and Bidding of Construction Projects, issued on 8 March 2003, amended on 11 March 2013 and newly effective on 1 May 2013, the Regulation on the Implementation of the Tender and Bidding Law of the PRC, issued on 20 December 2011 and effective on 1 February 2012, and relevant specific provisions specify the requirements and procedures for bidding.

Construction Safety

The Work Safety Law of the PRC, issued on 29 June 2002, last amended on 31 August 2014 and newly effective on 1 December 2014, provides that a production enterprise must meet the national legal standards or industry standards on work safety and provide work conditions set out in relevant laws, administrative rules and national or industry standards. An entity that cannot provide required work conditions may not engage in production activities. The designers and the design firms for the safety facilities of a construction project are liable for their designs. A production enterprise must present prominent warning signs at relevant dangerous operation sites, facilities and equipment.

According to the Regulations on the Administration of Work Safety of Construction Projects, issued on 24 November 2003 and effective on 1 February 2004, an enterprise

responsible for the work safety of a construction project shall assume the liabilities of the work safety of the construction project. In the case of a project covered by a main contract, the general contractor will be liable for the general work safety of the construction site and assume joint and several liabilities for the sub-contracted portions of the project together with the sub-contractors. A construction enterprise must purchase accidental injury insurance for the workers engaged in dangerous works on the construction site for injuries suffered in work-related accidents, and the insurance premium will be paid by the construction entity. In the case of a construction work covered by a main contract, the insurance premium will be paid by the general contractor. The period covered by the insurance policies should commence on the start date of the construction project and terminate on the date of the inspection and acceptance upon the completion of the project.

According to the Regulations on the Administration of Work Safety of Construction Projects, the competent construction administrations under the PRC government at the county level or above shall carry out supervision and administration of work safety of the construction projects within the relevant administrative areas.

Work Safety Accidents Regulations

Pursuant to the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (the “**Accident Regulation**”) promulgated by the State Council on 9 April 2007 and effective on 1 June 2007, work safety accidents that cause personal injuries or deaths or direct economic losses shall be generally categorised as follows:

- (a) Particularly significant accidents shall refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million;
- (b) Significant accidents shall refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million;
- (c) Relatively significant accidents shall refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and
- (d) General accidents shall refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million.

Work Safety Permits

Pursuant to the Work Safety Law of the PRC, the Regulation on the Work Safety Permits, issued on 13 January 2004, last amended on 29 July 2014 and newly effective on 1 December 2014, the Regulation on the Administration of Work Safety of Construction Projects, and the Provisions on the Administration of Construction Enterprises’ Work Safety Permits, issued on 5 July 2004 and amended and newly effective on 22 January 2015, and other relevant laws and regulations, constructing enterprises shall be subject to the work safety permit system implemented by the PRC government and apply for a Work Safety Permit. Before undertaking any construction activity, a construction enterprise shall file an application to the competent department of construction at or above the provincial level for obtaining a work safety license. Without work safety permits, construction enterprises shall not engage in construction activities.

The competent department of construction shall, when making examination and issuing a construction license, examine whether the construction enterprise has obtained a work safety license. If the enterprise failed to obtain a work safety license, it shall not be issued a construction license. If a construction enterprise suffers any major safety accidents, its work safety permit will be suspended temporarily and it shall make rectification within a prescribed time.

Accident Prevention

In order to ensure construction safety and prevent accidents, the MOC introduced the Provisions on the Falling Substance Accident Prevention of the Construction Projects, issued and effective on 17 April 2003, where it sets out strict rules on staff and equipment requirements for height operation under a strict liability regime.

Pursuant to the Provisions on Collapse Prevention of Construction Projects, issued and effective on 17 April 2003, in order to prevent accidents and ensure construction safety, the unit engaged in engineering construction, reconstruction, expansion and other activities is required to prepare the construction plan, which should be strictly based on the geological conditions, construction technologies, working conditions and the surrounding environment.

Safety Training and Labour Protection

Pursuant to the Interim Measures of Construction Workers Using Personal Protective Equipment, issued and effective on 5 November 2007, all construction workers must receive regular safety training and adhere to the principle of training first, before carrying out their work. It also provides strict rules on the construction site and the use and management of the personal safety equipment.

Quality Control

The Administrative Regulations on the Quality Management of Construction Engineering provides that enterprises that develop a project or undertake the survey, design, construction or supervision work of the project are responsible for the quality control of the project. All construction activities must be conducted in strict compliance with basic construction procedures and in the order of survey, design and then construction. The quality warranty system shall be applied to construction projects. If any quality issues of the construction project arise within the warranty period, the construction enterprise shall perform the warranty obligations and compensate for any losses incurred thereof. The PRC government implemented a quality supervision and administration system for construction projects. The relevant construction administrative authorities of the State Council are responsible for the overall supervision and administration of the quality of construction projects in the PRC. The competent authorities of the State Council, such as the Ministry of Railways, the Ministry of Transport and the Ministry of Water Resources shall be responsible for the supervision and administration of the quality of professional construction projects in the PRC. A survey enterprise shall conduct surveying in accordance with the relevant PRC laws and regulations regarding the quality of construction projects, the mandatory standards for project construction, and the relevant surveying contract and shall be responsible for the quality of its survey.

Project Price

The Provisional Regulations on Construction Project management for Contracting Price, issued and effective on 6 January 1999, the Pricing Management Approach of Contracting of Construction Projects, issued on 11 December 2013 and effective on 1 February 2014, and the Interim Measures for Settling Construction Price, issued and effective

on 20 October 2004, sets forth the construction cost, pricing, valuation methods, the time of payment and dispute resolution methods of the construction projects.

Inspection and Acceptance of Construction Projects

Pursuant to the Rules of As-built Inspection of Housing, Building and Municipal Infrastructure Projects, issued and effective on 2 December 2013, after completing the project, an inspection team comprising design, survey, construction, supervision units should be established. Each unit is required to report the compliance status of engineering contracts, the implementation of laws, regulations and mandatory standards for construction in various aspects of the construction.

Pursuant to the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects, issued and effective on 19 October 2009, the filing of the as-built inspection of various housing, building and municipal infrastructure projects, including new building, expansion and rebuilding projects, within the territory of the PRC shall be governed by the measures. A construction entity shall, in accordance with the measures, go through the filing formalities with the construction administrative department of the people's government at or above the county level at the place where the project is located within 15 days as of the date on which the as-built inspection of the project is passed.

Administration of Environmental Protection of Construction Projects

A construction enterprise shall adopt measures to control environmental pollution and damage caused by dust, waste gas, sewage, solid waste, noise and vibration at the construction site in accordance with the laws and regulations on environmental protection and work safety. The PRC government implemented an environmental impact evaluation system for construction projects.

Pursuant to the Environmental Protection Law of the PRC, issued on 26 December 1989, last amended on 24 April 2014 and newly effective on 1 January 2015, units that cause environmental pollution and other public nuisances shall adopt effective measures to avoid and control the pollution and damage caused to the environment. Pollution prevention facilities in construction projects shall be designed, built and put into operation together with the main part of the project. Enterprises and institutions discharging pollutants shall report to and register with the relevant authorities in accordance with the provisions of the environmental protection authority under the State Council. According to the currently effective Environmental Protection Law of the PRC, the administrative authorities of environmental protection will record wrongful acts in the social credit history and timely disclose information. In addition, a company that breaches relevant rules to discharge pollutants shall be fined and ordered to take correction measures. If the company refuses, the competent authority may continuously impose fine for each day the violation remains uncorrected based on the original fine from the next day after making the decision.

Pursuant to the Environmental Impact Assessment Law of the PRC, issued on 28 October 2002 and effective on 1 September 2003 and amended on 29 December 2018, the PRC government sets up a system to appraise the environmental impact of construction projects, classify and administer the environmental impact appraisals in accordance with the degree of environmental impact.

Pursuant to the Measures on the Inspection and Acceptance of the Environmental Protection Work upon Completion of Construction Projects, issued on 27 December 2001 and effective on 1 February 2002, if a construction unit fails to or delays to apply for the environmental inspection and acceptance after the construction project has been put into

production, the competent environmental department shall have the right to order it to conduct the inspection procedures within a certain period of time. If a construction unit refuses, the competent environmental department has the right to suspend its production and impose a fine within RMB50,000.

Regulations relating to Public-Private Partnership (PPP)

The principal rules of PPP projects include the Guiding Opinion on Carrying Out the Public-Private Partnership of the NDRC, issued and effective on 2 December 2014, the Notice of the Ministry of Finance on Implementing Demonstration Project of the Public-Private Partnership, issued and effective on 30 November 2014 and the Notice on Extending the Models of the Public-Private Partnership, issued and effective on 23 September 2014.

As for the risk allocation between the public entity and the private entity, it should be in accordance with the principle of optimising risk allocation and balancing the risk-return and risk control. It should also consider the risk management capability of the government, the return mechanisms of projects and market risk management capability. Generally, the private entity is liable for commercial risks of project-designing, project-building, financial affairs and O&M (Operation and Maintenance); the public entity is liable for risks of laws, policies and minimum requirements; the force majeure risk should be reasonably distributed to the public entity and the private entity.

Modes of PPP project operation include Operations and Maintenance (O&M), Management Contract (MC), Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Transfer-Operate-Transfer (TOT), and Rehabilitate-Operate-Transfer (ROT). Regulatory approaches of PPP include performance management, administrative supervision and public supervision.

REGULATIONS RELATING TO REAL ESTATE DEVELOPMENT

Establishment of a Property Development Enterprise

According to the Law of the PRC on the Administration of Urban Property (《中華人民共和國城市房地產管理法》) (the “**Urban Property Law**”) promulgated by the Standing Committee of the National People’s Congress (the “**SCNPC**”) on 5 July 1994 and last amended on 26 August 2019, a property development enterprise is defined as an enterprise which engages in the development and sale of property for the purpose of making profits. Under the Regulations on Administration of Development of Urban Property (《城市房地產開發經營管理條例》) (the “**Development Regulations**”) promulgated by the State Council on 20 July 1998 and revised in January 2011, March 2018, March 2019 and March 2020, an enterprise which is to engage in development of property shall satisfy the following requirements: (1) its minimum registered capital shall be RMB1 million; and (2) it shall employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold relevant qualification certificates. The Development Regulations also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the amount of registered capital of, and the qualifications of professionals retained by, property development enterprises.

Pursuant to the Development Regulations, a developer who aims to establish a property development enterprise should apply for registration with the Administration for Industry and Commerce. The property development enterprise must also report its establishment to the property development authority in the location of the registration authority, within 30 days upon the receipt of its business license.

On 25 May 2009, the State Council issued the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (《國務院關於調整固定資產投資項目資金

比例的通知》) and lowered the minimum capital requirement for projects of affordable residential housing and regular commodity residential houses from 35 per cent. to 20 per cent. and, for other property projects, to 30 per cent. Subsequently, on 9 September 2015, the State Council promulgated the Notice on Adjusting and Perfecting the Minimum Capital System for Fixed Assets Investment (《國務院關於調整和完善固定資產投資項目資本金製度的通知》), kept the minimum capital requirement for projects of affordable residential housing and regular commodity residential housing the same as 20% and, for other property projects, lowered from 30 per cent. to 25 per cent.

Qualifications of a Property Development Enterprise

Classifications for the qualifications of property development enterprises

Under the Development Regulations, a property development enterprise must report its establishment to the governing property development authorities in the location of the registration authority within 30 days of receiving its Business License. The property development authorities shall examine applications for classification of a property development enterprise's qualification by considering its assets, professional personnel and industrial achievements. A property development enterprise shall only engage in property development projects that come within the scope of its approved qualification.

Under the Provisions on the Administration of Qualifications of Property Developers (《房地產開發企業資質管理規定》) (the “**Provisions on Administration of Qualifications**”) promulgated by the MOC and implemented on 29 March 2000 and amended in May 2015 and December 2018, a property development enterprise shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of property without a qualification classification certificate for property development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a property development enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification shall be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to both preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established property development enterprise, after it reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days. The Provisional Qualification Certificate shall be effective for one year from its issuance and, depending on the actual business situation of the enterprise, may be extended by the property development authority for a period of no longer than two years. A property development enterprise shall apply with the property development authority for qualification classification within one month of expiry of the Provisional Qualification Certificate.

The business scope of a property development enterprise

Under the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the property within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 property development enterprise may undertake a property development projects throughout the country without any limit on

the scale of the project. A property development enterprise of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scopes of business shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

The annual inspection of a property development enterprise's qualification

Pursuant to the Provisions on Administration of Qualifications, the qualification of a property development enterprise shall be inspected annually. The construction authority under the State Council or its authorised institution is responsible for the annual inspection of a class 1 property development enterprise's qualification. Procedures for annual qualification inspection for developers with class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

Development of a Property Project

Land for property development

On 12 April 1988, the SCNPC amended the Constitution, permitting the legal transfer of land use right. On 29 December 1988, the SCNPC amended the "Land Administration Law of the PRC" (《中華人民共和國土地管理法》), permitting the legal transfer of land use right.

Under the Provisional Regulations of the PRC on the 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**") promulgated by the State Council on 19 May 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay an assignment price to the State 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 the Grant and Transfer and the Urban Property Law, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the assignment of land use rights. The land user shall pay the assignment price as provided by the assignment contract. After full payment of the assignment price, 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 Development Regulations provide that the land use right for a land parcel intended for property 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 Rules Regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有土地使用權規定》) promulgated by Ministry of Land and Resources ("**MLR**") on 9 May 2002, implemented on 1 July 2002, and as amended under the new name of the Rules Regarding the Grant of State-Owned Construction Land Use Rights by way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) which took effect from 1 November 2007, land for operational purposes such as industry (including warehouse land, but excluding mining land), business, tourism, entertainment and commodity residential housing and a land parcel with two or more potential users shall be granted by means of tender, public auction or listing-for-sale. A tender of land use rights means the relevant land administration authority (the "**assignor**") issues a tender announcement inviting individuals, legal persons or other organisations (whether specified or otherwise) to participate in a tender for the land use rights of a particular parcel of land. The land user will be determined according to the results of the tenders. An auction for land use rights is where the assignor issues an auction announcement,

and the bidders can at specified time and location openly bid for a parcel of land. A listing-for-sale is where the assignor issues a listing-for-sale announcement specifying the land grant conditions and inviting bidders to list their payment applications at a specified land exchange within a specified period.

On 13 May 2011, the MLR promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tendering, Auction and Listing-for-Sale (《國土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 stipulations to improve policies on the supply of land through public tendering, auction and listing-for-sale, and strengthen the active role of land transfer policy in the control of the real estate market.

According to the MLR promulgated 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》) promulgated by MLR on 11 June 2003 and becoming effective on 1 August 2003, if there is only one entity interested in using the land, the land use rights (excluding land use rights for business purposes including commercial, tourism, entertainment and residential commodity 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 tender, auction or listing-for-sale.

According to the Circular on the issuance of the “Restricted Land Project Catalog (2012 Edition)” and the “Prohibited Land Project Catalog (2012 Edition)” (關於印發《限制用地項目目錄(2012年本)》和《禁止用地項目目錄》(2012年本)的通知) promulgated by the MLR and the NDRC on 23 May 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities, and the plot ratio is not lower than 1.0.

On 28 September 2007, MLR promulgated the Rules Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale (《招標拍賣掛牌出讓國有建設用地使用權規定》) which came into force on 1 November 2007. The rules stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the assignment of State-owned land use rights by competitive bidding, public auction or listing for sale. The rules clearly state that the grant of land for industrial use must also be by means of competitive bidding, public auction or listing for sale.

The Measures on the Administration of Reserved Land (《土地儲備管理辦法》), promulgated by MOF, PBOC, CBRC and MLR on 19 November 2007 and as amended 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. Moreover, the measures make it clear that land must be reserved in accordance with corresponding land programs or plans, and that in determining land bank priority must be given to land included in state inventories which is unused, unoccupied or underutilised.

In November 2009, the MOF, MLR, PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the “Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant” (Cai Zong [2009] No. 74) (《關於進一步加強土地出讓收支管理的通知》(財綜[2009]74號)), which raised the minimum down payment to 50 per cent. of the total land premium and required the land premium to be fully paid within one year of signing a land grant contract, subject to limited exceptions.

In March 2010, MLR promulgated the Notification on Emphasizing Relevant Issues Relating to the Supply and Supervision of Land for Real Estate Development (《國土資源部關於加強房地產用地供應和監管有關問題的通知》) (the “**Notification**”) which adopted measures to improve the regulation of land for real estate development. These include measures to: improve the preparation and implementation of land supply plans; guarantee the supply of

land for subsidised community housing developments; improve the regime of public tender, auction and listing-for-sale of land use rights; enhance the supervision on the use of land; disclose to the public information on the supply and assignment of land and the status of the construction project on the land; and conduct special inspections on outstanding problems related to land use.

Pursuant to the Notification, the administrative authorities for land and resources of cities and counties shall establish a regime for developers to report the commencement and completion of construction projects. Under such regime, the developer shall report in writing to the relevant administrative authority for land and resources at the commencement and completion of the construction project. The commencement and completion date of construction set forth in the agreements may be postponed by reporting the reasons for the delay to the respective administrative authority for land and resources no later than 15 days prior to such date. A developer who fails to report accordingly shall be announced to the public and prohibited from participating in any new land grant transactions for a minimum of one year. Additionally, land used for developing subsidised community housing and small-to-medium-size self-use residential commodity housing, as well as for the redevelopment of run-down and substandard housing shall account for not less than 70 per cent. of the total land supply for residential property development. The lowest land premium for the assignment of land use rights shall not be lower than 70 per cent. of the benchmark price for land of the same grade in the same locality, and the deposit for the participation as a bidder for the land shall not be lower than 20 per cent. of the minimum land premium. The contract for the assignment of land shall be executed in writing within ten days after the deal is reached, the down payment of the land assignment price, which shall not be less than 50% of the full land assignment price, shall be paid within one month after the contract for the assignment of land is executed, and the land assignment price shall be paid in full no later than one year after the contract for the assignment of land is executed. A property development enterprise that defaults on the payment of the land premium, holds idle land, hoards or speculates in land, develops property on the land exceeding its actual development capacity or defaults on the performance of the contract for the assignment of land shall be banned from participating in any transactions for the assignment of land for a specified period.

On 21 September 2010, MLR and MOHURD jointly released the Circular on Further Strengthening Administration and Control over Land Utilisation and Construction of Real Estate (《關於進一步加強房地產用地和建設管理調控的通知》) to tighten the examination of qualifications of land bidders. The circular specifies that when a bidder takes part in the bidding, auction or listing of the granted land, the competent department of land and resources shall, in addition to requiring effective certificate of identity and payment of the tender (bid) deposit, require an undertaking letter stating that the tender (bid) deposit is not sourced from any bank loan, shareholders' borrowing, on-lending or fund-raising as well as a credit certificate issued by a commercial financial institution. Where a bidder is found to have violated the laws, regulations or contracts as follows, the competent department of land and resources shall forbid the bidder and his controlling shareholders from participating in land bidding activities: (1) having land idle for more than one year due to its own reasons; (2) illegal transfer of land use rights; (3) noncompliance with the land development requirements specified in a land grant contract; and (4) crimes such as taking land by forging official documents and illegal land speculation. Besides, the grant of two or more bundled land parcels or uncleared lands is prohibited.

The National People's Congress adopted the PRC Property Rights Law (《中華人民共和國物權法》) in March 2007, which became effective on 1 October 2007. According to the PRC Property Rights Law, when the term of the rights to use construction land for residential (but not other) property purposes expires, it will be renewed automatically. The PRC Property Rights Law further widens the scope of assets that can be mortgaged, allowing for any asset

associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

On 1 April 2017, the MLR and the MOHURD jointly issued the “Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply” (Jian Fang [2017] No. 80) (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》(建房[2017]80號)), which requires that local authorities should adopt the examination system of land acquisition capital to insure the property developers acquiring land with internal funds and the property developers should be disqualified for any land bid backed by capital from questionable sources and prohibited from bidding for land within stipulated time limit.

Construction of a property project

According to the Measures for Administration of Construction Permit for Construction Projects (《建築工程施工許可管理辦法》) promulgated by MOHURD on 25 June 2014, becoming effective from 25 October 2014 and revised on 19 September 2018, a developer engaging in the construction and decoration of various kinds of houses and buildings as well as the ancillary facilities shall apply for a construction permit from the competent construction administration authorities at county level or above where the construction is located before the commencement of the construction.

The Notice Regarding the Strengthening and Regulation of the Management of New Projects (《關於加強和規範新開工項目管理的通知》), promulgated by the General Office of the State Council on 17 November 2007, strictly regulates the conditions for commencing investment projects, establishes a mechanism for the coordination of government departments regarding new projects, and strengthens the statistics and information management while intensifying the supervision and inspection of new projects.

According to the Notice on Further Enhancing the Building Permits Administration for Construction Projects (《關於進一步加強建築工程施工許可管理工作的通知》) issued by MOHURD on 4 September 2014 and revised on 30 September 2018, when applying for the construction permit, a construction entity shall provide the commitment letter for the implementation of construction funds and shall not provide false promises.

Completion of a property project

According to the Development Regulations and the Regulation on the Quality Management of Construction Projects (《建設工程質量管理條例》) promulgated by State Council on 30 January 2000 and amended on 23 April 2019, the Interim Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理暫行辦法》) promulgated by the MOC in April 2000 and as amended and issued with the new name the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) on 19 October 2009, and the Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure (《房屋建築工程和市政基礎設施工程竣工驗收規定》) promulgated by the MOC on 2 December 2013, after the completion of construction of a project, the property must undergo inspection and receive relevant approvals from local authorities including planning bureaus and environmental protection authorities. Thereafter, the property development enterprise shall apply for at the property development authority under the people’s government at the county level or above for a certificate of completion. Once the examination has been completed, a Record of Acceptance Examination upon Project Completion (《項目竣工驗收報告》) will be issued.

Transfer and Sale of Property

Transfer of property

According to the Urban Property Law and the “Provisions on Administration of Transfer of Urban Property” (《城市房地產轉讓管理規定》) promulgated by the MOC on 7 August 1995 and as amended on 15 August 2001, a property owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring the title to a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by assignment, the real property may only be transferred on the condition that: a) the assignment price has been paid in full for the assignment of the land use rights as provided by the contract for the assignment of the land and a land use rights certificate has been obtained; b) development has been carried out according to the contract for the assignment of the land and, in the case of a project in which buildings are being developed, development representing more than 25 per cent. of the total investment has been completed.

If the land use rights were originally obtained by assignment, the term of the land use rights after transfer of the property shall be the remaining portion of the original term provided by the contract for the assignment of the land after deducting the time that has been used by the former land user (s). In the event the transferee intends to change the use of the land provided in the original contract for the assignment of the land, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the assignment contract or a new contract for the assignment of the land shall be signed in order to, amongst other matters, adjust the land use rights assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Sale of commodity buildings

Under the “Regulatory Measures on the Sale of Commodity Buildings” (《商品房銷售管理辦法》) promulgated by the MOC on 4 April 2001 and implemented on 1 June 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

On 16 March 2011, the NDRC promulgated the “Provisions on Sales of Commodity Properties at Clearly Marked Price” (《商品房銷售明碼標價規定》) and it became effective on 1 May 2011. According to the provisions, any real estate developer or real estate agency (“**real estate operators**”) is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate to the public the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties.

Permit for pre-sale of commodity buildings

According to the Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings (《城市商品房預售管理辦法》) (the “**Pre-sale Measures**”)

promulgated by the MOC on 15 November 1994 and as amended on 15 August 2001 and 20 July 2004, the pre-sale of commodity buildings shall be subject to a licensing system, and a property development enterprise intending to sell a commodity building before its completion shall register with the property development authority of the relevant city or county to obtain a pre-sale permit. A commodity building may be sold before completion only if: a) the assignment price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and construction works commencement permit have been obtained; c) the funds invested in the development of the commodity buildings put to pre-sale represent 25 per cent. or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and d) the pre-sale has been registered and a pre-sale permit has been obtained.

On 13 April 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses (《關於進一步加強房地產市場監管完善商品住房預售制度的有關問題的通知》) (the “**Notice**”). Pursuant to the Notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developers are not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the Notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

Supervision of pre-sale income of commodity buildings

According to the Pre-sale Measures, the income of a property development enterprise from the pre-sale of commodity buildings must be used for the construction of the relevant project. The specific measures for the supervision of the income from the pre-sale of commodity buildings shall be formulated by the relevant property administration authorities.

Conditions of the sale of post-completion commodity buildings

Under the Regulatory Measures on the Sale of Commodity Buildings (《商品房銷售管理辦法》) promulgated by Ministry of Construction on 4 April 2001 which became effective on 1 June 2001, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the property development enterprise shall have a business license and a qualification certificate of a property development enterprise; (b) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (c) the enterprise shall have the construction works planning permit and construction works commencement permit; (d) the building shall have been completed, inspected and accepted as qualified; (e) the relocation of the original residents shall have been completed; (f) the provision of essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other essential utilities and public facilities shall have been made ready for use, or a date for their construction and delivery shall have been specified; (g) the property management plan shall have been completed.

Before the post-completion sale of a commodity building, a property development enterprise shall submit the property development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority.

According to the Regulations on Compulsory Acquisition of and Compensation of Buildings on State-owned Land (《國有土地上房屋徵收與補償條例》) promulgated and implemented on 21 January 2011 by the State Council, the local governments at the city and county levels are responsible for compulsory acquisitions of building and compensation within their administrative regions.

Leases of buildings

The Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》) (the “**Leasing Measures**”), promulgated by the MOHURD on 1 December 2010, stipulate that the parties to a housing tenancy shall go through requisite housing tenancy registration formalities with the competent real estate authorities of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the housing tenancy contract is signed. The relevant real estate authorities are authorised to impose a fine below RMB1,000 on individuals, and a fine from RMB1,000 to RMB10,000 on other violators who are not natural persons and fail to comply with the regulations within the specified time limit. The Leasing Measures came into effect as of 1 February 2011 and replaced the Measures for Administration of Leases of Property in Urban Areas (《城市房屋租賃管理辦法》).

Environmental Protection

Pursuant to the requirements of relevant laws and regulations such as the Appraisal Law for the Impact on the Environment of the PRC (《中華人民共和國環境影響評價法》) implemented by the SCNPC in September 2003, and amended on 2 July 2016 and 29 December 2018, which became effective on the same day and the Regulations Governing Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) implemented by the State Council in November 1998 and amended on 16 July 2017, which came into effect on 1 October 2017, property development enterprises and construction enterprises must carry out an appraisal of the impact the construction project will have on the environment. The relevant project shall not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the developer should also comply with the appraisal documents relating to the impact on the environment and implement the environmental protection measures set out in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the general construction. Upon completion of the project, the developer should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted may go into operation or be available for use.

Pursuant to the Appraisal Law for the Impact on the Environment of the PRC (《中華人民共和國環境影響評價法》), the Administrative Regulations for the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) and the Administrative Measures for the Examination and Approval of Environmental Protection Facilities of Construction Projects (《建設項目竣工環境保護驗收管理辦法》) promulgated by Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部) on 27 December 2001 which took effect from 1 February 2002 and was recently revised on 20 November 2017, enterprises are required to engage institutions with corresponding environmental impact assessment qualifications to provide environmental impact assessment services and reports for submission to the competent environmental protection administrative authorities. Construction work may only be commenced after such an assessment is submitted to and approved by the environmental protection administrative authority. The construction of pollution prevention and control facilities in a construction project must be designed, constructed and commenced simultaneously with the main facility. Provisions on the Graded Examination and Approval of Environmental Impact Assessment Documents of Construction Projects (《建設項目環境影響評價文件分級審批規定》) promulgated by the Ministry of Environmental Protection of the PRC, which took effect from 1 March 2009 further classified the construction projects whose environmental impact assessment shall be submitted to and approved by the Ministry of Environment and its local counterparts at provincial level. For those approvals made by lower environmental authorities in respect of construction projects that should have been submitted for approval to a higher competent environmental authority, the higher competent authority may revoke the approval made by such lower authority.

On 20 December 2017, the Ministry of Environmental Protection released an announcement to publish the Interim Measures on Environmental Protection Acceptance on Construction Projects (《建設項目竣工環境保護驗收暫行辦法》), with immediate effect. The regulation stipulated that the project constructor must not propose to have the environmental protection facilities accepted under nine circumstances. A project must not be put into production or use before the environmental protection facilities are accepted. The project contractor should make public project information, like date of completion, debugging period and project acceptance report, on its website or through other convenient means.

Construction Safety

Under relevant laws and regulations such as the Laws for Safe Production in the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC in November 2002 and as amended on 27 August 2009 and 31 August 2014, which took effect from 1 December 2014, the property development enterprise should apply to the supervisory department on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction works commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

Under the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on 1 November 1997 and as amended on 22 April 2011 and 23 April 2019, the construction contractor assumes responsibility for the safety of the construction site. The main contractor will take overall responsibility for the site, and the subcontractors are required to comply with the protective measures adopted by the main contractor.

OTHER PRC LAWS AND REGULATIONS

Labour and Employment

The Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the NPC Standing Committee on 5 July 1994 and came into effect on 1 January 1995, and amended on 27 August 2009 and 29 December 2018, together with the relevant laws and regulations, emphasizes working hours, rest and vacations, and the principle of distribution of wages according to work and equal pay for equal work, establishes a system of guaranteed minimum wages and provides special protection to female staff and workers and juvenile workers.

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the NPC Standing Committee on 29 June 2007 and became effective on 1 January 2008, and amended on 28 December 2012 and became effective on 1 July 2013, is applicable where the employers establish labour relationships with employees through concluding, performing, modifying, revoking or terminating labour contracts with them. Labour contracts in written form shall be executed to establish labour relationship between employees and employers, and the labour contracts consist of fixed-term labour contracts, open-ended labour contracts and labour contracts that expire upon completion of given jobs. Where the employer fails to conclude a written labour contract with an employee for more than a month but less than a year from the date it starts employing him, it shall pay the worker two times his salary for each month. In addition, the conditions of concluding open-ended labour contracts and the payable financial compensation undertaken by employers shall also be emphasized in this law.

Social Insurance

According to the Labour Law of the PRC (《中華人民共和國勞動法》), the Decision of the State Council on Establishing the Unified Basic Pension Insurance System for the Employees of Enterprises (《國務院關於建立統一的企業職工基本養老保險制度的決定》), the Decision of the State Council on Establishing the Basic Medical Insurance System for the Urban Employees (《國務院關於建立城鎮職工基本醫療保險制度的決定》), the Regulation on Work-related Injury Insurance (《工傷保險條例》), the Regulation on Unemployment Insurance (《失業保險條例》), the Provisional Insurance Measures for Maternity of Employees (《企業職工生育保險試行辦法》), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) and the Regulations on the Administration of Housing Fund (《住房公積金管理條例》), the employing unit and employee must participate in social insurance and pay social insurance premiums in accordance with the law. The employing units responsible for payment shall establish and complete the registration of social insurance and housing fund, and pay fees on basic pension insurance, work-related injury insurance, maternity insurance, basic medical insurance, unemployment insurance and housing fund for the employees.

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated on 28 October 2010 and came into effect on 1 July 2011 and amended on 29 December 2018 and became effective on the same day, the PRC government establishes social insurance systems such as basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance so as to protect the right of citizens in receiving material assistance from the State and the society in accordance with the law when getting old, sick, injured at work, unemployed and giving birth, and emphasizes the legal obligations and responsibilities of units for pay social insurance premiums for employees as follows:

- an employing entity shall apply for its workers to the social insurance agency for going through the formalities for social insurance registration within 30 days from the date on which the worker is employed. If the formalities for social

insurance registration have not been gone through, the social insurance agency shall determine the social insurance premium that the employing entity should pay;

- if an employing entity has not declared the amount of social insurance premiums that should be paid in accordance with the provisions, the amount that should be paid shall be determined based on 110% of the amount of premiums paid by the entity in the preceding month. After the entity paying the premiums handles the originally omitted declaration formalities, the social insurance premium collection institution shall make the settlement in accordance with the provisions;
- if the employing entity does not pay or make up the difference of the social insurance premiums within the stipulated period, the social insurance premium collection institution may make enquires to the bank or other financial institutions about the deposit account of the entity. It may also apply to the relevant administration department above the county level to make the decision on the allocation of social insurance premiums and inform the bank or other financial institutions with which the account is opened in writing to allocate the social insurance premiums. If the balance in the account of the employing entity is less than the social insurance premiums that should be paid, the social insurance premium collection institution may request the employing entity to provide guarantee and sign the agreement on the delay in premium payment;
- if the employing entity does not pay the full amount of the social insurance premiums and does not provide guarantee, the social insurance premium collection institution may apply to the people's court to attach, seize and auction the entity's properties with value equivalent to the social insurance premiums that should be paid and use the proceeds from the auction to pay the social insurance premiums; and
- if an employing entity does not pay the full amount of social insurance premiums as scheduled before 1 July 2011, the social insurance premium collection institution shall order it to pay within a period; if payment is not made within the stipulated period, the institution shall impose a daily fine equivalent to 0.2% of the overdue payment as of the date when the amount became overdue. As to those underpaid social insurance funds contributions derived after 1 July 2011, the institution shall order it to make the payment or make up the difference within the stipulated period and impose a daily fine equivalent to 0.05% of the overdue payment from the date on which the payment is overdue.

According to the Regulations on the Administration of Housing Fund (《住房公積金管理條例》) promulgated and came into effect on 3 April 1999 and amended by the State Council on 24 March 2019, a unit shall go to the housing fund management centre to undertake registration of payment and deposit of the housing fund. A newly established unit shall go to the housing fund management centre to undertake housing fund payment and deposit registration within 30 days from the date of its establishment, and go to a commissioned bank to go through the formalities of opening housing fund accounts on behalf of its staff and workers within 20 days from the date of the registration with the verified documents of the housing fund management centre. When employing new staff or workers, the units shall undertake housing fund payment and deposit registration at a housing fund management centre within 30 days from the date of the employment, and shall go through the formalities of opening or transferring housing fund accounts of staff and workers at a commissioned bank with the verified documents of the housing fund management centre. Where, in violation of the provisions of these Regulations, a unit fails to undertake payment and deposit registration of housing fund or fails to go through the formalities of opening housing fund accounts for its

staff and workers, the housing fund management centre shall order it to go through the formalities within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10,000 nor more than RMB50,000 shall be imposed. Where, in violation of the provisions of these Regulations, a unit is overdue in the payment and deposit of, or underpays, the housing fund, the housing fund management centre shall order it to make the payment and deposit within a prescribed time limit; where the payment and deposit has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Intellectual Property

Copyright

Pursuant to the Copyright Law of the PRC (《中華人民共和國著作權法》) (the “**Copyright Law**”), which was amended on 26 February 2010 and with effect from 1 April 2010. Copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the right of production and that of distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law, shall constitute infringements of copyrights. The infringer shall, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology, pay damages, etc.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) (the “**Trademark Law**”), which was revised on 30 August 2013 and with effect from 1 May 2014, and was revised on 23 April 2019 and came into effect on 1 November 2019, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten years, counted from the day the registration is approved. According to the Trademark Law, using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorisation of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action and pay damages, among other measures.

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”), which was revised on 27 December 2008 and with effect from 1 October 2009, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law, no entity or individual may, without the authorisation of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. And after a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of patent is decided, the infringer shall, in accordance with the regulations, undertake to cease the infringement, take remedial action, and pay damages, etc.

Domain Name

Administrative Measures on Internet Domain Names (《互聯網域名管理辦法》) were promulgated by the Ministry of Industry and Information Technology of the PRC on 24 August 2017 and became effective on 1 November 2017. These measures regulate the registration of domain names in Chinese with the Internet country code of “.cn”.

Foreign Exchange Control

On 29 January 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》) (the “**Administrative Regulations on Foreign Exchange**”), which became effective from 1 April 1996 and was subsequently amended on 14 January 1997 and 5 August 2008. The Administrative Regulations on Foreign Exchange classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE’s approval while capital account items are still subject to its approval. Under the revised Administrative Regulations on Foreign Exchange, foreign currency borrowings shall be handled in accordance with relevant provisions of the state and registered as foreign debts with the relevant foreign exchange administrative authority. The State Council foreign exchange administrative department shall be responsible for the compilation of statistics on and monitoring of China’s foreign debts and shall periodically publish foreign debt information.

Pursuant to the Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments of Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**Circular 37**”), which was promulgated by SAFE and became effective on 4 July 2014, (a) a PRC resident (“**PRC Resident**”) shall register with the local branch of SAFE before he or she contributes assets or equity interests in an overseas special purpose vehicle (“**Overseas SPV**”) that is established or controlled, directly or indirectly, by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is required to register with the local branch of SAFE for any major change in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV’s PRC Resident shareholder(s), name of the Overseas SPV, term of operation, any increase or reduction of the Overseas SPV’s registered capital, share transfer or swap and merger or division. Pursuant to the Circular 37, failure to comply with these registration requirements may result in penalties. According to the Circular on Further Simplifying and Improving the Direct-investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**Circular 13**”) which was promulgated on 13 February 2015 and became effective on 1 June 2015, the above mentioned registrations are handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

TAXATION

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

BRITISH VIRGIN ISLANDS

Under existing British Virgin Islands laws, payments of interest and principal on the Notes will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Notes. There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer. If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the issue of the Notes and the Certificates or on an instrument of transfer in respect of the Notes or Certificates.

HONG KONG

Withholding Tax

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

Profits Tax

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

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

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

- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In 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

Stamp duty will not be payable on the issue of Bearer Notes provided that either:

- (i) such Bearer Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Bearer Notes constitute loan capital (as defined in the Stamp Duty Ordinance (Cap. 117) of Hong Kong (the “SDO”)).

If stamp duty is payable, it is payable by the Issuer on the issue of Bearer Notes at a rate of 3% of the market value of the Bearer Notes at the time of issue. No stamp duty will be payable on any subsequent transfer of Bearer Notes.

No stamp duty is payable on the issue of Registered Notes. Stamp duty may be payable on any transfer of Registered Notes if the relevant transfer is required to be registered in Hong Kong. Stamp duty will, however, not be payable on any transfer of Registered Notes provided that either:

- (i) such Registered Notes are denominated in a currency other than the currency of Hong Kong and are not repayable in any circumstances in the currency of Hong Kong; or
- (ii) such Registered Notes constitute loan capital (as defined in the SDO).

If stamp duty is payable in respect of the transfer of Registered Notes it will be payable at the rate of 0.2% (of which 0.1% is payable by the seller and 0.1% is payable by the purchaser) normally by reference to the consideration or its value, whichever is higher. In addition, stamp duty is payable at the fixed rate of HK\$5 on each instrument of transfer executed in relation to any transfer of the Registered Notes if the relevant transfer is required to be registered in Hong Kong.

PRC

The following summary describes the principal PRC tax consequences of ownership of the Notes by beneficial owners who, or which, are not residents of Mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Noteholders in this “PRC Taxation” section. In considering whether to invest in the Notes, 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.

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25% in respect of their taxable income. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of PRC, the Issuer may be held to be a PRC tax resident enterprise for the purpose of the EIT Law and be subject to PRC enterprise income tax at the rate of 25% on its taxable income. At the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future.

Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer acting as a withholding agent. Accordingly, in the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future, the Issuer would be required to withhold income tax from the payments of interest or premium (if any) in respect of the Notes to any non-PRC Noteholder, and gain from the disposition of the Notes may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10% for non-resident enterprise Noteholders and 20% in the case of non-resident individuals. The Issuer has agreed to pay additional amounts to Noteholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

In addition, as the Guarantor is a PRC resident enterprise, in the event that the Guarantor is required to fulfill its obligations under the Guarantee, the Guarantor will be obliged to withhold PRC enterprise income tax on payments of interest or premium (if any) made by the Guarantor at the tax rates specified above. To the extent that the PRC has entered into arrangements relating to the avoidance of double income taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of PRC income taxes, such lower rate may apply to qualified non-PRC resident enterprise Noteholders or individual Noteholders. However, it is unclear whether in practice non-PRC Noteholders might be able to obtain the benefit of income tax treaties entered into between PRC and their countries. The Issuer or the Guarantor (as the case may be) has agreed to pay additional amounts to Non-PRC Noteholders, subject to certain exceptions, so that Non-PRC Noteholders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Notes.

According to Circular 36, VAT is applicable where the entities or individuals provide financial services such as providing the loans within the PRC. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. 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 Notes may be treated as the Noteholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. In the event the Issuer is deemed to be a PRC resident enterprise in the PRC by the PRC tax authorities, the Noteholders may be regarded as providing financial services within the PRC and consequently, the amount of interest payable by the Issuer to any non-resident Noteholders may be subject to withholding VAT at the rate of 6%. In addition, in that case the holders of the Notes shall also be subject to the local levies at approximately 12% of the VAT payment. Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

Subject to certain exceptions, the Issuer and Guarantor will be required to pay additional amounts with respect to any such PRC withholding taxes. The request to pay additional amounts will increase the cost of servicing the Notes and will adversely impact the cash flows of the Issuer and Guarantor. In addition, if any PRC tax is imposed on the disposition of the Notes, an investor's investment return would be materially and adversely affected.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States, and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

FATCA Withholding

Pursuant to certain provisions of U.S. law, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number

of jurisdictions (including Hong Kong and the British Virgin Islands) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply to foreign passthru payments prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are characterised as debt (or which are not otherwise treated as equity and have a fixed term) for U.S. federal income tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “Terms and Conditions of the Notes – Further Issues”) that are not distinguishable from grandfathered Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all the Notes in the series, including grandfathered Notes, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

SUMMARY OF CERTAIN MATERIAL DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Guarantor's consolidated financial statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. Certain differences arise between PRC GAAP and IFRS which might be relevant to the Guarantor's financial information included herein.

The following is a general summary of certain significant differences between PRC GAAP and IFRS as applicable to the Guarantor. The differences identified below are limited to those significant differences that are appropriate to the Guarantor's financial statements. The Guarantor is responsible for preparing the summary set out below. As such matters reported herein are not meant to be exhaustive or exclusive, there is no assurance regarding the completeness of the summary.

The Guarantor has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may be required that are not identified below. In addition, 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 on-going that could affect future comparisons such as this one. Furthermore, 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. As a result, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, you should rely upon your own examination of the Guarantor's financial information, the terms of the offering and other disclosure contained herein.

Accounting Period

Under PRC GAAP, the accounting period is from January 1 to December 31.

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, cash flows from operating activities should use both direct and indirect method.

Under IFRS, cash flows from operating activities should use either direct or indirect method.

Accounting for Business Combinations Involving Entities under Common Control

Under PRC GAAP, enterprises use the purchase method in most case, however, business combination involving entities under common control may be accounted for using the pooling of interest method or other similar methods in practices.

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. For example, some enterprises refer to generally accepted accounting principles in the United States, which is similar to PRC GAAP in principle. However, other enterprises apply the accounting treatments of business combinations not involving enterprises under common control as set out in IFRS.

Non-Controlling Interest/Minority Interest

Under PRC GAAP, the acquirer should always recognise 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.

Investment Properties

Under PRC GAAP, an enterprise shall use the cost model, unless there is clear evidence that the fair value of an investment property can be reliably determined on a continuing basis, in which case the fair value model can (but need not) be used for that property.

Under IFRS, an enterprise should make a policy choice to use either the cost model or fair value model.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is permitted.

Under IFRS, an enterprise should make a policy choice, on a class by class basis, to carry items fixed assets held for own use using either the cost model or the revaluation model.

Borrowing Costs Eligible for Capitalisation

Under PRC GAAP all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalisation.

Under IFRS, borrowing costs eligible for capitalisation include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

Impairment of Assets (Including Long-Term Assets Measured At Historical Cost, Such As Fixed Assets and Intangible Assets, and Assets Held For Sale)

Under PRC GAAP, once an impairment loss is recognised, it shall not be reversed in a subsequent period.

Under IFRS, impairment losses recognised in prior periods for an asset other than goodwill should be reversed when the recoverable amount of the asset increases as a result of a change in estimates.

Land Use Rights

Under PRC GAAP, the cost of acquiring a land use right is generally recognised 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 recognised 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 re-sale in the ordinary course of business.

Government Grants Related to Assets

Under PRC GAAP, only the deferred income method is acceptable and the income shall be amortised to profit or loss on a straight-line basis over the useful life of the asset.

Under IFRS, an enterprise can choose either one of the following methods for recognition of government grants relating to assets:

- the grant is presented as deferred income in the statement of financial position and is recognised in profit or loss on a systematic basis over the useful life of the asset; or the grant is deducted in arriving at the carrying amount of the asset; or
- the grant is deducted in arriving at the carrying amount of the asset.

PRC CURRENCY REGULATIONS

REMITTANCE OF RENMINBI INTO AND OUTSIDE THE PRC

Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to control imposed under PRC law.

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 PBOC and five other relevant authorities would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (the “**2013 PBOC Circular**”) with the intent to improve the efficiency of cross border Renminbi settlement and facilitate the use of Renminbi for the settlement of cross border transactions under current accounts or capital accounts. In particular, the 2013 PBOC Circular simplifies the procedures for cross border Renminbi trade settlement under current account items. On 1 November 2014, 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, 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境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, among others, have lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow.

On 5 January 2018, PBOC promulgated the Notice on Further Fine-tuning the Policies on Cross-border Renminbi Business to Promote Trade and Investment Facilitation (《中國人民銀行關於進一步完善人民幣跨境業務政策促進貿易投資便利化的通知》). Accordingly, an enterprise shall be allowed to use Renminbi to settle all cross-border transactions that may be settled by foreign currencies pursuant to PRC laws.

On 23 October 2019, the SAFE promulgated the Circular of Further Promoting Cross-border Trade and Investment Facilitation (《關於進一步促進跨境貿易投資便利化的通知》), which further provided details in facilitating foreign exchange procedures in compliance with PRC laws.

The foregoing circulars are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circular 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 approval of, and/or registration of filing with, the relevant PRC authorities.

Settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or relevant PRC parties are also generally required to make capital item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency.

Under progressive reforms by PBOC, the MOFCOM and the SAFE, foreign investors are now permitted to use Renminbi to settle all capital account items that can be settled in foreign currencies. 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. In addition, the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資本金結匯管理方式的通知) which became effective on 1 June 2015, allows foreign-invested enterprises to settle 100% (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. A negative list with respect to the usage of the capital and the Renminbi proceeds through the aforementioned settlement procedure is set forth under the Circular. In particular, a foreign invested enterprise with investment as its main business is permitted to use such Renminbi proceeds 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"). 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.

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.

On 10 June 2018, the State Council issued the Notice of the State Council on Certain Measures for Actively and Effectively Utilising Foreign Investment to Promote Quality Economic Development (《國務院關於積極有效利用外資推動經濟高質量發展若干措施的通知》), to simplify the management of cash pools, relax the filing conditions for pilot for centralised operation and management of foreign exchange funds of multinational corporations and support multinational enterprise groups in conducting cross-border bi-directional Renminbi cash pooling business.

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 will be subject to interpretation and application by the relevant PRC authorities. 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.

SUBSCRIPTION AND SALE

The Dealers have, in a dealer agreement dated 5 January 2021 and as further amended, restated and/or supplemented from time to time (the “**Dealer Agreement**”), agreed with the Issuer and the Guarantor a basis on which they or any of them may from time to time agree to subscribe Notes. Any such agreement will extend to those matters stated under “Terms and Conditions of the Notes”. Under the terms of the Dealer Agreement, the Issuer, failing whom the Guarantor, will pay each relevant Dealer a commission (if any) agreed between the Issuer, the Guarantor and the relevant Dealer in respect of Notes subscribed by it. The Issuer and the Guarantor have agreed to reimburse the Arranger for certain of their expenses properly incurred in connection with the establishment of the Programme and any future update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business. In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes).

SELLING RESTRICTIONS

United States

In respect of Notes offered or sold in reliance on Category 1 as specified in the applicable Pricing Supplement, the Notes and the relevant Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold or, in the case of Bearer Notes, delivered within the United States except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes and the relevant Guarantee constituting part of its allotment within the United States. The Notes and the relevant Guarantee are being offered and sold outside the United States in reliance on Regulation S.

In respect of Notes offered or sold in reliance on Category 2 as specified in the applicable Pricing Supplement, the Notes and the relevant Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with

Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or, in the case of Bearer Notes, delivered, any Notes, and will not offer or sell or, in the case of Bearer Notes, deliver, any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, as determined and certified as provided below, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer who has subscribed for Notes of a Tranche (or in the case of a sale of a Tranche of Notes issued to or through more than one Dealer, each of such Dealers as to the Notes of such Tranche purchased by or through it or, in the case of a syndicated issue, the relevant lead manager) shall determine and certify to the Issuing and Paying Agent the completion of the distribution of the Notes of such Tranche. Each Dealer has also agreed, and each further Dealer appointed under the Programme will be required to agree, that, at or prior to confirmation of sale of Notes, it will have sent to each distributor, Dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice setting out the restrictions on offers and sales of the Notes within the United States or, to, or for the account or benefit of U.S. persons.

Terms used in the above provision have the meanings given to them by Regulation S.

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

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meaning given to them by the U.S. Internal Revenue Code and regulations thereunder.

This Offering Circular has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular does not constitute an offer to any person in the United States. Distribution of this Offering Circular by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or

- (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”); and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where

the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer or the Guarantor;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, 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 any other relevant laws and regulations of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

The People's Republic of China

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC (for such purposes, not including the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC or Taiwan), except as permitted by the securities laws of the PRC.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes 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 interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) 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;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) 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”), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

British Virgin Islands

Each Dealer represents, warrants and agrees, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not made and will not make any invitation directly or indirectly to the public in the British Virgin Islands or a natural person who is a British Virgin Islands resident or citizen to offer or sell the Notes and the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by British Virgin Islands law.

This Offering Circular does not constitute, and there will not be, an offering of the Notes to any person in the British Virgin Islands.

General

Each Dealer agrees, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply in all material respect with all applicable securities laws, regulations and directives in force in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering or publicity material or any Pricing Supplement, in all cases at its own expense.

None of the Issuer, the Guarantor, the Trustee, the Agents or any of the Dealers or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them represent that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. With regard to each Tranche, the relevant Dealer(s) will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Pricing Supplement.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

GENERAL INFORMATION

AUTHORISATIONS

The Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with the establishment of the Programme and the issue of the Notes thereunder. The establishment of the Programme and the issue of the Notes thereunder was authorised by the resolutions of the board of directors of the Issuer passed on 23 December 2020.

The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of the Guarantee. The giving of the Guarantee was authorised by the resolutions of the board of directors of the Guarantor passed on 16 May 2019.

The PRC counsel to the Issuer, the Guarantor and the Dealers have advised that no approvals or consents are required from any regulatory authorities or other relevant authorities in the PRC for the Issuer and the Guarantor to enter into the Trust Deed and the Agency Agreement and the Guarantor to enter into the Deed of Guarantee.

LITIGATION

There are no legal or arbitration proceedings against or affecting the Issuer, the Guarantor, any of their respective subsidiaries or any of their assets, and neither of the Issuer nor the Guarantor is aware of any pending or threatened proceedings, which would have a material adverse effect in the context of the issue of the Notes or the giving of the Guarantee.

NO MATERIAL ADVERSE CHANGE

Since 30 June 2020, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in or affecting the general affairs, financial condition, results of operations or prospects of the Issuer, the Guarantor and any of their respective subsidiaries.

DOCUMENTS AVAILABLE

For so long as Notes may be issued pursuant to the Programme, copies of the following documents will be available (following prior written request and proof of holding and identity satisfactory to the Trustee), during usual business hours (being between 9:00 a.m. and 3:00 p.m., Monday to Friday other than public holidays), for inspection at the principal office of the Trustee, being at the date of this Offering Circular at One Canada Square, London E14 5AL, United Kingdom:

- (i) the Trust Deed (which includes the form of the Global Notes, the Global Certificates, the Notes in definitive form, the Coupons, the Receipts and the Talons);
- (ii) the Agency Agreement;
- (iii) each Deed of Guarantee;
- (iv) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer or the Trustee as to its holding of Notes and identity); and

- (v) a copy of this Offering Circular together with any supplement to this Offering Circular.

For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents will be available (following prior written request and proof of holding and identity satisfactory to the Guarantor), during usual business hours (being between 9:00 a.m. and 3:00 p.m., Hong Kong time) on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the office of the Guarantor, being at the date of this Offering Circular at No.99 Zhuojin Road, Hi-tech Industrial Development Zone, Chengdu, Sichuan China:

- (i) the constitutive documents of each of the Issuer and the Guarantor;
- (ii) the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2017, 2018 and 2019; and
- (iii) the unaudited but reviewed consolidated financial statements of the Guarantor as at and for the six months ended 30 June 2019 and 2020.

CLEARING OF THE NOTES

Notes have been accepted for clearance through the Euroclear and Clearstream systems. The relevant ISIN and the Common Code will be specified in the applicable Pricing Supplement. The Issuer may also apply to have Notes accepted for clearance through the CMU. The relevant CMU instrument number will be set out in the relevant Pricing Supplement. If the Notes are to be cleared through an additional or alternative clearing system, the appropriate information will be set out in the relevant Pricing Supplement.

FINANCIAL STATEMENTS

The Audited Financial Statements, which are included elsewhere in this Offering Circular, have been audited by Daxin, the Guarantor's independent auditor, as stated in their reports appearing herein. The Reviewed Financial Statements, which are included elsewhere in this Offering Circular, have been reviewed by Daxin, the Guarantor's independent auditor, as stated in their reports appearing herein.

LISTING OF THE NOTES

Application has been made to the Hong Kong Stock Exchange for the listing of the Programme, and for the permission to deal in, and for the listing of, Notes issued under the Programme during the 12-month period from the date of this Offering Circular on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only.

The issue price of Notes listed on the Hong Kong Stock Exchange will be expressed as a percentage of their nominal amount. It is expected that dealings will, if permission is granted to deal in and for the listing of such Notes, commence on or about the next business day following the date of issue of the relevant Notes. Admission to the Hong Kong Stock Exchange and quotation of any Notes on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Programme, the Notes, the Guarantee, the Issuer, the Guarantor or the Group. The Hong Kong Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained herein.

TEFRA D LEGEND

Notes issued pursuant to TEFRA D (other than temporary Global Notes) and any Coupons, Receipts and Talons appertaining thereto will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

INDEX TO FINANCIAL STATEMENTS

	Page
Reviewed Consolidated Interim Financial Statements of the Guarantor as at and for the six months ended 30 June 2020	
Review Report	F-3
Consolidated Balance Sheet	F-5
Balance Sheet	F-7
Consolidated Statement of Income	F-9
Statement of Income	F-10
Consolidated Statement of Cash Flows	F-11
Statement of Cash Flows	F-12
Consolidated Statement of Changes in Equity	F-13
Statement of Changes in Equity	F-15
Notes to the Financial Statements	F-17
Audited Consolidated Financial Statements of the Guarantor as at and for the year ended 31 December 2019	
Auditor's Report	F-138
Consolidated Balance Sheet	F-142
Balance Sheet	F-144
Consolidated Statement of Income	F-146
Statement of Income	F-147
Consolidated Statement of Cash Flows	F-148
Statement of Cash Flows	F-149
Consolidated Statement of Changes in Equity	F-150
Statement of Changes in Equity	F-152
Notes to the Financial Statements	F-154
Audited Consolidated Financial Statements of the Guarantor as at and for the year ended 31 December 2018	
Auditor's Report	F-288
Consolidated Balance Sheet	F-292
Balance Sheet	F-294
Consolidated Statement of Income	F-296
Statement of Income	F-297
Consolidated Statement of Cash Flows	F-298
Statement of Cash Flows	F-299
Consolidated Statement of Changes in Equity	F-300
Statement of Changes in Equity	F-302
Notes to the Financial Statements	F-304
Audited Consolidated Financial Statements of the Guarantor as at and for the year ended 31 December 2017	
Auditor's Report	F-421
Consolidated Balance Sheet	F-425
Balance Sheet	F-427
Consolidated Statement of Income	F-429
Statement of Income	F-430
Consolidated Statement of Cash Flows	F-431
Statement of Cash Flows	F-432
Consolidated Statement of Changes in Equity	F-433
Statement of Changes in Equity	F-435
Notes to the Financial Statements	F-437

成都兴城投资集团有限公司
**Chengdu Xingcheng
Investment Group Company
Limited**

审 阅 报 告
Review Report

大信阅字[2020]第 14-00006 号

DAXIN YUE ZI [2020] No. 14-00006

大信会计师事务所（特殊普通合伙）

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises of China.

Should there be inconsistency between the Chinese and English versions, the Chinese version shall prevail.



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Review Report

DAXIN YUE ZI [2020] No. 14-00006

To Chengdu Xingcheng Investment Group Co., Ltd:

We reviewed the attached financial statements of Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as “your company”), including the consolidated and parent company’s balance sheet on June 30, 2020, and the consolidated and parent company’s income statement, consolidated and parent company cash flow statement, consolidated and parent company shareholder equity statement and notes to the financial statements from January to June 2020. The preparation of these financial statements is the responsibility of the management of your company, and our responsibility is to issue a review report on these financial statements based on the implementation of the review work.

We conducted the review business in accordance with the Chinese CPA Review Standard No. 2101 —Review of Financial Statements. The guidelines require us to plan and conduct reviews to obtain limited assurance as to whether the financial statements are free of material misstatement. Reviews are limited primarily to questioning company personnel and conducting analytical procedures on financial data, providing a lower level of assurance than audits. We did not carry out an audit, so we did not give an audit opinion.

Based on our review, we have not noticed anything that makes us believe that the financial statements were not prepared in accordance with the Accounting Standards for Business Enterprises, and failed to fairly reflect the financial status of the consolidated and parent company on June 30, 2020, operating results and cash flow from January to June 2020 of the reviewed entity in all material aspects.



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WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.



Certified Public Accountant of China
(Engagement partner)



Certified Public Accountant of China

Beijing, China



Date: November 30, 2020

Consolidated Balance Sheet




Prepared by: 成都兴城投资集团有限公司


2020/06/30

Unit: RMB Yuan

Item	Note	As at 30/06/2020	As at 1/1/2020
Current assets:			
Cash at bank and on hand	5.1	28,009,013,667.10	23,503,686,975.12
Transactional financial assets		-	-
Financial assets measured at fair value through profit or loss for the current period		-	-
Derivative financial assets		-	-
Notes receivable	5.2	659,757,285.66	667,661,862.83
Accounts receivable	5.3	25,884,802,682.74	22,860,045,825.55
Receivable financing			
Prepayments	5.4	2,006,188,310.62	1,071,479,756.02
Other receivables	5.5	9,038,555,631.15	8,507,115,466.05
Including: Interest receivable		22,516,918.34	1,983,195.45
Dividends receivable		-	
Inventories	5.6	73,936,321,505.31	
Contract assets	5.7	2,129,280,039.86	
Held-for-sale assets	5.8	9,499,360.04	9,499,360.04
Non-current assets due within one year	5.9	909,118,521.76	766,708,912.35
Other current assets	5.10	2,279,921,433.44	1,462,915,839.51
Total current assets		144,862,458,437.68	58,849,113,997.47
Non-current assets:			
Debt investment			
Available-for-sale financial assets	5.11	1,368,696,592.32	1,506,657,128.65
Other debt investments		-	-
Held-to-maturity investments	5.12	2,498,508,548.35	2,564,726,031.50
Long-term receivables	5.13	6,058,170,240.88	6,500,197,515.45
Long-term equity investments	5.14	19,271,637,102.34	1,896,949,851.96
Investment in other equity instruments	5.15	393,066,585.54	-
Other non-current financial assets		-	-
Investment property	5.16	19,887,382,608.71	18,751,335,091.84
Property, plant and equipment	5.17	4,998,329,603.06	5,616,089,388.14
Construction in process	5.18	47,525,250,845.08	40,888,336,724.84
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets	5.19	2,305,733,083.21	2,657,917,190.20
Development expenditures	5.20	412,395,432.66	400,075,980.11
Goodwill	5.21	1,715,672,777.71	1,715,672,777.71
Long-term deferred expenses	5.22	336,917,156.39	343,707,855.81
Deferred tax assets	5.23	1,482,994,724.50	1,433,924,467.32
Other non-current assets	5.24	2,263,943,523.77	2,284,612,460.17
Total of non-current assets		110,518,698,824.52	86,560,202,463.70
Total of assets		255,381,157,262.20	145,409,316,461.17

Legal representative: 

Person in charge of accounting function: 

Person in charge of accounting department: 

Consolidated Balance Sheet (Continued)

Prepared by: 成都兴城投资集团有限公司

2020/06/30

Unit: RMB Yuan

Item	Note	As at 30/06/2020	As at 1/1/2020
Current liabilities:			
Short-term loans	5.25	12,274,100,617.82	10,149,933,229.33
Transactional financial liabilities		-	-
Financial liabilities measured at fair value through profit or loss for the current period		-	-
Derivative financial liabilities		-	-
Notes payable	5.26	2,179,147,396.22	1,330,646,316.97
Accounts payable	5.27	39,861,439,957.03	40,242,367,716.46
Advances from customers	5.28	13,207,932,542.68	7,974,981,680.35
Contract liabilities	5.29	292,158,673.18	
Employee benefits payable	5.30	178,713,475.98	284,030,575.81
Taxes and surcharges payable	5.31	1,806,169,136.92	1,831,213,035.17
Other payables	5.32	9,810,968,706.74	
Including: Interest payable		1,061,800,040.56	
Dividends payable		88,728,449.07	52,617,319.31
Held-for-sale liabilities		-	-
Non-current liabilities due within one year	5.33	8,541,013,959.39	12,074,207,369.79
Other current liabilities	5.34	955,604,341.09	665,488,685.96
Total of current liabilities		89,107,248,807.05	74,552,868,609.84
Non-current liabilities:			
Long-term loans	5.35	60,371,469,419.88	31,091,939,699.19
Bonds payable	5.36	24,248,616,646.52	22,216,664,066.94
Including: Preference shares		-	-
Perpetual loans		-	-
Long-term payables	5.37	7,081,252,292.11	6,531,785,038.98
Long-term employee benefits payable	5.38	5,465,776.79	5,465,776.79
Provisions	5.39	13,778,118.90	14,018,857.34
Deferred income	5.40	101,879,633.79	104,468,611.86
Deferred tax liabilities	5.23	3,653,809,114.04	3,657,803,540.40
Other non-current liabilities	5.41	25,000,000.00	20,000,000.00
Total of non-current liabilities		95,501,271,002.03	63,642,145,591.50
Total of liabilities		184,608,519,809.08	138,195,014,201.34
Equity:			
Paid-in capital (or Share capital)	5.42	5,525,400,000.00	5,525,400,000.00
Other equity instruments	5.43	11,090,499,997.00	11,171,499,997.00
Including: Preference shares		-	-
Perpetual loans		11,090,499,997.00	11,171,499,997.00
Capital reserve	5.44	25,019,779,561.70	23,002,303,872.80
Less: treasury shares		-	-
Other comprehensive income	5.45	2,552,037,903.70	2,205,401,078.04
Special reserve	5.46	61,369,044.81	42,679,879.60
Surplus reserve	5.47	485,175,304.24	485,175,304.24
Retained earnings	5.48	8,219,071,697.99	7,432,837,520.26
Equity attributable to parent company		52,953,333,509.44	49,865,297,651.94
Minority interests		17,819,303,943.68	17,434,875,290.35
Total equity		70,772,637,453.12	67,300,172,942.29
Total liabilities and equity		255,381,157,262.20	205,495,187,143.63

Legal representative legal:



Person in charge of accounting function:

钟莉

Person in charge of accounting department:

王霞

Balance Sheet

Prepared by: 成都兴城投资集团有限公司

2020/06/30

大信会计师事务所(特殊普通合伙)

审验专用章

Unit: RMB Yuan

Item	Note	As at 30/06/2020	As at 1/1/2020
Current assets:			
Cash at bank and on hand		4,900,357,166.84	6,106,309,383.00
Transactional financial assets		-	-
Financial assets measured at fair value through profit or loss for the current period		-	-
Derivative financial assets		-	-
Notes receivable		-	-
Accounts receivable	13.1	84,864,414.92	75,597,970.88
Receivable financing		-	-
Prepayments		1,768,103,301.28	632,298,879.78
Other receivables	13.2	6,388,288,325.14	4,939,946,774.61
Including: Interest receivable		-	-
Dividends receivable		-	-
Inventories		20,750.50	
Contract assets		-	-
Held-for-sale assets			
Non-current assets due within one year		720,642,785.27	720,642,785.27
Other current assets		264,978,942.08	137,351,975.65
Total current assets		14,127,255,686.03	12,612,169,196.69
Non-current assets:			
Debt investment			
Available-for-sale financial assets		260,000,000.00	155,000,000.00
Other debt investments		-	-
Held-to-maturity investments		-	-
Long-term receivables		8,460,671,768.13	8,460,671,768.13
Long-term equity investments	13.3	41,729,308,788.64	23,935,299,603.82
Investment in other equity instruments		-	-
Other non-current financial assets		-	-
Investment property		9,838,517,632.68	9,860,076,513.52
Property, plant and equipment		5,256,991.04	3,785,430.25
Construction in process		36,208,556,762.78	34,353,467,345.47
Productive biological assets		-	-
Oil and gas assets		-	-
Intangible assets		-	-
Development expenditures		-	-
Goodwill		-	-
Long-term deferred expenses		143,966,008.37	153,569,501.33
Deferred tax assets		842,631.83	842,631.83
Other non-current assets		60,478,501.76	60,478,501.76
Total of non-current assets		96,707,599,085.23	76,983,191,296.11
Total of assets		110,834,854,771.26	89,595,360,492.80

Legal representative Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Balance Sheet (Continued)

大信会计师事务所(特殊普通合伙)
审验专用章

Prepared by: 成都兴城投资集团有限公司

2020/06/30

Unit: RMB Yuan

Item	Note	As at 30/06/2020	As at 1/1/2020
Current liabilities:			
Short-term loans		433,867,512.78	100,000,000.00
Transactional financial liabilities			
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,347,292,536.40	1,369,530,522.56
Advances from customers		227,994,680.08	8,341,936.39
Contract liabilities			
Employee benefits payable		118,951.14	750,068.96
Taxes and surcharges payable		145,401,104.15	32,278,629.33
Other payables		1,589,904,792.00	1,839,765,380.61
Including: Interest payable		613,405,629.66	642,637,963.14
Dividends payable		52,486,433.21	52,726,462.47
Held-for-sale liabilities			
Non-current liabilities due within one year		3,312,148,506.24	3,312,148,506.24
Other current liabilities			
Total of current liabilities		7,056,728,082.79	6,662,815,044.09
Non-current liabilities:			
Long-term loans		33,950,100,000.00	16,249,700,000.00
Bonds payable		20,745,022,562.34	20,228,929,540.97
Including: Preference shares			
Perpetual loans			
Long-term payables		4,274,020,126.92	3,977,020,126.92
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities		1,420,388,093.83	1,420,388,093.83
Other non-current liabilities			
Total of non-current liabilities		60,389,530,783.09	41,876,037,761.72
Total of liabilities		67,446,258,865.88	48,538,852,805.81
Equity:			
Paid-in capital (or Share capital)		5,525,400,000.00	5,525,400,000.00
Other equity instruments		8,617,000,000.00	8,698,000,000.00
Including: Preference shares			
Perpetual loans		8,617,000,000.00	8,698,000,000.00
Capital reserve		23,752,812,655.80	22,244,112,655.80
Less: treasury shares			
Other comprehensive income		1,590,774,324.23	1,590,774,324.23
Special reserve			
Surplus reserve		477,421,653.04	477,421,653.04
Retained earnings		3,425,187,272.31	2,520,799,053.92
Equity attributable to parent company		43,388,595,905.38	41,056,507,686.99
Minority interests			
Total equity		43,388,595,905.38	41,056,507,686.99
Total liabilities and equity		110,834,854,771.26	89,595,360,492.80

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



钟莉

王薇

Consolidated Statement of Income

Prepared by: 成都兴城投资集团有限公司

For the year ended June 2020

Unit: RMB Yuan

Item	Note	Year ended 30/06/2020	Year ended 30/06/2019
1. Operating income	5. 49	31,376,642,086.17	29,365,140,006.98
Less: Operating cost	5. 49	27,654,485,319.23	25,665,178,984.08
Taxes and surcharges	5. 50	203,612,334.30	391,872,798.07
Selling and distribution expenses	5. 51	1,034,455,769.46	616,330,712.82
General and administrative expenses	5. 52	793,472,635.91	709,180,899.60
R&D expenses	5. 53	151,605,088.81	77,853,206.12
Finance expenses	5. 54	579,115,656.93	721,732,644.73
Including: Interest expense		836,137,730.47	754,395,610.85
Interest income		273,469,463.02	56,986,942.74
Add: Other Income	5. 55	30,895,893.99	13,733,435.63
Investment income("-" for loss)	5. 56	815,603,254.36	13,151,467.00
Including: Investment income from associates and joint ventures		814,369,094.13	
Derecognition income of financial assets measured at amortized cost			
Net exposure hedge income("-" for loss)			
Gain from fair value changes("-" for loss)			
Credit impairment loss("-" for loss)	5. 57	-75,846,551.87	-5,444,199.18
Impairment on assets("-" for loss)	5. 58	-21,993,578.82	-118,778,967.98
Gains from disposal of assets("-" for loss)	5. 59	375,887.80	256,100.31
2. Operating profits("-" for loss)		1,708,930,186.99	1,085,908,597.34
Add: Non-operating income	5. 60	66,611,072.18	17,063,033.71
Less: Non-operating expenses	5. 61	11,109,439.24	18,168,521.66
3. Profit before tax("-" for loss)		1,764,431,819.93	1,084,803,109.39
Less: income tax expenses	5. 62	152,635,737.35	277,633,619.88
4. Net profit("-" for net loss)		1,611,796,082.58	807,169,489.51
(1) Classified by business continuity			
Profit or loss from continuing operations		1,611,796,082.58	807,169,489.51
Profit or loss from discontinued operations			
(2) Classification by ownership			
Net profit attributable to parent company		1,088,821,121.21	494,108,270.92
Profit/loss attributable to minority share-holders		522,974,961.37	313,061,218.59
5. Other comprehensive income net of tax		345,736,395.59	6,482,660.90
(1) Net after-tax amount of other comprehensive income attributable to owners of the parent company		346,636,825.66	6,482,660.90
1) Comprehensive income not to be reclassified as profit or loss		-886,543.60	
① Changes in remeasured defined benefit obligations or net assets			
② Portion of comprehensive income not to be reclassified as profit or loss under equity method			
③ Changes in the fair value of other equity instrument investments		-886,543.60	
④ Changes in fair value of enterprise's own credit risk			
2) Comprehensive income to be reclassified as profit or loss		347,523,369.26	6,482,660.90
① Portion of comprehensive income to be reclassified as profit or loss under equity method			
② Changes in the fair value of other debt investments			
③ Gain or loss from fair value changes of available-for-sale financial assets			
④ Amount of financial assets reclassified and included in other comprehensive income			
⑤ Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
⑥ Other debt investment credit impairment reserves			
⑦ Gain or loss on effective cash flow hedging			
⑧ Currency translation difference		2,084,985.02	6,482,660.90
⑨ Others		345,438,384.24	
(2) Other comprehensive income attributable to minority share-holders, net of tax		-900,430.07	
6. Total comprehensive income		1,957,532,478.17	813,652,150.41
Total comprehensive income attributable to owners of the parent		1,435,457,946.87	500,590,931.83
Total comprehensive income attributable to minority share-holders		522,074,531.30	313,061,218.59
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:



舒莉



大信会计师事务所(特殊普通合伙)
审验专用章

Statement of Income

Prepared by: 成都兴城投资集团有限公司

For the year ended June 2020

Unit: RMB Yuan

Item	Note	Year ended 30/06/2020	Year ended 30/06/2019
1. Operating income	13.4	303,773,125.60	355,701,147.71
Less: Operating cost	13.4	28,305,953.35	101,245,709.24
Taxes and surcharges		18,754,907.87	20,760,222.90
Selling and distribution expenses			
General and administrative expenses		25,452,126.72	28,741,439.96
R&D expenses			
Finance expenses		163,099,766.86	64,919,421.24
Including: Interest expense		211,459,754.41	71,839,201.92
Interest income		50,183,671.81	15,114,119.17
Add: Other Income		4,000,000.00	
Investment income("-" for loss)	13.5	849,417,304.58	10,139,652.90
Including: Investment income from associates and joint ventures		814,746,915.69	
Derecognition income of financial assets measured at amortized cost			
Net exposure hedge income("-" for loss)			
Add: Gain from fair value changes("-" for loss)			
Credit impairment loss("-" for loss)			
Impairment on assets("-" for loss)			
Gains from disposal of assets("-" for loss)			
2. Operating profits("-" for loss)		921,577,675.38	150,174,007.27
Add: Non-operating income		1,220,723.60	2,621,936.26
Less: Non-operating expenses		29,746.36	14,600.20
3. Profit before tax("-" for loss)		922,768,652.62	152,781,343.33
Less: income tax expenses		18,380,434.23	41,563,205.39
4. Net profit("-" for net loss)		904,388,218.39	111,218,137.94
(1) Classified by business continuity		904,388,218.39	111,218,137.94
Profit or loss from continuing operations			
Profit or loss from discontinued operations			
(2) Classification by ownership			
Net profit attributable to parent company			
Profit/loss attributable to minority share-holders			
5. Other comprehensive income net of tax			
(1) Net after-tax amount of other comprehensive income attributable to owners of the parent company			
1) Comprehensive income not to be reclassified as profit or loss			
① Changes in remeasured defined benefit obligations or net assets			
② Portion of comprehensive income not to be reclassified as profit or loss under equity method			
③ Changes in the fair value of other equity instrument investments			
④ Changes in fair value of enterprise's own credit risk			
2) Comprehensive income to be reclassified as profit or loss			
① Portion of comprehensive income to be reclassified as profit or loss under equity method			
② Changes in the fair value of other debt investments			
③ Gain or loss from fair value changes of available-for-sale financial assets			
④ Amount of financial assets reclassified and included in other comprehensive income			
⑤ Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets		904,388,218.39	111,218,137.94
⑥ Other debt investment credit impairment reserves			
⑦ Gain or loss on effective cash flow hedging			
⑧ Currency translation difference			
⑨ Others			
(2) Other comprehensive income attributable to minority share-holders, net of tax			
6. Total comprehensive income		904,388,218.39	111,218,137.94
Total comprehensive income attributable to owners of the parent			
Total comprehensive income attributable to minority share-holders			
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative (signature):

熊任志
印志
3101009000729

Person in charge of accounting function

钟莉

Person in charge of accounting department:

王敏

Consolidated Statement of Cash Flows

大信会计师事务所(特殊普通合伙)
审验专用章

Prepared by: 成都兴城投资集团有限公司

For the year ended June 2020 Unit: RMB Yuan

Item	Note	Year ended 30/06/2020	Year ended 30/06/2019
1. Cash flows from operating activities			
Cash received from sales and services		35,865,016,917.24	24,364,316,799.69
Taxes and surcharges refunds		118,177,168.58	11,336,130.58
Cash received related to other operating activities		5,457,063,376.42	5,632,246,522.38
Total cash inflows from operating activities		41,440,257,462.24	30,007,899,452.65
Cash paid for goods and services		36,206,854,600.44	27,956,830,430.36
Cash paid to and for employees		1,481,708,989.72	1,083,639,137.45
Taxes and surcharges cash payments		1,740,348,343.73	1,641,198,807.47
Cash paid related to other operating activities		7,347,486,168.07	8,564,651,951.20
Total cash outflows from operating activities		46,776,398,101.96	39,246,320,326.48
Net cash flows from operating activities		-5,336,140,639.72	-9,238,420,873.83
2. Cash flows from investing activities:			
Cash received from withdraw of investments		741,464,735.67	
Cash received from investment income		53,080,595.21	48,319,166.18
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		674,494.41	918,899.60
Net cash received from disposal of subsidiaries and other business units		40,014,850.00	452,817,097.24
Cash received related to other investing activities		395,692,378.40	2,464,176,810.53
Total cash inflows from investing activities		1,230,927,053.69	3,269,315,966.37
Cash paid for property, plant and equipment, intangible assets and other long-term assets		702,809,600.01	974,681,919.81
Cash payments for investments		15,406,690,265.56	3,805,793,104.04
Net cash paid for acquiring subsidiaries and other business units		10,808,000.00	1,081,532,732.23
Cash paid related to other investing activities		2,125,661,085.40	591,443,285.44
Total cash outflows from investing activities		18,245,968,950.97	6,453,451,041.52
Net cash flows from investing activities		-17,015,041,897.28	-3,184,135,075.15
3. Cash flows from financing activities:			
Cash received from investments by others		637,999,700.00	1,211,536,800.00
Including: Cash received by subsidiaries from minority shareholders' investments		137,929,000.00	54,682,300.00
Cash received from borrowings		43,277,521,364.70	31,751,932,580.94
Cash received related to other financing activities		7,112,180,200.15	2,993,213,363.79
Total cash inflows from financing activities		51,027,701,264.85	35,956,682,744.73
Cash repayments for debts		17,456,555,316.51	14,078,774,200.00
Cash payments for distribution of dividends, profit and interest expenses		2,627,448,419.31	2,521,452,569.58
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities		4,275,904,433.80	1,123,889,802.11
Total cash outflows from financing activities		24,359,908,169.62	17,724,116,571.69
Net cash flows from financing activities		26,667,793,095.23	18,232,566,173.04
4. Effect of foreign exchange rate changes on cash and cash equivalents		3,218,713.19	8,968,532.58
5. Net increase in cash and cash equivalents		-4,319,829,271.42	5,818,978,756.64
Add: beginning balance of cash and cash equivalents		23,087,247,115.07	13,123,859,082.42
6. Ending balance of cash and cash equivalents		27,407,076,386.49	18,942,837,839.06

Legal representative: legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Statement of Cash Flows

大信会计师事务所(特殊普通合伙)

审验专用章

Prepared by: 成都兴城投资集团有限公司

For the year ended June 2020 Unit: RMB Yuan

Item	Note	Year ended 30/06/2020	Year ended 30/06/2019
1. Cash flows from operating activities:			
Cash received from sales and services		458,053,339.54	142,527,471.21
Taxes and surcharges refunds			
Cash received related to other operating activities		1,492,150,024.00	718,701,388.04
Total cash inflows from operating activities		1,950,203,363.54	861,228,859.25
Cash paid for goods and services			1,076,651.65
Cash paid to and for employees		17,010,493.23	19,317,775.52
Taxes and surcharges cash payments		46,564,532.75	93,758,331.34
Cash paid related to other operating activities		3,415,339,619.03	3,945,891,720.51
Total cash outflows from operating activities		3,478,914,645.01	4,060,044,479.02
Net cash flows from operating activities		-1,528,711,281.47	-3,198,815,619.77
2. Cash flows from investing activities:			
Cash received from withdraw of investments		10,000,000.00	
Cash received from investment income		34,670,388.89	10,139,652.90
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		44,670,388.89	10,139,652.90
Cash paid for property, plant and equipment, intangible assets and other long-term assets		216,626,805.03	648,173,388.80
Cash payments for investments		15,498,262,269.13	2,053,543,421.28
Net cash paid for acquiring subsidiaries and other business units			1,076,532,732.23
Cash paid related to other investing activities		213,241.55	100,101,060.87
Total cash outflows from investing activities		15,715,102,315.71	3,878,350,603.18
Net cash flows from investing activities		-15,670,431,926.82	-3,868,210,950.28
3. Cash flows from financing activities:			
Cash received from investments by others		500,000,000.00	1,100,000,000.00
Cash received from borrowings		20,627,667,512.78	12,054,228,765.00
Cash received related to other financing activities			
Total cash inflows from financing activities		21,127,667,512.78	13,154,228,765.00
Cash repayments for debts		4,889,400,000.00	2,741,000,000.00
Cash payments for distribution of dividends, profit and interest expenses		400,826,939.74	937,163,235.32
Cash paid related to other financing activities		39,723,514.92	503,845,223.96
Total cash outflows from financing activities		5,329,950,454.66	4,182,008,459.28
Net cash flows from financing activities		15,797,717,058.12	8,972,220,305.72
4. Effect of foreign exchange rate changes on cash and cash equivalents			
			4,703,925.54
5. Net increase in cash and cash equivalents			
		-1,401,426,150.17	1,909,897,661.21
Add: beginning balance of cash and cash equivalents			
		6,006,920,864.19	2,017,883,321.81
6. Ending balance of cash and cash equivalents			
		4,605,494,714.02	3,927,780,983.02

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



钟莉

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Consolidated Statement of Changes in Equity

For the year ended June 2020

Year 2020
Equity attributable to shareholders of parent company

Line	Item	Share capital				Other equity instruments		Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
		Preference shares	Perpetual loans	Others	Share capital	Preference shares	Others									
1	Ending balance of last year	5,325,400,000.00	11,171,499,997.00		21,002,303,872.80				2,205,401,078.04	42,679,879.60	485,175,304.24	7,432,857,520.26	49,865,297,051.94	17,434,875,290.35	67,300,172,042.29	
2	Add: Impact from changes in accounting policies															
3	Impact from corrections of errors in prior period															
4	Business combination under common control															
5	Others															
6	2 Beginning balance of current year	5,325,400,000.00	11,171,499,997.00		21,002,303,872.80				2,205,401,078.04	42,679,879.60	485,175,304.24	7,425,605,590.54	49,838,066,722.22	17,417,282,961.89	67,275,349,684.11	
7	3 Movement for current year*, for decrease:		-81,000,000.00		2,017,475,685.00			346,626,825.66	18,689,165.21			793,465,107.45	3,095,266,787.22	462,020,983.79	3,497,887,769.01	
8	(1) Total comprehensive income:							346,626,825.66				1,088,821,121.21	1,435,457,946.87	522,074,531.30	1,957,532,478.17	
9	(2) Shareholder's contributions and withdrawals of capital		-81,000,000.00		1,481,042,507.16							1,400,042,507.16	1,400,042,507.16	284,476,519.07	1,684,521,027.15	
10	1) Common stock contributed by shareholders				1,508,700,000.00							1,508,700,000.00	1,508,700,000.00	279,035,929.01	1,787,735,929.01	
11	2) Capital contributed by other equity instruments holders		-81,000,000.00		14,472.29								-80,985,527.71	34,934.04		
12	3) Share-based payment recorded in shareholder's equity				3,485,699.68								3,485,699.68	12,281,784.26	15,767,483.94	
13	4) Others				-21,157,664.81								-21,157,664.81	-6,874,148.24	-38,031,813.05	
14	(3) Profit distribution				540,233,400.00							-295,342,091.41	244,891,308.59	-344,426,735.33	-96,535,426.74	
15	1) Appropriation of surplus reserve															
16	2) Distribution to shareholders															
17	3) Others				540,233,400.00											
18	(4) Internal transfer within shareholder's equity															
19	1) Conversion of capital reserve into share capital															
20	2) Conversion of surplus reserve into share capital															
21	3) Recover of loss by surplus reserve															
22	4) Changes in defined benefit plans carried forward to retained earnings															
23	5) Other comprehensive income carried forward to retained earnings															
24	(4) Others															
25	(5) Special reserve															
26	1) Accrual of special reserve															
27	2) Utilization of special reserve															
28	(6) Others				-3,800,218.26								-3,800,218.26	-70,429,781.74	-74,230,000.00	
29	4 Ending balance of current year	5,325,400,000.00	11,090,499,997.00		25,019,779,561.70				2,542,037,903.20	61,369,944.81	485,175,304.24	8,210,071,697.99	52,993,333,509.44	17,819,303,043.68	70,772,637,453.12	

Person in charge of accounting function: 钟莉

Person in charge of accounting department: 王波

任志能印
311010090002720

Consolidated Statement of Changes in Equity

For the year ended June 2020

Unit: RMB Yuan

Line	Equity attributable to shareholders of parent company										Sub-total	Minority interest	Total equity
	Share capital	Preference shares	Other equity instruments		Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings			
1	5,525,400,000.00			6,169,500,000.00	22,156,740,084.30		125,829.54	29,040,759.41	193,314,492.06	3,474,204,448.38	37,540,225,613.69	4,494,559,759.59	42,043,785,373.28
2													
3													
4													
5							163,296.43			399,508,729.24	500,472,125.67	8,321,902,744.86	8,622,774,870.53
6	5,525,400,000.00			6,169,500,000.00	22,156,740,084.30		289,225.97	29,040,759.41	193,314,492.06	3,774,513,177.62	37,849,697,739.36	12,816,462,504.45	50,666,160,243.81
7				-40,500,000.00	543,960,496.20		6,482,660.90	42,338,698.08		494,108,270.92	1,046,399,126.10	1,281,617,984.93	2,328,008,111.03
8							6,482,660.90			494,108,270.92	500,599,937.82	313,061,218.59	813,661,150.41
9				-40,500,000.00	543,960,496.20						500,460,496.20	1,031,881,217.08	1,533,441,713.28
10					1,100,000,000.00						1,100,000,000.00		1,100,000,000.00
11				-40,500,000.00							-40,500,000.00	993,706,000.00	
12													
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29	5,525,400,000.00			6,129,000,000.00	22,769,760,580.50		6,771,886.87	72,279,457.49	193,314,492.06	4,268,021,448.54	38,896,087,865.46	14,098,080,489.38	52,994,168,354.84

Legal representative: Person in charge of accounting function: Person in charge of accounting department:



Statement of Changes in Equity

For the year ended June 2020

RMB Yuan

大信会计师事务所(特殊普通合伙)
审计专用章

Line	Year 2020										Sub-total
	Equity attributable in shareholders of parent company										
	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
	Preference shares	Perpetual loans	Others								
1	5,525,400,000.00		8,698,000,000.00		22,244,112,655.80		1,590,774,324.23		477,421,653.04	2,520,799,053.92	41,056,507,686.99
2											
3											
4											
5	5,525,400,000.00		8,698,000,000.00		22,244,112,655.80		1,590,774,324.23		477,421,653.04	2,520,799,053.92	41,056,507,686.99
6											
7			-81,000,000.00		1,508,700,000.00					904,388,218.39	2,332,088,218.39
8			-81,000,000.00		1,508,700,000.00					904,388,218.39	904,388,218.39
9					1,508,700,000.00						1,427,700,000.00
10					1,508,700,000.00						1,508,700,000.00
11											
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28											
29			-81,000,000.00		1,508,700,000.00					1,809,770,436.78	3,236,476,436.78

Prepared by: 威海荣晟投资有限公司



三

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任志能印
3101000028

Person in charge of accounting department

Person in charge of accounting function

Legal representative

Statement of Changes in Equity

For the year ended June 2020

Unit: RMB Yuan

Line	Year 2019										Sub-total
	Equity attributable to shareholders of parent company										
	Share capital	Preference shares	Perpetual loans	Others	Capital reserve	Loss treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	
1	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80				185,560,840.87	728,074,059.62	32,703,547,556.29
2											
3											
4											
5											
6	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80				185,560,840.87	728,074,059.62	32,703,547,556.29
7			-40,500,000.00		1,100,000,000.00					111,218,137.94	1,170,718,137.94
8										111,218,137.94	111,218,137.94
9			-40,500,000.00		1,100,000,000.00						1,059,500,000.00
10											
11			-40,500,000.00								-40,500,000.00
12					1,100,000,000.00						1,100,000,000.00
13											
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25											
26											
27											
28											
29	5,525,400,000.00		6,129,000,000.00		21,194,112,655.80				185,560,840.87	840,192,197.56	33,874,266,694.23

Person in charge of accounting function:

钟莉

Legal representative(s):

熊印能
31025009000720

Person in charge of accounting department:

钟莉



Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

1. Company profile

1.1 The Company's registered place, organization structure and the address of head quarter.

Xingcheng (hereinafter referred to as "the company" or "the group") was established on March 26, 2009, as a limited liability company, and the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government performs the function of investor. On March 31, 2017, the company renewed the business license with the unified social credit code of 915101006863154368. Company address: No. 99, Zhuojin East Road, High-tech Zone, Chengdu.

1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

The Company's business: the construction of municipal public projects, the construction of major government projects and so on.

The Company's main operation activities: holding company services; Land consolidation and development; Investment, financing, construction and management of urban supporting infrastructure and environmental governance; Residential building, road, tunnel and bridge engineering construction, pipe and equipment installation, engineering technology and design services, building materials wholesale, park management; Real estate development and management, real estate leasing and management, property management; Health consultation, elderly care services; Sports organization services, sports venues services, leisure and fitness activities, conferences, exhibitions and related services; Capital operation; Management of state-owned assets; Outbound investment (shall not engage in financial activities such as illegal fund-raising or absorbing public funds); Franchising; Other non-administrative licensing business projects. (for projects that need to be approved according to law, business activities can only be started after being approved by relevant

departments).

1.3 The approver and approval date of the financial reporting.

The semi-annual financial statements for the year were approved by the board of directors of Chengdu Xingcheng Investment Group Company Limited. The approval date is September 18, 2020.

1.4 The consolidation scope of semi-annual financial year 2020 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

The consolidated scope of semi-annual financial year 2020 financial statements includes cover 18 companies (headquarters and secondary subsidiaries), referring to Note 6 Changes in consolidation scope, Note 7 Interest in subsidiaries.

2. Basis of preparation of financial statements

2.1 On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards and other relevant provisions (hereinafter collectively known as "Accounting Standards for Business Enterprises" or "CAS").

2.2 Going concern: the company has a recent history of profitable operations and is supported by financial resources. It is considered reasonable to prepare financial statements based on going concern.

The Group's subsidiaries "Tianjin Chase Sun Pharmaceutical Co., Ltd." and "China Zhonghua Geotechnical Engineering Group Co., Ltd." implement the "Accounting Standards for Business Enterprises No. 14-Revenues" issued by the Ministry of Finance in 2017 on January 1, 2020. (Hereinafter referred to as the "New Revenue Standards"). Since January 1, 2019, the two subsidiaries implement "Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments", "Accounting Standards for Business Enterprises No. 23-Transfer of Financial Assets", "Accounting Standards for Business Enterprises No. 24-Hedging Accounting", "Accounting Standards for Business Enterprises No. 37-Financial Instruments Presentation" issued by the Ministry of Finance (the above four standards are collectively referred to

as the "New Financial Instruments Standards").

3. Significant accounting policies and accounting estimates

3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as of 30 June 2020 and its operating results, cash flows and other relevant information from the 1 January 2020 to 30 June 2020.

3.2 Accounting period

The financial year of the Company is from January 1 to December 31 of each calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

The Company's functional currency is Chinese Renminbi (hereafter referred to as "RMB").

3.5 Business combination

3.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, owners' equity in the ultimate controlling party's consolidated financial statements are measured at their carrying amounts of the acquiree at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves is insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

3.5.2 Business combinations involving enterprises not under uncommon control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

3.6 Preparation of consolidated financial statements

3.6.1 The scope of consolidated financial statements

The Company incorporates all its subsidiaries (including individual entities under its control) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, divisible part in the investees and structured entities.

3.6.2 Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with the Company, the Company shall make necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period.

3.6.3 The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholders' equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

3.6.4 The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

3.6.5 The accounting treatment for disposing subsidiaries

Partial disposal of long-term equity investments in subsidiaries without loss of control. In consolidated financial statements, the difference between the disposal price and the share of net assets that the long-term equity investment disposal department shall be entitled to the subsidiary's continuous calculation from the purchase date or merger date is adjusted for capital reserves (capital premium or equity premium). If the capital reserve is insufficient for write-off, the retained earnings shall be adjusted.

Where the control right of the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity is remeasured according to its fair value on the day of loss of control when preparing the consolidated financial statements. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the original subsidiary's net assets which shall be continuously calculated from the purchase date or merger date according to the original shareholding ratio, shall be included in the investment income of the current period when the control is lost and the goodwill shall be written off. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into current investment income when it loses control.

3.7 Joint arrangement classification and accounting treatments

3.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

3.7.2 The accounting treatment of joint operations

The party participating in joint operations shall recognize the following items relating to its interests in the joint operations and account for them in accordance with related requirements of Accounting Standards for Business Enterprises: a) Its solely-held assets and solely-assumed liabilities, and b) Its share of any assets and liabilities held jointly; c) Its revenue from the sale of its share of the output arising from the joint operation; d) Its share of the revenue from the sale of the output by the joint operation; e) Its own expenses; and f) Its share of any expenses incurred jointly.

The other parties involving in joint operations without common control power shall account for their investments referring to the treatment method of joint operation participants if they are entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, they shall account for their investments according to related requirements of Accounting Standards for Business Enterprises.

3.7.3 The accounting treatment of joint ventures

The parties participating in a joint venture account for its investment in accordance with Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment. And the other parties involving in joint ventures without common control power shall account for their investments according to their influence extent on the joint ventures.

3.8 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily

drawn on demand. Cash equivalents in the statement of cash flows are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

3.9.1 Translation of foreign currency transactions

The Company recordconverts foreign currency into RMB for accounting purpose using the spot exchange rate prevailing on the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are converted translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted translated using the exchange rate at the date when fair value was determined and the difference between the converted translated functional currency amount and the prior converted translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

3.9.2 The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "retained earnings ", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using

the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are determined by systemic method and translated using the spot exchange rate when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

3.10 Financial instruments

3.10.1 Companies that have not yet implemented the new standards

3.10.1.1 Recognition and classification of financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments. A financial asset, financial liability or equity instrument is recognized when the Company becomes one party of financial instrument contracts.

The financial assets are classified into the following four categories upon initial recognition: financial assets at fair value through profit or loss (“FVTPL” financial assets), held-to-maturity investments, receivables, and available-for-sale financial assets (“AFS” financial assets). The classification of financial assets depends on the holding intention and capability of the Company except for receivables. The financial liabilities are classified into financial liabilities at fair value through profit or loss (“FVTPL” financial liabilities) and other financial liabilities upon initial recognition.

Financial assets at fair value through profit or loss include financial assets held for trading in the short term and those upon initial recognition designated as at fair value through profit or loss. Receivables are non-derivative financial assets with fixed or determinable amounts that are not quoted in an active market. AFS financial assets are those non-derivative financial assets that are designated as available for sale and financial assets other than those above mentioned. Held-to-maturity investments are non-derivative financial assets with fixed or determinable amounts

and fixed maturity dates that the Company has the positive intention and capability to hold to maturity.

3.10.1.2 Measurement of financial instruments

The Company measures the financial instruments at fair value upon initial recognition. The subsequent measurement includes: a) FVTPL financial assets, AFS financial assets and FVTPL financial liabilities are measured at fair value; b) Held-to-maturity investments, receivables, and other financial liabilities are subsequently measured at amortized cost; c) Equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked to the equity instruments that will be settled by delivering the equity instruments are subsequently measured at cost. The gains or losses of fair value changes arising from subsequent measurement of financial assets and liabilities shall be accounted for according to the following methods except hedging instrument involving in: a) The gains or losses arising from fair value changes of FVTPL financial assets and FVTPL financial liabilities are recognized in the profit or loss for current period; b) The gains or losses arising from fair value changes of AFS financial assets are recognized in other comprehensive income.

3.10.1.3 Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach.

3.10.1.4 Recognition and measurement of transfer of financial assets

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of the financial asset or it does not transfer or maintain substantially all the risks and rewards of ownership of the financial asset, but surrender control on the financial asset. If a financial asset meets the derecognition criteria, the difference between the transfer consideration received and the sum of transferred financial asset's carrying amount and the accumulated change amount on fair value which has been recognized in other comprehensive income shall be charged to profit or loss

for current period. If the partial transfer of financial asset meets the derecognition criteria, the entire carrying amount of the transferred financial asset shall be split into the derecognized portion and retained portion according to their respective fair value.

A financial liability shall be entirely or partially derecognized if its present obligations are wholly or partly dissolved.

3.10.1.5 Impairment of financial assets

If the financial assets measured at amortized costs are impaired, the impairment provision shall be recognized at the difference of the carrying amount of financial assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss for current period.

If the financial assets measured at cost are impaired, the impairment provision shall be recognized by the difference of the carrying amount of financial assets and the present value of estimated future cash flows. And the impairment loss shall not be reversed after recognition.

If there is objective evidence that AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognized directly in the shareholders' equity are transferred to profit or loss for the current period. In the subsequent periods, if the fair value of AFS debt instruments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed and charged to profit or loss for the current period. For AFS equity instruments, the increase of fair value in the subsequent periods shall be accounted for in the shareholders' equity.

For investments of equity instruments, the Company determines the following specific criteria for their fair value decline "seriously" or "non-temporarily", calculation of cost, fair value determination at period end and continuous decline periods:

Specific quantitative criteria for fair value decline "seriously"	Decrease in closing fair value relative to the cost has reached or exceeded 20%
Specific quantitative criteria for fair value decline "non-temporarily"	Fall for 12 consecutive months

Calculation of cost	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.
Fair value determination at period end	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for it, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.

Except for financial assets measured at fair value through profit or loss, the Company checks the carrying amount of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision shall be recognized.

The Company conducts impairment test on financial assets with significant single amount. The Company conducts impairment test on financial assets that are not individually significant, and is included in a portfolio of financial assets with similar credit risk characteristics for impairment testing. Financial assets that are not impaired (including financial assets that are individually significant and insignificant) are tested separately, including impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics and are tested for impairment again.

a. Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognised as an impairment loss, which is recognised in profit or loss. After the financial assets are recognized as impairment losses, if there is objective evidence that the value of the financial assets has recovered and is objectively related to the events occurring after the recognition of the losses, the previously recognized impairment losses are reversed. The book value after the financial assets are transferred back to the impairment loss does not exceed the amortized cost of the financial assets on the reversal date under the assumption that no impairment provision is made.

b. Impairment of available-for-sale financial assets

When the comprehensive relevant factors determine that the decline in the fair value of the available-for-sale equity instrument investment is a serious or non-temporary decline, it indicates

that the available-for-sale equity instrument investment is impaired. “Serious decline” refers to a cumulative decline in fair value of more than 20%. “Non-temporary decline” means that the fair value has been falling for more than 12 months.

When the financial assets available for sale are impaired, the accumulated losses arising from the decrease in fair value that are included in other comprehensive income are transferred out and recognised in profit or loss. The accumulated loss transferred is the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, the current fair value and the impairment loss previously recognised in profit or loss.

3.10.2 Companies that have implemented the new standards

The company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract.

3.10.2.1 Financial assets

3.10.2.1.1 Classification, confirmation basis and measurement methods of financial assets

Based on the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the company classifies financial assets into financial assets measured at amortized cost, financial assets measured at fair value with changes included in other comprehensive income, and financial assets measured at fair value with changes included in the current profit and loss.

The company classifies financial assets that meet the following conditions as financial assets measured at amortized cost: ① The business model of managing the financial assets is to collect contractual cash flows as the goal; ②The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial confirmation amount; subsequent measurement is made at amortized cost. Except for those designated as hedged items, the difference between the initial amount and the maturity amount is amortized according to the actual interest rate method, and the amortization, impairment, exchange gains and losses, and the gains or losses incurred upon

termination of recognition are included in the current profits and losses .

The company classifies financial assets that also meet the following conditions as financial assets measured at fair value and whose changes are included in other comprehensive income: ① The business model of managing the financial asset is both to collect contractual cash flows and to sell the financial asset As the goal; ②The contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. Such financial assets are initially measured at fair value, and related transaction costs are included in the initial confirmation amount. Except for those designated as hedged items, other gains or losses arising from such financial assets are included in other comprehensive income, except for credit impairment losses or gains, exchange gains and losses. When financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and included in the current profit and loss.

The company recognizes interest income in accordance with the actual interest rate method. Interest income is determined by multiplying the book balance of the financial asset by the actual interest rate, except in the following cases: ①For purchased or sourced financial assets that have been credit-impaired, since initial recognition, the interest income will be determined based on the amortized cost of the financial asset and the credit-adjusted actual interest rate. ② For purchased or sourced financial assets that have not been credit-impaired but become credit-impaired in the subsequent period, in the subsequent period, the interest income of the financial asset is calculated and determined according to the amortized cost and actual interest rate of the financial asset. The company designates non-trading equity instrument investments as financial assets that are measured at fair value and whose changes are included in other comprehensive income. Once the designation is made, it cannot be revoked. Non-trading equity instrument investments designated by the company that are measured at fair value and whose changes are included in other comprehensive income are initially measured at fair value, and related transaction costs are included in the initial confirmation amount. Except for dividends (except those that are part of the recovery of investment

costs), are included in the current profit and loss, other related gains and losses (including exchange gains and losses) are included in other comprehensive income, and cannot be subsequently transferred to the current profit and loss. When its recognition is terminated, the accumulated gains or losses previously included in other comprehensive income are transferred from other comprehensive income and included in retained earnings.

Except for the above-mentioned financial assets classified as financial assets measured at amortized cost and financial assets classified as financial assets measured at fair value with changes included in other comprehensive income, the company classifies them as financial assets measured at fair value with changes in Financial assets included in the current profit and loss. Such financial assets are initially measured at fair value, and related transaction costs are directly included in the current profit and loss. The gains or losses of such financial assets are included in the current profits and losses.

If the contingent consideration that is recognized by the company in a business combination not under the same control constitutes a financial asset, the financial asset is classified as a financial asset measured at fair value and whose changes are included in the current profit and loss.

3.10.2.1.2 Confirmation basis and measurement method of financial asset transfer

The company terminates the confirmation of financial assets that meet one of the following conditions: ①The contractual right to receive the cash flow of the financial asset is terminated; ② Financial assets are transferred, and the company has transferred almost all risks and rewards in the ownership of the financial assets;③Financial assets are transferred, and the company neither transfers nor retains almost all risks and rewards in the ownership of financial assets, and does not retain control of the financial assets.

If the overall transfer of financial assets meets the conditions for termination of confirmation, the book value of the transferred financial assets shall be compared to the amount of the corresponding derecognition part of the consideration received due to the transfer and the accumulated amount of fair value changes originally directly included in other comprehensive income (the terms of the

contract involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.)
The difference is included in the current profit and loss.

If the partial transfer of financial assets meets the conditions for termination of confirmation, the book value of the transferred financial assets as a whole shall be amortized according to their respective relative fair values between the part that has been terminated and the part that has not been terminated. The difference between the amount , that is, the sum of the consideration received due to the transfer and the total amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognized portion of the total amount of the corresponding derecognized portion(The terms of the contract involving the transferred financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and interest based on the outstanding principal amount.), and the overall book value of the aforementioned financial assets is included in the current profit and loss.

3.10.2.2 Financial liabilities

3.10.2.2.1 Classification, confirmation basis and measurement method of financial liabilities

The company's financial liabilities are classified into financial liabilities measured at fair value and whose changes are included in the current profit and loss and other financial liabilities at the time of initial recognition.

Financial liabilities that are measured at fair value and whose changes are included in the current profit and loss include transactional financial liabilities and financial liabilities designated as fair value at the initial recognition and whose changes are included in the current profit and loss. The relevant classification basis shall be disclosed with reference to the classification basis of financial assets. Subsequent measurement is carried out at fair value, and the gains or losses formed by changes in fair value and dividends and interest expenses related to the financial liabilities are included in the current profit and loss.

For other financial liabilities, the effective interest rate method is adopted, and subsequent

measurement is carried out based on amortized cost. Except for the following items, the company classifies financial liabilities as financial liabilities measured at amortized cost:①Financial liabilities measured at fair value and whose changes are included in current profits and losses, including transactional financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value and whose changes are included in current profits and losses;② Transfer of financial assets that do not meet the conditions for termination of confirmation or continue to be involved in financial liabilities formed by the transferred financial assets;③ Financial guarantee contracts that do not fall into the above ① or ② situations, and loan commitments for loans that do not fall into the above ① situation at lower than market interest rates.

If the company recognizes the contingent consideration as the purchaser in a business combination not under the same control and forms a financial liability, it shall be accounted for at fair value and its changes are included in the current profits and losses.

3.10.2.2.2 Conditions for the termination of recognition of financial liabilities When the current obligations of the financial liabilities have been discharged in whole or in part, the recognition of the financial liabilities or the discharged part of the obligations shall be terminated.

The company signs an agreement with creditors to replace existing financial liabilities by assuming new financial liabilities, and if the contract terms of the new financial liabilities and existing financial liabilities are substantially different, the existing financial liabilities shall be terminated and the new financial liabilities shall be recognized at the same time.If the company substantially modifies all or part of the contractual terms of an existing financial liability, it shall terminate the recognition of the existing financial liability or part of it, and at the same time, recognize the financial liability with the revised terms as a new financial liability. The difference between the book value of the derecognized part and the consideration paid shall be included in the current profit and loss.

3.10.2.3 Methods for determining the fair value of financial assets and financial liabilities

The company measures the fair value of financial assets and financial liabilities at the prices in the main market. If there is no major market, the fair value of the financial assets and financial liabilities is measured at the most favorable market price, and the fair value of financial assets and financial liabilities is measured at the time applicable and there are sufficient available data and data. Valuation techniques supported by other information. The input value used in fair value measurement is divided into three levels, namely:

The input value of the first level is the unadjusted quotation of the same asset or liability in the active market that can be obtained on the measurement date; The second-level input value is the directly or indirectly observable input value of related assets or liabilities other than the first-level input value; The input value of the third level is the unobservable input value of the related asset or liability. The company prefers to use the first level input value, and finally uses the third level input value. The second-level input values are used for the financing of receivables, and the first-level or third-level input values are used for other equity instrument investments. The level of the fair value measurement result is determined by the lowest level of the input value that is of great significance to the fair value measurement as a whole.

3.10.2.4 Offset of financial assets and financial liabilities

The company's financial assets and financial liabilities are listed separately in the balance sheet and do not offset each other. However, when the following conditions are met at the same time, the net amount after offsetting each other is listed in the balance sheet: ① The company has the legal right to offset the confirmed amount, and this legal right is currently enforceable; ② The company plans to settle on a net basis, or realize the financial assets and liquidate the financial liabilities at the same time.

3.10.2.5 The distinction between financial liabilities and equity instruments and related treatment methods

The company distinguishes between financial liabilities and equity instruments according to the

following principles:

① If the company cannot unconditionally avoid the delivery of cash or other financial assets to perform a contractual obligation, the contractual obligation meets the definition of a financial liability. Although some financial instruments do not explicitly include the terms and conditions of the obligation to deliver cash or other financial assets, they may indirectly form contractual obligations through other terms and conditions.

② If a financial instrument needs to be settled with or can be settled with the company's own equity instruments, it is necessary to consider whether the company's own equity instruments used to settle the instrument are used as a substitute for cash or other financial assets, or to make the instrument holders enjoy the remaining equity in the issuer's assets after deducting all liabilities. If it is the former, the instrument is a financial liability of the issuer; if it is the latter, the instrument is an equity instrument of the issuer.

In some cases, a financial instrument contract stipulates that the company must use or use its own equity instruments to settle the financial instrument, where the amount of contract rights or contract obligations is equal to the number of its own equity instruments available or to be delivered multiplied by its settlement. The fair value at the time, regardless of whether the amount of the contract rights or obligations is fixed, or changes wholly or partly based on changes in variables other than the market price of the company's own equity instruments (such as interest rates, the price of a certain commodity or the price of a financial instrument), the contract is classified as a financial liability.

When the company classifies financial instruments (or its component parts) in the consolidated statements, it considers all the terms and conditions reached between the company members and the holders of financial instruments. If the company as a whole assumes the obligation to deliver cash, other financial assets, or settle settlements in other ways that cause the instrument to become a financial liability, the instrument should be classified as a financial liability.

If financial instruments or their components are financial liabilities, relevant interest, dividends (or dividends), gains or losses, and gains or losses arising from redemption or refinancing are included in the company's current profits and losses.

If a financial instrument or its component parts belong to an equity instrument, when it is issued (including refinancing), repurchased, sold or cancelled, the company treats it as a change in equity and does not recognize the fair value of the equity instrument.

3.11 Receivables

3.11.1 Companies that have not yet implemented the new standards

Receivables include accounts receivable, long-term receivables and other receivables. If there are objective evidence that the receivables are impaired, the Company recognizes the doubtful debts allowance on the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.1 Provision of doubtful debts allowance for individually significant receivables

Criteria of individually significant receivables	1,000,000.00 yuan
Method of provision for doubtful debts allowance of individually significant receivables	the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.2 Receivables that are provided for doubtful debts allowance on portfolio basis

Basis for determining portfolios	Nature of money and risk characteristics
Portfolio 1: Aging analysis	Receivables other than other portfolios
Portfolio 2: Financial claims of government	Mainly for the payment of funds for the relevant government departments
Portfolio 3: Transaction of Related parties	Transaction between companies within the group
Portfolio 4: Margin, petty cash and other project settlement funds	Withholding money at the time of settlement of the project
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Aging analysis	Aging analysis
Portfolio 2: Financial claims of government	Withdraw on schedule, and no provision for bad debts.
Portfolio 3: Transaction of Related parties	No provision for bad debts
Portfolio 4: Margin, petty cash and other project settlement funds	Withdraw on settlement, and no provision for bad debts

Portfolios that aging analysis is used for calculation of the doubtful debts allowance:

① Non-construction enterprises

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Within 1 year (including 1 year)	-	-

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
1-2 years	5.00	5.00
2-3 years	5.00	5.00
3-4 years	20.00	20.00
4-5 years	20.00	20.00
More than 5 years	40.00	40.00

②Construction enterprises

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Unfinished project	0.50	0.50
Within 1 year (including 1 year)	5.00	5.00
1-2 years	10.00	10.00
2-3 years	10.00	10.00
3-4 years	50.00	50.00
4-5 years	50.00	50.00
More than 5 years	100.00	100.00

3.11.3 Provision of doubtful debts allowance for individually insignificant receivables

Criteria of individually insignificant receivables	Receivables with conclusive evidence showing significant differences in collectability
Method of provision for doubtful debts allowance of individually insignificant receivables	Individual identification:

3.11.4 The treatment of intra-group transactions

In principle, the transactions between the units included in the scope of the consolidated statements of the company shall not make provision for bad debts. If there is objective evidence that it has been impaired, such as: there is objective evidence that the related party (debt unit) has been cancelled, bankruptcy, insolvency, etc., the individual identification method should be used to separately recognize the impairment loss and accrue bad debt provision .

3.11.5 Other receivables

For other receivables, provision for bad debts is made based on the difference between the expected future cash flow and all cash flows expected to be received.

3.11.6 The recovery of bad debts

If there is objective evidence that the value of the receivable has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss should be reversed and recognised in profit or loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date, assuming no provision for impairment.

If the Company transfers the receivables to the financial institution without recourse, the difference between the transaction amount and the book value of the resold receivables and related taxes will be included in the current profit and loss.

3.11.2 Companies that have implemented the new standards

3.11.2.1 Notes receivable

Based on the acceptor credit risk of bills receivable as a common risk feature, the company divides bills receivable into a combination of bank acceptance bills and commercial acceptance bills. The company measures the loss provision for the bills receivable according to the expected credit loss amount equivalent to the entire duration.

3.11.2.2 Accounts receivable

The methods for determining the expected credit loss of accounts receivable and accounting treatment methods include methods for assessing whether credit risk has increased significantly since initial confirmation, and combination methods for assessing expected credit on a portfolio basis.

For accounts receivable that are formed by transactions specified in the "Accounting Standards for Business Enterprises No. 14-Revenue Standards" and do not contain significant financing components, the company always measures its loss reserves at an amount equivalent to expected credit losses during the entire duration.

Judge whether the credit risk has increased significantly since the initial confirmation. The company determines whether the credit risk of financial instruments has increased significantly by comparing the default probability of the financial instrument during the expected lifetime determined at the time

of initial recognition with the default probability of the instrument during the expected lifetime determined on the balance sheet date. However, if the company determines that a financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial confirmation. Normally, if it is overdue for more than 30 days, it indicates that the credit risk of financial instruments has increased significantly. Unless the company can obtain reasonable and well-founded information without having to pay unnecessary additional costs or efforts to prove that even if it is overdue for more than 30 days, the credit risk has not increased significantly since the initial confirmation. When determining whether the credit risk has increased significantly since the initial confirmation, the company considers reasonable and evidence-based information that can be obtained without unnecessary additional costs or efforts, including forward-looking information.

Combination-based assessment. For accounts receivable, the company cannot obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to evaluate whether the credit risk has increased significantly on a portfolio basis. Therefore, the company follows the types of financial instruments and credit Risk rating, type of collateral, initial confirmation date and remaining contract period, debtor' s industry, debtor' s geographic location, etc. are common risk characteristics. Account receivables are grouped and assessed based on the combination to determine whether credit risk has increased significantly .

Expected credit loss measurement. Expected credit loss refers to the weighted average of the credit losses of financial instruments based on the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the company discounted at the original actual interest rate, that is, the present value of all cash shortages. The company calculates the expected credit loss of accounts receivable on the balance sheet date. If the expected credit loss is greater than the book value of the current period' s impairment provision for accounts receivable, the company will recognize the difference in the impairment loss of accounts receivable and debit " "Credit impairment loss" is credited to "bad debt provision". On the contrary, the company recognizes the difference as an impairment gain and makes opposite accounting entries.

If the company actually incurs credit losses and determines that the relevant accounts receivable cannot be recovered, and the relevant accounts receivable are determined to be written off upon approval, the "bad debt provision" is debited and the "accounts receivable" and "other receivables are credited" based on the approved write-off amount ". If the written-off amount is greater than the provision for loss that has been withdrawn, the "credit impairment loss" is debited on the period difference.

Based on the actual credit losses of previous years and considering the forward-looking information of the current year, the company' s accounting estimation policy for measuring expected credit losses is: the company determines the expected credit loss rate for individual accounts receivable with significantly different credit risks; In addition to the accounts receivable for which the expected credit loss rate is determined, the company adopts an expected credit loss model based on aging characteristics, and calculates the expected credit loss of the accounts receivable through the default risk exposure of the accounts receivable and the expected credit loss rate. And based on the default probability and default loss rate to determine the expected credit loss rate.

3.11.2.3 Receivables financing

In the process of the company's management of corporate liquidity, most of the bills receivable are endorsed and transferred before maturity, and based on the company has transferred almost all the risks and rewards of the related bills to the relevant counterparties, the confirmation of discounted or endorsed notes receivable is terminated .The company's business model for managing notes receivable is both to collect contractual cash flow and to sell the financial asset. Therefore, it is classified as a financial asset measured at fair value with changes included in other comprehensive income and listed in the accounts receivable financing .

The fair value at the time of initial confirmation is usually the transaction price. If there is a difference between the fair value and the transaction price, the distinction shall be made and handled according to the following circumstances.

3.12.1 At the time of initial recognition, if the fair value of a financial asset or financial liability is determined based on the quoted price of the same asset or liability in an active market or a valuation technique that only uses observable market data, the difference between the fair value and the transaction price is recognized as a gain or loss

3.12.2 At the time of initial recognition, if the fair value of a financial asset or financial liability is determined by other means, the difference between the fair value and the transaction price is deferred. After initial recognition, the deferred difference is recognized as a gain or loss in the corresponding accounting period according to the degree of change of a certain factor in the corresponding accounting period. This factor should be limited to the factors that market participants consider when pricing the financial instrument, including time.

All gains or losses arising from financial assets measured at fair value and whose changes are included in other comprehensive income, except for impairment gains or losses and exchange gains and losses, should be included in other comprehensive income until the financial asset is derecognized or reclassified.

When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income should be transferred out of other comprehensive income and included in the current profit and loss.

3.11.2.4 Other receivables

Determination method and accounting treatment method of expected credit loss of other receivables

The methods for determining expected credit losses of other receivables and accounting treatment methods include methods for assessing whether credit risk has increased significantly since initial confirmation, and combination methods for assessing expected credit on a portfolio basis.

The company measures other receivable losses in accordance with the following circumstances:

①For financial assets whose credit risk has not increased significantly since the initial recognition, the company shall measure the loss provision according to the amount of expected credit losses for the entire duration;②For financial assets with a significant increase in credit risk since the initial recognition, the company measures the loss reserve at an amount equivalent to the expected credit loss during the entire duration of the financial instrument;③For the purchase or source of financial assets that have been credit-impaired, the company measures the loss provision at an amount equivalent to the expected credit loss during the entire duration.

Combination-based assessment.

For other receivables, the company cannot obtain sufficient evidence of a significant increase in

credit risk at a reasonable cost at the level of individual instruments, and it is feasible to evaluate whether the credit risk has increased significantly on a portfolio basis. Therefore, the company follows the types of financial instruments, credit Risk rating, type of collateral, initial confirmation date, remaining contract period, debtor's industry, debtor's geographic location, etc. are common risk characteristics. Group other receivables and evaluate whether credit risk has increased significantly based on the combination.

Expected credit loss measurement. The company calculates the expected credit loss of other receivables on the balance sheet date. If the expected credit loss is greater than the current carrying amount of the impairment provision of other receivables, the company will recognize the difference as the impairment loss of other receivables. Record the "credit impairment loss" and credit the "bad debt provision". On the contrary, the company recognizes the difference as an impairment gain and keeps the opposite accounting records.

If the company actually incurs credit losses and determines that the relevant other receivables cannot be recovered, and the written-off is approved, the "bad debt provision" will be debited and the "other receivables" credited based on the approved write-off amount. If the written-off amount is greater than the provision for loss that has been withdrawn, the "credit impairment loss" is debited on the period difference.

Based on the actual credit losses of previous years and taking into account the forward-looking information of the current year, the company's accounting estimation policy for measuring expected credit losses is: the company refers to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, through default Calculate the expected credit loss based on the risk exposure and the entire duration expected credit loss rate.

3.12 Inventories

3.12.1 Categories of inventories

Inventories are the finished goods or commodities that the Company holds to sell, the work in progress in production process, and the material and goods consumed during the production process or service rendering process in daily operation. Inventories include raw materials, turnover materials

(packaging materials, low-value consumables, etc.), entrusted processing materials, work-in-progress, self-made semi-finished products, stock commodities (finished products), etc.

3.12.2 Measurement of inventories upon delivery

Inventories are initially measured at cost. Inventories mainly include inventory materials, development products under construction (development costs), and development products for completed development products. The cost of product development includes land transfer fees, infrastructure facilities expenses, construction and installation engineering expenses, borrowing costs incurred before the completion of the development project, and other related expenses during the development process. The actual consumption of the inventory and the settlement amount of the supplier are directly included in the development cost.

3.12.3 Provision for diminution in value of inventories

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

At each balance sheet date, inventories are measured at the lower of cost and net realisable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognized. The Company usually recognizes provision for diminution in value of inventories by a single inventory item. For the inventory items of large quantity and low price, the Company recognizes provision for diminution in value of inventories based on inventory categories.

After the provision for inventory depreciation is made, if the influencing factors of the previously written down inventory value have disappeared, resulting in the net realizable value of the inventories being higher than its book value, it will be reversed within the original provision for the provision for impairment of inventories. The amount reversed is included in the current profit and loss.

3.12.4 Inventory count system

The Company adopts the perpetual inventory system.

3.12.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

3.13 Contract assets

The Group's contract assets are mainly completed and unsettled assets formed by construction contracts

Construction contracts are measured at actual costs, including direct and indirect costs related to the execution of the contract that occur from the time the contract is signed to the completion of the contract. The contract performance cost and contract settlement of the contract under construction are listed in the balance sheet as the net amount after offset. The contract assets and contract liabilities under the same contract should be listed as the net amount. Contract assets and contract liabilities under different contracts cannot offset each other. The net amount is a positive number and is listed as "completed and unsettled assets formed by the construction contract" in the contract assets in the balance sheet; the net amount is negative and listed as "the contract liabilities formed by the construction contract" in the balance sheet unfinished payment has been settled"

For contract assets, the Group refers to historical credit loss experience, combined with current conditions and forecasts of future economic conditions, and calculates expected credit losses based on the default risk exposure and the entire duration credit loss rate

3.14 Contract cost

3.14.1 Contract performance cost

The Group's costs incurred for the performance of the contract are not within the scope of other accounting standards for business enterprises except for the income standard, and the following conditions are met at the same time as the contract performance cost and recognized as an asset:

3.14.1.1 The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clearly borne by the customer, and other costs incurred solely due to the contract;

3.14.1.2 This cost increases the company's future resources for fulfilling its performance obligations.

3.14.1.3 The cost is expected to be recovered.

3.14.2 Contract acquisition cost

The incremental cost incurred by the Group for obtaining the contract is expected to be recovered, and it is recognized as an asset as the contract acquisition cost. Incremental costs refer to costs that the company will not incur without obtaining a contract, such as sales commissions. If the amortization period does not exceed one year, it shall be included in the current profit and loss when it occurs.

3.14.3 Amortization of contract costs

The above-mentioned assets related to the contract cost are amortized at the time of performance of the performance obligation or according to the performance of the performance obligation on the same basis as the income recognition of goods or services related to the asset, and included in the current profit and loss.

3.14.4 Contract cost impairment

The book value of the above-mentioned assets related to contract costs is higher than the recoverable amount, that is, the company expects to obtain the remaining consideration due to the transfer of the goods related to the asset minus the estimated cost for the transfer of the related goods. The excess shall be provided for impairment and recognized as asset impairment loss. After the provision for impairment is made, if the impairment factors in the previous period change, which makes the difference between the above two items higher than the book value of the asset, the original provision for asset impairment shall be reversed and included in the current profit and loss. However, the book value of the asset after the reversal shall not exceed the book value of the asset on the reversal date under the assumption that no impairment provision is made.

3.15 Long-term equity investment

3.15.1 Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the

initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 12- Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related accounting standards.

3.15.2 Subsequent measurement and recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company shall measure the indirectly held portion at fair value through profit or loss and accounted for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22- Financial Instrument Recognition and Measurement.

3.15.3 Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50% voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's

technique or technical material; e) Significant transactions occur between the Company and the investee.

3.16 Investment property

Investment property of the Company includes land use rights and buildings leased to other party, and land use rights held for resale after appreciation. Investment property is initially measured at acquisition cost, and is subsequently measured using the fair value method.

The Group uses the fair value model for subsequent measurement of investment property. For investment property that uses the fair value model for subsequent measurement, the basis for accounting policy selection is:

- ① There is an active real estate transaction market in the location of investment property.
- ② The Group can obtain the market price and other relevant information of same or similar real estate from the real estate transaction market, so as to make a reasonable estimate of the fair value of investment property.

The Group does not accrue depreciation or amortization of investment real estate, and adjusts its book value based on the fair value of 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.

The Group has solid evidence that the use of real estate has changed. When converting investment real estate to self-use real estate, the fair value of the conversion date is used as the book value of the self-use real estate. The difference between the fair value and the original book value is included in the current profit and loss. When self-used real estate or inventory is converted into investment real estate measured using the fair value model, the investment real estate is valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; If the value is greater than the original book value, the difference is included in the owner's equity.

3.17 Fixed assets

3.17.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and b) The costs of the fixed assets can be measured reliably.

3.17.2 Classification and depreciation method of fixed assets

The categories of fixed assets mainly include: buildings, machinery & equipment, electronic equipment and vehicles. The Company adopts the straight line method for depreciation. The useful life and residual value of an asset is assessed based on its nature and the manner of use. At the end of each financial year, the useful lives, residual values and the depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	20-40	5	2.38-4.75
Machinery & equipment	6-10	5	9.5-15.83
Electronic equipment	3-5	5	19-31.67
Transportation vehicles	4-8	5	11.88-23.75
Other equipment	3-10	5	9.5-31.67

3.17.3 Recognition and measurement of fixed assets leased in under finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, the Company, as the lessees, shall recognize finance leases as assets at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent measurement of fixed assets under finance lease should be in accordance with the accounting policies adopted for self-owned fixed assets in respect of provision of depreciation and impairment.

3.18 Construction in progress

The construction in progress of the Company includes self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use. The recognition criteria of intended use include any of the followings:

a) The tangible work of fixed assets (including installation) have been entirely or substantively completed; b) Trial production or trial operation has occurred whose outcome indicates the asset can be operated properly or manufacture quality product steadily; c) No expenditure or insignificant expenditure occur subsequently for the constructed asset; d) The constructed asset has achieved or substantively achieved the requirement of design or contract.

3.18.1 Pricing of construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, other necessary expenses incurred to bring the construction in progress to the expected usable condition, and borrowing costs that qualify for capitalization before the assets are ready for their intended use. When the construction in progress is ready for its intended use, it is transferred to the fixed assets and depreciation begins from the next month.

3.18.2 Cost calculation of the company's land remediation business construction

The construction cost of land remediation business can be divided into land demolition and remediation cost, land development supporting cost and other construction task costs, in accordance with the relevant provisions of the “Chengdu State-owned Enterprise Land Remediation Business Accounting Treatment Guidelines (Trial)” issued by Chengdu Finance Bureau. Conduct accounting, as follows:

a. The collection and accounting of the construction cost of land remediation business are accounted for in “development cost”, “construction and installation engineering investment”, “equipment investment” and “deployment investment”.

b. Cost carry-over and resale of land remediation business: For the cost of direct demolition and remediation of land that has occurred, the land for remediation shall be delivered in batches, and after the land remediation funds corresponding to the disbursement will be received, the pre-carrying

will be carried out at the end of the year. For the directly demolition and rectification costs of the transferred parcels that can be directly divided and accounted for, the cost of demolition and rectification will be carried forward less than the funds received from the corresponding land parcel demolition and remediation services. For the cost of land relocation and rectification that cannot be directly matched, the cost pre-carrying will be carried out according to the actual cost of direct demolition and rectification and the Derogatory principle of the land remediation business that has not been written off. After the completion of the project construction tasks, the cost of land consolidation business should be comprehensively cleaned up. According to the relevant audit results and relevant approvals, the original pre-carrying (sales) costs will be adjusted and confirmed. Other supporting construction costs and other construction task costs will be completed after the completion of the project is completed and confirmed by the owner, and the cost and special construction grants will be issued.

3.19 Borrowing costs

3.19.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

3.19.2 Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense

incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

3.20 Intangible assets

3.20.1 The measurement of intangible assets

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Company and have no physical form.

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

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings and other buildings, the related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets, respectively. In the case of outsourced houses and buildings, the relevant price will be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them will be treated as fixed assets.

3.20.2 The assessment basis for indefinite useful life

Intangible assets without foreseeable period to bring economic benefits to the Company or with uncertain useful life are classified as intangible assets of indefinite life. The judgment basis for indefinite life includes: a) The legal rights are derived from contractual rights or other legal rights, however there is no explicit useful life indicated in the contracts or regulations; b) Although considering the industry practice or demonstration from related professionals comprehensively, the benefit period of the intangible assets still can't be decided.

At the end of each year, the Company reviews the intangible assets with indefinite useful life mainly using bottom-to-top approach. The related departments who use the intangible assets will perform a basic review and evaluate whether there are changes on the basis to determine indefinite useful life.

3.20.2 The amortization of intangible assets

Intangible assets with a limited useful life shall be amortized using the straight-line method over the expected useful life of the original value minus the estimated net residual value and the accumulated amount of the depreciation reserve accrued since its availability. Intangible assets with uncertain service life will not be amortized.

At the end of the period, the service life and amortization method of intangible assets with a limited service life are reviewed, and if there is a change, it is treated as a change in accounting estimates. In addition, the service life of intangible assets with uncertain service life is also reviewed. If there is evidence that the period in which the intangible asset brings economic benefits to the enterprise is foreseeable, the service life is estimated and the intangible asset is amortized according to the amortization policy of the intangible asset with a limited service life.

3.20.3 The method of impairment test and impairment provision of intangible assets

The method of impairment test and impairment provision of intangible assets refers to Note 3.19 Impairment of assets.

3.20.4 The specific criteria for research phase and development phase of internally generated projects, and the specific criteria for capitalization of expenditure incurred during development phase

Expenditure in the research phase is recognized as an expense in profit or loss for current period

when it is incurred. Expenditure in the development phase of internally generated projects is capitalized if they meet the criteria of intangible assets.

The specific criteria to distinguish research phase and development phase of internally generated projects: it is technically feasible to complete the intangible asset so that it can be used or sold; have the intention to complete the intangible asset and use or sell it; the ways in which intangible assets generate economic benefits include the ability to prove that the products produced using the intangible assets have a market or the intangible assets themselves have a market, and the intangible assets will be used internally to prove their usefulness; there are sufficient technical, financial resources and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset; the expenditure attributable to the development stage of this intangible asset can be reliably measured. Development expenditures that do not meet the above conditions are included in the current profit and loss.

3.21 Impairment of assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, etc., the Company shall perform impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups

or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

3.22 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the Company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

3.23 Contract liabilities

The contract liabilities of the Group are mainly the settled unfinished payment formed by the construction contract. The contract performance cost and contract settlement of the contract under construction are shown in the balance sheet as the net amount after offset. The contract assets and contract liabilities under the same contract should be shown as the net amount. The contract assets and contract liabilities under different contracts cannot Offset each other. The net amount is a negative number and is listed in the contract liability in the balance sheet as "settled unfinished payment formed by the construction contract".

3.24 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

3.24.1 Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

3.24.2 Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

3.24.3 Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and B) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

3.24.4 Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with

the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan.

3.25 Provisions

A provision relating to contingency is recognized when: a) The obligation is a present obligation of the Company; b) It is probable that an outflow of economic benefits will be required to settle the obligation; c) The amount of the obligation can be measured reliably. Provisions are initially measured at the best estimate of the payment to settle the associated obligations. If there is a continuous range for the necessary expenses and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range. If the contingency involves two or more items, the best estimate shall be determined according to all the possible outcomes with their relevant probabilities.

The Company shall review the carrying amounts of provisions at each balance sheet date, and if there are conclusive evidences that indicate the carrying amounts of provisions can't reflect the present best estimate of the payment, the carrying amounts of provisions will be adjusted to the present best estimate of the payment.

3.26 Share-based payment

The share-based payment can be distinguished into equity-settled and cash-settled share-based payment. Equity-settled share-based payment in exchange for services rendered by employees is measured at fair value of the equity instruments granted to the employees. If there exists an active market for options and other equity instruments granted by the Company, their fair value is determined on the price quotes in the active market. If there does not exist an active market, the fair value shall be determined by valuation techniques, including referring to the recent market prices in an arm's length transaction between the knowledgeable and willing parties, the fair value of other financial instruments with the same substance, the discount cash flow method and option price model.

At each balance sheet date in the vesting period, the Company revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible

employees, the fulfillment of performance conditions and other subsequent information, and recognizes the expenses in each accounting period accordingly. The share-based payment can be allocated among the accounting periods based on the vesting period's proportion of the whole vesting period in each accounting period if the share-based payment shall be recognized in more than one accounting period.

3.27 Preference shares and perpetual bonds

3.27.1 Classification of financial liabilities and equity instruments

The Company classifies the preference shares, perpetual bonds, warrants and convertible bonds etc. into financial liabilities or equity instruments according to the following criteria:

a. To settle the contract obligation in cash, by other financial assets or exchange of financial assets or liabilities

If the Company can't avoid paying cash or other financial assets unconditionally to fulfill its obligation in one contract, the obligation of contract meets the definition of financial liabilities.

b. To settle the contract obligation by the Company's own equity instruments

If the financial instrument shall or can be settled by the Company's own equity instruments for the alternatives of cash or other financial assets, the financial instrument is a financial liability of the Company; if the holder of financial instrument can enjoy the rest equity benefit after the Company deducts all liabilities from the assets, the financial instrument is a equity instrument of the Company.

c. To distinguish between derivative financial instrument and non-derivative financial instrument when the Company shall or can settle the contract obligation using own equity instruments

For non- derivative financial instrument, if the Company has no obligation to settle by issuing convertible-quantity own equity instrument in the future, the non-derivative financial instrument is an equity instrument. Conversely the non-derivative financial instrument is a financial liability. For derivative financial instrument, if the Company can only settle the contract obligation using fixed-quantity own equity instrument to exchange fixed-amount cash or other financial assets, the derivative financial instrument is a equity instrument; if the Company uses fixed-quantity own

equity instrument to exchange convertible-amount cash or other financial assets, or uses convertible-quantity own equity instrument to exchange fixed-amount cash or other financial assets, or when the transfer price is not fixed, uses convertible-quantity own equity instrument to exchange convertible-amount cash or other financial assets, the derivative financial instrument is a financial liability or a financial asset.

3.27.2 The accounting treatment for preference shares and perpetual bonds

The Company accounts for the financial instruments that is classified as financial liabilities by the account "Bonds payable", calculates interest and adjusts the carrying amount of the interests payable etc. in accordance with the regulation of financial liability subsequent measurement with amortized cost in the financial instrument recognition and measurement standard. The Company accounts for the equity instruments in the account "other equity instruments" and treats the dividend payments (including interests arising from instruments that are classified as equity instruments) as profit distribution during the equity instruments' existence.

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

3.28 Revenues

3.28.1 Companies that have not yet implemented the new standards

3.28.1.1 Sales of goods

The company has transferred the important risks and rewards of the ownership of the goods to the buyer; the company no longer implements the management and actual control of the goods; the relevant income has received or obtained evidence of the receipt; and the sale of the goods When the relevant costs can be reliably measured, the realization of operating income is confirmed.

3.28.1.2 Providing labor services

Labor services that are started and completed in the same fiscal year are recognized for income when the labor service is completed. If the beginning and completion of the labor service are in different fiscal years, the results of the labor service transaction can be reliably estimated, and the work is completed on the balance sheet date. The percentage method confirms the relevant labor income.

3.28.1.3 The interest income of others using the assets of the enterprise shall be determined according to the time of using cash and the applicable interest rate; the income from the use of the fee shall be calculated and confirmed according to the time and method of charging as stipulated in the relevant contract or agreement. The above revenue recognition should also satisfy: a) The economic benefits associated with the transaction can flow into the company; and b) The amount of income can be reliably measured.

3.28.2 Companies that have implemented the new standards

The company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation. Performance obligations refer to the company's promise to transfer clearly distinguishable goods or services to customers in the contract. Obtaining control rights of related commodities means being able to lead the use of the commodities and obtain almost all economic benefits from them.

(1) The company evaluates the contract on the start date of the contract. When the contract between the company and the customer meets the following conditions at the same time, the company recognizes revenue when the customer obtains control of the related goods or services:

- 1) All parties to the contract have approved the contract and promised to fulfill their obligations;
- 2) The contract clarifies the rights and obligations of the parties to the contract related to the transferred goods or the provision of labor services;
- 3) The contract has clear payment terms related to the transferred goods or services;
- 4) The contract has commercial substance, that is, the performance of the contract will change the company's future cash flow risk, time distribution or amount;
- 5) The consideration that the company is entitled to obtain due to the transfer of goods or services to customers is likely to be recovered.

(2) Identify each individual performance obligation contained in the contract, and determine whether each individual performance obligation is performed within a certain period of time or at a certain point in time.

1) Identify individual performance obligations. Under the following circumstances, the company will transfer the promise of goods or services to customers as a single performance obligation: first, the company transfers to customers a promise that can clearly distinguish goods or services (or combinations of goods or services); second, the company to customers Transfer a series of promises that are substantially the same and have the same transfer mode, which can clearly distinguish goods or services.

The goods or services promised by the company to customers that meet the following two conditions at the same time are regarded as clearly distinguishable goods or services:

① Customers can benefit from the goods or services themselves or from the use of the goods or services together with other easily available resources, that is, the goods or services themselves can be clearly distinguished;

②The company's promise to transfer the goods or services to customers can be distinguished separately from other promises in the contract, that is, the promise to transfer the goods or services is clearly distinguishable in the contract.

The company uses judgment and comprehensively considers all facts and circumstances when determining whether the commitment to transfer goods or services can be distinguished separately.

The following situations usually indicate that the company's commitment to transfer goods or services to customers cannot be separated from other commitments in the contract:

① The company needs to provide significant services to integrate the goods or services with other goods or services promised in the contract into a combined output agreed in the contract and transfer to the customer;

② The goods or services will make major modifications or customizations to other goods or services promised in the contract;

③ The goods or services are highly related to other goods or services promised in the contract.

2) Determine the time period or point of time for individual performance obligations. If one of the following conditions is met, it is a performance obligation performed within a certain period of time.

The company recognizes revenue within a period of time according to the progress of the contract:

①The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance;

②The customer can control the products under construction during the performance of the company;

③The goods produced by the company during the performance of the contract have irreplaceable uses, and the company has the right to collect payment for the accumulated performance part of the contract during the entire contract period. Otherwise, the company recognizes revenue at the point when the customer obtains control of the relevant goods or services.

For the performance obligations performed within a certain period of time, the company uses the output method to determine the appropriate performance progress based on the nature of the goods and services.

The output method is to determine the performance progress based on the value of the goods that have been transferred to the customer to the customer.

When the performance progress cannot be reasonably determined, if the company's incurred costs are expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

Under the original revenue standard, the company determines the completion percentage of the construction contract part of the contract according to the proportion of the settled revenue to the estimated total revenue of the contract, based on the recognition of revenue when the customer obtains control of the relevant goods or services, and the output method is used to recognize revenue. In line with the actual situation of the company, and in order to maintain the continuity of accounting confirmation and measurement, the output method is selected to determine the progress of performance.

(3) Determine the transaction price

The transaction price refers to the amount of consideration that the company expects to be entitled to collect due to the transfer of goods or services to the customer, but does not include the amount collected on behalf of a third party and the amount that the company expects to return to the

customer. The company determines the transaction price in accordance with the contract terms and combined with past practices. When determining the transaction price, the company considers the influence of factors such as variable consideration, major financing components, consideration payable to customers, and non-cash consideration.

1) Variable consideration

If there is variable consideration (such as rewards, fines, etc.) in the contract, the company determines the best estimate of the variable consideration based on the expected value or the most likely amount. The transaction price including the variable consideration shall not exceed the amount at which the accumulated confirmed revenue will most likely not undergo a significant reversal when the relevant uncertainty is eliminated. On each balance sheet date, the company re-estimates the amount of variable consideration that should be included in the transaction price.

2) Major financing components

If there is a significant financing component in the contract, the company shall determine the transaction price based on the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest method during the contract period. On the starting date of the contract, the company expects that the time between the customer's acquisition of control of the goods or services and the customer's payment of the price will not exceed one year, regardless of the significant financing components in the contract.

3) Paying customers' consideration

If there is a consideration payable to the customer in the contract, unless the consideration is to obtain other clearly distinguishable goods or services from the customer, the company shall offset the consideration payable against the transaction price. And at the time when the relevant revenue is recognized and the customer consideration is paid (or promised to pay), which is later, the current revenue is offset.

4) Non-cash consideration

If the customer pays non-cash consideration, the company shall determine the transaction price based on the fair value of the non-cash consideration. If the fair value of the non-cash consideration

cannot be reasonably estimated, the company indirectly determines the transaction price by referring to the stand-alone selling price of the goods or services promised to transfer to the customer.

(4) Allocate the transaction price to each individual performance obligation

If the contract contains two or more performance obligations, the company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the date of the contract. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the company allocates the contract discount or variable consideration to the relevant one or more performance obligations obligation. Stand-alone selling price refers to the price at which the company sells goods or services separately to customers. If the stand-alone selling price cannot be directly observed, the company comprehensively considers all relevant information that can be reasonably obtained, and uses observable input values to estimate the stand-alone selling price to the maximum.

(5) Recognizing income from fulfilling obligations

On the starting date of the contract, the company identifies each individual performance obligation contained in the contract and determines whether each individual performance obligation is performed within a certain period of time or at a certain point in time. The company recognizes revenue separately when performing each individual performance obligation.

3.29 Construction contract

3.29.1 Confirmation principle of construction contract revenue and cost

The construction contract revenue is recognized by the total amount or total cost of the engineering contract received or receivable; the contract cost shall include the direct and indirect costs incurred from the contract signing until the contract is completed and related to the execution of the contract.

The principle of confirmation of construction contract revenue and cost is:

(1) If the progress of the construction contract can be reliably estimated on the balance sheet date, the contract revenue and contract costs are recognized based on the percentage of completion

method.

(2) The progress of the construction contract cannot be reliably estimated at the balance sheet date. If the contract cost can be recovered, the contract revenue is recognized according to the actual contract cost that can be recovered, and the contract cost is recognized as the contract cost in the current period in which it occurs; If the cost cannot be recovered, it will be recognized as contract cost immediately when it occurs, and the contract revenue will not be confirmed.

3.29.2 Confirmation method of contract completion schedule

The Company determines the contract completion schedule based on the proportion of the actual contract costs incurred to the estimated total cost of the contract.

3.29.3 Expected loss processing

On the balance sheet date, if the estimated total cost of the contract exceeds the total contract revenue, the estimated loss is recognized as the current expense.

3.30 Government grants

3.30.1 Category and accounting of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration and be classified as government grants related to assets or government grants related to income.

Government grants related to assets are recognized as deferred income which are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income.

Government grants measured at nominal cost will be recorded in profit and loss for the current period when received.

Government grants related to income are treated as follows: a) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized.; b)

if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income .

3.30.2 The detailed criteria to distinguish government grants related to assets and government grants related to income:

Government grants obtained by the Company for purchase, construction or formation of long-term assets are recognized as the government grants related to assets. The government grants other than the government grants related to assets are classified as government grants related to income.

3.30.3 The recognition time point for government grants

The receivable government grants will be recognized when there are conclusive evidence to indicate the Company could meet all related government grants requirements and the Company expects to receive the government grants in the future. Other government grants will be recognized when the grant fund received.

3.30.4 Accounting treatment for concessional loan

A. When the bank receives the discount interest fund from the financial sector and then provides loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the preferential interest rate.

3.31 Deferred tax asset and deferred tax liability

3.31.1 Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

3.31.2 Deferred tax assets are recognized for deductible temporary differences to the extent that it is

probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

3.31.3 The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

3.32 Leases

The company's leases are classified as finance leases and operating leases. The judgment criteria for financing leases are: leases that substantially transfer all risks and rewards related to ownership of assets, and are recognized as financial leases. The specific basis for recognition is that one or more of the following conditions are met: at the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; the lessee has the option to purchase the leased asset, and the purchase price is expected to be much lower than the exercise option. The fair value of the leased asset at the time of the lease, so it can be reasonably determined at the lease start date that the lessee will exercise this option; even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset; the lessee is on the lease start date The present value of the minimum lease payments is almost equivalent to the fair value of the leased assets on the lease start date; the leased assets are of a special nature and can only be used by the lessee if no major modifications are made. For leases that do not meet the above conditions, they are recognized as operating leases.

The accounting treatment of the Company's leasing business is handled in accordance with the

provisions of the “Accounting Standards for Business Enterprises – Leasing”.

3.32.1 The accounting treatment for operating lease: rental payment for operating leases is recognized in profit or loss for current period or the cost of related assets on a straight-line basis over the lease term.

3.32.2 The accounting treatment for financing lease: the Company will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the initial book value of the leased asset. The difference between carrying amount of leased asset and the present value of minimum lease payments is recognized as future finance charge which is amortized over the lease period by effective interest method. Minimum lease payments deducted unrecognized finance charge is presented as long-term payables.

3.33 Held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale assets when all the following conditions are met: a) the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); b) the sale must be highly probable, i.e. the Company has signed an irrevocable transfer agreement with the transferee and the transfer is expected to be completed within one year. If related regulations require pre-approval for the sale, the sale transaction has been approved.

When non-current asset (or disposal group) classified as held for sale is initially measured or remeasured at each balance sheet date, if the book value of the non-current asset (or disposal group) is higher than its fair value, the difference will be deducted from the book value and recognized as impairment provision of held for sale in the profit and loss for current period.

Non-current asset (or disposal group) classified as held-for-sale asset will be presented as held-for-sale assets and the liabilities in the disposal group will be presented as held-for-sale liabilities in the balance sheet.

A discontinued operation is a clearly distinguished component of an entity ,that either has been disposed of, or is classified as held for sale, and meets any of the following criteria:

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or

geographical area of operations or

(c) is a subsidiary acquired exclusively with a view to resale.

3.34 Main changes of accounting policies and accounting estimates

3.31.1 Main changes of accounting policies and basis

On July 5, 2017, the Ministry of Finance promulgated the "Notice on the Amendment and Issuance of the "Accounting Standards for Business Enterprises No. 14-Revenue" (Cai Kuai [2017] No. 22) (hereinafter referred to as the "New Revenue Standards"). Guidelines No. 14-Income has been revised. The notice requires companies that are simultaneously listed at home and abroad and companies that are listed overseas and adopt the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements, which will come into effect on January 1, 2018. For other domestic listed companies, it will be implemented on January 1, 2020. Non-listed companies that implement the Accounting Standards for Business Enterprises shall come into force on January 1, 2021.

3.31.2 The main influence of accounting policy change

The Group's subsidiaries Tianjin Chase Sun Pharmaceutical Co., Ltd. and China Zhonghua Geotechnical Engineering Group Co., Ltd. will implement the new revenue standards from January 1, 2020. In accordance with the regulations on the convergence of the old and new standards, the company will disclose its accounting statements in accordance with the requirements of the new standards from January 1, 2020, and adjust the amount of relevant items in the opening financial statements in accordance with regulations, and no adjustments will be made to comparable period information. The impact of the subsidiary's implementation of the new revenue standard on the group's consolidated financial statements on January 1, 2020 is as follows:

Item adjusted	As at 1/1/2020	As at 31/12/2019	Adjustment amount
Inventories	66,240,436,398.53	68,206,910,369.98	-1,966,473,971.45
Contract assets	1,936,976,861.87		1,936,976,861.87
Deferred tax asset	1,438,545,546.84	1,433,924,467.32	4,621,079.52

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Total assets	69,615,958,807.24	69,640,834,837.30	-24,876,030.06
Advances from customers	7,922,362,694.12	7,974,981,680.35	-52,618,986.23
Contract liabilities	52,618,986.23		52,618,986.23
Total liabilities	7,974,981,680.35	7,974,981,680.35	0
Retained earnings	7,425,553,818.66	7,432,837,520.26	-7,283,701.60
Minority interests	17,417,282,961.89	17,434,875,290.35	-17,592,328.46
Total equity	24,842,836,780.55	24,867,712,810.61	-24,876,030.06

Description of impact: Due to the implementation of the new income standards by listed companies, the completed and unsettled assets that were originally included in the inventory in the initial financial statements and meet the definition of contract assets are reclassified to contract assets, and the contract asset impairment provision is made up; reclassify the amount originally included in advance receipts that meet the definition of contract liabilities into contract liabilities ; reclassify into contract liabilities that originally included in advance from customers meet the definition of contract liabilities ; adjust the deferred income tax assets due to adjustments to the provision for bad debts . According to the above adjustments, adjust the retained earnings and surplus reserves at the same time.

4. Taxes

4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	Operating revenue	3%;5%;6%;9%;13%
Enterprise income tax	Taxable income	25%;15%
Estate tax	70 percents of the original value of the property; the rental income from the property	1.2%;12%
Urban maintenance and construction tax	The amount of turnover tax	7%;5%
Education surtax	The amount of turnover tax	3%
Local education surtax	The amount of turnover tax	2%
Land-value increment tax	Value Added of the land	Four levels of excess progressive tax rates

4.2 Significant tax incentives and approval documents

In October 2017, China Zhonghua Geotechnical Engineering Group Co., Ltd. passed the audit of high-tech enterprises and obtained the "High-tech Enterprise Certificate", certificate number: GR201711002385; valid for three years, corporate income tax preferential period is from January 1, 2017 to December 31, 2019. According to relevant regulations, corporate income tax of high-tech enterprises is levied at a rate of 15%. At present, the review of the company's high-tech enterprises is currently in progress.

In October 2017, Tianjin Chase Sun Pharmaceutical Co., Ltd. passed the audit of high-tech enterprises and obtained the "High-tech Enterprise Certificate", certificate number: GR201711002385; valid for three years, corporate income tax preferential period is from January 1, 2017 to December 31, 2019. According to relevant regulations, corporate income tax of high-tech enterprises is levied at a rate of 15%. At present, the company's new high-tech enterprise identification work in 2020 has been started, and the current progress is smooth, and it is expected that the relevant certification is likely to be obtained.

5. Notes to the consolidated financial statements

5.1 Cash at bank and on hand

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Cash on hand	2,048,431.91	3,888,149.25
Cash at bank	27,803,357,486.41	23,275,956,363.51
Other monetary funds	203,607,748.78	223,842,462.36
Total	28,009,013,667.10	23,503,686,975.12
Including: the total balance deposited overseas	234,882,892.50	121,800,797.00

Ownership or using rights of cash subject to restriction

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Bank acceptance draft deposit	110,056,944.49	69,096,914.45
Letter of credit deposit	670,379.67	540,193.50
Performance bond	102,150,736.74	99,843,309.81
Term deposit or notice deposit for guarantee	80,856,684.63	26,200,000.00
Third-party payment platform	1,301,306.14	741,427.53
Securities settlement account		976,800.15
Frozen money	89,468,729.86	104,544,456.88
Others	953,630.00	447,630.00
Total	385,458,411.53	302,390,732.32

5.2 Notes receivable

5.2.1 Category of Notes receivable

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Bank acceptance bills	176,372,799.68	251,294,313.56
Trade acceptance bills	488,075,717.04	421,239,624.54
Less: doubtful debts allowance	4,691,231.06	4,872,075.27
Total	659,757,285.66	667,661,862.83

5.2.2 At the end of the period, the Group has endorsed or discounted bills receivable that have not yet expired

Item	The amount confirmed for termination	The amount not terminated
Bank acceptance bills	179,252,825.42	185,245,072.48
Trade acceptance bills	411,507,893.30	214,441,684.96
Total	590,760,718.72	399,686,757.44

5.3 Accounts receivable

5.3.2.1 Accounts receivable by category

Item	As at 30/06/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	1,280,118,591.54	4.42	466,965,586.92	36.48
Allowance for doubtful debts on portfolio	27,656,798,127.80	95.57	2,585,202,449.85	9.35
Individually insignificant but allowance for doubtful debts individually	1,289,877.55	0.01	1,235,877.38	95.81
Total	28,938,206,596.89	100.00	3,053,403,914.15	10.55

(Continued)

Item	As at 1/1/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	1,343,052,911.12	5.20	501,045,702.36	37.31
Allowance for doubtful debts on portfolio	24,493,926,476.69	94.78	2,476,810,300.22	10.11
Individually insignificant but allowance for doubtful debts individually	4,207,058.44	0.02	3,284,618.12	78.07

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Item	As at 1/1/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT(%)	Amount	Allowance rate (%)
Total	25,841,186,446.25	100.00	2,981,140,620.70	11.54

5.3.2.2 Accounts receivable that are individually significant and subject to separate allowance

Company name	Book Balance	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
河南彤辉置业有限公司	10,845,100.00	10,845,100.00	More than 5 years	100.00	Litigation
成都绿益桂森投资管理有限公司	27,340,000.00	27,340,000.00	4-5years	100.00	Loss of liquidation and capital verification
四川海盛房地产有限公司	30,015,980.25	30,015,980.25	Within 1 year	100.00	Litigation
大英万泰置业有限公司	43,000,000.00	30,532,190.89	2-3years	71.01	Litigation
四川国栋建设股份有限公司	1,696,267.97	848,133.99	Within 1 year	50.00	Litigation
成都森宇实业集团有限公司	230,827,940.45	168,770,934.93	Within 1 year、2-3years、 More than 3years 以、 More than 5 years	73.12	Litigation
南充世纪城（中南）房地产开发有限责任公司	89,692,542.82	89,692,542.82	More than 3 years	100.00	Litigation
成都鼎康置业有限公司	2,066,367.10	103,318.35	Within 1 year	5.00	Litigation
贵州七众置业有限公司	66,631,009.22	6,663,100.92	1-2years	10.00	Litigation
四川华景房地产开发有限公司	22,284,867.00	4,456,973.40	Within 1 year	20.00	Litigation
攀枝花市万年长房地产开发有限公司	24,546,341.81	24,546,341.81	More than 5 years	100.00	Long term
成都强讯新和房地产开发有限公司	112,598,164.52	5,179,908.23	2-3years	4.60	Litigation
四川省川塔恒远实业有限公司	111,612,398.94	5,807,333.95	2-3years	5.20	Litigation
成都长湖投资有限公司	4,622,813.60	600,965.77	4-5years	13.00	Litigation
成都盛世房地产开发有限公司	75,479,110.51	14,143,874.50	More than 5 years	18.74	Litigation
成都长湖文化旅游开发	74,867,793.37	9,732,813.14	More than 5	13.00	Litigation

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

有限公司			years		
成都市龙光房地产有限公司	3,231,454.15	1,615,727.08	More than 5 years	50.00	Individually significant
彭州世纪嘉华投资有限公司	14,764,350.11	4,429,305.03	2-3years	30.00	Litigation
四川华业林志置业有限公司	38,310,865.07	16,856,780.63	4-5years	44.00	Litigation
广汉市美亿家家装饰城管理有限公司	295,685,224.65	14,784,261.23	More than 5 years	5.00	Litigation
四川省商业建筑总公司	334,476.00	334,476.00	More than 5 years	100.00	More than 5 years
岳池县人民政府	16.00	16.00	More than 5 years	100.00	Litigation
成都和方成实业有限公司	108,000.35	54,000.18	More than 5 years	50.00	Litigation
成都市凯宏建筑工程公司	431,455.20	431,455.20	More than 5 years	100.00	More than 5 years
四川川西建筑工程公司	212,504.00	212,504.00	More than 5 years	100.00	More than 5 years
四川省资阳建筑工程公司	203,426.00	203,426.00	More than 5 years	100.00	More than 5 years
Total	1,281,408,469.09	468,201,464.30	—	—	—

5.3.2.3 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	17,728,714,237.53	64.93	309,844,450.25	15,217,814,150.38	62.62	292,145,740.47
1-2 years	3,930,140,589.36	14.39	344,667,270.30	4,407,029,108.16	18.13	347,313,803.96
2-3 years	2,359,647,891.87	8.64	357,167,646.63	2,101,573,053.27	8.65	360,277,790.26
More than 3 years	3,287,205,826.14	12.04	1,573,523,082.67	2,576,493,356.63	10.60	1,477,072,965.53
Total	27,305,708,544.90	100.00	2,585,202,449.85	24,302,909,668.44	100.00	2,476,810,300.22

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 30/06/2020	As at 1/1/2020
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Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Financial claims of government	230,432,270.97			184,293,204.94		
Related party	120,657,311.93			6,723,603.31		
Total	351,089,582.90			191,016,808.25		

5.3.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance As at 30/06/2020	Percentage in total accounts receivable (%)	Allowance for doubtful debts As at 30/06/2020
四川龙阳天府新区建设投资有限公司	527,139,469.55	1.82	391,910.77
延安新区管委会	410,517,831.35	1.42	49,113,018.77
成都润利鑫置业有限责任公司	391,031,228.70	1.35	19,551,561.44
中国中铁股份有限公司	320,761,935.12	1.11	39,774,131.76
广汉市美亿家家装饰城管理有限公司	295,685,224.65	1.02	14,784,261.23
Total	1,945,135,689.37	6.72	123,614,883.97

5.4 Prepayments

5.4.1 Aging analysis of prepayments

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,155,132,161.46	57.58		888,678,448.08	82.94	
1-2 years	680,536,424.88	33.92		89,716,769.89	8.37	
2-3 years	80,693,081.45	4.02		57,090,475.38	5.33	
More than 3 years	89,826,642.83	4.48		35,994,062.67	3.36	
Total	2,006,188,310.62	100.00		1,071,479,756.02	100.00	

5.4.2 The prepayments with Aging more than 1 year

Creditor name	Debtor name	Balance As at 30/06/2020	Aging	Unsettled reason
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Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Creditor name	Debtor name	Balance As at 30/06/2020	Aging	Unsettled reason
成都建工路桥建设有限公司	中铁工程装备集团隧道设备制造有限公司	8,714,871.00	1-2 years	Unsettled
成都建工集团有限公司第十分公司	成都市启明供用电工程有限公司	4,534,640.96	4-5years	Unsettled
成都建工工业设备安装有限公司	周江	2,700,000.00	3-4years	After settlement with the owner
成都建工路桥建设有限公司	西宁城市建筑科技有限责任公司	2,173,323.10	1-2years	Unsettled
成都建工路桥建设有限公司	中铁八局集团有限公司	1,578,038.44	1-2years	Unsettled
Total	—	19,700,873.50	—	—

5.4.3 The top five prepayments are as follows:

Company name	Balance as at 30/06/2020	Percentage in total prepayment (%)
成都市成华区统一建设办公室	193,270,050.53	5.08
大面街道办事处	176,152,832.83	4.63
成都冶金实验厂有限公司	110,351,058.61	2.90
成都市域铁路有限责任公司	110,000,000.00	2.89
四川德胜集团钒钛有限公司	72,262,382.32	1.90
Total	662,036,324.29	17.38

5.5 Other receivables

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Interest receivable	22,516,918.34	1,983,195.45
Other receivables	9,016,038,712.81	8,505,132,270.60
Total	9,038,555,631.15	8,507,115,466.05

5.5.1 Interest receivable

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Fixed-term deposits	54,759.00	1,983,195.45
Others	22,462,159.34	
Less:doubtful debts allowance		
Total	22,516,918.34	1,983,195.45

5.5.2 Other receivables

Category	As at 30/06/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	293,223,467.00	2.85	185,916,678.60	63.4
Allowance for doubtful debts on portfolio	10,008,025,049.07	97.11	1,099,979,922.61	10.99
Individually insignificant but allowance for doubtful debts individually	3,810,606.19	0.04	3,123,808.24	81.98
Total	10,305,059,122.26	100.00	1,289,020,409.45	12.51

(Continued)

Category	As at 01/01/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	955,395,153.25	9.68	843,596,546.03	88.30
Allowance for doubtful debts on portfolio	8,910,308,008.44	90.27	517,642,143.01	5.81
Individually insignificant but allowance for doubtful debts individually	5,112,363.40	0.05	4,444,565.45	86.94
Total	9,870,815,525.09	—	1,365,683,254.49	13.84

5.5.2.1 Individually significant and subject to separate allowance

Company name	Book balance as at 30/06/2020	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
北京金钻石科技发展有限公司	189,000.00	170,000.00	More than 5 years	89.95	The court decision cannot be recovered
咸阳水厂步行街项目部(陈新伟)	538,000.00	538,000.00	More than 5 years	100.00	The project department has been disbanded and no relevant personnel can be found
成都红楠郾景商贸有限责任公司	500,000.00	500,000.00	1-2 years	100.00	Litigation
四川省川科投融资担保有限公司	170,000.00	170,000.00	More than 3 years	100.00	Litigation
南充世纪城(中南)房地产开发有限责任公司	961,000.00	480,500.00	Within 1 year	50.00	Litigation

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

岳池县人民政府	100,687.00	100,687.00	2-3 years	100.00	Litigation
陈雄-森宇花园	675,543.51	675,543.51	2-3 years	100.00	Litigation
邵波-朗华大庆路	351,690.68	351,690.68	2-3 years	100.00	Litigation
海棠湾-陈松林	40,000.00	40,000.00	2-3 years	100.00	Litigation
成都盛世房地产开发有限公司	15,438,866.00	2,007,052.58	2-3 years	13.00	Litigation
海棠公馆-陈松林	69,000.00	69,000.00	2-3 years	100.00	Litigation
河南彤辉置业有限公司	3,239,668.05	3,239,668.05	More than 5 years	100.00	Litigation
成都市府河电器厂等	9,461,847.97	9,461,847.97	More than 5 years	100.00	In-kind filing as the settlement payment for the pending project
成都银湾置业有限公司	7,435,508.50	7,435,508.50	More than 5 years	100.00	In-kind filing as the settlement payment for the pending project
四川大行宏业集团有限公司	17,630,028.00	17,630,028.00	More than 5 years	100.00	In-kind filing as the settlement payment for the pending project
眉山岷东开发投资有限公司	5,000,000.00	2,500,000.00	Within 1 year	50.00	Litigation
康巴旅游投资公司	10,000,000.00	10,000,000.00	within 1 year	100.00	Litigation
四川国栋建设股份有限公司	36,912,735.14	18,456,367.57	Within 1 year	50.00	Litigation
广汉市美亿家家装饰城管 理有限公司	1,932,718.50	966,359.25	More than 5 years	50.00	Litigation
四川华景房地产开发有限公司	3,642,700.00	728,540.00	3-4 years	20.00	Litigation
韦斌	7,662,874.95	7,662,874.95	2-3 years	100.00	Litigation
成都和方成实业有限公司	2,314,482.27	1,187,621.14	3-4 years	51.31	Litigation
陈松林（美茵庄园项目部）	13,016,017.05	13,016,017.05	Within 1 year	100.00	Litigation
南湖五期-陈松林	1,650,173.39	1,650,173.39	2-3 years	100.00	Litigation
南湖三期-陈松林	5,275,161.56	5,275,161.56	2-3 years	100.00	Litigation
华阳河心岛-陈松林	1,831,329.00	1,831,329.00	2-3 years	100.00	Litigation
翰林上岛-陈松林	1,270,014.00	1,270,014.00	2-3 years	100.00	Litigation
陈松林（淮口科玛项目部）	11,850,793.07	11,850,793.07	1-2 years	100.00	Litigation
刘关键	7,887,214.90	7,565,913.90	2-3 years	95.93	Litigation

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

成都建工立豐建筑安装有限公司	16,800,000.00	3,803,164.06	More than 5 years	22.64	Litigation
湖南湘徽劳务公司	74,900,046.77	37,000,000.00	4-5 years	49.40	Litigation
四川华业林志置业有限公司	15,996,464.02	7,038,444.17	4-5 years	44.00	Litigation
大邑幼儿园项目-颜世杰、熊平	11,630,108.86	3,707,787.44	1-2 years	31.88	Project loss
成都绿益桂森投资有限公司	10,660,000.00	10,660,000.00	More than 3 years	100.00	Expected difficulty in recovery
锦江区石油液化气物资有限公司	400.00	400.00	More than 5 years	100.00	Unable to recover
北京金钻石科技发展有限公司	189,000.00	170,000.00	More than 5 years	89.95	The court decision cannot be recovered
Total	297,034,073.19	189,040,486.84	—	—	—

5.5.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,118,945,384.24	37.83	11,452,217.77	1,290,066,385.83	50.97	13,905,337.59
1-3 years	329,463,357.66	11.14	17,712,098.26	487,634,706.84	19.27	23,884,748.22
3-5 years	240,435,486.94	8.13	16,736,122.37	120,933,554.86	4.78	14,629,849.30
More than 5 years	1,268,649,597.66	42.90	1,054,079,484.21	632,228,686.23	24.98	465,222,207.90
Total	2,957,493,826.50	100.00	1,099,979,922.61	2,530,863,333.76	100.00	517,642,143.01

② Other receivables whose doubtful debts is made by other method:

Category	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
financial claims of government、Margin, petty cash and other project settlement funds	1,806,490,946.91			1,039,469,942.85		
Related party	5,244,040,275.66			5,339,974,731.83		
Total	7,050,531,222.57			6,379,444,674.68		

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

5.5.3 Other receivables due from the top five debtors of the Company are as follows:

Debtor name	Nature of balance	Balance as at 30/06/2020	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts As at 30/06/2020
成都建工地产开发有限责任公司	Current payment with related party	4,370,060,000.00	1-2 years	42.41	
广州敏秀房地产开发有限公司	Loan	594,559,067.00	Within 1 year	5.77	
西咸新区兴城人居置业有限公司	Loan	556,203,256.48	Within 2 years	5.4	-
成都中建人居雅苑房地产开发有限公司	Loan	317,777,019.18	Within 1 year	3.08	
成都成通建筑材料有限公司	Current payment	153,216,224.79	Cumulative	1.49	
Total	—	5,991,815,567.45	—	58.15	

5.6 Inventories

5.6.1 Inventories by categories

Category	As at 30/06/2020		
	Book balance	Provision for diminution in value	Carrying amount
Raw materials	810,224,058.67	11,800,461.03	798,423,597.64
Revolving Materials (Packaging, low - value consumables ect.)	117,455,670.96		117,455,670.96
work in progress, self-manufactured semifinished produc	36,960,581,805.39	13,000,867.98	36,947,580,937.41
Product development (Finished goods)	3,152,304,936.17	100,196,345.99	3,052,108,590.18
Construction (completed but unsettled)	32,179,831,119.83	300,518,555.37	31,879,312,564.46
Others	1,141,440,144.66		1,141,440,144.66
Total	74,361,837,735.68	425,516,230.37	73,936,321,505.31

Category	As at 1/1/2020		
	Book balance	Provision for diminution in value	Carrying amount
Raw materials	674,684,353.43	11,834,344.72	662,850,008.71
Revolving Materials (Packaging, low - value	114,218,758.21		114,218,758.21

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Category	As at 1/1/2020		
	Book balance	Provision for diminution in value	Carrying amount
consumables ect.)			
work in progress, self-manufactured unfinished product	30,211,656,083.45	13,011,023.87	30,198,645,059.58
Product development (Finished goods)	2,161,417,497.70	98,824,390.31	2,062,593,107.39
Construction (completed but unsettled)	31,556,147,490.99	273,484,736.91	31,282,662,754.08
Others	1,919,466,710.56		1,919,466,710.56
Total	66,637,590,894.34	397,154,495.81	66,240,436,398.53

5.7 Contract asset

Category	As at 30/06/2020		
	Book balance	Provision for diminution in value	Carrying amount
Completed and unsettled assets formed by construction contracts	2,161,705,624.22	32,425,584.36	2,129,280,039.86
Total	2,161,705,624.22	32,425,584.36	2,129,280,039.86

Category	As at 1/1/2020		
	Book balance	Provision for diminution in value	Carrying amount
Completed and unsettled assets formed by construction contracts	1,966,473,971.45	29,497,109.58	1,936,976,861.87
Total	1,966,473,971.45	29,497,109.58	1,936,976,861.87

5.8 Held-for-sale assets

Asset category	Carrying amount as at 30/06/2020	Fair value	Disposal expenses estimated	Disposal date estimated
康定新天地 107 套	9,449,342.59	9,449,342.59	-	In 2021
Total	9,449,342.59	9,449,342.59		

5.9 Non-current assets due within one year (Omission)

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Long-term receivables due within one year	909,118,521.76	766,708,912.35
Total	909,118,521.76	766,708,912.35

5.10 Other current assets

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Deductible VAT	1,671,939,254.05	1,024,216,359.47
VAT to be certified	210,169,680.42	
Advanced Taxes	8,191,320.95	296,212,468.37
Others	389,621,178.02	142,487,011.67
Total	2,279,921,433.44	1,462,915,839.51

5.11 Available-for-sale financial assets

5.11.1 Available-for-sale financial assets

Item	As at 30/06/2020			As at 1/1/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale equity instruments	1,371,098,838.49	2,402,246.17	1,368,696,592.32	1,509,059,374.82	2,402,246.17	1,506,657,128.65
Including:						
Measured at fair value				50,471,375.06		50,471,375.06
Measured at cost	1,371,098,838.49	2,402,246.17	1,368,696,592.32	1,458,587,999.76	2,402,246.17	1,456,185,753.59
Total	1,371,098,838.49	2,402,246.17	1,368,696,592.32	1,509,059,374.82	2,402,246.17	1,506,657,128.65

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

5.1.1.2 Available-for-sale financial assets measured at cost

Investee	Book balance			Provision for impairment			Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2020	Increase	Decrease	As at 30/06/2020	As at 1/01/2019	Increase		
成都金融城投资发展有限公司	100,000,000.00			100,000,000.00			2.86	
中铁信托有限责任公司	10,000,000.00		10,000,000.00				1.00	
五矿国际信托有限公司	30,000,000.00			30,000,000.00			1.00	125,205.97
光大兴陇信托有限责任公司	15,000,000.00			15,000,000.00			1.00	600,000.00
平安信托有限责任公司		15,000,000.00		15,000,000.00			1.00	
中航信托股份有限公司		30,000,000.00		30,000,000.00			1.00	
百瑞信托有限责任公司		55,000,000.00		55,000,000.00			1.00	
江苏国际信托投资有限责任公司		15,000,000.00		15,000,000.00			1.00	
成都格芯工程项目管理有限公司	360,000,963.04			360,000,963.04			20.00	
成都华成股份有限公司	25,884,888.78			25,884,888.78			47.61	
成都建设发展股份有限公司	9,095,213.34			9,095,213.34			8.70	
合江县甘自公路建设工程有限公司	6,000,000.00			6,000,000.00			20.00	
国金鼎兴资本管理有限公司	24,500,000.00			24,500,000.00			25.00	
内江天成建设工程有限责任公司	7,000,000.00			7,000,000.00	1,169,769.30		70.00	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2020	Increase	Decrease	As at 30/06/2020	As at 1/01/2019	Increase	Decrease	As at 30/06/2020		
成都建宜股权投资管理中心(有限合伙)	22,400,000.00			22,400,000.00					47.36	
四川能投宜居水岸建设有限公司	2,250,000.00			2,250,000.00					4.50	
四川本鑫荣盛建设工程有限公司	1,200,000.00			1,200,000.00					2.00	
成都化工股份有限公司	110,000.00			110,000.00					0.13	
宜宾县育才项目管理有限责任公司	240,390.00			240,390.00					1.00	
湖南北控水务发展有限公司	5,000,000.00			5,000,000.00					1.00	
雅安成建工业化建设有限公司	1,950,000.00			1,950,000.00					2.50	
海南兴源股份有限公司	578,000.00			578,000.00	578,000.00			578,000.00	1.80	
成都庄森实业公司	500,000.00			500,000.00	500,000.00			500,000.00	2.00	
成都建工机械股份有限公司	20,000.00			20,000.00	20,000.00			20,000.00	1.00	
成都交投建筑工业化有限公司	10,000,000.00			10,000,000.00					10.00	
成都华达装饰有限公司	551,650.00			551,650.00	134,476.87			134,476.87	2.75	
泸州临港工业化建筑科技有限公司		2,500,000.00		2,500,000.00					10.00	
新津县成环水务有限责任公司		3,964,400.00		3,964,400.00					1.00	
彭州市成环水务有限责任公司		200,000.00		200,000.00					1.00	
成都市农村产权流转融资担保	40,000,000.00			40,000,000.00					13.33	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2020	Increase	Decrease	As at 30/06/2020	As at 1/01/2019	Increase	Decrease	As at 30/06/2020		
股份有限公司										
中信信托有限责任公司	24,000,000.00	16,000,000.00		24,000,000.00					1.00	
中信信托有限责任公司		16,000,000.00		16,000,000.00					1.00	
交银国际信托有限公司	17,690,000.00	24,999,600.00	29,689,600.00	13,000,000.00					1.00	
平安信托有限责任公司	12,000,000.00		12,000,000.00						1.00	
平安信托有限责任公司		8,000,000.00		8,000,000.00					1.00	
华宝信托有限责任公司	4,320,000.00			4,320,000.00					1.00	
中信信托有限责任公司	4,000,000.00			4,000,000.00					1.00	
中信信托有限责任公司	22,000,000.00	1,000,000.00		23,000,000.00					1.00	
中信信托有限责任公司	5,000,000.00	5,000,000.00		10,000,000.00					1.00	
中信信托有限责任公司	8,000,000.00	5,000,000.00		13,000,000.00					1.00	
中信信托有限责任公司	5,000,000.00			5,000,000.00					1.00	
光大兴陇信托有限责任公司		33,500,000.00		33,500,000.00					1.00	
成都发展基金（一期）合伙企业（有限合伙）	333,333,333.33			333,333,333.33					16.67	
成都市融资再担保有限责任公司		100,000,000.00		100,000,000.00					1.00	
Total	1,107,624,438.49	315,164,000.00	51,689,600.00	1,371,098,838.49	2,402,246.17			2,402,246.17		

5.12 Held-to-maturity investments

Item	As at 30/06/2020			As at 1/1/2020		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Directed debt investment	2,498,508,548.35		2,498,508,548.35	2,564,726,031.50		2,564,726,031.5
Total	2,498,508,548.35		2,498,508,548.35	2,564,726,031.50		2,564,726,031.5

Note: The company's held-to-maturity investment is mainly for small town construction project investment. The investment contract stipulates that the project fund interest and investment and financing management fee will be charged according to certain standards. Due to the long construction period of the project, the Company confirms the held-to-maturity investment income and relevant economic benefits as they are likely to flow into the company with relevant economic benefits.

5.13 Long-term receivables

Item	As at 30/06/2020			As at 1/1/2020		
	Book balance	Allowance for doubtful debts	Carrying amount	Book balance	Allowance for doubtful debts	Carrying amount
Installment product sale	44,302,067.00	479,755.52	43,822,311.48	48,750,409.00	479,755.52	48,270,653.48
Installment labor service sale	389,161,182.63	89,954,315.81	299,206,866.82	455,140,211.12	2,840,602.53	452,299,608.59
Other	5,761,490,754.44	46,349,691.86	5,715,141,062.58	6,045,976,945.24	46,349,691.86	5,999,627,253.38
Total	6,194,954,004.07	136,783,763.19	6,058,170,240.88	6,549,867,565.36	49,670,049.91	6,500,197,515.45

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

5.14 Long-term equity investment

Investee	Balance As at 1/1/2020	Movement during the financial year								Balance As at 30/06/2020	Provision for impairment As at 30/06/2020		
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment	Others				
1、Subsidiaries													
2、Joint venture												-	
四川川投售电 有限公司	107,500,947.04											107,500,947.04	
中国四川国际 投资有限公司	273,304,087.48											273,304,087.48	
成都东景燃气 有限责任公司	13,517,333.17											13,517,333.17	
川投国际尼泊 尔水电联合开 发公司	20,006,733.32											20,006,733.32	
成都农村商业 银行股份有限公司		16,516,262,269.13			814,746,915.69							17,331,009,184.82	
3、Associates												-	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

成都和能兴城 人居科技有限 公司	2,738,956.70																		2,738,956.70	
成都天府艺术 公园投资有限 公司		3,000,000.00																	3,000,000.00	
成都大世界 中心商厦物 业有限公司	784,355.20				132,202.58														916,557.78	
平昌共建交 通投资有限 公司	6,000,000.00																			
宜宾开诚建 设投资有限 公司	5,500,000.00																		5,500,000.00	
成都成通建 筑材料有限 公司	4,900,000.00																		4,900,000.00	4,900,000.00
成都内藤家 具制造有限 公司	5,561,203.04																		5,561,203.04	5,561,203.04
泸州临港工 业化建筑科 技有限公司	18,550,000.00	11,750,000.00																	29,292,272.24	
雅安成建工 业化建筑有 限公司	26,052,000.00																		26,434,772.75	
成都交子商 业保理有限 公司	104,000,000.00				780,520.00														105,149,389.40	
成都中铁建 昆																			15,000,000.00	15,000,000.00

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

中电四川大数据服务有限公司	10,460,335.71																			10,445,580.05
成都健康医联信息产业有限公司		2,450,000.00																		2,450,000.00
天津天以生物医药股权投资基金有限公司	25,346,704.28																			9,642,326.34
天津红日丽康生物科技有限公司	158,469.59																			154,012.70
湖北辰美中药材种植专业合作社	200,000.00																			200,000.00
天津华芮健康信息咨询合伙企业(有限合伙)	50,000.00																			50,000.00
甘肃佛慈红日药源产业销售有限公司	2,200,000.00																			1,873,113.83
喜马塔尔水电公司(HHCPL)	40,882,996.55																			41,688,990.99
马相迪输电公司(MTCPL)	521,133.54																			531,407.53

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

成都鑫佳达建筑工程有限公司	3,678,998.96																			3,642,407.86	
承德中金合泰建设发展有限公司	24,646,026.67																			24,634,962.33	
中交（杭州）基础设施投资有限公司	244,133,834.56																			243,237,126.82	
北京思开奥特信息技术有限公司	3,880,545.08																			3,880,545.08	
Total	1,911,291,600.08	16,581,462,269.13				814,369,094.13					15,704,295.70								-5,439,817.18	19,285,978,850.46	14,341,748.12

Note: Pingchang Joint Construction Transportation Investment Co., Ltd. changed 6 million yuan in the current period. This is because the second-level subsidiary Construction Engineering Group increased its capital by 10.8 million yuan in the current period. After the capital increase, it held 56% of the shares and reached control and was included in the scope of the Construction Engineering Group. The company is a PPP project company established with a registered capital of 30 million yuan.

5.15 Investment in other equity instruments

Item	Investment cost	As at 30/06/2020	As at 1/1/2020	Dividend income recognized in the current period	Accumulated loss	Reasons for designating fair value measurement and its changes included in other comprehensive income
天津红日健达康医药科技有限公司	5,000,000.00	5,000,000.00	5,000,000.00			Designated as this project for equity investment and management
天津知百草医药科技发展有限公司	300,000.00	300,000.00	300,000.00			Designated as this project for equity

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Item	Investment cost	As at 30/06/2020	As at 1/1/2020	Dividend income recognized in the current period	Accumulated loss	Reasons for designating fair value measurement and its changes included in other comprehensive income
北京柘益投资中心 (有限合伙)	6,196,306.46	6,196,306.46	11,127,281.60		13,949,224.19	investment and management Designated as this project for equity investment and management
北京柘量投资中心 (有限合伙)	35,906,717.81	35,906,717.81	39,344,093.46		14,093,282.19	Designated as this project for equity investment and management
苏州工业园区为真生物医药科技有限公司	193,000,000.00	193,000,000.00	193,000,000.00			Designated as this project for equity investment and management
天津现代创新中药科技有限公司	20,000,000.00	20,000,000.00	20,000,000.00			Designated as this project for equity investment and management
海宁瑞诺投资合伙企业 (有限合伙)	550,000.00	550,000.00	550,000.00			Designated as this project for equity investment and management
天津添源淇源健康信息咨询合伙企业 (有限合伙)	10,000.00	10,000.00	10,000.00			Designated as this project for equity investment and management
海宁雪菲投资合伙企业 (有限合伙)	400,000.00	400,000.00	400,000.00			Designated as this project for equity investment and management
天津康顺健康信息咨询合伙企业 (有限合伙)	50,000.00	50,000.00	50,000.00			Designated as this project for equity investment and management
北京医生有限公司					3,500,000.00	Designated as this project for equity investment and management
ChelsioCommunicatio	80,865,200.00	80,865,200.00	80,865,200.00			Designated as this project for equity investment and management
浙江七巧板信息科技股份有限公司	1,000,000.00	1,000,000.00	1,000,000.00			Designated as this project for equity investment and management

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Item	Investment cost	As at 30/06/2020	As at 1/1/2020	Dividend income recognized in the current period	Accumulated loss	Reasons for designating fair value measurement and its changes included in other comprehensive income
人人行控股股份有限公司	30,000,000.00	30,000,000.00	30,000,000.00			Designated as this project for equity investment and management
九州梦工厂国际文化传播有限公司	16,788,361.27	16,788,361.27	16,788,361.27			Designated as this project for equity investment and management
北京通程泛华建筑工程顾问有限公司	3,000,000.00	3,000,000.00	3,000,000.00			Designated as this project for equity investment and management
Total	393,066,585.54	393,066,585.54	401,434,936.33		31,542,506.38	Designated as this project for equity investment and management

5.16 Investment property

Investment property measured by fair value

Item	Houses and buildings	Land-use right	Total
1. Balance as at 01/01/2020	18,678,805,091.84	72,530,000.00	18,751,335,091.84
2. Removement	846,234,740.27	289,812,776.60	1,136,047,516.87
Including			
Add: Purchase	168,417,661.15		168,417,661.15
Transfer-in	709,573,480.52	289,812,776.60	999,386,257.12
Decrease: Disposal	31,756,401.40		31,756,401.40
Add: change at fair value			
3. Balance as at 30/06/2020	19,525,039,832.11	362,342,776.60	19,887,382,608.71

5.17 Fixed assets

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Fixed assets	4,998,875,853.21	5,616,663,888.88
Disposal of fixed assets	3,621,292.69	3,594,069.60
Less: Provision for impairment	4,167,542.84	4,168,570.34
Total	4,998,329,603.06	5,616,089,388.14

5.17.1 Fixed assets

Item	Buildings	Machinery & equipment	Transportation vehicles	Others	Total
I Cost					
1. Balance as at 12/31/2019	3,990,175,778.28	3,140,154,962.22	298,279,379.41	711,188,334.01	8,139,798,453.92
2. Additions	77,109,462.88	69,958,896.06	53,254,170.00	18,543,431.71	218,865,960.65
(1) Purchase	19,326,916.94	55,650,175.73	51,642,519.44	16,989,059.14	143,608,671.25
(2) Transfer from construction in process	46,890,691.91	14,308,720.33	1,611,650.56	1,554,372.57	64,365,435.37
(3) Others	10,891,854.03				10,891,854.03
3. Reductions	765,244,378.29	47,285,451.90	11,114,432.46	14,566,956.45	838,211,219.10
(1) Disposals or scrap	764,752,213.67	47,285,451.90	975,150.90	7,111,787.06	820,124,603.53
(2) Others	492,164.62		10,139,281.56	7,455,169.39	18,086,615.57
4. Balance as at 30/06/2020	3,302,040,862.87	3,162,828,406.38	340,419,116.95	715,164,809.27	7,520,453,195.47

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

II.Accumulated depreciation					
1.Balance as at 12/31/2019	593,920,421.99	1,383,198,525.42	214,715,625.68	331,299,991.95	2,523,134,565.04
2. Additions	43,108,023.48	130,308,454.22	27,734,646.79	20,109,540.62	221,260,665.11
(1) Provision	43,108,023.48	130,308,454.22	27,734,646.79	20,109,540.62	221,260,665.11
3. Reductions	176,394,770.63	39,745,624.95	846,025.12	5,831,467.19	222,817,887.89
(1) Disposals or scrap	176,263,976.99	39,745,624.95	846,025.12	5,388,512.20	222,244,139.26
(2) Others	130,793.64			442,954.99	573,748.63
4.Balance as at 30/06/2020	460,633,674.84	1,473,761,354.69	241,604,247.35	345,578,065.38	2,521,577,342.26
III. Provision for impairment					
1.Balance as at 12/31/2019	380,352.34	2,880,171.04	156,650.57	751,396.39	4,168,570.34
2. Additions					
3. Reductions		1,027.50			1,027.50
(1) Disposals		1,027.50			1,027.50
4.Balance as at 30/06/2020	380,352.34	2,879,143.54	156,650.57	751,396.39	4,167,542.84
IV.Carrying amount					
1. As at 30/06/2020	2,841,026,835.69	1,686,187,908.15	98,658,219.03	368,835,347.50	4,994,708,310.37
2. As at 1/1/2020	3,395,875,003.95	1,754,076,265.76	83,407,103.16	379,136,945.67	5,612,495,318.54

5.17.2 Disposal of fixed assets

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Production equipment	980,321.19	959,391.47
Transportation vehicles	2,640,971.50	2,634,678.13
Total	3,621,292.69	3,594,069.60

5.18 Construction in process

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Construction in process	47,527,303,719.92	40,890,389,599.68
Less: Allowance for doubtful debts	2,052,874.84	2,052,874.84
Total	47,525,250,845.08	40,888,336,724.84

5.18.1 Construction in process

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Item	Balance as at 30/06/2020		
	Book balance	Provision for impairment	Carrying amount
待装修房产	80,329,616.67		80,329,616.67
东部片区基础设施建设	9,833,172,557.83		9,833,172,557.83
南部片区基础设施建设	3,149,461,813.45	2,052,874.84	3,147,408,938.61
代建项目	5,624,630,839.87		5,624,630,839.87
新客站项目基础设施建设	14,719,754,251.79		14,719,754,251.79
重大市政拨改租项目	3,757,845,416.30		3,757,845,416.30
成都中心（天府文化公园）项目	4,902,410,151.96		4,902,410,151.96
天府新区万安商砼生产基地建设项目-尹学新	5,059,792.57		5,059,792.57
零星工程	2,003,017.97		2,003,017.97
加气混凝土板材生产线	42,522,726.81		42,522,726.81
青白江二期建站	4,862,299.44		4,862,299.44
石材园	11,633,770.17		11,633,770.17
西安北路 85 号办公楼装修工程	1,162,232.43		1,162,232.43
营门口房屋改造	641,432.00		641,432.00
公司机关食堂改造	919,075.85		919,075.85
成都市青羊区青龙街 27 号 1 栋 1 单元 7 楼 302、303 办公用房	1,580,000.00		1,580,000.00
成都市武侯区永丰乡核桃村十组 1 栋 3 层 2 号办公用房	790,000.00		790,000.00
彭州市濛阳镇北新大道三段 4339 号北新不锈钢集散中心	14,609,800.00		14,609,800.00
成都市武侯区永丰乡核桃村十组 1 栋 3 层 1 号办公用房	810,000.00		810,000.00
毛家湾建站	1,668,991.40		1,668,991.40
绿色建材与装配式构件一体化项目	8,237,058.06		8,237,058.06
PPP 项目集建设成本归集	530,870,663.99		530,870,663.99
成都市环城生态区生态修复综合项目	4,248,653,265.03		4,248,653,265.03
龙泉湖智慧科创城	4,452,384.13		4,452,384.13
成都市精神卫生中心扩建项目	126,283.27		126,283.27
三国蜀汉城	148,793,925.48		148,793,925.48
国资处置项目	23,141,477.00		23,141,477.00
兴城康养大观养老院	4,391,594.67		4,391,594.67
兴城康养粮丰养老院	2,177,008.31		2,177,008.31
天津康仁堂新厂区建设工程	9,504,023.61		9,504,023.61

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Item	Balance as at 30/06/2020		
	Book balance	Provision for impairment	Carrying amount
汶河生产研发中心建设项目	10,027,315.46		10,027,315.46
配方颗粒生产车间建设项目	324,803,851.96		324,803,851.96
技改工程	9,535,615.12		9,535,615.12
装修改造工程项目	8,274,289.71		8,274,289.71
设备安装工程	2,798,857.22		2,798,857.22
钢构件加工	10,807,223.35		10,807,223.35
安吉通航产业基地项目（一期）	17,521,295.09		17,521,295.09
U型盾构机（1号）制造	3,724,308.76		3,724,308.76
岩土工程技术、设备研制基地	2,200,190.49		2,200,190.49
力行盾构机（32号）制造	1,395,302.70		1,395,302.70
Total	47,527,303,719.92	2,052,874.84	47,525,250,845.08

(Continued)

Item	Balance as at 01/01/2020		
	Book balance	Provision for impairment	Carrying amount
待装修房产	63,841,203.65		63,841,203.65
东部片区基础设施建设	8,075,056,086.84		8,075,056,086.84
南部片区基础设施建设	3,068,364,615.38	2,052,874.84	3,066,311,740.54
代建项目	5,573,023,927.46		5,573,023,927.46
新客站项目基础设施建设	14,187,510,395.16		14,187,510,395.16
重大市政及拨改租项目	2,687,318,131.45		2,687,318,131.45
成都中心	3,489,051,867.20		3,489,051,867.20
兴城文产三国蜀汉城项目	144,501,236.88		144,501,236.88
成都市环城生态区生态修复综合项目	3,199,215,634.34		3,199,215,634.34
其他零星项目	39,390,852.72		39,390,852.72
青城国际酒店配套设施、青城国际配套用房	30,003,600.00		30,003,600.00
红日药业配方颗粒生产车间建设项目	242,813,341.04		242,813,341.04
红日药业天津康仁堂新厂区建设工程	32,767,696.73		32,767,696.73
红日药业经典名方研究中心等零星项目	37,468,050.85		37,468,050.85
钢构件加工	10,268,665.51		10,268,665.51
安吉通航产业基地项目（一期）综合配套服务项目	4,237,584.02		4,237,584.02
U型盾构机制造	5,556,710.45		5,556,710.45
Total	40,890,389,599.68	2,052,874.84	40,888,336,724.84

5.18.2 Movement of significant construction in progress

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Project name	Budget	As at 1/1/2020	Additions	Transfer to fixed assets	Other reductions	As at 30/06/2020
加气混凝土生产线项目	76,910,500.00	8,197,139.79	15,061,698.58			23,258,838.37
绿色建材及装配式构件一体化项目	467,861,700.00	7,593,748.65	3,170,389.50		2,527,080.09	8,237,058.06
天府新区万安商砼生产基地建设项目-尹学新	25,890,000.00	4,600,708.30	13,896,447.90	13,437,363.63		5,059,792.57
成都市环城生态区生态修复综合项目	28,900,000,000.00	3,199,215,634.34	1,049,437,630.69			4,248,653,265.03
兴城康养大观养老院	303,250,000.00	678,487.05	3,713,107.62			4,391,594.67
兴城康养粮丰养老院	123,850,000.00	304,184.76	1,872,823.55			2,177,008.31
天津康仁堂新厂区建设工程	861,880,000.00	32,767,696.73	20,396,278.25	43,659,951.37		9,504,023.61
汶河生产研发中心建设项目	31,000,000.00	5,329,624.00	4,697,691.46			
经典名方研究中心项目	13,006,660.00	12,796,847.83			12,796,847.83	
污水处理工程	5,150,000.00	2,574,957.47	1,163,120.32	3,738,077.79		
配方颗粒生产车间建设项目	682,307,000.00	242,813,341.04	82,915,289.62	924,778.70		
技改工程	10,500,000.00	6,932,038.12	2,603,577.00			
装修改造工程	5,000,000.00	5,012,417.73	4,398,055.33	662,732.03	473,451.32	
设备安装工程	1,199,900.00	2,886,667.68	1,859,446.18	1,947,256.64		
其他零星工程	205,835.00	258,620.70	1,860,924.98		258,620.70	1,860,924.98
安吉通航产业基地项目（一期）综合配套服务项目	320,000,000.00	22,339,969.07	1,587,164.39			23,927,133.46
U型盾构机（1号）制造	10,000,000.00	5,556,710.45	37,563.65			5,594,274.10
钢构件加工	20,000,000.00	10,268,665.51	7,264,525.35	13,432,638.84		4,100,552.02
力行盾构机（32号）制造	25,000,000.00		786,369.65			786,369.65
岩土工程技	218,501,500.00		1,239,991.16			1,239,991.16

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Project name	Budget	As at 1/1/2020	Additions	Transfer to fixed assets	Other reductions	As at 30/06/2020
术、设备研制基地						
Total	32,101,513,095.00	3,570,127,459.22	1,217,962,095.18	77,802,799.00	16,055,999.94	4,338,790,825.99

(Continued)

Project name	Percentage of current input over budget (%)	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)
加气混凝土生产线项目	30.24	30.24	105,341.95	105,341.95	5.94
绿色建材及装配式构件一体化项目	11.12	11.12			
天府新区万安商砼生产基地建设项目-尹学新	31.42	31.42			
成都市环城生态区生态修复综合项目	14.70	14.70	188,114,918.64	81,482,002.81	3.89
兴城康养大观养老院	1.45	1.45			
兴城康养粮丰养老院	1.76	1.76			
天津康仁堂新厂区建设工程	0.90	0.90			
汶河生产研发中心建设项目	0.32				
经典名方研究中心项目					
污水处理工程					
配方颗粒生产车间建设项目			3,048,405.40	2,067,286.69	4.83
技改工程	0.95	0.96			
装修改造工程项目	0.90	0.90			
设备安装工程					
其他零星工程					
安吉通航产业基地项目(一期)综合配套服务项目	45.72	45.72			
U型盾构机(1号)制造	56.58	56.58			
钢构件加工	82.09	82.09			
力行盾构机(32号)制造	8.48	8.48			
岩土工程技术、设备研制基地	1.53	1.53			
Total	—	—	191,268,665.99	83,654,631.45	—

5.18.3 Provision for impairment of construction in progress

Item	Balance as at 01/01/2020	Additions	Reductions	Balance as at 30/06/2020	Reason for provision
南部片区基础设施建设	2,052,874.84			2,052,874.84	Damaged
Total	2,052,874.84			2,052,874.84	

5.19 Intangible assets

Item	Land use rights	Patent rights	Non-Patent techniques	Trademark rights	Software	Total
I Cost						
1. Balance as at 12/31/2019	1,481,684,697.12	981,375,784.23	45,775,702.63	219,566,948.00	287,408,932.36	3,015,812,064.34
2. Additions	43,811,215.38	11,809,257.82	18,284,365.48	67,475.74	6,696,883.03	80,669,197.45
(1) Purchase	43,811,215.38	18,025.00	9,050,563.67	67,475.74	6,696,883.03	59,644,162.82
(2) Self-developed		11,791,232.82	9,233,801.81			21,025,034.63
3. Reductions	382,059,229.60					382,059,229.60
(1) Disposal	382,059,229.60					382,059,229.60
4. Balance as at 30/06/2020	1,143,436,682.90	993,185,042.05	64,060,068.11	219,634,423.74	294,105,815.39	2,714,422,032.19
II. Accumulated depreciation						
1. Balance as at 12/31/2019	100,217,564.06	135,126,614.95	26,807,746.16	17,282,800.33	65,592,242.08	345,026,967.58
2. Additions	67,046,730.61	6,164,640.21	5,352,208.85	31,224.49	5,656,997.82	84,251,801.98
(1) Provision	15,458,819.33	57,752,551.49	5,352,208.85	31,224.49	5,656,997.82	84,251,801.98
3. Reductions	33,457,727.14					33,457,727.14
(1) Disposal	33,457,727.14					33,457,727.14
4. Balance as at 30/06/2020	133,806,567.53	141,291,255.16	32,159,955.01	17,314,024.82	71,249,239.90	395,821,042.42
III. Provision for impairment						
1. Balance as at 12/31/2019		10,206,666.67	2,661,239.89			12,867,906.56

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

2. Additions						
3. Reductions						
4. Balance as at 30/06/2020		10,206,666.67	2,661,239.89			12,867,906.56
IV. Carrying amount						
1. As at 30/06/2020	1,009,630,115.37	841,687,120.22	29,238,873.21	202,320,398.92	222,856,575.49	2,305,733,083.21
2. As at 1/1/2020	1,381,467,133.06	836,042,502.61	16,306,716.58	202,284,147.67	221,816,690.28	2,657,917,190.20

5.20 Development expenditures

Project	Balance as at 01/01/2020	Additions		Reductions		Balance as at 30/06/2020
		Internally development expenditures	Others	Profit or loss	Recognized as intangible assets	
pharmaceutical research and development	343,087,724.32	26,708,912.85		11,791,232.82		358,005,404.35
Instrument research and development	35,138,686.90	4,473,750.52		9,233,801.81		30,378,635.61
Software and System research and development	21,849,568.89	2,161,823.81				24,011,392.70
Total	400,075,980.11	33,344,487.18		21,025,034.63		412,395,432.66

5.21 Goodwill

Item	Balance as at 01/01/2020	Additions	Reductions	Balance as at 30/06/2020
		Business combination	Disposal	
天津红日药业股份有限公司	641,315,150.74			641,315,150.74
中化岩土集团股份有限公司	1,074,357,626.97			1,074,357,626.97
Total	1,715,672,777.71			1,715,672,777.71

Note: The company uses the method of estimating the present value of future cash flows to calculate the recoverable amount of the asset group. The Group estimates the cash flow within the next 5 years based on the financial budget approved by the management. The cash flow growth rate used in subsequent years will not exceed the long-term average growth rate of the asset group's operating business. The management prepares the above financial budget based on past performance and its expectations for market development. According to the results of the impairment

test, there was no impairment of goodwill at the end of the period.

5.22 Long-term deferred expenses

Item	Balance as at 12/31/2019	Additions	Amortization	Reductions	Balance as at 30/06/2020
市纪委特殊用房维修改造	134,448,901.33		9,603,492.96		124,845,408.37
石材园装修	5,708,535.00		395,336.70		5,313,198.30
新津花源站场地建设费用	3,529,099.53		133,726.56		3,395,372.97
百扬写字楼大厦租金	1,909,691.54	606,189.06			2,515,880.60
龙潭站场地建设费用	1,191,426.91		85,101.90		1,106,325.01
九江站土地配套费用	1,028,575.00		14,190.00		1,014,385.00
二车间厂房租金	2,931,089.63	598,625.25	561,089.69		2,968,625.19
医投-成都医投老肯消毒供应中心	4,094,225.93	3,697,548.35			7,791,774.28
文化产投-酒店长期待摊费用	14,896,798.51	6,916.51	2,605,131.89		12,298,583.13
办公楼等装修费	70,775,918.39	7,393,874.20	6,986,566.39	1,417,504.92	69,765,721.28
顾问费	19,166,473.81	165,016.5	62,375.5		19,269,114.9
红日药业厂区及办公区改造、装修等工程	58,308,744.87	20,666,242.41	12,289,196.70		66,685,790.58
中化岩土装修费等	23,870,417.67	1,191,421.86	6,706,359.69		18,355,479.84
其他	1,847,957.69		256,460.66		1,591,496.94
Total	343,707,855.81	34,325,834.14	39,699,028.64	1,417,504.92	336,917,156.39

5.23 Deferred tax assets and deferred tax liabilities

5.23.1 Deferred income tax assets and deferred income tax liabilities are not listed as the net amount after offset

Item	As at 30/06/2020		As at 1/1/2020	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of	993,592,686.02	4,276,759,403.52	995,648,400.45	4,220,848,732.81

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Item	As at 30/06/2020		As at 1/1/2020	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
assets				
Deductible tax losses	13,566,280.23	81,146,325.56	205,508,963.55	824,147,535.93
Land value increment tax	179,011,859.36	716,047,437.39	179,011,859.36	716,047,437.39
Special reserve	3,117,260.85	12,469,043.40	3,137,165.19	12,548,660.76
employee education fee	1,282,160.69	5,128,642.76	1,332,675.25	5,330,701.00
Termination benefits	3,640,604.39	14,562,417.53	3,640,604.39	14,562,417.53
Provisions	3,399,837.09	14,300,327.72	3,399,837.09	14,300,327.72
others	285,384,035.87	1,186,027,461.70	46,866,041.56	230,087,116.17
Sub-total	1,482,994,724.50	6,306,441,059.58	1,438,545,546.84	6,037,872,929.31
Deferred tax liabilities:				
Asset evaluation and appreciation in enterprise restructuring	416,263,702.64	1,665,054,810.56	416,534,109.75	1,666,136,439.00
Non-corporate system valuation based on fair value measurement	361,889,083.51	1,447,556,334.04	368,022,796.79	1,472,091,187.16
The deferred income tax liabilities recognized in the asset assessment, for the increased depreciation offsets the value-added assets.	425,724.84	1,702,899.36	425,724.84	1,702,899.36
Measuring investment property at fair value	2,418,192,011.88	9,947,435,287.11	2,388,767,445.14	9,555,069,780.56
Accrual of interest			39,015.84	188,349.31
Value-added assessment of business combination assets under different control	457,038,591.17	1,838,123,098.51	484,014,448.04	1,950,522,502.13
Sub-total	3,653,809,114.04	14,899,872,429.58	3,657,803,540.40	14,645,711,157.52

5.23.2 The items not recognized deferred tax assets

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Deductible temporary differences	47,450,970.60	32,823,847.28
Deductible tax losses	226,902,153.63	230,963,199.11
Total	274,353,124.23	263,787,046.39

5.23.3 Expiry years of deductible losses not yet recognized deferred tax assets are as follows:

Year	Balance as at 30/06/2020	Balance as at 01/01/2020	Remark
2020	3,640,249.66	5,448,952.17	
2021	13,566,535.57	14,986,272.61	
2022	38,939,089.20	74,732,391.75	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Year	Balance as at 30/06/2020	Balance as at 01/01/2020	Remark
2023	51,398,719.36	82,298,177.98	
2024	68,612,213.31	73,880,525.50	
2025	50,745,346.53		
Total	226,902,153.63	251,346,320.01	

5.24 Other non-current assets

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Entrusted Loan	75,000,000.00	150,000,000.00
House or buildings to be sold	60,478,501.76	60,478,501.76
Temporary facilities	150,387,906.12	113,354,489.54
Land-use right in Qingbaijiang District	3,390,000.00	3,390,000.00
Investment prepaid	1,748,939,861.60	1,739,642,141.60
Prepaid long-term asset purchases	211,752,934.62	202,297,695.33
Others	13,994,319.67	15,449,631.94
Total	2,263,943,523.77	2,284,612,460.17

5.25 Short-term loans

Borrowing condition	Balance as at 30/06/2020	Balance as at 01/01/2020
Pledge loans	87,992,037.49	83,350,732.51
Secured loans	1,147,168,000.00	996,990,000.00
Guarantee loans	6,975,073,067.55	6,106,037,319.28
Loans on credit	4,063,867,512.78	2,963,555,177.54
Total	12,274,100,617.82	10,149,933,229.33

5.26 Notes payable

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Bank acceptance notes	168,329,522.43	208,979,019.68
Commercial acceptance notes	2,010,817,873.79	1,121,667,297.29
Total	2,179,147,396.22	1,330,646,316.97

5.27 Accounts payable

5.27.1 List by age

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Within 1 year(including 1 year)	30,167,068,828.65	32,174,041,919.05
More than 1 years	9,694,371,128.38	8,068,325,797.41
Total	39,861,439,957.03	40,242,367,716.46

5.27.2 Significant accounts payable with aging over 1 year

Creditor	Balance as at 30/06/2020	Unpaid reason
四川新锦宸建设工程有限公司	61,558,719.63	Unsettlement
达州市志诚建筑有限公司	43,495,755.71	Financial difficulties
四川宏业电力集团有限公司	24,897,295.35	Payment deadline has not expired
四川省志翔劳务有限公司	22,500,000.00	Unsettlement
Total	152,451,770.69	—

5.28 Advances from customers

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Within 1 year(including 1 year)	11,392,955,384.16	6,838,341,261.85
More than 1 year	1,814,977,158.52	1,136,640,418.50
Total	13,207,932,542.68	7,974,981,680.35

Significant advances from customers with aging over 1 year

Creditor	Balance as at 30/06/2020	Unsettled reason
人居“花照云庭”等零星项目预收房款	1,013,533,176.37	The house is not handed over
Total	1,013,533,176.37	—

5.29 Contract liability

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Payment fo goods	15,883,847.45	52,618,986.23
Payment for construction	51,588,695.48	
The settled and unfinished payment formed by the construction contract	224,686,130.25	
Total	292,158,673.18	52,618,986.23

5.30 Employee benefits payable

5.30.1 Movement of employee benefits payable

Item	As at 1/1/2020	Increase	Decrease	As at 30/06/2020
I. Short-term employee benefits	255,867,306.83	1,337,588,681.52	1,441,613,274.56	151,842,713.79
II. Post-employment benefits—defined contribution plans	4,175,177.52	85,018,535.44	86,249,460.21	2,944,252.75

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Item	As at 1/1/2020	Increase	Decrease	As at 30/06/2020
III. Termination benefits	18,219,975.40	3,737,039.72	3,798,621.74	18,158,393.38
IV. Others	5,768,116.06	3,924,116.58	3,924,116.58	5,768,116.06
Total	284,030,575.81	1,430,268,373.26	1,535,585,473.09	178,713,475.98

5.30.2 Details of the short-term employee benefits

Item	As at 1/1/2020	Accrued	Paid	As at 30/06/2020
1. Salaries, bonus, and allowances	223,535,424.95	1,161,094,102.65	1,267,631,072.48	116,998,455.12
2. Staff welfare	466,077.79	31,302,921.52	31,301,361.52	467,637.79
3. Social insurances	2,539,311.01	51,991,600.95	51,726,570.69	2,804,341.27
Including: Medical insurance	2,326,620.94	44,771,493.46	44,515,198.75	2,582,915.65
Work injury insurance	66,734.78	1,465,045.50	1,531,022.77	757.51
Maternity insurance	145,955.29	4,953,435.34	4,881,629.03	217,761.60
Others		801,626.65	798,720.14	2,906.51
4. Housing Fund	1,480,330.29	70,374,745.50	68,989,804.19	2,865,271.60
5. Union funds and employee education fee	27,437,707.41	20,288,586.39	19,440,917.48	28,285,376.32
6. Short-term paid absences	99,269.58	1,714,094.29	1,700,917.98	112,445.89
7. Others	309,185.80	822,630.22	822,630.22	309,185.80
Total	255,867,306.83	1,337,588,681.52	1,441,613,274.56	151,842,713.79

5.30.3 Defined contribution plans

Item	As at 1/1/2020	Accrued	Paid	As at 30/06/2020
1. Primary endowment insurance	3,992,794.07	65,898,388.08	67,124,112.40	2,767,069.75
2. Unemployment insurance	182,383.45	2,484,736.96	2,489,937.41	177,183.00
3. Pension insurance		16,622,202.40	16,622,202.40	
4. Retirees' expenses		13,208.00	13,208.00	
Total	4,175,177.52	85,018,535.44	86,249,460.21	2,944,252.75

5.31 Taxes and surcharges payable

Chengdu Xingcheng Investment Group Company Limited

Notes to the Semiannual Financial Statements

For the half year ended 30 June 2020

Category	Balance as at 30/06/2020	Balance as at 01/01/2020
Value added tax	519,011,317.46	231,985,245.56
Resource tax	41,499.24	86,902.98
Enterprise income tax	157,587,811.52	301,926,397.66
Estate tax	23,214,973.43	44,528,984.33
Land use tax	4,733,948.58	18,441,037.61
Individual income tax	19,803,051.98	915,616.19
Urban maintenance and construction tax	44,540,610.95	16,091,678.74
Educational surtax	33,185,306.76	28,878,033.92
Other taxes and surcharges	1,004,050,617.00	1,188,359,138.18
Total	1,806,169,136.92	1,831,213,035.17

5.32 Other payable

Category	Balance as at 30/06/2020	Balance as at 01/01/2020
Interest payable	1,061,800,040.56	833,721,820.57
Dividends payable	88,728,449.07	52,617,319.31
Other payables	8,660,440,217.11	7,234,700,547.64
Total	9,810,968,706.74	8,121,039,687.52

5.32.1 Interest payable

Category	Balance as at 30/06/2020	Balance as at 01/01/2020
Interest for long-term loan	161,405,895.99	186,577,732.81
Interest on corporate bonds	559,651,011.63	504,462,705.90
Interest payable for short-term loan	158,539,948.75	310,425.31
Other interest	182,203,184.19	142,370,956.55
Total	1,061,800,040.56	833,721,820.57

5.32.2 Dividends payable

Company name	Balance as at 30/06/2020	Balance as at 01/01/2020
Dividends for common stock	36,111,129.76	
Dividends for preference shares / perpetual bonds classified as equity instruments	52,617,319.31	52,617,319.31
Total	88,728,449.07	52,617,319.31

5.32.3 Other payables

Nature	Balance as at 30/06/2020	Balance as at 01/01/2020
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Nature	Balance as at 30/06/2020	Balance as at 01/01/2020
Deposit in security	466,644,066.61	657,429,246.09
Guarantee bond	1,916,008,927.41	1,627,051,911.52
Collection account	404,134,462.74	513,933,732.57
Others	5,873,652,760.35	4,436,285,657.46
Total	8,660,440,217.11	7,234,700,547.64

5.33 Non-current liabilities due within one year

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Long-term loans due within one year	7,934,785,258.72	11,620,608,353.34
Long-term bonds due within one year	399,948,506.24	399,948,506.24
Long-term payables due within one year	206,280,194.43	53,650,510.21
Total	8,541,013,959.39	12,074,207,369.79

5.34 Other current liabilities

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Output tax to be transferred	922,771,007.76	665,482,619.06
Business tax to be cleared	32,833,333.33	6,066.90
Total	955,604,341.09	665,488,685.96

5.35 Long-term loans

Borrowing condition	Balance as at 30/06/2020	Balance as at 01/01/2020
Pledge loans	5,705,881,630.00	5,705,881,630.00
Secured loans	6,225,530,000.00	3,529,530,000.00
Guarantee loans	20,400,957,789.88	13,650,642,388.24
Loans on credit	28,039,100,000.00	8,205,885,680.95
Total	60,371,469,419.88	31,091,939,699.19

5.36 Bonds payable

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
General bond	24,248,616,646.52	22,216,664,066.94
Total	24,248,616,646.52	22,216,664,066.94

5.37 Long-term payables

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Long-term payables	4,919,692,957.94	4,786,842,323.50
Specific payables	2,161,559,334.17	1,744,942,715.48

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Total	7,081,252,292.11	6,531,785,038.98

5.38 Long-term employee benefits payable

Category	Balance as at 30/06/2020	Balance as at 01/01/2020
Termination benefits	5,465,776.79	5,465,776.79
Total	5,465,776.79	5,465,776.79

5.39 Provisions

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
Estimated expenses for returning staff and support for the family members of the deceased employee	13,778,118.90	14,018,857.34
Total	13,778,118.90	14,018,857.34

5.40 Deferred income

Item	Balance as at 01/01/2020	Increase	Decrease	Balance as at 30/06/2020
Government grants	104,468,611.86	650,000.00	3,238,978.07	101,879,633.79
Total	104,468,611.86	650,000.00	3,238,978.07	101,879,633.79

5.41 Other non-current liabilities

Item	Balance as at 30/06/2020	Balance as at 01/01/2020
政府无偿代垫河南康仁堂颗粒生产基地建设工程款	25,000,000.00	20,000,000.00
Total	25,000,000.00	20,000,000.00

5.42 Share capital

Investor	Balance as at 01/01/2020		Increase	Decrease	Balance as at 30/06/2020	
	amount	proportion%			amount	proportion%
成都国资委 Chengdu SASAC	5,525,400,000.00	100.00			5,525,400,000.00	100.00
Total	5,525,400,000.00	100.00			5,525,400,000.00	100.00

Chengdu Xingcheng Investment Group Company Limited
Notes to the Semiannual Financial Statements
For the half year ended 30 June 2020

5.43 Other equity instruments

Issued Financial instrument	As at 1/1/2020		Increase		Decrease		As at 30/06/2020	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
1. 华融国际信托有限责任公司永续债	1.00	1,000,000,000.00					1.00	1,000,000,000.00
2. 中国建设银行股份有限公司成都第五支行长期限含权中期票据	1.00	1,900,000,000.00					1.00	1,900,000,000.00
3. 兴业国际信托有限公司可续期信托贷款	1.00	500,000,000.00					1.00	500,000,000.00
4. 长安国际信托股份有限公司可续期信托贷款	1.00	1,000,000,000.00					1.00	1,000,000,000.00
5. 中国工商银行春熙支行（永续债）	1.00	1,000,000,000.00					1.00	1,000,000,000.00
6. 中国工商银行春熙支行（永续债）	1.00	648,000,000.00			1.00	81,000,000.00	1.00	567,000,000.00
7. 中国工商银行春熙支行（永续债）	1.00	950,000,000.00					1.00	950,000,000.00
8.19 兴城 Y1	1.00	1,700,000,000.00					1.00	1,700,000,000.00
9. 工银金融资产投资有限公司永续债	1.00	993,700,000.00					1.00	993,700,000.00
10. 工银金融资产投资有限公司永续债	1.00	1,479,799,997.00					1.00	1,479,799,997.00
Total	10.00	11,171,499,997.00			1.00	81,000,000.00	10.00	11,090,499,997.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

5.44 Capital reserve

Category	Balance as at 01/01/2020	Increase	Decrease	Balance as at 30/06/2020
I. Share premiums	924,214,811.37			924,214,811.37
II. Other capital reserves	22,078,089,061.43	2,017,475,688.90		24,095,564,750.33
Total	23,002,303,872.80	2,017,475,688.90		25,019,779,561.70

Note: The increase in this period is mainly to receive funding for the east-west axis project and the greenway construction proje

5.45 Other comprehensive income

Item	As at 1/1/2020	Movement during the period	As at 30/06/2020
I. Other comprehensive income items which will not be reclassified subsequently to profit or loss		-886,543.60	-886,543.60
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	2,205,401,078.04	347,523,369.26	2,552,924,447.30
Including: Gains or losses arising from changes in fair value of available-for-sale financial assets	-4,741,930.71		-4,741,930.71
Translation differences from translation of foreign currency financial statements	4,000,243.04	2,084,985.02	6,085,228.06
Others	2,206,142,765.71	345,438,384.24	2,551,581,149.95
Total	2,205,401,078.04	346,636,825.66	2,552,037,903.70

5.46 Special reserve

Category	Balance as at 01/01/2020	Increase	Decrease	Balance as at 30/06/2020
Safety costs	42,679,879.60	465,373,509.04	446,684,343.83	61,369,044.81
Total	42,679,879.60	465,373,509.04	446,684,343.83	61,369,044.81

5.47 Surplus reserve

Category	Balance as at 01/01/2020	Increase	Decrease	Balance as at 30/06/2020
Statutory surplus	485,175,304.24			485,175,304.24
Total	485,175,304.24			485,175,304.24

5.48 Retained earnings

Item	As at 30/06/2020	
	Amount	Appropriation proportion
Retained earnings As at 1/1/2020 before adjustment	7,432,837,520.26	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

The total adjustment of retained earnings As at 1/1/2020 (Increase+, decrease-)	-7,230,929.72	
Retained earnings As at 1/1/2020 after adjustment	7,425,606,590.54	
Add: Net profit attributable to the Company during the year	1,088,821,121.21	
Less: others	-295,356,013.76	
Retained earnings As at 30/06/2020	8,219,071,697.99	

Note: The adjustment of undistributed profits at the beginning of the period was caused by the subsidiary Chase Sun Pharmaceutical implementing new revenue standards changes in accounting policies, affecting the amount of RMB -7,283,701.60.

5.49 Operating income and operating cost

Item	Year ended 30/06/2020		Year ended 30/06/2019	
	Income	Cost	Income	Cost
I. Primary operating business	31,098,944,480.46	27,519,812,459.74	29,226,214,551.22	25,569,014,195.17
Construction industry	26,000,511,893.65	24,464,353,200.40	23,000,229,398.88	21,673,051,139.74
Estate sales	365,134,037.39	170,002,051.72	2,495,067,849.08	1,459,765,930.38
Asset lease	175,628,731.91	16,231,340.15	179,950,804.07	123,420,221.90
Hotel and tourism	53,118,271.56	8,139,236.04	83,299,524.21	10,063,235.56
Building materials and logistics	1,374,077,044.49	1,307,742,586.91	940,436,320.13	878,295,033.87
Pharmaceutical manufacturing and sales	1,746,206,148.04	499,135,792.16	1,243,911,948.94	365,497,700.67
Equipment rental and sales	1,083,007,536.70	694,335,218.25	614,264,523.48	430,791,737.54
Others	301,260,816.72	359,873,034.11	669,054,182.43	628,129,195.51
II. Other operating business	277,697,605.71	134,672,859.49	138,925,455.76	96,164,788.91
Others	277,697,605.71	134,672,859.49	138,925,455.76	96,164,788.91
Total	31,376,642,086.17	27,654,485,319.23	29,365,140,006.98	25,665,178,984.08

5.50 Taxes and surcharges

Item	Year ended 30/06/2020	Year ended 30/06/2019
Resource tax	119,579.10	216,094.09
Property tax	42,324,293.46	38,917,760.91
Land use tax	10,504,725.97	17,333,786.57
Urban maintenance and construction tax	45,303,856.66	30,366,130.18
Educational surcharge	34,184,008.53	26,668,942.26

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Item	Year ended 30/06/2020	Year ended 30/06/2019
Other	71,175,870.58	278,370,084.06
Total	203,612,334.30	391,872,798.07

5.51 Selling and distribution expenses

Item	Year ended 30/06/2020	Year ended 30/06/2019
Employee benefits	148,336,503.36	61,808,716.12
Depreciation	18,295,175.51	7,278,513.31
Office allowance	8,558,649.41	6,611,906.06
Transportation fee	32,632,929.28	15,501,999.89
Property management fees	1,358,940.21	
Advertising expenses	14,155,477.20	9,455,782.47
Sales service fee	8,480,690.43	255,565.96
Agency commission	1,767,862.60	10,361,496.24
Energy cost		11,269.95
Consulting fee	1,954,035.43	589,776.88
Commission fee	11,362.37	1,489,939.80
Others	72,266,210.85	124,197,528.75
Adjustment service fee	459,551,287.87	203,963,965.17
Academic promotion fee	120,649,114.24	74,338,349.22
Market research fee	101,048,629.60	78,493,416.24
Conference fee	3,183,840.67	
Entertainment expenses	9,146,090.06	21,972,486.76
Material consumption	24,403,896.36	
Travel expenses	8,088,924.17	
Car expenses	566,149.84	
Total	1,034,455,769.46	616,330,712.82

5.52 General and administrative expenses

Item	Year ended 30/06/2020	Year ended 30/06/2019
Employee benefits	488,505,958.91	428,610,813.01
Depreciation	81,117,685.60	80,758,599.75
Office allowance	43,322,883.12	50,703,333.75
Travel expenses	6,003,293.33	9,481,040.16
Premium for property insurance	2,720,046.19	4,936,807.47
Lease fee	19,713,191.61	6,056,322.80
Repair charge	11,807,084.58	8,074,291.90
Afforestation fees	5,505,134.67	97,839.39
Conference expenses	192,518.51	426,960.55
Intangible asset depreciation	10,884,510.96	6,740,537.03
Entertainment expenses	2,119,032.71	2,932,882.72

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Item	Year ended 30/06/2020	Year ended 30/06/2019
Hire agency fee	7,391,697.54	1,845,930.55
Transportation fee	2,511,784.10	132,183.31
Consulting fee	23,535,685.87	17,673,394.94
Advertising expenses	2,597,343.47	83,000.55
Litigation costs	660,882.85	1,004,935.02
Material consumption	4,316,983.81	187,234.77
Corporate culture construction fee	839,811.31	
Organization fee for Party	1,470,180.09	74,273.05
Others	78,256,926.68	89,360,518.88
Total	793,472,635.91	709,180,899.60

5.53 Research and development expenses

Item	Year ended 30/06/2020	Year ended 30/06/2019
Employee benefits	56,791,590.31	29,163,977.42
Raw material	65,205,246.49	33,484,611.47
Interim trial fee	4,105,809.42	2,108,441.28
Depreciation and amortization	9,466,421.90	4,861,256.97
Technology development	373,256.51	191,677.05
Energy cost	3,622,860.10	1,860,434.08
Maintenance testing fee	722,414.94	370,979.10
Information material fee	882,080.04	452,971.33
Registration review fee	317,049.53	162,813.28
Shares incentive	551,833.34	283,380.95
Others	9,566,526.23	4,912,663.19
total	151,605,088.81	77,853,206.12

5.54 Finance expenses

Item	Year ended 30/06/2020	Year ended 30/06/2019
Interest expenses	836,137,730.47	754,395,610.85
Less: interest income	273,469,463.02	56,986,942.74
Less: Capitalized interest expense		62,424.66
Losses from foreign exchange	-3,558,655.87	309,015.51
Less: Gains from foreign exchange		5,200,791.93
Others	20,006,045.35	29,278,177.70
Total	579,115,656.93	721,732,644.73

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

5.55 Other income

Item	Year ended 30/06/2020	Year ended 30/06/2019
Supporting funds	5,976,767.07	3,478,857.90
Personal income tax return	3,629,923.42	195,078.03
Other supporting funds	6,991,987.08	9,138,086.55
Personal income tax return	3,339,177.92	921,413.15
High-tech zone M&A subsidy	4,000,000.00	
Deferred income amortization	3,133,138.50	
Reward for R&D investment of Tianjin Intelligent Manufacturing Special Enterprise	3,824,900.00	
Total	30,895,893.99	13,733,435.63

5.56 Investment income

Category	Year ended 30/06/2020	Year ended 30/06/2019
Gain/(Loss) from long-term equity investments in equity method	814,369,094.13	1,681,010.70
Gain/(Loss) on disposal of long term equity investment		6,131,760.10
Gain/(Loss) from financial assets measured at fair value through profit and loss for the current period		
Gain/(Loss) on disposal of financial assets measured at fair value through profit or loss for the current period		
Gain/(Loss) on held-to-maturity financial assets during the holding period		
Gains/(Loss) on disposal of held-to-maturity financial assets		
Gains on available-for-sale financial assets during the holding period	1,063,771.34	
Gains on disposal of available-for-sale financial assets	170,388.89	
Gains on remeasurement of the remaining equity at fair value after losing control		
Others		5,338,696.20
Total	815,603,254.36	13,151,467.00

5.57 Credit impairment loss

Item	Year ended 30/06/2020	Year ended 30/06/2019
Credit impairment losses on accounts receivable	-74,029,728.61	-5,313,443.32

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Item	Year ended 30/06/2020	Year ended 30/06/2019
Credit impairment losses on other accounts receivable	1,111,651.52	80,005.00
Credit impairment losses on contract assets	-2,928,474.78	-210,760.86
Total	-75,846,551.87	-5,444,199.18

5.58 Impairment on assets

Item	Year ended 30/06/2020	Year ended 30/06/2019
Allowance for doubtful debts	-21,515,865.41	-117,461,599.60
Provision for diminution in value of inventory	-477,713.41	-1,034,929.87
Impairment loss for intangible assets		-282,438.51
Total	-21,993,578.82	-118,778,967.98

5.59 Gains (Losses) from disposal of assets

Item	Year ended 30/06/2020	Year ended 30/06/2019
Gains from disposal of non-current assets	375,887.80	256,100.31
Total	375,887.80	256,100.31

5.60 Non-operating income

Item	Year ended 30/06/2020	Year ended 30/06/2019	Amount to be included in non-recurring gain or loss for the year
Non-current assets damage and scrap gains	216,853.50	76,899.42	216,853.50
Gains on debt restructuring		1,297,883.39	
Government grants from non-routine activities	62,015,270.04	851,632.87	62,015,270.04
Others	4,378,948.64	14,836,618.03	4,378,948.64
Total	66,611,072.18	17,063,033.71	66,611,072.18

Government subsidies included in non-operating income

Item	Year ended 30/06/2020	Year ended 30/06/2019	Related to assets or income
Enterprise support funds	50,692,435.37	803,700.00	Related to income
Tax refund	10,175,885.88		Related to income
Others	1,146,948.79	47,932.87	Related to income
Total	62,015,270.04	851,632.87	—

5.61 Non-operating expenses

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Item	Year ended 30/06/2020	Year ended 30/06/2019	Amount to be included in non-recurring gain or loss for the year
Non-current assets damage and scrap loss	1,267,104.65	122,586.63	1,267,104.65
Loss on debt restructuring		289,573.12	
Donation	4,963,718.99	11,339,948.27	4,963,718.99
Penalty	1,102,415.70		1,102,415.70
Others	3,776,199.90	6,416,413.64	3,776,199.90
Total	11,109,439.24	18,168,521.66	11,109,439.24

5.62 Income tax expenses

Item	Year ended 30/06/2020	Year ended 30/06/2019
Current income tax expense calculated according to tax laws	259,011,900.04	437,471,227.51
Deferred income tax	-106,376,162.69	-159,837,607.63
Total	152,635,737.35	277,633,619.88

5.63 Supplement to statement of cash flows

5.63.1 Supplement to statement of cash flows

Item	Year ended 30/06/2020	Year ended 30/06/2019
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,611,796,082.58	807,169,489.51
Add: Credit impairment loss	75,846,551.87	5,444,199.18
provision for asset impairment	21,993,578.82	118,778,967.98
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	221,260,665.11	1,748,117,039.37
Amortization of intangible assets	84,251,801.98	205,889,321.65
Amortization of long-term deferred expenses	39,699,028.64	29,467,151.16
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-375,887.80	-210,413.10
Losses on write-down of fixed assets ("-" for gains)	1,050,251.15	
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	579,115,656.93	754,395,610.85
Investments losses ("-" for gains)	-815,603,254.36	-13,151,467.00
Decreases in the deferred tax assets ("-" for increases)	-49,070,257.18	106,256,437.33
Increases in the deferred tax liabilities ("-" for decreases)	-3,994,426.36	-142,944,521.65
Decreases in inventories ("-" for increases)	-5,729,411,135.33	-7,595,382,876.10
Decreases in operating receivables ("-" for increases)	-4,134,399,676.83	-8,115,239,525.09

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Item	Year ended 30/06/2020	Year ended 30/06/2019
Increases in operating payables ("-" for decreases)	3,182,190,876.47	2,852,989,712.08
Others	-420,490,495.41	
Net cash flows from operating activities	-5,336,140,639.72	-9,238,420,873.83
2. Significant investing and financing activities not involving cash inflow and outflow	-5,336,140,639.72	-9,238,420,873.83
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash As at 30/06/2020	27,407,076,386.49	18,942,837,839.06
Less: cash As at 1/1/2020	23,087,247,115.07	13,123,859,082.42
Add: cash equivalents As at 30/06/2020		
Less: cash equivalents As at 1/1/2020	-	
Net increase in cash and cash equivalents	4,319,829,271.42	5,818,978,756.64

5.64 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 30/06/2020	Restriction reason
Cash at bank and on hand	384,157,105.39	Deposit and frozen provision
Inventories	8,201,958,100.00	Secured loans
Investment Property	5,537,519,212.08	Secured loans
Fixed assets	69,496,887.90	Secured loans
Fixed assets	43,709,819.39	Finance lease and sale and leaseback
Intangible assets	8,356,314.40	Secured loans
Total	14,245,197,439.16	--

5.65 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 30/06/2020	Exchange rate	Balance translated into RMB as at 30/06/2020
Cash at hand and in banks	—	—	246,969,412.41
Including: USD	10,083,812.36	7.08	71,388,231.74
EUR	11,122,951.86	7.96	88,549,819.76
AUD	1,294,023.16	4.87	6,296,328.49
HKD	80,836,580.67	0.91	73,837,029.97
INR	57,260,184.90	0.09	5,365,279.33
CAD	166,940.30	5.18	865,468.60

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

SGD	131,315.71	5.08	667,254.52
Accounts receivable	—	—	55,446,657.17
Including: USD	7,818,686.26	7.08	55,352,389.38
CAD	18,183.32	5.18	94,267.79
Other receivables	—	—	20,163,086.82
Including: USD	50,285.36	7.08	355,995.21
EUR	127,244.64	7.96	1,012,994.58
HKD	20,545,173.01	0.91	18,765,961.02
INR	300,143.05	0.09	28,136.01
Accounts payable	—	—	164,009,579.06
Including: USD	11,908,879.12	7.08	84,308,909.73
EUR	7,564,112.30	7.96	60,217,898.02
INR	50,374,000.36	0.09	4,722,159.54
HKD	13,507,532.79	0.91	12,337,780.45
CAD	393,364.62	5.18	2,039,320.20
SGD	75,475.00	5.08	383,511.12
Short-term loans	—	—	137,923,400.00
Including: HKD	151,000,000.00	0.91	137,923,400.00
Employee benefits payable	—	—	72,878.90
Including: USD	2,201.15	7.08	15,583.04
INR	611,208.00	0.09	57,295.86
Taxes and surcharges payable	—	—	10,475,039.03
Including: USD	5,233.26	7.08	37,048.86
EUR	1,299,829.04	7.96	10,347,938.99
INR	960,627.89	0.09	90,051.18
Other payable	—	—	355,357.68
Including: SGD	69,662.29	5.08	353,974.99
INR	14,750.00	0.09	1,382.69
Long-term loans due within one year	—	—	49,618,060.80
Including:HKD	54,320,000.00	0.91	49,618,060.80
Long-term loans	—	—	91,109,477.20
Including:HKD	99,750,000.00	0.91	91,109,477.20

6. Changes in consolidation scope

6.1 Subsidiaries or structured entities newly incorporated into the scope of the merger, as set up newly

Subsidiary name	Net assets at 30/06/2020	Net profit ended 30/06/2020
成都兴城简州投资运营有限公司	10,000,000.00	
成都熊猫国际旅游度假有限公司	2,635,099.99	-364,900.01

Note: The entities newly included in the scope of consolidation are all newly established companies in the current period, and their equity share is 100%.

7. Interest in other entities

7.1 Interest in subsidiaries

7.1.1 Constitution of the Company

Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
成都成都中心建设有限责任公司	Chengdu	Chengdu	Urban construction	100.00		1
成都建工集团有限公司	Chengdu	Chengdu	Construction	73.41		4
成都润锦城实业有限公司	Chengdu	Chengdu	Property management	100.00		1
成都市小城镇投资有限公司	Chengdu	Chengdu	Urban construction	100.00		2
成都天府绿道建设投资有限公司	Chengdu	Chengdu	Urban construction	100.00		1
成都天府绿道文化旅游发展股份有限公司	Chengdu	Chengdu	Business services	90.00	10.00	1
成都兴城简州投资运营有限公司	Chengdu	Chengdu	Urban construction	100.00		1
成都兴城建设管理有限公司	Chengdu	Chengdu	Construction management	100.00		1
成都兴城人居地产投资集团有限公司	Chengdu	Chengdu	Estate development	99.00	1.00	1

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Subsidiary name	Registration place	Principal place of	Business nature	Shareholding (%)		Acquisition method
成都兴城文化产业发展投资有限公司	Chengdu	Chengdu	Investment management	100.00		1
成都兴城资本管理有限责任公司	Chengdu	Chengdu	Investment management	100.00		1
成都兴城足球俱乐部有限公司	Chengdu	Chengdu	Culture, sports and entertainment	95.00		1
成都熊猫国际旅游度假有限公司	Chengdu	Chengdu	Travel services		100.00	1
成都医疗健康投资集团有限公司	Chengdu	Chengdu	Investment management	100.00		1
天津红日药业股份有限公司	Tianjin	Tianjin	Manufacturing	22.22		3
兴城（香港）国际投资有限公司	Hongkong	Hongkong	Investment management	100.00		1

Note: Acquisition method: 1、set up newly; 2、Business combination involving enterprises under common control;

3、Business combination involving enterprises not under common control; 4、Other

7.2 Equity in joint ventures or associates

7.2.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Shareholding(%)		Accounting treatment for investments
				Direct	Indirect	
成都农村商业银行股份有限公司	Chengdu	Chengdu	Financial industry			Equity Method
成都建工地产开发有限责任公司	Sichuan	Sichuan	Estate industry	49		Equity Method

7.2.2 Principal financial information of significant associates or joint ventures

项目	As at 31/12/2019&Year ended 31/12/2019		As at 1/1/2019&Year ended 31/12/2018	
	成都建工地产开发有限责任公司	成都农村商业银行股份有限公司	成都建工地产开发有限责任公司	成都农村商业银行股份有限公司
Current assets	5,601,966,916.92	322,550,435,334.74	5,201,644,760.78	
Non-current assets	757,836,515.74	179,585,231,968.53	755,476,470.78	
Total assets	6,359,803,432.66	502,135,667,303.27	5,957,121,231.56	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Current liabilities	5,601,867,269.42	453,824,320,715.76	5,268,067,084.83	
Non-current liabilities	43,363,307.49	4,705,761,015.92	5,411,259.60	
Total liabilities	5,645,230,576.91	458,530,081,731.68	5,273,478,344.43	
Net assets	714,572,855.75	43,605,585,571.59	683,642,887.13	
Share of net assets calculated as shareholding percentage%	350,140,699.32	14,845,467,696.73	334,985,014.70	
Adjustments	142,479,888.17	2,485,541,488.09	157,635,572.78	
Book value of equity investment in joint ventures	492,620,587.49	17,331,009,184.82	492,620,587.48	

Note: Xingcheng Group began to hold part of the shares of Chengdu Rural Commercial Bank Co., Ltd. in February 2020.

8. Fair value

8.1 Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy:

Item	Measurement by level 1	Measurement by level 2	Measurement by level 3	Balance as at 30/06/2020
I Recurring fair value measurement				
i Investment in other equity instruments	42,103,024.27		350,963,561.27	393,066,585.54
ii Receivable financing		86,098,874.70		86,098,874.70
Total	42,103,024.27	86,098,874.70	350,963,561.27	479,165,460.24

8.2 Determination basis of quoted prices for recurring and non-recurring items in level 1 of fair value hierarchy

Because Beijing Zheyi Investment Center (Limited Partnership) ("Zheyi Investment") and Beijing Zheliang Investment Center (Limited Partnership) ("Zheliang Investment") invest in stocks, the fair value at the end of the stock period shall be used as the fair value of Zheyi Investment、 Zheliang Investment.

8.3 For recurring and non-recurring items in level 2 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

The fair value measurement of the Group's receivable financing due to the short remaining period, the fair value is similar to the book value.

8.4 For recurring and non-recurring items in level 3 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs refers to the above table.

The operating environment, operating conditions and financial status of invested enterprises have not changed significantly, so the Group measures the investment cost as a reasonable basis for fair value estimation.

9. Related parties and transactions

9.1 The parent company of the Company

Name of parent company	Registration place	Shareholding ratio of the Company(%)	Voting rights proportion % of the Company
成都市国有资产监督管理委员会 Chengdu SASAC	Chengdu	100.00	100.00

9.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

9.3 Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 7 Interest in other entities, including related party transactions with the company in the current period, or other joint ventures or associated enterprises that formed balances with the company in the previous period.

9.4 Receivables from and payables to related parties

9.4.1 Receivables due from related parties

Account name	Related party	As at 30/06/2020		As at 1/1/2020	
		Book balance	Allowance for doubtful debts	Book balance	Allowance for doubtful debts
Accounts receivable	成都建工地产开发有限责任公司	5,506,244.63		5,506,244.63	
Accounts receivable	成都合能兴城人居科技有限公司	115,151,067.30		1,217,358.68	
Other receivables	成都中建人居雅苑房地产开发有限公司	317,777,019.18		236,581,458.60	
Other receivables	广州宏耀房地产开发有限公司			70,307,028.26	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Account name	Related party	As at 30/06/2020		As at 1/1/2020	
		Book balance	Allowance for doubtful debts	Book balance	Allowance for doubtful debts
Other receivables	西咸新区兴城人居置业有限公司	556,203,256.48		663,026,244.97	
Other receivables	成都建工地产开发有限责任公司	4,370,060,000.00		4,370,060,000.00	
Total		5,364,697,587.59		5,346,215,460.28	

9.4.2 Payables due to related parties

Account name	Related party	Balance as at 30/06/2020	Balance as at 01/01/2020
Other payables	成都越秀房地产开发有限公司		1,690,478.11
Other payables	西咸新区兴城人居置业有限公司		254,244.54
Long-term payables	成都越秀房地产开发有限公司	30,215,256.27	80,806,244.45
Long-term payables	成都建工地产开发有限责任公司	130,238,857.54	66,088,857.54
Total		160,454,113.81	148,839,824.64

10. Commitments and contingencies

10.1 Commitments

As of June 30, 2020, the company has no major commitments to disclose.

10.2 Contingencies

10.2.1 Guarantee

(1) As of June 30, 2020, the Company's external guarantees for loans to are as follows:

Unit: 10 Thousand yuan

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
成都兴城投资集团有限公司	成都中电熊猫显示科技有限公司	100,000.00	2018/8/24	2028/8/24	No
成都兴城人居地产投资集团股份有限公司	广州宏耀房地产开发有限公司	32,270.00	2019/3/29	2023/9/24	No
成都兴城人居地产投资集团股份有限公司	广州敏秀房地产开发有限公司	700.00	2020/5/7	2023/5/7	No

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

湖北辰美中药有限公司	英山县兴源中小企业融资担保有限公司	450.00	2019/3/1	2020/3/1	Yes
Total		133,420.00			

(2) As of June 30,2020, the Company's guarantees for loans to subsidiaries are as follows:

Unit: ten thousand yuan

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
成都兴城投资集团有限公司	成都兴城人居地产投资集团有限公司 (Including subsidiary companies)	176,896.00	2018/3/30	2020/3/30	Yes
成都兴城投资集团有限公司		119,700.00	2018/5/24	2020/5/23	Yes
成都兴城投资集团有限公司		100,000.00	2018/8/24	2021/8/24	No
成都兴城投资集团有限公司		43,200.00	2018/9/28	2020/9/28	No
成都兴城投资集团有限公司		120,000.00	2018/11/23	2020/11/23	No
成都兴城投资集团有限公司		120,000.00	2018/12/14	2020/12/14	No
成都兴城投资集团有限公司		220,000.00	2019/4/25	2022/4/24	No
成都兴城投资集团有限公司		40,000.00	2019/7/12	2022/7/11	No
成都兴城投资集团有限公司		180,000.00	2019/9/19	2021/9/18	No
成都兴城投资集团有限公司		150,000.00	2018/5/14	2021/5/14	No
成都兴城投资集团有限公司		1,269,796.00			
成都兴城投资集团有限公司		成都建工集团有限公司 (Including subsidiary companies)	68,300.00	2018/5/24	2021/12/25
成都兴城投资集团有限公司	28,200.00		2019/8/30	2020/8/26	No
成都兴城投资集团有限公司	30,000.00		2019/6/14	2021/6/14	No
成都兴城投资集团有限公司	40,000.00		2019/7/4	2022/7/3	No
成都兴城投资集团有限公司	100,000.00		2019/6/6	2022/6/5	No
成都兴城投资集团有限公司	150,000.00		2019/10/16	2024/10/15	No
成都兴城投资集团有限公司	416,500.00				
成都兴城投资集团有限公司	中化岩土集团股份有限公司	7,416.05	2019/7/8	2020/7/7	No
成都兴城投资集团有限公司		4,901.51	2019/08/20	2021/8/19	No
成都兴城投资集团有限公司		12,317.56			
成都兴城投资集团有限公司	成都成都中心建设有限责任公司	99,300.00	2018/3/8	2021/3/7	No
成都兴城投资集团有限公司		70,000.00	2019/7/26	2029/7/25	No
成都兴城投资集团有限公司		169,300.00			
成都兴城投资集团有限公司	成都天府绿道建设投资有限公司	100,000.00	2018/4/10	2032/4/9	No
Total		1,967,997.50			

11. Post balance sheet events

As of June 30, 2020, the company has no major post-balance sheet events that need to be disclosed.

12. Other significant events

No.

13. Notes to the financial statements of the Company

13.1 Accounts receivable

13.1.1 Accounts receivable by category

Category	As at 30/06/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	84,899,446.80	100	35,031.88	0.04
Individually insignificant but allowance for doubtful debts individually				
Total	84,899,446.80	100	35,031.88	0.04

Category	As at 1/1/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	75,633,002.76	100	35,031.88	0.05
Individually insignificant but allowance for doubtful debts individually				
Total	75,633,002.76	100	35,031.88	0.05

13.1.2 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Within 1 year	673,292.96	65.15		673,292.96	65.15	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
1-2 years	40,539.58	3.92	2,026.98	40,539.58	3.92	2,026.98
2-3 years	269,493.92	26.08	13,474.70	269,493.92	26.08	13,474.70
More than 3 years	50,074.79	4.85	19,530.20	50,074.79	4.85	19,530.20
Total	1,033,401.25	100.00	35,031.88	1,033,401.25	—	35,031.88

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Government credit and margin portfolio	77,156,761.91			68,593,815.74		
Related portfolio	6,709,283.64			6,005,785.77		
Total	83,866,045.55			74,599,601.51	—	

13.2 Other receivables

Category	As at 30/06/2020	As at 1/1/2020
Dividends receivable		
Other receivables	6,389,570,945.75	4,941,229,395.22
Less: Allowance for doubtful debts	1,282,620.61	1,282,620.61
Total	6,388,288,325.14	4,939,946,774.61

13.2.1 Other receivables

Category	As at 30/06/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	6,389,570,945.75	100	1,282,620.61	0.02
Individually insignificant but allowance for doubtful debts individually				
Total	6,389,570,945.75	100	1,282,620.61	0.02

(Continued)

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

Category	As at 1/1/2020			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	4,941,229,395.22	100	1,282,620.61	0.03
Individually insignificant but allowance for doubtful debts individually				
Total	4,941,229,395.22	100	1,282,620.61	0.03

13.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method:

Aging	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,302.65	0.03		1,302.65	0.03	
1-2 years	9,756.38	0.22	487.82	9,756.38	0.22	487.82
2-3years	38,400.00	0.87	1,920.00	38,400.00	0.87	1,920.00
More than 3years	4,355,807.43	98.88	1,280,212.79	4,355,807.43	98.88	1,280,212.79
Total	4,405,266.46	—	4,405,266.46	4,405,266.46	—	1,282,620.61

② Other receivables whose doubtful debts is made by other method:

Category	As at 30/06/2020			As at 1/1/2020		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Transaction of Related parties	6,334,092,207.49			4,897,335,607.93		
Financial claims of government	27,947,265.11			21,608,011.39		
Margin, petty cash and other project settlement funds	23,126,206.69			17,880,509.44		
Total	6,385,165,679.29			4,936,824,128.76		

13.3 Long-term equity investments

Item	As at 30/06/2020			As at 1/1/2020		
	Balance	Provision	Carrying	Balance	Provision	Carrying

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

		for impairment	amount		for impairment	amount
Investment to subsidiaries	23,980,013,1 80.70		23,980,013,1 80.70	23,520,013,1 80.70		23,520,013,1 80.70
Investment to joint ventures and associates	17,749,295,6 07.94		17,749,295,6 07.94	415,286,423. 12		415,286,423. 12
Total	41,729,308,7 88.64		41,729,308,7 88.64	23,935,299,6 03.82		23,935,299,6 03.82

13.3.1 Investment to subsidiaries

Investee	As at 1/1/2020	Increase of the current period	Decrease of the current period	As at 30/06/2020	Provision for impairment in current period	Provision for impairment as at 30/06/2020
成都兴城建设管理有限公司	10,035,300.00			10,035,300.00		
成都兴城人居地产投资集团有限公司	5,464,340,000.00			5,464,340,000.00		
成都市小城镇投资有限公司	2,392,412,518.49			2,392,412,518.49		
成都润锦城实业有限公司	10,000,000.00			10,000,000.00		
成都兴城资本管理有限责任公司	583,300,000.00			583,300,000.00		
成都成都中心建设有限责任公司	875,000,000.00	450,000,000.00		1,325,000,000.00		
兴城（香港）国际投资有限公司	61,534,538.64			61,534,538.64		
成都天府绿道建设投资集团有限公司	1,200,000,000.00			1,200,000,000.00		
成都兴城文化产业发展投资有限公司	200,000,000.00			200,000,000.00		
成都医疗健康投资集团有限公司	500,000,000.00			500,000,000.00		
成都建工集团有限公司	7,322,983,938.95			7,322,983,938.95		

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 30 June 2020

成都兴城足球俱 乐部有限公司	28,500,000.00			28,500,000.00		
中化岩土集团股 份有限公司	2,346,679,490.44			2,346,679,490.44		
天津红日药业股 份有限公司	2,480,227,394.18			2,480,227,394.18		
成都天府绿道文 化旅游发展股份 有限公司	45,000,000.00			45,000,000.00		
成都兴城简州投 资运营有限公司		10,000,000.00		10,000,000.00		
Total	23,520,013,180.70	460,000,000.00	-	23,980,013,180.70		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 30 June 2020

13.3.2 Investment to joint ventures and associates

Investee	Balance as at 1/1/2020	Movement during the financial year							balance as at 30/06/2020	Provision for impairment as at 30/06/2020
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment		
Associates										
四川川投售电有限公司	107,500,947.04									107,500,947.04
中国四川国际投资有限公司	273,304,087.48									273,304,087.48
成都东景燃气有限责任公司	11,735,698.58									11,735,698.58
川投国际尼泊尔水电联合开发公司	20,006,733.32									20,006,733.32
成都农村商业银行股份有限公司		16,516,262,269.13		814,746,915.69						17,331,009,184.82
成都和能兴城人居科技有限公司	2,738,956.70									2,738,956.70
Total	415,286,423.12	16,519,262,269.13	-	814,746,915.69						17,749,295,607.94

13.4 Operating income and operating cost

Item	Year ended 30/06/2020		Year ended 30/06/2019	
	Income	Cost	Income	Cost
I. Primary operating business	203,717,997.78	27,382,125.59	355,701,147.71	101,245,709.24
Agent construction project			154,430,866.68	100,238,010.00
Capital interest	71,660,682.48		100,467,941.40	
Asset lease	132,057,315.30	27,382,125.59	100,802,339.63	1,007,699.24
II. Other operating business	100,055,127.82	923,827.76		
Others business	100,055,127.82	923,827.76		
Total	303,773,125.60	28,305,953.35	355,701,147.71	101,245,709.24

13.5 Investment income

Item	Year ended 30/06/2020	Year ended 30/06/2019
Gain/(Loss) from long-term equity investments in cost method	34,500,000.00	10,139,652.90
Gain/(Loss) from long-term equity investments in equity method	814,917,304.58	
Total	849,417,304.58	10,139,652.90

14. Other significant transactions and events which may be important to the investors' decision

14.1. Non-recurring profit and loss schedule

Item	Year ended 30/06/2020
1. Non-current asset disposal gains and losses, including the write-off part of the provision for asset impairment	-674,363.35
2. Exceeding authority, or without formal approval documents, or occasional tax refunds or exemptions	
3. Government subsidies included in the current profit and loss (closely related to the business of the enterprise, except for the government subsidies that are enjoyed in a fixed or quantitative basis according to the unified national standard)	89,778,025.53
4. Capital occupation fee charged to non-financial enterprises included in current profit and loss	
5. The income comes from the fact that the investment cost of the company to obtain subsidiaries, associates and joint ventures is less than the fair value of the identifiable net assets of the investee when the investment is obtained	
6. Non-monetary asset exchange gains and losses	
7. Entrust others to invest or manage the profit and loss of assets	
8. Provisions for impairment of various assets due to force majeure factors, such as natural disasters	
9. Debt restructuring gains and losses	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 30 June 2020

Item	Year ended 30/06/2020
10. Enterprise restructuring expenses, such as staff placement expenses, integration expenses, etc.	
11. The profit and loss of the transaction in which the transaction price is obviously unfair and in excess of the fair value	
12. Net profit and loss for the current period from the beginning of the period to the date of the merger arising from a business combination under the same control	
13. Profit and loss arising from contingent events not related to the company's normal business operations	
14. In addition to the effective hedging business related to the company's normal business operations, the fair value change gains and losses arising from the holding of transactional financial assets and transactional financial liabilities, and the disposal of transactional financial assets, transactional financial liabilities and available-for-sale financial assets Investment income	-47,655.44
15. Reversal of provision for impairment of accounts receivable that has been separately tested for impairment	
16. Gains and losses from external entrusted loans	
17. Profits and losses arising from changes in the fair value of investment real estate that are subsequently measured using the fair value model	
18. The impact of a one-off adjustment to the current profit and loss according to the requirements of taxation, accounting and other laws and regulations on the current profit and loss	
19. Custody fee income from entrusted operations	
20. Other non-operating income and expenses other than the above	-5,463,385.95
21. Other profit and loss items that meet the definition of non-recurring profit and loss	
22. Income tax impact	-18,318,629.79
23. Influence of minority shareholders	-44,020,451.80
Total	21,253,539.20

Chengdu Xingcheng Investment Group Company Limited



November 30, 2020

The notes to the financial statements from page 1 to page 115 were approved by the following representatives:

Legal

representative

Signature: _____

Date: _____



Person in charge of

accounting function

Signature: _____

Date: _____



Person in charge of

accounting department

Signature: _____

Date: _____





此证仅用于出具报告:



营业执照

(副本) (6-1)

统一社会信用代码

91110108590611484C



名称 大信会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 吴卫群, 胡咏华

经营范围

审查企业会计报表、出具审计报告; 验证企业资本, 出具验资报告; 办理企业合并、分立、清算事宜中的审计业务, 出具有关报告; 基本建设年度财务决算审计; 代理记账; 会计咨询、税务咨询、管理咨询、会计培训; 法律、法规规定的其他业务。(企业依法自主选择经营项目, 开展经营活动; 依法须经批准的项目, 经相关部门批准后依批准的内容开展经营活动; 不得从事本市产业政策禁止和限制类项目的经营活动。)

成立日期 2012年03月06日

合伙期限 2012年03月06日至 2112年03月05日

主要经营场所 北京市海淀区知春路1号学院国际大厦1504室



登记机关

2020年01月17日

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

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

国家市场监督管理总局监制

此证仅用于出具报告

证书序号: 00000119



说明

7. 《会计师事务所执业证书》是证明持有人员取得财政部门、准予执行注册会计师法定业务资格的凭证。
8. 《会计师事务所执业证书》记载事项发生变更的，应当在财政部门申请换发。
9. 《会计师事务所执业证书》不得伪造、涂改、出借、出借、转让。
10. 会计师事务所被责令停业或执业许可注销的，应当及时交回《会计师事务所执业证书》。



发证机关: 北京财政局

二〇一一年 九 月 九 日

中华人民共和国财政部制



会计师事务所 执业证书

名称: 大信会计师事务所(特殊普通合伙)

首席合伙人: 胡咏华

主任会计师:

经营场所: 北京市海淀区知春路一号诺亚国际大厦1504室

组织形式: 特殊普通合伙

执业证书编号: 11010141

批准执业文号: 京财会许可[2011]0073号

批准执业日期: 2011年09月09日

此证仅用于出具报告:



2020.11.25



姓 名: 姜荣华
 Full name: 姜荣华
 性 别: 女
 Sex: 女
 出生日期: 1985-10-11
 Date of birth: 1985-10-11
 工作单位: 天信会计师事务所有限公司四川分所
 Working unit: 天信会计师事务所有限公司四川分所
 身份证号码: 513027651011002
 Member card No.: 513027651011002

注册编号: 511709020065
 No. of members: 511709020065
 注册日期: 2019年12月01日
 Authorized effective date: 2019年12月01日
 Report number: 19905年12月01日



年度检验日期
 Annual Inspection/Reinspection
 2019.3.31
 本证书自检验合格之日起有效
 This certificate is valid for another year after
 this renewal

此证仅用于出具报告:



2019.6.27



2019.6.27



姓名: [Blank]
E-mail: [Blank]
性别: [Blank]
出生日期: [Blank]
工作单位: [Blank]
Working year: [Blank]
身份证号码: [Blank]

2019年6月27日

注册会计师
No. of certificate: 1101080210400126
姓名: 王德林
工作单位: 德勤华永会计师事务所(特殊普通合伙)
Authorized Institute: DQ
Date of issue: 2019年6月27日

2019年6月27日

年度检验登记
Annual Renewal Registration
2019.6.27
本证书的有效性依赖于持证人的持续教育
This certificate is valid for reciprocal recognition
only if renewal.

成都兴城投资集团有限公司
**Chengdu Xingcheng
Investment Group Company
Limited**

审计报告

Auditor's Report

大信审字[2020]第 14-00095 号

DAXIN SHEN ZI [2020] No. 14-00095

大信会计师事务所（特殊普通合伙）

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises of China.

Should there be inconsistency between the Chinese and English versions, the Chinese version shall prevail.



大信会计师事务所
北京市海淀区知春路 1 号
学院国际大厦 15 层
邮编 100083

WUYIGE Certified Public Accountants.LLP
15/F, Xueyuan International Tower
No. 1 Zhichun Road, Haidian Dist.
Beijing, China, 100083

电话 Telephone: +86 (10) 82330558
传真 Fax: +86 (10) 82327668
网址 Internet: www.daxincpa.com.cn

Auditor's Report

DAXIN SHEN ZI [2020] No. 14-00095

To the Shareholders of Chengdu Xingcheng Investment Group Co., Ltd:

I. Opinion

We have audited the financial statements of Chengdu Xingcheng Investment Group Co., Ltd (hereafter referred to as “the Company”), which comprise the consolidated and the Company's balance sheets as at December 31, 2019, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Directors and Those Charged with Governance for the Financial Statements



大信会计师事务所	WUYIGE Certified Public Accountants.LLP	电话 Telephone:	+86 (10) 82330558
北京市海淀区知春路 1 号	15/F, Xueyuan International Tower	传真 Fax:	+86 (10) 82327668
学院国际大厦 15 层	No. 1 Zhichun Road, Haidian Dist.	网址 Internet:	www.daxincpa.com.cn
邮编 100083	Beijing, China, 100083		

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an



大信会计师事务所	WUYIGE Certified Public Accountants.LLP	电话 Telephone:	+86 (10) 82330558
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学院国际大厦 15 层	No. 1 Zhichun Road, Haidian Dist.	网址 Internet:	www.daxincpa.com.cn
邮编 100083	Beijing, China, 100083		

opinion on the effectiveness of the Company's internal control.

C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



大信会计师事务所
北京市海淀区知春路1号
学院国际大厦15层
邮编 100083

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15/F, Xueyuan International Tower
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Beijing, China, 100083

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网址 Internet: www.daxincpa.com.cn

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WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

Certified Public Accountant of China

(Engagement partner)



Certified Public Accountant of China

Beijing, China



Date: April 29, 2020

Consolidated Balance Sheet

Prepared by: 成都兴城投资集团有限公司

2019年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2019	As at 1/1/2019
Current assets:			
Cash at bank and on hand	5.1	23,503,686,975.12	13,133,584,449.63
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable	5.2	667,661,862.83	260,503,035.18
Accounts receivable	5.3	22,860,045,825.55	16,619,022,563.63
Prepayments	5.4	1,071,479,756.02	940,231,683.25
Interest receivable			
Dividends receivable			
Other receivables	5.5	8,507,115,466.05	4,152,519,259.64
Inventories	5.6	68,206,910,369.98	50,800,884,575.95
Held-for-sale assets	5.7	9,499,360.04	9,449,342.59
Non-current assets due within one year	5.8	766,708,912.35	720,642,785.27
Other current assets	5.9	1,462,915,839.51	878,222,969.60
Total current assets		127,056,024,367.45	87,515,060,664.74
Non-current assets:			
Available-for-sale financial assets	5.10	1,506,657,128.65	623,928,858.99
Held-to-maturity investments	5.11	2,564,726,031.50	3,222,671,600.70
Long-term receivables	5.12	6,500,197,515.45	8,776,920,504.05
Long-term equity investments	5.13	1,896,949,851.96	1,309,999,137.39
Investment property	5.14	18,751,335,091.84	13,650,129,069.33
Property, plant and equipment	5.15	5,616,089,388.14	1,985,555,108.14
Construction in process	5.16	40,888,336,724.84	38,986,659,630.45
Construction materials			
Disposal of property, plant and equipment			
Productive biological assets			
Oil and gas assets			
Intangible assets	5.17	2,657,917,190.20	732,473,215.97
Development expenditures	5.18	400,075,980.11	
Goodwill	5.19	1,715,672,777.71	
Long-term deferred expenses	5.20	343,707,855.81	189,801,335.90
Deferred tax assets	5.21	1,433,924,467.32	1,462,512,364.40
Other non-current assets	5.22	2,284,612,460.17	3,267,734,659.99
Total of non-current assets		86,560,202,463.70	74,208,385,485.31
Total of assets		213,616,226,831.15	161,723,446,150.05

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



Consolidated Balance Sheet (Continued)

Prepared by: 成都兴城投资集团有限公司

2019年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2019	As at 1/1/2019
Current liabilities:			
Short-term loans	5.23	10,149,933,229.33	12,560,571,112.00
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable	5.24	1,330,646,316.97	811,898,398.00
Accounts payable	5.25	40,242,367,716.46	29,176,079,872.87
Advances from customers	5.26	7,974,981,680.35	6,640,294,279.84
Employee benefits payable	5.27	284,030,575.81	143,102,438.18
Taxes and surcharges payable	5.28	1,831,213,035.17	1,616,175,229.54
Interest payable			
Dividends payable			
Other payables	5.29	8,121,039,687.52	5,391,719,998.86
Held-for-sale liabilities			
Non-current liabilities due within one year	5.30	12,074,207,369.79	6,576,419,170.00
Other current liabilities	5.31	665,488,685.96	670,554,952.80
Total of current liabilities		82,673,908,297.36	63,586,815,452.09
Non-current liabilities:			
Long-term loans	5.32	31,091,939,699.19	26,612,848,040.00
Bonds payable	5.33	22,216,664,066.94	11,779,618,161.08
Including: Preference shares			
Perpetual loans			
Other long-term payables			
Long-term employee benefits payable	5.34	6,531,785,038.98	10,349,425,161.81
Specific payables	5.35	5,465,776.79	5,465,776.79
Provisions	5.36	14,018,857.34	22,386,451.21
Deferred income	5.37	104,468,611.86	60,791,196.44
Deferred tax liabilities	5.21	3,657,803,540.40	2,593,679,540.39
Other non-current liabilities	5.38	20,000,000.00	
Total of non-current liabilities		63,642,145,591.50	51,424,214,327.72
Total of liabilities		146,316,053,888.86	115,011,029,779.81
Equity:			
Paid-in capital (or Share capital)	5.39	5,525,400,000.00	5,525,400,000.00
Other equity instruments	5.40	11,171,499,997.00	6,169,500,000.00
Including: Preference shares			
Perpetual loans			
Capital reserve	5.41	23,002,303,872.80	22,156,740,084.30
Less: treasury shares			
Other comprehensive income	5.42	2,205,401,078.04	125,829.54
Special reserve	5.43	42,679,879.60	29,940,759.41
Surplus reserve	5.44	485,175,304.24	449,225,353.20
Retained earnings	5.45	7,432,837,520.26	7,886,924,584.20
Equity attributable to parent company		49,865,297,651.94	42,217,856,610.65
Minority interests		17,434,875,290.35	4,494,559,759.59
Total equity		67,300,172,942.29	46,712,416,370.24
Total liabilities and equity		213,616,226,831.15	161,723,446,150.05

Legal representative/legal:

Person in charge of accounting function:

Person in charge of accounting department:



钟莉

三薇

Balance Sheet

Prepared by: 成都兴城投资集团有限公司

2019年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2019	As at 1/1/2019
Current assets:			
Cash at bank and on hand		6,106,309,383.00	2,017,883,321.81
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable		75,597,970.88	692,782,065.50
Prepayments		632,298,879.78	16,060,773.96
Interest receivable			
Dividends receivable			
Other receivables		4,939,946,774.61	1,726,333,462.41
Inventories		21,427.50	35,384.00
Held-for-sale assets			
Non-current assets due within one year		720,642,785.27	720,642,785.27
Other current assets		137,351,975.65	86,051,292.28
Total current assets		12,612,169,196.69	5,259,789,085.23
Non-current assets:			
Available-for-sale financial assets		155,000,000.00	110,000,000.00
Held-to-maturity investments			
Long-term receivables		8,460,671,768.13	9,916,940,968.15
Long-term equity investments		23,935,299,603.82	17,341,047,526.63
Investment property		9,860,076,513.52	6,508,008,737.10
Property, plant and equipment		3,785,430.25	3,620,756.21
Construction in process		34,353,467,345.47	34,708,337,519.88
Construction materials			
Disposal of property, plant and equipment			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses		153,569,501.33	153,655,887.25
Deferred tax assets		842,631.83	741,462.12
Other non-current assets		60,478,501.76	1,646,539,331.96
Total of non-current assets		76,983,191,296.11	70,388,892,189.30
Total of assets		89,595,360,492.80	75,648,681,274.53

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



- 3 - 钟莉

三蕊

Balance Sheet (Continued)

Prepared by: 成都兴城投资集团有限公司

2019年12月31日

大信会计师事务所(特殊普通合伙)
Unit: RMB Yuan

Item	Note	As at 31/12/2019	As at 1/1/2019
Current liabilities:			
Short-term loans		100,000,000.00	
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,369,530,522.56	1,502,050,689.79
Advances from customers		8,341,936.39	8,037,922.80
Employee benefits payable		750,068.96	297,783.68
Taxes and surcharges payable		32,278,629.33	98,551,157.85
Interest payable			
Dividends payable			
Other payables		1,839,765,380.61	1,530,450,467.79
Held-for-sale liabilities			
Non-current liabilities due within one year		3,312,148,506.24	2,198,000,000.00
Other current liabilities			
Total of current liabilities		6,662,815,044.09	5,337,388,021.91
Non-current liabilities:			
Long-term loans		16,249,700,000.00	14,156,500,000.00
Bonds payable		20,228,929,540.97	10,287,612,438.88
Including: Preference shares			
Perpetual loans			
Other long-term payables			
Long-term employee benefits payable		3,977,020,126.92	9,752,401,679.73
Specific payables			
Provisions			
Deferred income			
Deferred tax liabilities		1,420,388,093.83	852,807,894.43
Other non-current liabilities			
Total of non-current liabilities		41,876,037,761.72	35,049,322,013.04
Total of liabilities		48,538,852,805.81	40,386,710,034.95
Equity:			
Paid-in capital (or Share capital)		5,525,400,000.00	5,525,400,000.00
Other equity instruments		8,698,000,000.00	6,169,500,000.00
Including: Preference shares			
Perpetual loans		8,698,000,000.00	6,169,500,000.00
Capital reserve		22,244,112,655.80	20,094,112,655.80
Less: treasury shares			
Other comprehensive income		1,590,774,324.23	
Special reserve			
Surplus reserve		477,421,653.04	441,403,209.19
Retained earnings		2,520,799,053.92	3,031,555,374.59
Total equity		41,056,507,686.99	35,261,971,239.58
Total liabilities and equity		89,595,360,492.80	75,648,681,274.53

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Income

大信会计师事务所(特殊普通合伙)
DAXIN ACCOUNTING FIRM (SPECIAL GENERAL PARTNERSHIP)

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2019

Unit: RMB Yuan

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
1. Operating income	5.46	63,279,143,150.74	43,664,308,842.62
Less: Operating cost	5.46	55,143,990,989.61	39,233,950,355.12
Taxes and surcharges	5.47	714,738,360.19	498,644,595.65
Selling and distribution expenses	5.48	1,900,647,241.95	178,257,274.63
General and administrative expenses	5.49	2,097,258,121.31	1,222,880,620.81
Finance expenses	5.50	1,389,426,123.07	956,613,569.72
Impairment on assets	5.51	474,079,251.99	198,248,415.40
Add: Gain from fair value changes("-" for loss)	5.52	27,410,109.76	-41,836,245.17
Investment income("-" for loss)	5.53	-54,001,147.18	1,829,309.68
Including: Investment income from associates and joint ventures		-74,150,635.59	1,464,526.50
Gains from disposal of assets("-" for loss)	5.54	14,982,940.33	220,575.35
Other income	5.55	35,253,915.20	17,936,295.19
2. Operating profits("-" for loss)		1,582,648,880.73	1,353,863,946.34
Add: Non-operating income	5.56	52,744,956.16	12,022,390.58
Less: Non-operating expenses	5.57	34,369,819.20	25,092,555.92
3. Profit before tax("-" for loss)		1,601,024,017.69	1,340,793,781.00
Less: Income tax expenses	5.58	532,350,769.63	319,066,781.13
4. Net profit("-" for net loss)		1,068,673,248.06	1,021,726,999.87
Net profit attributable to parent company		491,193,015.48	778,887,498.79
Profit/loss attributable to minority share-holders		577,480,232.58	242,839,501.08
Profit or loss from continuing operations			
Profit or loss from discontinued operations			
5. Other comprehensive income, net of tax		2,195,974,039.09	531,827.33
Total other comprehensive income attributable to parent company		2,205,275,248.50	531,827.33
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss		2,205,275,248.50	531,827.33
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets		-4,741,930.71	
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference		3,874,413.50	531,827.33
6) Others		2,206,142,765.71	
Other comprehensive income attributable to minority share-holders, net of tax		-9,301,209.41	
6. Total comprehensive income		3,264,647,287.15	1,022,258,827.20
Total comprehensive income attributable to share-holders of parent company		2,696,468,263.98	779,419,326.12
Total comprehensive income attributable to minority share-holders		568,179,023.17	242,839,501.08
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative/legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Statement of Income

大信会计师事务所(特殊普通合伙)
审验专用章

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2019

Unit: RMB Yuan

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
1. Operating income		778,816,300.82	769,490,746.40
Less: Operating cost		112,090,216.00	128,063,179.19
Taxes and surcharges		48,017,497.39	44,776,864.16
Selling and distribution expenses			
General and administrative expenses		83,949,713.66	69,980,607.32
Finance expenses		195,902,352.53	90,016,463.62
Impairment on assets		404,678.82	36,105.65
Add: Gain from fair value changes("-" for loss)		45,517,704.41	
Investment income("-" for loss)		97,083,599.16	85,178,128.37
Including: Investment income from associates and joint ventures		-1,553,637.23	2,543,056.54
Gains from disposal of assets("-" for loss)		393,309.69	205,764.24
Other income		98,505.67	2,717,264.52
2. Operating profits("-" for loss)		481,544,961.35	524,718,683.59
Add: Non-operating income		2,735,394.08	171,585.71
Less: Non-operating expenses		1,667,583.74	1,737,631.70
3. Profit before tax("-" for loss)		482,612,771.69	523,152,637.60
Less: Income tax expenses		122,428,333.23	110,062,568.93
4. Net profit("-" for net loss)		360,184,438.46	413,090,068.67
Profit or loss from continuing operations		360,184,438.46	413,090,068.67
Profit or loss from discontinued operations			
5. Other comprehensive income net of tax		1,590,774,324.23	
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss		1,590,774,324.23	
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets			
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference			
6) Others		1,590,774,324.23	
6. Total comprehensive income		1,950,958,762.69	413,090,068.67
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:

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Consolidated Statement of Cash Flows

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2019 Unit: RMB Yuan

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
1. Cash flows from operating activities			
Cash received from sales and services		55,895,596,298.95	38,952,839,950.86
Taxes and surcharges refunds		40,111,526.67	180,264.82
Cash received related to other operating activities		12,694,914,221.74	13,291,519,274.17
Total cash inflows from operating activities		68,630,622,047.36	52,244,539,489.85
Cash paid for goods and services		57,891,804,454.30	49,324,630,923.24
Cash paid to and for employees		2,539,859,534.01	1,535,772,979.47
Taxes and surcharges cash payments		2,815,117,693.92	1,789,547,431.48
Cash paid related to other operating activities		13,873,464,624.22	11,259,071,577.36
Total cash outflows from operating activities		77,120,246,306.45	63,909,022,911.55
Net cash flows from operating activities		-8,489,624,259.09	-11,664,483,421.70
2. Cash flows from investing activities:			
Cash received from withdraw of investments		487,441,207.77	577,790,520.96
Cash received from investment income		9,765,056.41	71,672,946.41
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		21,975,437.18	17,808,329.85
Net cash received from disposal of subsidiaries and other business units		586,127,544.29	3,518,061.84
Cash received related to other investing activities		17,803,168.98	20,957,745.45
Total cash inflows from investing activities		1,123,112,414.63	691,747,604.51
Cash paid for property, plant and equipment, intangible assets and other long-term assets		1,430,380,229.34	153,286,771.32
Cash payments for investments		1,723,093,768.61	3,348,332,678.87
Net cash paid for acquiring subsidiaries and other business units		631,582,146.20	
Cash paid related to other investing activities		2,417,128,205.23	2,400,663,628.20
Total cash outflows from investing activities		6,202,184,349.38	5,902,283,078.39
Net cash flows from investing activities		-5,079,071,934.75	-5,210,535,473.88
3. Cash flows from financing activities:			
Cash received from investments by others		4,665,378,900.00	1,700,000,000.00
Including: Cash received by subsidiaries from minority shareholders' investments		116,093,300.00	
Cash received from borrowings		48,952,609,590.12	45,607,532,842.46
Cash received related to other financing activities		8,270,307,070.05	2,465,807,999.63
Total cash inflows from financing activities		61,888,295,560.17	49,773,340,842.09
Cash repayments for debts		29,686,320,968.28	30,835,684,474.20
Cash payments for distribution of dividends, profit and interest expenses		5,354,438,116.07	3,702,964,129.47
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities		3,114,483,698.12	
Total cash outflows from financing activities		38,155,242,782.47	34,538,648,603.67
Net cash flows from financing activities		23,733,052,777.70	15,234,692,238.42
4. Effect of foreign exchange rate changes on cash and cash equivalents		1,810,790.50	-6,040,370.68
5. Net increase in cash and cash equivalents		10,166,167,374.36	-1,646,367,027.84
Add: beginning balance of cash and cash equivalents		13,035,128,868.44	14,681,495,896.28
6. Ending balance of cash and cash equivalents		23,201,296,242.80	13,035,128,868.44

Legal representative: legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Statement of Cash Flows

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2019 Unit: RMB Yuan

Item	Note	Year ended 31/12/2019	Year ended 31/12/2018
1. Cash flows from operating activities			
Cash received from sales and services		950,865,807.82	902,753,322.15
Taxes and surcharges refunds			
Cash received related to other operating activities		3,564,933,976.98	3,360,322,361.92
Total cash inflows from operating activities		4,515,799,784.80	4,263,075,684.07
Cash paid for goods and services		59,717,596.02	80,091,422.95
Cash paid to and for employees		53,890,947.63	42,036,288.60
Taxes and surcharges cash payments		227,507,269.05	196,232,402.79
Cash paid related to other operating activities		5,867,835,281.63	3,681,584,736.45
Total cash outflows from operating activities		6,208,951,094.33	3,999,944,850.79
Net cash flows from operating activities		-1,693,151,309.53	263,130,833.28
2. Cash flows from investing activities:			
Cash received from withdraw of investments			
Cash received from investment income		97,952,308.22	83,320,000.00
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		3,790,010.00	1,900,004.00
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		101,742,318.22	85,220,004.00
Cash paid for property, plant and equipment, intangible assets and other long-term assets		1,526,825.79	1,749,791.89
Cash payments for investments		5,070,205,377.68	6,203,610,261.87
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities		4,300,000,000.00	1,204,669,085.74
Total cash outflows from investing activities		9,371,732,203.47	7,410,029,139.50
Net cash flows from investing activities		-9,269,989,885.25	-7,324,809,135.50
3. Cash flows from financing activities:			
Cash received from investments by others		2,150,000,000.00	1,700,000,000.00
Cash received from borrowings		20,210,828,765.00	12,216,271,730.46
Cash received related to other financing activities		2,700,000,000.00	1,810,000,000.00
Total cash inflows from financing activities		25,060,828,765.00	15,726,271,730.46
Cash repayments for debts		7,360,100,000.00	9,253,480,000.00
Cash payments for distribution of dividends, profit and interest expenses		2,467,716,107.21	1,501,332,009.17
Cash paid related to other financing activities		175,767,348.79	97,113,709.35
Total cash outflows from financing activities		10,003,583,456.00	10,851,925,718.52
Net cash flows from financing activities		15,057,245,309.00	4,874,346,011.94
4. Effect of foreign exchange rate changes on cash and cash equivalents		-5,678,053.03	-7,151,155.56
5. Net increase in cash and cash equivalents		4,088,426,061.19	-2,194,483,445.84
Add: beginning balance of cash and cash equivalents		2,017,883,321.81	4,212,366,767.65
6. Ending balance of cash and cash equivalents		6,106,309,383.00	2,017,883,321.81

Legal representative/legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Unit: RMB Yuan

Item	Year 2019										Total equity		
	Equity attributable to shareholders of parent company												
	Share capital	Preference shares	Perpetual loans	Others	Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		Subtotal	Minority interest
1. Ending balance of the year	5,525,400,000.00	6,169,500,000.00			22,156,740,084.30		125,829.54	20,940,759.41	449,225,353.20	7,886,924,584.20	42,217,856,610.65	4,692,549,259.49	46,712,416,370.24
Add: Impact from changes in accounting policies													
Impact from corrections of errors in prior period													
Business combination under common control													
Others													
2. Beginning balance of current year	5,525,400,000.00				22,156,740,084.30		125,829.54	20,940,759.41	449,225,353.20	7,886,924,584.20	42,217,856,610.65	4,692,549,259.49	46,712,416,370.24
3. Movement for current year** (for decrease)					845,563,788.50		2,205,275,248.50	12,739,120.19	35,949,951.04	-454,087,003.94	7,647,441,041.29	12,040,315,530.76	20,587,756,572.05
(1) Total comprehensive income							2,205,275,248.50			491,193,015.48	2,696,468,263.98	568,179,023.17	3,264,647,287.15
(2) Shareholder's contributions and withdrawals of capital					845,563,788.50								
(1) Common stock contributed by shareholders													
(2) Capital contributed by other equity instruments holders													
(3) Share-based payment recorded in shareholder's equity													
(4) Others													
(2) Profit distribution													
(1) Appropriations of surplus reserve													
(2) Distributions to shareholders													
(3) Others													
(2) Internal transfer within shareholder's equity													
(1) Conversion of capital reserve into share capital													
(2) Conversion of surplus reserve into share capital													
(3) Recover of loss by surplus reserve													
(4) Others													
(5) Special reserve													
(1) Accrual of special reserve													
(2) Utilization of special reserve													
(3) Others													
4. Ending balance of current year	5,525,400,000.00				23,002,303,872.80		2,205,401,078.04	42,679,879.60	485,175,304.24	7,432,837,520.26	49,865,297,651.94	17,434,875,290.35	67,300,172,942.29

Person in charge of accounting function

Person in charge of accounting department



Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2019

Item	Year 2018												
	Equity attributable to shareholders of parent company												
	Share capital	Other equity instruments		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity	
	Preference shares	Perpetual loans	Others										
1 Ending balance at 1/1/2019	5,525,400,000.00		4,400,000,000.00		18,563,972,075.75			24,015,125.10	158,242,993.28	3,250,140,506.43	31,921,864,202.77	4,493,010,635.30	36,414,875,838.07
Add: Impact from changes in accounting policies, etc.									255,910,861.14	4,535,370,586.09	4,591,281,447.23		4,591,281,447.23
Impact from conversion of 60% of prior period													
Business combination under common control													
Others													
2 Beginning balance of current year	5,525,400,000.00		4,400,000,000.00		18,563,972,075.75			24,015,125.10	158,242,993.28	3,250,140,506.43	31,921,864,202.77	4,493,010,635.30	36,414,875,838.07
3 Movement for current year** (for decrease)													
(1) Total comprehensive income					3,592,768,008.55			5,925,634.31	34,571,498.78	301,413,491.68	3,704,210,460.65	1,549,124.29	5,706,259,584.94
(2) Shareholder's contributions and withdrawals of capital					3,592,768,008.55					778,887,498.79	779,419,326.12	242,839,501.08	1,022,258,827.23
(3) Common stock contributed by shareholders													
(4) Capital contributed by other equity instruments holders													
(5) Shares-based payment recorded in shareholder's equity													
(6) Others													
(7) Profits distribution													
(8) Appropriation of surplus reserve													
(9) Distribution to shareholders													
(10) Others													
(11) Conversion of capital reserve into share capital													
(12) Conversion of surplus reserve into share capital													
(13) Reversal of loss by surplus reserve													
(14) Others													
(15) Special reserve													
(16) Accrual of special reserve													
(17) Utilization of special reserve													
(18) Others													
4 Ending balance of current year	5,525,400,000.00		6,169,400,000.00		22,156,740,084.30			29,940,759.41	449,225,353.20	7,886,024,584.20	42,217,856,010.65	4,494,559,759.59	46,712,416,770.24

Person in charge of accounting function:

Person in charge of accounting departments:



Statement of Changes in Equity

For the year ended 31 December 2019

Item	Year 2019							Total equity			
	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Retained earnings
		Preference shares	Perpetual loans	Others							
1. Ending balance of 1st Year	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80				441,403,209.19	3,031,555,374.59	35,261,971,239.58
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior period											
Others											
2. Beginning balance of current year	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80				441,403,209.19	3,031,555,374.59	35,261,971,239.58
3. Movement for current year"-" (for decrease)			2,528,500,000.00		2,150,000,000.00				36,018,443.85	-510,756,320.67	5,794,536,447.41
(1) Total comprehensive income							1,590,774,324.23			360,184,438.46	1,950,958,762.69
(2) Shareholder's contributions and withdrawals of capital			2,528,500,000.00		2,150,000,000.00						4,678,500,000.00
(3) Company stock contributed by shareholders											
(4) Capital contributed by other equity instruments holders			2,528,500,000.00		2,150,000,000.00						2,150,000,000.00
(5) Share-based payment recorded in shareholder's equity											
(6) Others											
(7) Profits distribution											
(8) Appropriation of surplus reserve									36,018,443.85	-870,940,759.13	-834,922,315.28
(9) Distribution to shareholders									36,018,443.85	-56,018,443.85	
(10) Others											
(11) Internal transfer within shareholder's equity											
(12) Conversion of capital reserve into share capital											
(13) Conversion of surplus reserve into share capital											
(14) Recover of loss by surplus reserve											
(15) Others											
(16) Special reserve											
(17) Accrual of special reserve											
(18) Utilization of special reserve											
(19) Others											
4. Ending balance of current year	5,525,400,000.00		8,698,000,000.00		22,244,112,655.80		1,590,774,324.23		477,421,653.04	2,520,799,053.92	41,056,507,686.99

Legal representative:

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CHINA TIANHUA LIFE

Person in charge of accounting function:

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Person in charge of accounting department:

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大信会计师事务所(普通合伙) 单位: RMB Yuan

Statement of Changes in Equity (Continued)

For the year ended 31 December 2019

Item	Year 2018										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
1. Ending balance of the year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56			150,989,342.09	844,203,078.92	32,992,133,756.57	
Add: Impact from change in accounting policies								249,104,860.24	2,241,943,742.19	2,491,048,602.43	
Impact from corrections to errors in prior period											
Others											
2. Beginning balance of current year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56			400,094,202.33	3,086,146,821.11	25,483,182,359.00	
3. Movement for current year** (for decrease)			1,769,500,000.00		8,022,571,320.24			41,309,006.86	-54,591,446.52	9,778,788,880.58	
(1) Total comprehensive income									413,090,068.67	413,090,068.67	
(2) Shareholder's contributions and withdrawals of capital			1,769,500,000.00		8,022,571,320.24					9,792,071,320.24	
(3) Common stock contributed by shareholders										1,769,500,000.00	
(4) Capital contributed by other equity instruments holders			1,769,500,000.00								
(5) Share-based payment recorded in shareholder's equity											
(6) Others											
(3) Profits distribution					8,022,571,320.24					8,022,571,320.24	
(1) Appropriation of surplus reserve								41,309,006.86	-467,681,515.19	-426,372,508.33	
(2) Distribution to shareholders								41,309,006.86	-41,309,006.86		
(3) Others											
(4) Internal transfer within shareholder's equity											
(1) Conversion of capital reserve into share capital											
(2) Conversion of surplus reserve into share capital											
(3) Recover of loss by surplus reserve											
(4) Others											
(5) Special reserve											
(1) Accrual of special reserve											
(2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80			441,403,209.19	3,031,555,374.59	35,261,971,259.58	



编制单位: Prepared by: 北京中农信达资产评估有限公司



Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

1. Company profile

1.1 The Company's registered place, organization structure and the address of head quarter.

Xingcheng (hereinafter referred to as "the company" or "the group") was established on March 26, 2009, as a limited liability company, and the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government performs the function of investor. On March 31, 2017, the company renewed the business license with the unified social credit code of 915101006863154368. Company address: No. 99, Zhuojin East Road, High-tech Zone, Chengdu.

1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

The Company's business: the construction of municipal public projects, the construction of major government projects and so on.

The Company's main operation activities: holding company services; Land consolidation and development; Investment, financing, construction and management of urban supporting infrastructure and environmental governance; Residential building, road, tunnel and bridge engineering construction, pipe and equipment installation, engineering technology and design services, building materials wholesale, park management; Real estate development and management, real estate leasing and management, property management; Health consultation, elderly care services; Sports organization services, sports venues services, leisure and fitness activities, conferences, exhibitions and related services; Capital operation; Management of state-owned assets; Outbound investment (shall not engage in financial activities such as illegal fund-raising or absorbing public funds); Franchising; Other non-administrative licensing business projects. (for projects that need to be approved according to law, business activities can only be started after being approved by relevant

departments).

1.3 The approver and approval date of the financial reporting.

The financial statements for the year were approved by the board of directors of Chengdu Xingcheng Investment Group Company Limited. The approval date is April 29, 2020.

1.4 The consolidation scope of financial year 2019 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

The consolidated scope of financial year 2019 consolidated financial statements includes cover 16 companies (headquarters and secondary subsidiaries), referring to Note 6 Changes in consolidation scope, Note 7 Interest in subsidiaries.

2. Basis of preparation of financial statements

① On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards and other relevant provisions (hereinafter collectively known as "Accounting Standards for Business Enterprises" or "CAS").

② Going concern: the company has a recent history of profitable operations and is supported by financial resources. It is considered reasonable to prepare financial statements based on going concern.

3. Significant accounting policies and accounting estimates

3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as of 31 December 2019 and its operating results, cash flows and other relevant information for the year ended 31 December 2019.

3.2 Accounting period

The financial year of the Company is from January 1 to December 31 of each calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

The Company's functional currency is Chinese Renminbi (hereafter referred to as "RMB").

3.5 Business combination

3.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, owners' equity in the ultimate controlling party's consolidated financial statements are measured at their carrying amounts of the acquiree at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves is insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

3.5.2 Business combinations involving enterprises not under common control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after

reassessment.

3.6 Preparation of consolidated financial statements

3.6.1 The scope of consolidated financial statements

The Company incorporates all its subsidiaries (including individual entities under its control) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, divisible part in the investees and structured entities.

3.6.2 Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with the Company, the Company shall make necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period.

3.6.3 The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholders' equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

3.6.4 The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements

are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

3.6.5 The accounting treatment for disposing subsidiaries

Partial disposal of long-term equity investments in subsidiaries without loss of control. In consolidated financial statements, the difference between the disposal price and the share of net assets that the long-term equity investment disposal department shall be entitled to the subsidiary's continuous calculation from the purchase date or merger date is adjusted for capital reserves (capital premium or equity premium). If the capital reserve is insufficient for write-off, the retained earnings shall be adjusted.

Where the control right of the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity is remeasured according to its fair value on the day of loss of control when preparing the consolidated financial statements. The sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, minus the share of the original subsidiary's net assets which shall be continuously calculated from the purchase date or merger date according to the original shareholding ratio, shall be included in the investment income of the current period when the control is lost and the goodwill shall be written off. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into current investment income when it loses control.

3.7 Joint arrangement classification and accounting treatments

3.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

3.7.2 The accounting treatment of joint operations

The party participating in joint operations shall recognize the following items relating to its interests in the joint operations and account for them in accordance with related requirements of Accounting Standards for Business Enterprises: a) Its solely-held assets and solely-assumed liabilities, and b) Its share of any assets and liabilities held jointly; c) Its revenue from the sale of its share of the output arising from the joint operation; d) Its share of the revenue from the sale of the output by the joint operation; e) Its own expenses; and f) Its share of any expenses incurred jointly.

The other parties involving in joint operations without common control power shall account for their investments referring to the treatment method of joint operation participants if they are entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, they shall account for their investments according to related requirements of Accounting Standards for Business Enterprises.

3.7.3 The accounting treatment of joint ventures

The parties participating in a joint venture account for its investment in accordance with Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment. And the other parties involving in joint ventures without common control power shall account for their investments according to their influence extent on the joint ventures.

3.8 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the statement of cash flows are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

3.9.1 Translation of foreign currency transactions

The Company recordconverts foreign currency into RMB for accounting purpose using the spot

exchange rate prevailing on the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are converted translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted translated using the exchange rate at the date when fair value was determined and the difference between the converted translated functional currency amount and the prior converted translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

3.9.2 The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "retained earnings ", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are determined by systemic method and translated using the spot exchange rate when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

3.10 Financial instruments

3.10.1 Recognition and classification of financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments. A financial asset, financial liability or equity instrument is recognized when the Company becomes one party of financial instrument contracts.

The financial assets are classified into the following four categories upon initial recognition: financial assets at fair value through profit or loss (“FVTPL” financial assets), held-to-maturity investments, receivables, and available-for-sale financial assets (“AFS” financial assets). The classification of financial assets depends on the holding intention and capability of the Company except for receivables. The financial liabilities are classified into financial liabilities at fair value through profit or loss (“FVTPL” financial liabilities) and other financial liabilities upon initial recognition.

Financial assets at fair value through profit or loss include financial assets held for trading in the short term and those upon initial recognition designated as at fair value through profit or loss. Receivables are non-derivative financial assets with fixed or determinable amounts that are not quoted in an active market. AFS financial assets are those non-derivative financial assets that are designated as available for sale and financial assets other than those above mentioned. Held-to-maturity investments are non-derivative financial assets with fixed or determinable amounts and fixed maturity dates that the Company has the positive intention and capability to hold to maturity.

3.10.2 Measurement of financial instruments

The Company measures the financial instruments at fair value upon initial recognition. The subsequent measurement includes: a) FVTPL financial assets, AFS financial assets and FVTPL financial liabilities are measured at fair value; b) Held-to-maturity investments, receivables, and other financial liabilities are subsequently measured at amortized cost; c) Equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked to the equity instruments that will be settled

by delivering the equity instruments are subsequently measured at cost. The gains or losses of fair value changes arising from subsequent measurement of financial assets and liabilities shall be accounted for according to the following methods except hedging instrument involving in: a) The gains or losses arising from fair value changes of FVTPL financial assets and FVTPL financial liabilities are recognized in the profit or loss for current period; b) The gains or losses arising from fair value changes of AFS financial assets are recognized in other comprehensive income.

3.10.3 Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach.

3.10.4 Recognition and measurement of transfer of financial assets

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of the financial asset or it does not transfer or maintain substantially all the risks and rewards of ownership of the financial asset, but surrender control on the financial asset. If a financial asset meets the derecognition criteria, the difference between the transfer consideration received and the sum of transferred financial asset's carrying amount and the accumulated change amount on fair value which has been recognized in other comprehensive income shall be charged to profit or loss for current period. If the partial transfer of financial asset meets the derecognition criteria, the entire carrying amount of the transferred financial asset shall be split into the derecognized portion and retained portion according to their respective fair value.

A financial liability shall be entirely or partially derecognized if its present obligations are wholly or partly dissolved.

3.10.5 Impairment of financial assets

If the financial assets measured at amortized costs are impaired, the impairment provision shall be recognized at the difference of the carrying amount of financial assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is

objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss for current period.

If the financial assets measured at cost are impaired, the impairment provision shall be recognized by the difference of the carrying amount of financial assets and the present value of estimated future cash flows. And the impairment loss shall not be reversed after recognition.

If there is objective evidence that AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognized directly in the shareholders' equity are transferred to profit or loss for the current period. In the subsequent periods, if the fair value of AFS debt instruments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed and charged to profit or loss for the current period. For AFS equity instruments, the increase of fair value in the subsequent periods shall be accounted for in the shareholders' equity.

For investments of equity instruments, the Company determines the following specific criteria for their fair value decline "seriously" or "non-temporarily", calculation of cost, fair value determination at period end and continuous decline periods:

Specific quantitative criteria for fair value decline "seriously"	Decrease in closing fair value relative to the cost has reached or exceeded 20%
Specific quantitative criteria for fair value decline "non-temporarily"	Fall for 12 consecutive months
Calculation of cost	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.
Fair value determination at period end	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for it, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.

Except for financial assets measured at fair value through profit or loss, the Company checks the carrying amount of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision shall be recognized.

The Company conducts impairment test on financial assets with significant single amount. The Company conducts impairment test on financial assets that are not individually significant, and is

included in a portfolio of financial assets with similar credit risk characteristics for impairment testing. Financial assets that are not impaired (including financial assets that are individually significant and insignificant) are tested separately, including impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics and are tested for impairment again.

a. Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognised as an impairment loss, which is recognised in profit or loss. After the financial assets are recognized as impairment losses, if there is objective evidence that the value of the financial assets has recovered and is objectively related to the events occurring after the recognition of the losses, the previously recognized impairment losses are reversed. The book value after the financial assets are transferred back to the impairment loss does not exceed the amortized cost of the financial assets on the reversal date under the assumption that no impairment provision is made.

b. Impairment of available-for-sale financial assets

When the comprehensive relevant factors determine that the decline in the fair value of the available-for-sale equity instrument investment is a serious or non-temporary decline, it indicates that the available-for-sale equity instrument investment is impaired. "Serious decline" refers to a cumulative decline in fair value of more than 20%. "Non-temporary decline" means that the fair value has been falling for more than 12 months.

When the financial assets available for sale are impaired, the accumulated losses arising from the decrease in fair value that are included in other comprehensive income are transferred out and recognised in profit or loss. The accumulated loss transferred is the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, the current fair value and the impairment loss previously recognised in profit or loss.

3.11 Receivables

Receivables include accounts receivable, long-term receivables and other receivables. If there are objective evidence that the receivables are impaired, the Company recognizes the doubtful debts allowance on the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.1 Provision of doubtful debts allowance for individually significant receivables

Criteria of individually significant receivables	1,000,000.00 yuan
Method of provision for doubtful debts allowance of individually significant receivables	the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.2 Receivables that are provided for doubtful debts allowance on portfolio basis

Basis for determining portfolios	Nature of money and risk characteristics
Portfolio 1: Aging analysis	Receivables other than other portfolios
Portfolio 2: Financial claims of government	Mainly for the payment of funds for the relevant government departments
Portfolio 3: Transaction of Related parties	Transaction between companies within the group
Portfolio 4: Margin, petty cash and other project settlement funds	Withholding money at the time of settlement of the project
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Aging analysis	Aging analysis
Portfolio 2: Financial claims of government	Withdraw on schedule, and no provision for bad debts.
Portfolio 3: Transaction of Related parties	No provision for bad debts
Portfolio 4: Margin, petty cash and other project settlement funds	Withdraw on settlement, and no provision for bad debts

Portfolios that aging analysis is used for calculation of the doubtful debts allowance:

① Non-construction enterprises

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Within 1 year (including 1 year)	-	-
1-2 years	5.00	5.00
2-3 years	5.00	5.00
3-4 years	20.00	20.00
4-5 years	20.00	20.00
More than 5 years	40.00	40.00

② Construction enterprises

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Unfinished project	0.50	0.50
Within 1 year (including 1 year)	5.00	5.00
1-2 years	10.00	10.00
2-3 years	10.00	10.00
3-4 years	50.00	50.00
4-5 years	50.00	50.00
More than 5 years	100.00	100.00

3.11.3 Provision of doubtful debts allowance for individually insignificant receivables

Criteria of individually insignificant receivables	Receivables with conclusive evidence showing significant differences in collectability
Method of provision for doubtful debts allowance of individually insignificant receivables	Individual identification:

3.11.4 The treatment of intra-group transactions

In principle, the transactions between the units included in the scope of the consolidated statements of the company shall not make provision for bad debts. If there is objective evidence that it has been impaired, such as: there is objective evidence that the related party (debt unit) has been cancelled, bankruptcy, insolvency, etc., the individual identification method should be used to separately recognize the impairment loss and accrue bad debt provision .

3.11.5 Other receivables

For other receivables, provision for bad debts is made based on the difference between the expected future cash flow and all cash flows expected to be received.

3.11.6 The recovery of bad debts

If there is objective evidence that the value of the receivable has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss should be reversed and recognised in profit or loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date, assuming no provision for impairment.

If the Company transfers the receivables to the financial institution without recourse, the difference between the transaction amount and the book value of the resold receivables and related taxes will be included in the current profit and loss.

3.12 Inventories

3.12.1 Categories of inventories

Inventories are the finished goods or commodities that the Company holds to sell, the work in progress in production process, and the material and goods consumed during the production process or service rendering process in daily operation. Inventories include raw materials, turnover materials (packaging materials, low-value consumables, etc.), entrusted processing materials, work-in-progress, self-made semi-finished products, stock commodities (finished products), etc.

3.12.2 Measurement of inventories upon delivery

Inventories are initially measured at cost. Inventories mainly include inventory materials, development products under construction (development costs), and development products for completed development products. The cost of product development includes land transfer fees, infrastructure facilities expenses, construction and installation engineering expenses, borrowing costs incurred before the completion of the development project, and other related expenses during the development process. The actual consumption of the inventory and the settlement amount of the supplier are directly included in the development cost.

3.12.3 Provision for diminution in value of inventories

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

At each balance sheet date, inventories are measured at the lower of cost and net realisable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognized. The Company usually recognizes provision for diminution in value of

inventories by a single inventory item. For the inventory items of large quantity and low price, the Company recognizes provision for diminution in value of inventories based on inventory categories.

After the provision for inventory depreciation is made, if the influencing factors of the previously written down inventory value have disappeared, resulting in the net realizable value of the inventories being higher than its book value, it will be reversed within the original provision for the provision for impairment of inventories. The amount reversed is included in the current profit and loss.

3.12.4 Inventory count system

The Company adopts the perpetual inventory system.

3.12.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

3.13 Long-term equity investment

3.13.1 Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 12- Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related accounting standards.

3.13.2 Subsequent measurement and recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company shall measure the indirectly held portion at fair value through profit or loss and accounted for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22- Financial Instrument Recognition and Measurement.

3.13.3 Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50% voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's technique or technical material; e) Significant transactions occur between the Company and the investee.

3.14 Investment property

Investment property of the Company includes land use rights and buildings leased to other party, and land use rights held for resale after appreciation. Investment property is initially measured at acquisition cost, and is subsequently measured using the fair value method.

The Group uses the fair value model for subsequent measurement of investment property. For investment property that uses the fair value model for subsequent measurement, the basis for accounting policy selection is:

- ① There is an active real estate transaction market in the location of investment property.
- ② The Group can obtain the market price and other relevant information of same or similar real estate from the real estate transaction market, so as to make a reasonable estimate of the fair value of investment property.

The Group does not accrue depreciation or amortization of investment real estate, and adjusts its book value based on the fair value of 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.

The Group has solid evidence that the use of real estate has changed. When converting investment real estate to self-use real estate, the fair value of the conversion date is used as the book value of the self-use real estate. The difference between the fair value and the original book value is included in the current profit and loss. When self-used real estate or inventory is converted into investment real estate measured using the fair value model, the investment real estate is valued at the fair value on the conversion date. If the fair value on the conversion date is less than the original book value, the difference is included in the current profit and loss; If the value is greater than the original book value, the difference is included in the owner's equity.

3.15 Fixed assets

3.15.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and b) The costs of the fixed assets can be measured reliably.

3.15.2 Classification and depreciation method of fixed assets

The categories of fixed assets mainly include: buildings, machinery & equipment, electronic equipment and vehicles. The Company adopts the straight line method for depreciation. The useful life and residual value of an asset is assessed based on its nature and the manner of use. At the end of

each financial year, the useful lives, residual values and the depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	20-40	5	2.38-4.75
Machinery & equipment	6-10	5	9.5-15.83
Electronic equipment	3-5	5	19-31.67
Transportation vehicles	4-8	5	11.88-23.75
Other equipment	3-10	5	9.5-31.67

3.15.3 Recognition and measurement of fixed assets leased in under finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, the Company, as the lessees, shall recognize finance leases as assets at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent measurement of fixed assets under finance lease should be in accordance with the accounting policies adopted for self-owned fixed assets in respect of provision of depreciation and impairment.

3.16 Construction in progress

The construction in progress of the Company includes self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use. The recognition criteria of intended use include any of the followings: a) The tangible work of fixed assets (including installation) have been entirely or substantively completed; b) Trial production or trial operation has occurred whose outcome indicates the asset can be operated properly or manufacture quality product steadily; c) No expenditure or insignificant expenditure occur subsequently for the constructed asset; d) The constructed asset has achieved or substantively achieved the requirement of design or contract.

3.16.1 Pricing of construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, other necessary expenses incurred to bring the construction in progress to the expected usable condition, and borrowing costs that qualify for capitalization before the assets are ready for their intended use. When the construction in progress is ready for its intended use, it is transferred to the fixed assets and depreciation begins from the next month.

3.16.2 Cost calculation of the company's land remediation business construction

The construction cost of land remediation business can be divided into land demolition and remediation cost, land development supporting cost and other construction task costs, in accordance with the relevant provisions of the “Chengdu State-owned Enterprise Land Remediation Business Accounting Treatment Guidelines (Trial)” issued by Chengdu Finance Bureau. Conduct accounting, as follows:

a. The collection and accounting of the construction cost of land remediation business are accounted for in “development cost”, “construction and installation engineering investment”, “equipment investment” and “deployment investment” .

b. Cost carry-over and resale of land remediation business: For the cost of direct demolition and remediation of land that has occurred, the land for remediation shall be delivered in batches, and after the land remediation funds corresponding to the disbursement will be received, the pre-carrying will be carried out at the end of the year. For the directly demolition and rectification costs of the transferred parcels that can be directly divided and accounted for, the cost of demolition and rectification will be carried forward less than the funds received from the corresponding land parcel demolition and remediation services. For the cost of land relocation and rectification that cannot be directly matched, the cost pre-carrying will be carried out according to the actual cost of direct demolition and rectification and the Derogatory principle of the land remediation business that has not been written off. After the completion of the project construction tasks, the cost of land consolidation business should be comprehensively cleaned up. According to the relevant audit results and relevant approvals, the original pre-carrying (sales) costs will be adjusted and confirmed. Other supporting construction costs and other construction task costs will be completed after the

completion of the project is completed and confirmed by the owner, and the cost and special construction grants will be issued.

3.17 Borrowing costs

3.17.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

3.17.2 Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount

or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

3.18 Intangible assets

3.18.1 The measurement of intangible assets

Intangible assets refer to identifiable non-monetary assets that are owned or controlled by the Company and have no physical form.

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

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings and other buildings, the related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets, respectively. In the case of outsourced houses and buildings, the relevant price will be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them will be treated as fixed assets.

3.18.2 The assessment basis for indefinite useful life

Intangible assets without foreseeable period to bring economic benefits to the Company or with uncertain useful life are classified as intangible assets of indefinite life. The judgment basis for indefinite life includes: a) The legal rights are derived from contractual rights or other legal rights, however there is no explicit useful life indicated in the contracts or regulations; b) Although considering the industry practice or demonstration from related professionals comprehensively, the benefit period of the intangible assets still can't be decided.

At the end of each year, the Company reviews the intangible assets with indefinite useful life mainly using bottom-to-top approach. The related departments who use the intangible assets will perform a basic review and evaluate whether there are changes on the basis to determine indefinite useful life.

3.18.2 The amortization of intangible assets

Intangible assets with a limited useful life shall be amortized using the straight-line method over the expected useful life of the original value minus the estimated net residual value and the accumulated amount of the depreciation reserve accrued since its availability. Intangible assets with uncertain service life will not be amortized.

At the end of the period, the service life and amortization method of intangible assets with a limited service life are reviewed, and if there is a change, it is treated as a change in accounting estimates. In addition, the service life of intangible assets with uncertain service life is also reviewed. If there is evidence that the period in which the intangible asset brings economic benefits to the enterprise is foreseeable, the service life is estimated and the intangible asset is amortized according to the amortization policy of the intangible asset with a limited service life.

3.18.3 The method of impairment test and impairment provision of intangible assets

The method of impairment test and impairment provision of intangible assets refers to Note 3.19 Impairment of assets.

3.18.4 The specific criteria for research phase and development phase of internally generated projects, and the specific criteria for capitalization of expenditure incurred during development phase

Expenditure in the research phase is recognized as an expense in profit or loss for current period when it is incurred. Expenditure in the development phase of internally generated projects is capitalized if they meet the criteria of intangible assets.

The specific criteria to distinguish research phase and development phase of internally generated projects: it is technically feasible to complete the intangible asset so that it can be used or sold; have the intention to complete the intangible asset and use or sell it; the ways in which intangible assets generate economic benefits include the ability to prove that the products produced using the intangible assets have a market or the intangible assets themselves have a market, and the intangible assets will be used internally to prove their usefulness; there are sufficient technical, financial resources and other resources to support the development of the intangible asset, and the ability to use or sell the intangible asset; the expenditure attributable to the development stage of this

intangible asset can be reliably measured. Development expenditures that do not meet the above conditions are included in the current profit and loss.

3.19 Impairment of assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, etc., the Company shall perform impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

3.20 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more

than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the Company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

3.21 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

3.21.1 Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

3.21.2 Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

3.21.3 Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and B) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

3.21.4 Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan.

3.22 Provisions

A provision relating to contingency is recognized when: a) The obligation is a present obligation of the Company; b) It is probable that an outflow of economic benefits will be required to settle the obligation; c) The amount of the obligation can be measured reliably. Provisions are initially measured at the best estimate of the payment to settle the associated obligations. If there is a continuous range for the necessary expenses and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range. If the contingency involves two or more items, the best estimate shall be determined according to all the possible outcomes with their relevant probabilities.

The Company shall review the carrying amounts of provisions at each balance sheet date, and if there are conclusive evidences that indicate the carrying amounts of provisions can't reflect the present best estimate of the payment, the carrying amounts of provisions will be adjusted to the present best estimate of the payment.

3.23 Share-based payment

The share-based payment can be distinguished into equity-settled and cash-settled share-based

payment. Equity-settled share-based payment in exchange for services rendered by employees is measured at fair value of the equity instruments granted to the employees. If there exists an active market for options and other equity instruments granted by the Company, their fair value is determined on the price quotes in the active market. If there does not exist an active market, the fair value shall be determined by valuation techniques, including referring to the recent market prices in an arm's length transaction between the knowledgeable and willing parties, the fair value of other financial instruments with the same substance, the discount cash flow method and option price model.

At each balance sheet date in the vesting period, the Company revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees, the fulfillment of performance conditions and other subsequent information, and recognizes the expenses in each accounting period accordingly. The share-based payment can be allocated among the accounting periods based on the vesting period's proportion of the whole vesting period in each accounting period if the share-based payment shall be recognized in more than one accounting period.

3.24 Preference shares and perpetual bonds

3.24.1 Classification of financial liabilities and equity instruments

The Company classifies the preference shares, perpetual bonds, warrants and convertible bonds etc. into financial liabilities or equity instruments according to the following criteria:

a. To settle the contract obligation in cash, by other financial assets or exchange of financial assets or liabilities

If the Company can't avoid paying cash or other financial assets unconditionally to fulfill its obligation in one contract, the obligation of contract meets the definition of financial liabilities.

b. To settle the contract obligation by the Company's own equity instruments

If the financial instrument shall or can be settled by the Company's own equity instruments for the alternatives of cash or other financial assets, the financial instrument is a financial liability of the

Company; if the holder of financial instrument can enjoy the rest equity benefit after the Company deducts all liabilities from the assets, the financial instrument is a equity instrument of the Company.

c. To distinguish between derivative financial instrument and non-derivative financial instrument when the Company shall or can settle the contract obligation using own equity instruments

For non- derivative financial instrument, if the Company has no obligation to settle by issuing convertible-quantity own equity instrument in the future, the non-derivative financial instrument is an equity instrument. Conversely the non-derivative financial instrument is a financial liability. For derivative financial instrument, if the Company can only settle the contract obligation using fixed-quantity own equity instrument to exchange fixed-amount cash or other financial assets, the derivative financial instrument is a equity instrument; if the Company uses fixed-quantity own equity instrument to exchange convertible-amount cash or other financial assets, or uses convertible-quantity own equity instrument to exchange fixed-amount cash or other financial assets, or when the transfer price is not fixed, uses convertible-quantity own equity instrument to exchange convertible-amount cash or other financial assets, the derivative financial instrument is a financial liability or a financial asset.

3.24.2 The accounting treatment for preference shares and perpetual bonds

The Company accounts for the financial instruments that is classified as financial liabilities by the account "Bonds payable", calculates interest and adjusts the carrying amount of the interests payable etc. in accordance with the regulation of financial liability subsequent measurement with amortized cost in the financial instrument recognition and measurement standard. The Company accounts for the equity instruments in the account "other equity instruments" and treats the dividend payments (including interests arising from instruments that are classified as equity instruments) as profit distribution during the equity instruments' existence.

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

3.25 Revenues

3.25.1 Sales of goods

The company has transferred the important risks and rewards of the ownership of the goods to the buyer; the company no longer implements the management and actual control of the goods; the relevant income has received or obtained evidence of the receipt; and the sale of the goods. When the relevant costs can be reliably measured, the realization of operating income is confirmed.

3.25.2 Providing labor services

Labor services that are started and completed in the same fiscal year are recognized for income when the labor service is completed. If the beginning and completion of the labor service are in different fiscal years, the results of the labor service transaction can be reliably estimated, and the work is completed on the balance sheet date. The percentage method confirms the relevant labor income.

3.25.3 The interest income of others using the assets of the enterprise shall be determined according to the time of using cash and the applicable interest rate; the income from the use of the fee shall be calculated and confirmed according to the time and method of charging as stipulated in the relevant contract or agreement. The above revenue recognition should also satisfy: a) The economic benefits associated with the transaction can flow into the company; and b) The amount of income can be reliably measured.

3.26 Construction contract

3.26.1 Confirmation principle of construction contract revenue and cost

The construction contract revenue is recognized by the total amount or total cost of the engineering contract received or receivable; the contract cost shall include the direct and indirect costs incurred from the contract signing until the contract is completed and related to the execution of the contract. The principle of confirmation of construction contract revenue and cost is:

(1) If the progress of the construction contract can be reliably estimated on the balance sheet date, the contract revenue and contract costs are recognized based on the percentage of completion method.

(2) The progress of the construction contract cannot be reliably estimated at the balance sheet date. If the contract cost can be recovered, the contract revenue is recognized according to the actual

contract cost that can be recovered, and the contract cost is recognized as the contract cost in the current period in which it occurs; If the cost cannot be recovered, it will be recognized as contract cost immediately when it occurs, and the contract revenue will not be confirmed.

3.26.2 Confirmation method of contract completion schedule

The Company determines the contract completion schedule based on the proportion of the actual contract costs incurred to the estimated total cost of the contract.

3.26.3 Expected loss processing

On the balance sheet date, if the estimated total cost of the contract exceeds the total contract revenue, the estimated loss is recognized as the current expense.

3.27 Government grants

3.27.1 Category and accounting of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration and be classified as government grants related to assets or government grants related to income.

Government grants related to assets are recognized as deferred income which are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income.

Government grants measured at nominal cost will be recorded in profit and loss for the current period when received.

Government grants related to income are treated as follows: a) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized.; b) if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the

Company's routine operation will be recorded in non-operating income .

3.27.2 The detailed criteria to distinguish government grants related to assets and government grants related to income:

Government grants obtained by the Company for purchase, construction or formation of long-term assets are recognized as the government grants related to assets. The government grants other than the government grants related to assets are classified as government grants related to income.

3.27.3 The recognition time point for government grants

The receivable government grants will be recognized when there are conclusive evidence to indicate the Company could meet all related government grants requirements and the Company expects to receive the government grants in the future. Other government grants will be recognized when the grant fund received.

3.27.4 Accounting treatment for concessional loan

A. When the bank receives the discount interest fund from the financial sector and then provides loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the preferential interest rate.

3.28 Deferred tax asset and deferred tax liability

3.28.1 Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

3.28.2 Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available

against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

3.28.3 The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

3.29 Leases

The company's leases are classified as finance leases and operating leases. The judgment criteria for financing leases are: leases that substantially transfer all risks and rewards related to ownership of assets, and are recognized as financial leases. The specific basis for recognition is that one or more of the following conditions are met: at the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; the lessee has the option to purchase the leased asset, and the purchase price is expected to be much lower than the exercise option. The fair value of the leased asset at the time of the lease, so it can be reasonably determined at the lease start date that the lessee will exercise this option; even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset; the lessee is on the lease start date The present value of the minimum lease payments is almost equivalent to the fair value of the leased assets on the lease start date; the leased assets are of a special nature and can only be used by the lessee if no major modifications are made. For leases that do not meet the above conditions, they are recognized as operating leases.

The accounting treatment of the Company's leasing business is handled in accordance with the provisions of the “Accounting Standards for Business Enterprises – Leasing”.

3.29.1 The accounting treatment for operating lease: rental payment for operating leases is recognized in profit or loss for current period or the cost of related assets on a straight-line basis over

the lease term.

3.29.2 The accounting treatment for financing lease: the Company will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the initial book value of the leased asset. The difference between carrying amount of leased asset and the present value of minimum lease payments is recognized as future finance charge which is amortized over the lease period by effective interest method. Minimum lease payments deducted unrecognized finance charge is presented as long-term payables.

3.30 Held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale assets when all the following conditions are met: a) the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); b) the sale must be highly probable, i.e. the Company has signed an irrevocable transfer agreement with the transferee and the transfer is expected to be completed within one year. If related regulations require pre-approval for the sale, the sale transaction has been approved.

When non-current asset (or disposal group) classified as held for sale is initially measured or remeasured at each balance sheet date, if the book value of the non-current asset (or disposal group) is higher than its fair value, the difference will be deducted from the book value and recognized as impairment provision of held for sale in the profit and loss for current period.

Non-current asset (or disposal group) classified as held-for-sale asset will be presented as held-for-sale assets and the liabilities in the disposal group will be presented as held-for-sale liabilities in the balance sheet.

A discontinued operation is a clearly distinguished component of an entity ,that either has been disposed of, or is classified as held for sale, and meets any of the following criteria:

- (a) represents a separate major line of business or geographical area of operations,
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- (c) is a subsidiary acquired exclusively with a view to resale.

3.31 Main changes of accounting policies and accounting estimates

3.31.1 Main changes of accounting policies and basis

(1) The Ministry of Finance released < Notice for amendments of financial statements format of industrial and commercial enterprises>(Caikuai (2019) No.6) in April,2019 and the enterprises who adopt <Accounting Standards for Business Enterprises> should prepare the financial statements in according to <Accounting Standards for Business Enterprises> and the Notice.

(2) Before January 1, 2019, the subsequent measurement of the Company's investment property adopts the cost model. Since the location of investment property has an active real estate trading market and the Company can obtain market prices and other relevant information of same or similar real estate from the real estate trading market, the company can make a reasonable estimate of the fair value of investment property. On September 3, 2019, as determined by the 17th meeting of the board of directors of the company, from January 1, 2019, the company will change the subsequent measurement model of the investment real estate from the cost model to the fair value model.

3.31.2 The main influence of accounting policy change

(1)The main influence of the financial statements after the Company adopts the Notice (Caikuai (2019) No.6) is as following:

According to the requirements of the financial statement format, the company split the "notes receivable and accounts receivable" into "notes receivable" and "accounts receivable", the "notes payable and accounts payable" into "Payable Notes" and "Accounts Payable". The company retrospectively adjusted the statements of the comparative period retrospectively. This accounting policy change has no impact on the merger and the company's net profit and shareholders' equity.

(2)The influence of investment real estate changing from cost model to fair value model

Item affected	The amount of item affected of prior period
The influence on items of Balance Sheet	
Inventories	-57,943,412.40
Investment property	8,161,468,790.07
Fixed assets	-1,874,949,184.21
Deferred tax liabilities	1,559,945,196.49
Surplus reserve	255,910,861.14
Retained earnings	4,412,720,135.83
The influence on items of Statement of Income	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item affected	The amount of item affected of prior period
Operating cost	-142,756,380.36
Gain from fair value changes	-41,836,245.17
Income tax expenses	23,570,585.45

4. Taxes

4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	Operating revenue	3%;5%;6%;9%;10%;13%;16%
Enterprise income tax	Taxable income	25%;15%
Estate tax	70 percents of the original value of the property; the rental income from the property	1.2%;12%
Urban maintenance and construction tax	The amount of turnover tax	7%;5%
Education surtax	The amount of turnover tax	3%
Local education surtax	The amount of turnover tax	2%
Land-value increment tax	Value Added of the land	Four levels of excess progressive tax rates

4.2 Significant tax incentives and approval documents

In October 2017, China Zhonghua Geotechnical Engineering Group Co., Ltd. passed the audit of high-tech enterprises and obtained the "High-tech Enterprise Certificate", certificate number: GR201711002385; valid for three years, corporate income tax preferential period is from January 1, 2017 to December 31, 2019. According to relevant regulations, corporate income tax of high-tech enterprises is levied at a rate of 15%.

In October 2017, Tianjin Chase Sun Pharmaceutical Co., Ltd. passed the audit of high-tech enterprises and obtained the "High-tech Enterprise Certificate", certificate number: GR201711002385; valid for three years, corporate income tax preferential period is from January 1, 2017 to December 31, 2019. According to relevant regulations, corporate income tax of high-tech enterprises is levied at a rate of 15%.

5. Notes to the consolidated financial statements

5.1 Cash at bank and on hand

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Cash on hand	3,888,149.25	2,532,200.83
Cash at bank	23,275,956,363.51	13,044,499,849.95
Other monetary funds	223,842,462.36	86,552,398.85
Total	23,503,686,975.12	13,133,584,449.63
Including: the total balance deposited overseas	121,800,797.00	19,616,806.53

Ownership or using rights of cash subject to restriction

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Bank acceptance draft deposit	69,096,914.45	
Letter of credit deposit	540,193.50	
Performance bond	99,843,309.81	72,438,736.39
Mortgage deposit of new estate		26,016,844.80
Performance bond	26,200,000.00	
Mortgage deposit of new estate	741,427.53	
Term deposit or notice deposit for guarantee	976,800.15	
Third-party payment platform	104,544,456.88	
Securities settlement account	447,630.00	
Frozen money	302,390,732.32	98,455,581.19
Others	69,096,914.45	
Total	540,193.50	

5.2 Notes receivable

5.2.1 Category of Notes receivable

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Bank acceptance bills	251,294,313.56	70,914,045.43
Trade acceptance bills	421,239,624.54	189,588,989.75
Less: doubtful debts allowance	4,872,075.27	
Total	667,661,862.83	260,503,035.18

5.2.2 At the end of the period, the Group has endorsed or discounted bills receivable that have not yet expired

Item	The amount confirmed for termination	The amount not terminated
Bank acceptance bills	185,245,072.48	
Trade acceptance bills	214,441,684.96	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Total	399,686,757.44
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5.2.3 Notes converted to accounts receivable at the end of the period because the drawer failed to perform

Item	The amount converted to accounts receivable
Bank acceptance bills	
Trade acceptance bills	14,968,000.00
Total	14,968,000.00

5.3 Accounts receivable

5.3.2.1 Accounts receivable by category

Item	As at 31/12/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance	1,343,052,911.12	5.20	501,045,702.36	37.31
Allowance for doubtful debts on portfolio	24,493,926,476.69	94.78	2,476,810,300.22	10.11
Individually insignificant but allowance for doubtful debts individually	4,207,058.44	0.02	3,284,618.12	78.07
Total	25,841,186,446.25	—	2,981,140,620.70	11.54

(Continued)

Item	As at 1/1/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT(%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	1,434,016,746.02	7.81	627,316,388.73	43.75
Allowance for doubtful debts on portfolio	16,919,459,585.29	92.18	1,108,005,819.09	6.55
Individually insignificant but allowance for doubtful debts individually	1,394,369.12	0.01	525,928.98	37.72
Total	18,354,870,700.43	—	1,735,848,136.80	9.46

5.3.2.2 Accounts receivable that are individually significant and subject to separate allowance

Company name	Book Balance	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
成都鼎康置业有限公司	2,066,367.10	103,318.35	Within 1 year	5.00	Litigation
成都绿益桂森投资管理有限公司	27,340,000.00	27,340,000.00	4-5 years	100.00	Loss of liquidation and capital

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

					verification
成都强讯新和房地产开发 有限公司	103,598,164.52	5,179,908.23	2-3 years	5.00	Litigation
成都森宇实业集团有限 公司	230,827,940.45	168,754,728.70	Within 1 year、 2-3years、 More than 5 years	73.00	Litigation
成都盛世房地产开发有 限公司	108,799,034.65	14,160,080.73	More than 5 years	13.00	Litigation
成都市金马泰基房地产 有限责任公司	16,315,438.39	16,315,438.39	More than 5 years	100.00	Loss of liquidation and capital verification
成都市龙光房地产有限 公司	3,231,454.15	1,615,727.08	More than 5 years	50.00	Litigation
成都长湖投资有限公司	4,622,813.60	600,965.77	4-5years	13.00	Litigation
成都长湖文化旅游开发 有限公司	74,867,793.37	9,732,813.14	More than 5 years	13.00	Litigation
大英万泰置业有限公司	43,000,000.00	30,532,190.89	2-3 years	71.00	Litigation
广汉市美亿家家居装饰 城管理有限公司	295,685,224.65	14,784,261.23	1-2 years	5.00	Litigation
贵州九檬建材有限公司	4,323,847.44	4,323,847.44	More than 5 years	100.00	Loss of liquidation and capital verification
贵州七众置业有限公司	66,631,009.22	6,663,100.92	1-2 years	10.00	Litigation
河南彤辉置业有限公司	8,459,983.00	8,459,983.00	More than 3 years	100.00	Litigation
南充世纪城（中南）房地 产开发有限责任公司	89,692,542.82	89,692,542.82	More than 3 years	100.00	Litigation
攀枝花市万年长房地产 开发有限公司	24,546,341.81	24,546,341.81	More than 5 years	100.00	Litigation
彭州世纪嘉华投资有限 公司	14,764,350.11	4,429,305.03	2-3 years	30.00	Litigation
四川国栋建设股份有限 公司	1,696,267.97	848,133.99	Within 1 year	50.00	Litigation
四川海盛房地产有限公 司	39,937,547.24	39,937,547.24	Within 1 year	100.00	Litigation
四川华景房地产开发有 限公司	22,284,867.00	4,456,973.40	Within 1 year	20.00	Litigation
四川华业林志置业有限 公司	38,310,865.07	16,856,780.63	4-5 years	44.00	Litigation

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

四川省川塔恒远实业有限公司	116,146,678.94	5,807,333.95	2-3 years	5.00	Litigation
四川省文豪置业有限责任公司	4,576,154.00	4,576,154.00	3-4 years、4-5 years	100.00	Loss of liquidation and capital verification
四川盛大实业有限公司	1,328,225.62	1,328,225.62	More than 5 years	100.00	Loss of liquidation and capital verification
Total	1,343,052,911.12	501,045,702.36	---	---	---

5.3.2.3 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	15,217,814,150.38	62.62	292,145,740.47	9,944,006,188.78	61.46	
1-2 years	4,407,029,108.16	18.13	347,313,803.96	3,169,981,610.00	19.59	158,499,080.50
2-3 years	2,101,573,053.27	8.65	360,277,790.26	1,383,398,643.53	8.55	276,679,728.71
More than 3 years	2,576,493,356.63	10.60	1,477,072,965.53	1,682,067,524.71	10.40	672,827,009.88
Total	24,302,909,668.44	100.00	2,476,810,300.22	16,179,453,967.02	100.00	1,108,005,819.09

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Financial claims of government、Margin, petty cash and other project settlement funds	184,293,204.94			740,005,618.27		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Related party	6,723,603.31					
Total	191,016,808.25			740,005,618.27		

5.3.3 Provision, recovery or reversal of allowance for doubtful debts during the year

Company name	Recovery or reversal amount	Receipt method
成都市经济技术开发区建设发展有限公司	8,252.41	Transfer of quality guarantee deposit
成都鼎帝汽车贸易有限责任公司	85,009.19	Withdrawal of quality guarantee deposit
成都经济技术开发区建设发展有限公司	85,231.14	Receive payment
Total	178,492.74	

5.3.4 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance As at 31/12/2019	Percentage in total accounts receivable (%)	Allowance for doubtful debts As at 31/12/2019
成都润利鑫置业有限责任公司	391,031,228.70	1.51	19,551,561.44
成都市路桥经营管理有限责任公司	312,944,725.89	1.21	1,564,723.64
广汉市美亿家家装饰城管理有限公司	295,685,224.65	1.14	14,784,261.23
遂宁市新城建设投资有限公司	259,373,131.76	1.00	1,296,865.66
四川龙阳天府新区建设投资有限公司	250,808,065.23	0.97	1,254,040.33
Total	1,509,842,376.23	5.84	38,451,452.30

5.4 Prepayments

5.4.1 Aging analysis of prepayments

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	888,678,448.08	82.94		788,550,447.91	83.82	254,482.11
1-2 years	89,716,769.89	8.37		114,986,695.76	12.22	18,748.51

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
2-3 years	57,090,475.38	5.33		29,045,799.77	3.09	7,814.30
More than 3 years	35,994,062.67	3.36		8,156,670.02	0.87	226,885.29
Total	1,071,479,756.02	100.00		940,739,613.46	100.00	507,930.21

The prepayments with Aging more than 1 year

Creditor name	Debtor name	Balance As at 31/12/2019	Aging	Unsettled reason
中化岩土股份有限公司	北京建工四建工程建设有限公司	20,000,000.00	2-3 years	Project payment not settled
成都成都中心建设有限责任公司	成都市锦江区危旧房改造中心	10,000,000.00	More than 2 years	Unsettled
成都建工路桥建设有限公司	中铁工程装备集团隧道设备制造有限公司	8,714,871.00	1-2 years	Unsettled
成都成都中心建设有限责任公司	成都市青羊区国投建设发展有限公司	3,701,843.00	More than 2 years	Unsettled
Total	—	42,416,714.00	—	—

5.3.2 The top five prepayments are as follows:

Company name	Balance as at 31/12/2019	Percentage in total prepayment (%)
四川德胜集团钒钛有限公司	40,658,556.97	3.79
成都冶金实验厂有限公司	39,156,556.53	3.65
四川大正德茂建设有限公司	30,194,762.39	2.82
成都诚昊贸易有限公司	30,000,000.00	2.80
四川蜀电集团有限公司	29,073,858.22	2.71
Total	169,083,734.11	15.78

5.5 Other receivables

Item	Balance as at 31/12/2019	Balance As at 1/1/2019
Interest receivable	1,983,195.45	2,276,133.61
Other receivables	8,505,132,270.60	4,150,243,126.03
Total	8,507,115,466.05	4,152,519,259.64

5.5.1 Interest receivable

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Fixed-term deposits	1,983,195.45	2,276,133.61
Less:doubtful debts allowance		
Total	1,983,195.45	2,276,133.61

5.5.2 Other receivables

Category	As at 31/12/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	955,395,153.25	9.68	843,596,546.03	88.30
Allowance for doubtful debts on portfolio	8,910,308,008.44	90.27	517,642,143.01	5.81
Individually insignificant but allowance for doubtful debts individually	5,112,363.40	0.05	4,444,565.45	86.94
Total	9,870,815,525.09	—	1,365,683,254.49	13.84

(Continued)

Category	As at 1/1/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	2,646,972,135.58	43.10	1,595,142,504.07	60.26
Allowance for doubtful debts on portfolio	3,489,301,651.94	56.82	391,555,955.37	11.22
Individually insignificant but allowance for doubtful debts individually	4,925,541.37	0.08	4,257,743.42	86.44
Total	6,141,199,328.89	—	1,990,956,202.86	32.42

5.5.2.1 Individually significant and subject to separate allowance

Company name	Book balance as at 31/12/2019	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
湖南湘徽劳务公司	74,900,046.77	37,000,000.00	4-5 years	49.40	Litigation , with recycling risk
成都建工立豐建筑安装有限责任公司	16,800,000.00	3,803,164.06	More than 5 years	22.64	Litigation , with recycling risk
四川莱克投资有限公司	5,197,550.00	5,197,550.00	4-5 years	100.00	Litigation , with

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

					recycling risk
四川巨鸿房地产开发有限公司	6,800,000.00	6,800,000.00	3-4 years	100.00	Litigation , with recycling risk
泸州市绿地房地产开发公司	3,000,000.00	3,000,000.00	More than 5 years	100.00	Litigation , with recycling risk
四川省科投融资担保有限公司	300,000.00	300,000.00	1-2 years	100.00	Litigation , with recycling risk
成都和方成实业有限公司	2,314,482.27	1,157,241.14	2-3 years	50.00	Litigation , with recycling risk
广汉市美亿家家装饰城管理有限公司	1,932,718.50	966,359.25	1-2 years	50.00	Litigation , with recycling risk
四川华景房地产开发有限公司	3,642,700.00	728,540.00	2-3 years	20.00	Litigation , with recycling risk
成都盛世房地产开发有限公司	15,223,581.00	1,979,065.53	2-3 years	13.00	Litigation , with recycling risk
翰林上岛-陈松林	1,270,014.00	1,270,014.00	2-3 years	100.00	Litigation , with recycling risk
华阳河心岛-陈松林	1,831,329.00	1,831,329.00	2-3 years	100.00	Litigation , with recycling risk
南湖三期-陈松林	5,275,161.56	5,275,161.56	2-3 years	100.00	Litigation , with recycling risk
南湖五期-陈松林	1,650,173.39	1,650,173.39	2-3 years	100.00	Litigation , with recycling risk
韦斌	7,662,874.95	7,662,874.95	1-2 years	100.00	Litigation , with recycling risk
刘关键	7,596,293.90	7,596,293.90	1-2 years	100.00	Litigation , with recycling risk
陈松林（淮口科玛项目部）	11,850,793.07	11,850,793.07	1-2 years	100.00	Litigation , with recycling risk
陈松林（美茵庄园项目部）	13,016,017.05	13,016,017.05	Within 1 year	100.00	Litigation , with recycling risk
四川国栋建设股份有限公司	36,912,735.14	18,456,367.57	Within 1 year	50.00	Litigation , with recycling risk
康巴旅游投资公司	10,000,000.00	10,000,000.00	Within 1 year	100.00	Litigation , with recycling risk
眉山岷东开发投资有限公司	5,000,000.00	2,500,000.00	Within 1 year	50.00	Litigation , with recycling risk
803 项目应收政府利息	641,023,117.43	641,023,117.43	More than 5 years	100.00	Asset and Capital Verification loss
四川大行宏业集团有限公司	17,630,028.00	17,630,028.00	More than 5 years	100.00	Pending construction project settlement

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

					documented
成都银湾置业有限公司	7,435,508.50	7,435,508.50	More than 5 years	100.00	Pending construction project settlement documented
成都市府河电器厂等	9,461,847.97	9,461,847.97	More than 5 years	100.00	Pending construction project settlement documented
成都绿益桂森投资有限公司	10,660,000.00	10,660,000.00	More than 3 years	100.00	Anticipated difficulty in recovery
河南彤辉置业有限公司	6,239,668.05	6,239,668.05	More than 3 years	100.00	Litigation , with recycling risk
大邑幼儿园项目-颜世杰、熊平	11,592,048.68	3,707,787.44	1-2 years	31.99	Construction loss
四川华业林志置业有限公司	19,176,464.02	5,397,644.17	4-5 years	28.15	Litigation, with recycling risk
Total	955,395,153.25	843,596,546.03	---	88.30	---

5.5.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,290,066,385.83	50.97	13,905,337.59	1,234,978,083.32	57.52	
1-3 years	487,634,706.84	19.27	23,884,748.22	94,023,761.54	4.38	4,701,188.08
3-5 years	120,933,554.86	4.78	14,629,849.30	65,258,535.62	3.04	13,051,707.12
More than 5 years	632,228,686.23	24.98	465,222,207.90	752,619,638.81	35.06	373,803,060.17
Total	2,530,863,333.76	100.00	517,642,143.01	2,146,880,019.29	100.00	391,555,955.37

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
financial claims of government, Margin, petty cash	1,039,469,942.85			1,342,421,632.65		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
and other project settlement funds						
Related party	5,339,974,731.83					
Total	6,379,444,674.68			1,342,421,632.65	-	-

5.5.3 Other receivables due from the top five debtors of the Company are as follows:

Debtor name	Nature of balance	Balance as at 31/12/2019	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts As at 31/12/2019
成都建地产开发有限责任公司	current account of related parties	4,370,060,000.00	Withing 1 year、1-2 years	44.27	
成都成通建筑材料有限公司	current account	153,216,224.79	Accumulated	1.55	-
金堂县兴金开发建设投资有限公司	Guarantee	110,000,000.00	Withing 1 year	1.11	
商丘华商物流投资有限公司	Margin, reserve funds and other project settlement funds	90,000,000.00	1-2 years	0.91	
上海绿地建设(集团)有限公司	current account	85,494,343.00	Withing 1 year	0.87	-
Total	---	4,808,770,567.79	---	48.71	

5.6 Inventories

5.6.1 Inventories by categories

Category	As at 31/12/2019			As at 1/1/2019		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	674,684,353.43	11,834,344.72	662,850,008.71	396,536,252.10	343,955.50	396,192,296.60
Revolving Materials (Packaging, low - value consumables ect.)	114,218,758.21		114,218,758.21	41,562,323.86		41,562,323.86
work in progress, self-manufactured semifinished produc	30,211,656,083.45	13,011,023.87	30,198,645,059.58	21,942,153,113.30	6,141,807.00	21,936,011,306.30
Including: Development costs	30,282,823,700.84	7,093,557.00	30,275,730,143.84	20,826,886,122.31	6,141,807.00	20,820,744,315.31

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Category	As at 31/12/2019			As at 1/1/2019		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Product development (Finished goods)	2,161,417,497.70	98,824,390.31	2,062,593,107.39	5,984,314,964.81	145,715,103.66	5,838,599,861.15
Construction (completed but unsettled)	33,552,118,572.02	302,981,846.49	33,249,136,725.53	21,602,281,829.64	388,221,036.17	21,214,060,793.47
Others	1,919,466,710.56		1,919,466,710.56	1,374,457,994.57		1,374,457,994.57
Total	68,633,561,975.37	426,651,605.39	68,206,910,369.98	51,341,306,478.28	540,421,902.33	50,800,884,575.95

Note: As at December 31, 2019, the amount of capitalized borrowing costs in the company's inventory is 2,260,333,872.03 yuan.

5.6.2 Assets completed but not settled arising from construction contract

Item	Amount
Accumulative cost incurred	182,881,568,901.77
Accumulative gross profit recognized	9,269,890,142.71
Less: estimated loss	302,981,846.49
Amount settled	158,599,340,472.46
Assets completed but not settled arising from construction contract	33,249,136,725.53

5.7 Held-for-sale assets

Asset category	Carrying amount as at 31/12/2019	Fair value	Disposal expenses estimated	Disposal date estimated
康定新天地 107 套	9,449,342.59	9,449,342.59	-	In 2020
Total	9,449,342.59	9,449,342.59		

5.8 Non-current assets due within one year (Omission)

Item	Balance as at 31/12/2019	Balance as at 01/01/2018
Long-term receivables due within one year	766,708,912.35	720,642,785.27
Total	766,708,912.35	720,642,785.27

5.9 Other current assets

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Deductible VAT	1,024,216,359.47	587,114,395.80
Advanced Taxes	296,212,468.37	168,017,027.49

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Deductible VAT	1,024,216,359.47	587,114,395.80
Others	142,487,011.67	123,091,546.31
Total	1,462,915,839.51	878,222,969.60

5.10 Available-for-sale financial assets

5.10.1 Available-for-sale financial assets

Item	As at 31/12/2019			As at 1/1/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	1,509,059,374.82	2,402,246.17	1,506,657,128.65	626,331,105.16	2,402,246.17	623,928,858.99
Including:						
Measured at fair value	50,471,375.06		50,471,375.06			
Measured at cost	1,458,587,999.76	2,402,246.17	1,456,185,753.59	626,331,105.16	2,402,246.17	623,928,858.99
Total	1,509,059,374.82	2,402,246.17	1,506,657,128.65	626,331,105.16	2,402,246.17	623,928,858.99

5.10.2 Available-for-sale financial assets measured at fair value

Category of available-for-sale financial assets	Available-for-sale equity instrument	Available-for-sale debt instrument	Total
Cost of equity instrument/ amortized cost of debt instrument	71,812,197.32		71,812,197.32
Fair value	50,471,375.06		50,471,375.06
Accumulated change of fair value in other comprehensive income	-21,340,822.26		-21,340,822.26

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

5.10.3 Available-for-sale financial assets measured at cost

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
成都市农村产权流转融资担保股份有限公司	40,000,000.00			40,000,000.00					13.33	
成都金融城投资发展有限责任公司	100,000,000.00			100,000,000.00					2.86	
中铁信托有限责任公司	10,000,000.00			10,000,000.00					1.00	125,205.97
成都建宜股权投资管理中心(有限合伙)	22,400,000.00			22,400,000.00					47.36	600,000.00
成都格芯工程项目管理有限公司	360,000,963.04			360,000,963.04					20.00	
台江县甘自公路建设工程有限公司	6,000,000.00			6,000,000.00					20.00	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
公司										
国金鼎兴资本管理有限公司	24,500,000.00			24,500,000.00					25.00	
内江天成建设工程有限责任公司	7,000,000.00			7,000,000.00	1,169,769.30			1,169,769.30	70.00	
成都华成股份有限公司	25,884,888.78			25,884,888.78					47.61	
成都建设发展股份有限公司	9,095,213.34			9,095,213.34					8.70	
成都化工股份有限公司	110,000.00			110,000.00					0.13	
宜宾县育才项目管理有限责任公司	240,390.00			240,390.00					1.00	
公司										
中科政和项目管理中心(有限合伙)									1.00	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
四川本鑫蓉盛建设工程有限公司	1,200,000.00			1,200,000.00					2.00	
湖南北控水务发展有限公司	1,000,000.00	4,000,000.00		5,000,000.00					1.00	
海南兴源股份有限公司	578,000.00			578,000.00	578,000.00			578,000.00	1.80	
成都庄森实业有限公司	500,000.00			500,000.00	500,000.00			500,000.00	2.00	
成都市华达建筑装饰工程有限公司	551,650.00			551,650.00	134,476.87			134,476.87	2.75	
泸州临港工业化建筑科技有限公司	5,300,000.00		5,300,000.00						10.00	
雅安成建工业化建筑有限公司	1,950,000.00			1,950,000.00					2.50	
成都交投建筑工业化有限公司	10,000,000.00			10,000,000.00					10.00	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
成都建工机械股份有限公司	20,000.00			20,000.00	20,000.00			20,000.00	1.00	
四川能投宜居水岸建设有限公司		2,250,000.00		2,250,000.00					4.5	
五矿国际信托有限公司		30,000,000.00		30,000,000.00					1.00	
光大兴陇信托有限责任公司		15,000,000.00		15,000,000.00					1.00	
成都发展基金(一期)合伙企业(有限合伙)		333,333,333.33		333,333,333.33					16.67	
中信信托有限责任公司		76,000,000.00	8,000,000.00	68,000,000.00					1.00	
交银国际信托有限公司		22,504,000.00	4,814,000.00	17,690,000.00					1.00	99,557.19
平安信托有限责任公司		12,000,000.00		12,000,000.00					1.00	20,227.50
华宝信托有限责任公司		4,320,000.00		4,320,000.00					1.00	48,068.89

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
ChelsioCommunicationsInc.		80,865,200.00		80,865,200.00					9.86	
浙江七巧板信息科技股份有限公司		1,000,000.00		1,000,000.00					5.19	
人人行科技有限公司		30,000,000.00		30,000,000.00					0.13	
九州梦工厂国际文化传播有限公司		16,788,361.27		16,788,361.27					18.19	
北京通程泛华建筑工程顾问有限公司		3,000,000.00		3,000,000.00					70.00	
天津红日健达康医药科技有限公司		5,000,000.00		5,000,000.00					12.50	
天津知百草医药科技发展有限公司		300,000.00		300,000.00					10.00	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
公司										
北京栢益投资中心 (有限合伙)		11,127,281.60		11,127,281.60					18.52	
北京栢量投资中心 (有限合伙)		39,344,093.46		39,344,093.46					23.70	
江苏为真生物医药技术股份有限公司		193,000,000.00		193,000,000.00					14.05	
天津现代创新中药科技有限公司		20,000,000.00		20,000,000.00					16.67	
海宁瑞诺投资合伙企业 (有限合伙)		550,000.00		550,000.00					4.48	
天津添淇源健康信息咨询合伙企业 (有限合伙)		215,000.00	205,000.00	10,000.00					0.25	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2019
	As at 1/1/2019	Increase	Decrease	As at 31/12/2019	As at 1/01/2019	Increase	Decrease	As at 31/12/2019		
海宁雪菲投资合伙企业(有限合伙)		400,000.00		400,000.00					4.32	
天津康顺健康信息咨询合伙企业(有限合伙)		50,000.00		50,000.00					1.64	
北京医生有限公司		3,500,000.00		3,500,000.00		3,500,000.00		3,500,000.00	11.67	
Total	626,331,105.16	904,547,269.66	18,319,000.00	1,512,559,374.82	2,402,246.17	3,500,000.00		5,902,246.17		893,059.55

5.11 Held-to-maturity investments

Item	As at 31/12/2019			As at 1/1/2019		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
1、郫县新民场镇云凌村新型社区建设项目	161,799,667.54		161,799,667.54	159,745,002.24		159,745,002.24
2、新津县金华镇宝峰新型社区建设项目	80,436,771.53		80,436,771.53	80,436,771.53		80,436,771.53
3、崇州市桤泉镇农村新型社区建设项目（一期）	72,472,836.80		72,472,836.80	121,206,490.06		121,206,490.06
4、彭州市濛阳镇桂桥新型社区建设项目	50,249,587.43		50,249,587.43	109,248,454.66		109,248,454.66
5、彭州小鱼洞大楠村新型社区建设项目	21,419,690.16		21,419,690.16	30,419,690.17		30,419,690.17
6、彭州市通济镇新黄村新型社区建设项目	35,542,200.05		35,542,200.05	55,542,200.06		55,542,200.06
7、都江堰市青城山镇芒城村新型社区建设项目	192,400.00		192,400.00	192,400.00		192,400.00
8、都江堰市聚源镇羊桥村新型社区建设项目	494,000.00		494,000.00	494,000.00		494,000.00
9、都江堰市胥家镇金胜村新型社区建设项目	87,356,963.79		87,356,963.79	87,102,708.24		87,102,708.24
10、崇州市三郎镇欢喜村新型社区建设项目	17,055,838.57		17,055,838.57	22,055,838.54		22,055,838.54
11、崇州市文井江大同新型社区建设项目	32,065,945.84		32,065,945.84	48,065,945.86		48,065,945.86
12、崇州市怀远三官村新型社区建设项目	22,126,141.59		22,126,141.59	34,126,141.59		34,126,141.59
13、崇州市街子天顺新型社区建设项目	23,130,407.28		23,130,407.28	35,130,407.27		35,130,407.27
14、青白江民主字库村新型社区建设项目	146,978,954.79		146,978,954.79	331,495,310.33		331,495,310.33
15、大邑县安仁镇泉水新型社区建设项目	10,054,054.22		10,054,054.22	16,054,054.21		16,054,054.21
16、大邑县安仁镇青杠	14,060,595.57		14,060,595.57	20,060,595.56		20,060,595.56

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

新型社区建设项目					
17、大邑县安仁镇蔡山 新型社区建设项目	26,100,672.24		26,100,672.24	36,100,672.25	36,100,672.25
18、大邑县沙渠镇柳坪 新型社区建设项目	6,037,354.54		6,037,354.54	8,023,218.02	8,023,218.02
19、大邑县沙渠镇龙湾 新型社区建设项目	5,009,122.82		5,009,122.82	7,023,259.39	7,023,259.39
20、新津县普兴镇黄渡 农村新型社区建设项 目	49,562,351.27		49,562,351.27	49,562,351.27	49,562,351.27
21、新津县五津镇吴店 社区灾后重建项目	75,885,969.39		75,885,969.39	142,012,712.73	142,012,712.73
22、彭州小鱼洞镇罗阳 村新型社区建设项目	9,251,542.23		9,251,542.23	15,815,282.23	15,815,282.23
23、彭州小鱼洞镇大湾 村新型社区建设项目	10,831,399.99		10,831,399.99	22,831,399.98	22,831,399.98
24、彭州小鱼洞镇董坪 村新型社区建设项目	7,187,583.79		7,187,583.79	9,187,583.80	9,187,583.80
25、彭州小鱼洞镇鱼洞 村新型社区建设项目	5,260,541.12		5,260,541.12	10,260,541.13	10,260,541.13
26、彭州市白鹿镇白鹿 村新型社区建设项目	3,477,028.72		3,477,028.72	5,522,458.72	5,522,458.72
27、彭州市葛仙山镇文 林村新型社区建设项 目	26,615,800.01		26,615,800.01	38,615,800.03	38,615,800.03
28、彭州市三界镇三界 场新型社区建设项目	8,194,208.45		8,194,208.45	12,194,208.46	12,194,208.46
29、彭州市三界镇新埝 村新型社区建设项目	3,169,068.03		3,169,068.03	6,169,068.03	6,169,068.03
30、彭州市三界镇清凉 村新型社区建设项目	4,116,097.20		4,116,097.20	6,116,097.19	6,116,097.19
31、彭州市三界镇丰碑 村新型社区建设项目	4,112,093.56		4,112,093.56	6,112,093.55	6,112,093.55
32、新津县新平镇万街 农村新型社区建设项 目	179,159,050.22		179,159,050.22	179,159,050.22	179,159,050.22
33、新津县新平镇太平 场二期新型社区建设 项目	324,661,493.04		324,661,493.04	394,232,743.04	394,232,743.04
34、金堂县福兴镇三合 碑社区灾后重建项目	55,200,000.00		55,200,000.00	55,200,000.00	55,200,000.00
35、金堂县白果镇灾后	24,860,000.00		24,860,000.00	24,860,000.00	24,860,000.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

重建项目						
36、金堂县清江镇灾后重建项目	6,000,000.01		6,000,000.01	6,000,000.01		6,000,000.01
37、都江堰安龙镇成青社区(太平村)灾后重建及集体建设用地整理项目	38,225,855.92		38,225,855.92	38,225,855.92		38,225,855.92
38、郫县郫筒镇 980 亩土地整理项目	71,000,000.00		71,000,000.00	131,000,000.00		131,000,000.00
39、崇州桤泉镇农村新型社区建设项目二期工程	384,410,522.51		384,410,522.51	390,884,776.31		390,884,776.31
40、青白江区杏花幸福村新型社区项目	99,577,365.63		99,577,365.63	94,597,060.07		94,597,060.07
41、彭州市九尺镇金沙村、双土村新型社区建设项目	282,886,154.79		282,886,154.79	278,185,217.30		278,185,217.30
42、金堂县赵家镇平水桥村幸福美丽新村项目	12,324,124.96		12,324,124.96	14,324,124.96		14,324,124.96
43、村级公服项目投资	30,148,541.52		30,148,541.52	59,180,015.77		59,180,015.77
44、大邑县金星乡白岩村、红岩村、玉金社区农民集中建房整理项目	6,126,034.38		6,126,034.38			
45、达州秦巴物流园建设开发有限责任公司	29,900,000.00		29,900,000.00	29,900,000.00		29,900,000.00
Total	2,564,726,031.50		2,564,726,031.50	3,222,671,600.70		3,222,671,600.70

Note: The company's held-to-maturity investment is mainly for small town construction project investment. The investment contract stipulates that the project fund interest and investment and financing management fee will be charged according to certain standards. Due to the long construction period of the project, the Company confirms the held-to-maturity investment income and relevant economic benefits as they are likely to flow into the company with relevant economic benefits.

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

5.12 Long-term receivables

Item	As at 31/12/2019				As at 1/1/2019		
	Book balance	Allowance for doubtful debts	Carrying amount	Book balance	Allowance for doubtful debts	Carrying amount	Carrying amount
Installment productssale	48,750,409.00	479,755.52	48,270,653.48	78,662,451.10	479,755.52	78,182,695.58	
Installment labor service sale	455,140,211.12	2,840,602.53	452,299,608.59	387,772,316.75	1,643,727.53	386,128,589.22	
Other	6,045,976,945.24	46,349,691.86	5,999,627,253.38	8,489,783,570.51	177,174,351.26	8,312,609,219.25	
Total	6,549,867,565.36	49,670,049.91	6,500,197,515.45	8,956,218,338.36	179,297,834.31	8,776,920,504.05	

Note: Others are the investment amount or project investmeng or construction.

5.13 Long-term equity investment

Investee	Balance As at 1/1/2019	Movement during the financial year						Balance As at 31/12/2019	Provision for impairment As at 31/12/2019	
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued			Provision for impairment
1、Subsidiaries										
中化岩土集团股份有限公司	780,685,398.37									-780,685,398.37

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

基础设施投资有限公司																							
河北奥盛投资有限公司																					0.00		
成都鑫佳达建筑工程有限公司																						3,678,998.96	
承德中金合泰建设发展有限公司																							24,646,026.67
北京思开奥特信息技术有限公司																							3,880,545.08
Total	1,320,460,340.43	1,514,837,440.67	-43,190,812.09	-62,743,212.51	-21,791.44	-15,645,702.42	-6,717,480.52	-795,687,182.04	1,911,291,600.08														14,341,748.12

5.14 Investment property

Investment property measured by fair value

Item	Balance as at 1/1/2019	Increase					Decrease			Balance as at 31/12/2019														
		Purchase	Transfer-in	Gains from changes of fair value	Disposal	Transfer-out																		
I. Cost	11,929,593,678.18	6,217,439.23	4,289,292,785.41																					
Including: Buildings	11,929,593,678.18	6,217,439.23	4,216,592,785.41																					
Land use rights			72,700,000.00																					72,700,000.00
II. Total changes in fair value	1,720,535,391.15		962,764,781.26	5,149,035.19																				2,640,654,019.44
Including: Buildings	1,720,535,391.15		962,764,781.26	5,319,035.19																				2,640,824,019.44

5.15 Fixed assets

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Fixed assets	5,616,663,888.88	1,986,970,983.86
Disposal of fixed assets	3,594,069.60	
Less: Provision for impairment	4,168,570.34	1,415,875.72
Total	5,616,089,388.14	1,985,555,108.14

5.15.1 Fixed assets

Item	Buildings	Machinery & equipment	Transportation vehicles	Others	Total
I Cost					
1. Balance as at 1/1/2019	2,191,128,158.23	287,116,750.80	153,189,835.16	73,475,741.88	2,704,910,486.07
2. Additions	1,903,714,624.65	3,089,874,081.96	184,452,779.47	659,799,153.13	5,837,840,639.21
(1) Purchase	169,494,512.99	255,353,253.99	21,741,762.96	147,897,601.09	594,487,131.03
(2) Transfer from construction in process	50,835,567.36	265,917,983.23	642,457.64	12,428,092.75	329,824,100.98
(3) Business combination	1,683,384,544.30	2,568,602,844.74	162,068,558.87	499,471,259.29	4,621,488,174.22
(4) Others				2,200.00	2,200.00
3. Reductions	104,667,004.60	236,835,870.54	39,363,235.22	22,086,561.00	402,952,671.36
(1) Disposals or scrap	104,210,253.94	110,488,243.77	35,058,751.78	19,032,422.45	268,789,671.94
(2) Others	456,750.66	126,347,626.77	4,304,483.44	3,054,138.55	134,162,999.42
4. Balance as at 31/12/2019	3,990,175,778.28	3,140,154,962.22	298,279,379.41	711,188,334.01	8,139,798,453.92
II. Accumulated depreciation					
1. Balance as at 1/1/2019	346,249,312.30	201,069,837.97	119,547,753.35	51,072,598.59	717,939,502.21
2. Additions	299,559,932.59	1,254,691,690.42	129,748,272.65	299,914,303.12	1,983,914,198.78
(1) Provision	138,998,624.54	230,960,618.83	19,991,584.71	68,159,144.50	458,109,972.58
(2) Others	15,537.03	22,017,664.11	557,118.06	216,068.66	22,806,387.86
(3) Combination	160,545,771.02	1,001,713,407.48	109,199,569.88	231,539,089.96	1,502,997,838.34
3. Reductions	51,888,822.90	72,563,002.97	34,580,400.32	19,686,909.76	178,719,135.95
(1) Disposals or scrap	51,822,571.75	53,103,361.80	30,533,484.15	17,313,775.98	152,773,193.68
(2) Others	66,251.15	19,459,641.17	4,046,916.17	2,373,133.78	25,945,942.27

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

4. Balance as at 31/12/2019	593,920,421.99	1,383,198,525.42	214,715,625.68	331,299,991.95	2,523,134,565.04
III. Provision for impairment					
1. Balance as at 1/1/2019	380,352.34	2,881,549.91	784,938.61	163,185.18	1,415,875.72
2. Additions			30,735.12	321.58	31,056.70
(1) Disposals			30,735.12	321.58	31,056.70
3. Reductions		1,378.87	71,133.53		72,512.40
(1) Disposals		1,378.87	71,133.53		72,512.40
4. Balance as at 31/12/2019	380,352.34	2,880,171.04	744,540.20	163,506.76	4,168,570.34
IV. Carrying amount					
1. As at 31/12/2019	3,395,875,003.95	1,754,076,265.76	82,819,213.53	379,724,835.30	5,612,495,318.54
2. As at 1/1/2019	1,844,498,493.59	85,959,513.24	32,857,143.20	22,239,958.11	1,985,555,108.14

5.15.2 Disposal of fixed assets

Item	Balance as at 31/12/2019	Balance as at 1/1/2019	Reason for moving to cleanup
Production equipment	959,391.47		
Transportation vehicles	2,634,678.13		
Total	3,594,069.60		

5.16 Construction in process

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Construction in process	40,890,389,599.68	38,988,712,505.29
Less: Allowance for doubtful debts	2,052,874.84	2,052,874.84
Total	40,888,336,724.84	38,986,659,630.45

5.16.1 Construction in process

Item	期末			期初		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
待装修房产	63,841,203.65		63,841,203.65	590,149,643.55		590,149,643.55

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	期末			期初		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
东部片区基础设施	8,075,056,086.84		8,075,056,086.84	8,567,521,580.25		8,567,521,580.25
南部片区基础设施	3,068,364,615.38	2,052,874.84	3,066,311,740.54	4,786,004,376.71	2,052,874.84	4,783,951,501.87
其他代建项目	5,573,023,927.46		5,573,023,927.46	4,037,173,318.34		4,037,173,318.34
新客站项目基础设施	14,187,510,395.16		14,187,510,395.16	13,186,955,535.23		13,186,955,535.23
重大市政及拨改租项目	2,687,318,131.45		2,687,318,131.45	3,143,363,843.15		3,143,363,843.15
成都市精神卫生中心扩建项目				5,677,178.03		5,677,178.03
成都市儿童福利院家庭寄养康复中心				18,558,925.67		18,558,925.67
成都市气象监测预警中心工程				59,001,650.57		59,001,650.57

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	期末			期初		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
成都市技师学院教学实训楼项目				133,722,670.97		133,722,670.97
互联网小镇项目				49,918,724.42		49,918,724.42
成都市救灾物资集散中心项目				27,955,163.90		27,955,163.90
成都中心	3,489,051,867.20		3,489,051,867.20	2,910,855,526.84		2,910,855,526.84
兴城文产三国蜀汉城项目	144,501,236.88		144,501,236.88	2,987,391.76		2,987,391.76
成都市环城生态区生态修复综合项目	3,199,215,634.34		3,199,215,634.34	1,428,685,468.55		1,428,685,468.55
其他零星项目	39,390,852.72		39,390,852.72	40,181,507.35		40,181,507.35
青城国际酒店配套设施、青城国际配套用房	30,003,600.00		30,003,600.00			

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	期末			期初		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
红日药业配方 颗粒生产车间 建设项目	242,813,341.04		242,813,341.04			
红日药业天津 康仁堂新厂区 建设工程	32,767,696.73		32,767,696.73			
红日药业经典 名方研究中心 等零星项目	37,468,050.85		37,468,050.85			
钢构件加工	10,268,665.51		10,268,665.51			
安吉通航产业 基地项目 (一 期)综合配套服 务项目	4,237,584.02		4,237,584.02			
U型盾构机制 造	5,556,710.45		5,556,710.45			
Total	40,890,389,599.68	2,052,874.84	40,888,336,724.84	38,988,712,505.29	2,052,874.84	38,986,659,630.45

5.15.2 Movement of significant construction in progress

Project name	Budget	As at 1/1/2019	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2019
待装修房产		590,149,643.55			526,308,439.90	63,841,203.65

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Project name	Budget	As at 1/1/2019	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2019
东部片区基础设施建设	9,594,700,000.00	8,567,521,580.25	3,195,301,908.22		3,687,767,401.63	8,075,056,086.84
南部片区基础设施建设	4,700,610,000.00	4,783,951,501.87	159,229,289.38		1,876,869,050.71	3,066,311,740.54
其他代建项目	5,662,710,000.00	4,037,173,318.34	3,348,809,284.08		1,812,958,674.96	5,573,023,927.46
皇城坝天府文化公园(原成都中心)	14,571,060,000.00	13,186,955,535.23	1,065,321,552.27		64,766,692.34	14,187,510,395.16
新客站项目基础设施建设	18,102,740,000.00	2,910,855,526.84	578,196,340.36			3,489,051,867.20
成都市环城生态区生态修复综合项目	41,500,000,000.00	1,428,685,468.55	1,770,530,165.79			3,199,215,634.34
红日药业配方颗粒生产车间建设项目	682,307,000.00	3,073,885.84	239,739,455.20			242,813,341.04
重大市政拨改租项目	2,405,161,200.00	3,143,363,843.15	902,064,388.30		1,358,110,100.00	2,687,318,131.45
Total	97,219,288,200.00	38,651,730,303.62	11,259,192,383.60		9,326,780,359.54	40,584,142,327.68

(Continued)

Project name	Percentage of current input over budget (%)	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)
待装修房产					
东部片区基础设施建设	84.16	84.16	3,485,988,785.23	1,051,164,829.40	
南部片区基础设施建设	65.23	65.23	335,460,157.63		
其他代建项目	98.42	98.42	373,506,329.30	11,067,463.87	
新客站项目基础设施建设	97.37	97.37	4,324,308,163.99	492,096,068.52	
皇城坝天府文化公园(原成都中心)	19.27	30.00	279,588,861.05	151,728,138.87	
成都市环城生态区生态修复综合项目	11.07	11.07	106,632,915.83	82,621,354.00	4.22
红日药业配方颗粒生产车间建设项目	35.59	35.59			
重大市政拨改租项目	100.00	100.00	178,197,989.03	45,606,874.99	
Total	—	—	9,083,683,202.06	1,834,284,729.65	—

5.15.3 Provision for impairment of construction in progress

Item	Balance as at 1/1/2019	Additions	Reductions	Balance as at 31/12/2019	Reason for provision

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Item	Balance as at 1/1/2019	Additions	Reductions	Balance as at 31/12/2019	Reason for provision
南部片区基础设施 建设	2,052,874.84			2,052,874.84	Damaged
Total	2,052,874.84			2,052,874.84	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

5.17 Intangible assets

Item	Land use rights	Patent rights	Non-Patent techniques	Trademark rights	Concessions	Software	Others	Total
I Cost								
1. Balance as at 1/1/2019	753,071,090.80	685,468.00	140,181.50	2,985.00	1,000,000.00	21,213,550.79		776,113,276.09
2. Additions	728,613,606.32	980,690,316.23	45,648,092.83	219,563,963.00		96,848,348.46	169,696,044.81	2,241,060,371.65
(1) Purchase	139,865,629.74	45,017.48	-11,700.00	163,963.00		10,471,941.26		150,534,851.48
(2) Self-developed		12,584,588.03	5,973,936.77			2,183,816.39		20,742,341.19
(3) Business combination	588,747,976.58	968,060,710.72	39,685,856.06	219,400,000.00		83,976,245.88	169,696,044.81	2,069,566,834.05
3. Reductions			12,571.70			1,132,666.77	-	1,145,238.47
(1) Disposal			12,571.70			1,132,666.77		1,145,238.47
(2) Invalid and terminated confirmation								
4. Balance as at 31/12/2019	1,481,684,697.12	981,375,784.23	45,775,702.63	219,566,948.00	1,000,000.00	116,712,887.55	169,696,044.81	3,015,812,064.34
II. Accumulated depreciation								
1. Balance as at 1/1/2019	33,000,926.51	520,386.52	134,481.50	74.31	272,727.27	9,711,464.01		43,640,060.12
2. Additions	67,216,637.55	134,606,228.43	26,673,683.72	17,282,726.02	363,636.36	49,620,710.22	5,926,306.41	301,689,928.71
(1) Provision	26,156,420.19	14,390,909.04	6,444,334.78	109,828.83	363,636.36	13,128,129.06		60,593,258.86
(2) Combination	41,060,217.36	120,215,318.79	20,229,348.94	17,172,897.19	-	36,488,554.24	5,926,306.41	241,092,642.93
(3) Others						4,026.92		4,026.92
3. Reductions			419.06			302,602.19		303,021.25
(1) Disposal			419.06			224,122.07		224,541.13

5.18 Development expenditures

Project	Balance as at 1/1/2019	Additions		Reductions		Balance as at 31/12/2019
		Internally development expenditures	Others	Profit or loss	Recognized as intangible assets	
pharmaceutical research and development		46,197,008.06	345,700,504.36		18,558,524.80	373,338,987.62
Instrument research and development		7,544,162.64	17,663,234.97			25,207,397.61
Software and System research and development		902,431.21	2,810,980.06		2,183,816.39	1,529,594.88
Total		54,643,601.91	366,174,719.39		20,742,341.19	400,075,980.11

Note: The other additions result of the M&A of Tianjin Chase Sun Pharmaceutical Co., Ltd.

5.19 Goodwill

5.19.1 Cost of goodwill

Item	Balance as at 1/1/2019	Additions	Reductions	Balance as at 31/12/2019
		Business combination	Disposal	
天津红日药业股份有限公司		641,315,150.74		641,315,150.74
中化岩土集团股份有限公司		1,074,357,626.97		1,074,357,626.97
Total		1,715,672,777.71		1,715,672,777.71

Note: The company uses the method of estimating the present value of future cash flows to calculate the recoverable amount of the asset group. The Group estimates the cash flow within the next 5 years based on the financial budget approved by the management. The cash flow growth rate adopted in subsequent years is expected to be 0%, which will not exceed the long-term average growth rate of the business operations of the asset group. The pre-tax discount rate used to calculate the present value of future cash flows is 12.22% to 19.28%, which has reflected the risks relative to the relevant segment. According to the results of the impairment test, there was no impairment of goodwill at the end of the period.

5.20 Long-term deferred expenses

Item	Balance as at 1/1/2019	Additions	Amortization	Reductions	Balance as at 31/12/2019
市纪委特殊用房维修改造	153,655,887.25		19,206,985.92		134,448,901.33
石材园装修	6,534,002.15		825,467.15		5,708,535.00

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Balance as at 1/1/2019	Additions	Amortization	Reductions	Balance as at 31/12/2019
新津花源站场地建设费用	3,887,504.19				3,887,504.19
百扬写字楼大厦租金	2,972,825.63	1,212,378.12	2,275,512.21		1,909,691.54
龙潭站场地建设费用	1,361,630.71		170,203.80		1,191,426.91
九江站土地配套费用	1,056,955.00		28,380.00		1,028,575.00
天府机场站场地建设费用	691,275.45		691,275.45		
德源站场地租金					
办公楼装修费等	19,611,255.52	95,037,277.44	20,193,494.35	267,453.12	94,187,585.49
顾问费	30,000.00	25,152,912.63	6,016,438.82		19,166,473.81
红日药业厂区及办公区改造、装修等工程		72,247,371.56	13,923,261.62	15,365.07	58,308,744.87
中化岩土装修费等		33,186,410.28	9,149,766.32	166,226.29	23,870,417.67
Total	189,801,335.90	226,836,350.03	72,480,785.64	449,044.48	343,707,855.81

5.21 Deferred tax assets and deferred tax liabilities

Item	As at 31/12/2019		As at 1/1/2019	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	991,027,320.93	4,202,364,414.73	1,011,158,406.79	4,045,933,021.82
Deductible tax losses	205,508,963.55	824,147,535.93	309,825,429.15	1,243,308,874.08
Land value increment tax	179,011,859.36	716,047,437.39	117,412,688.81	469,650,755.26
Special reserve	3,137,165.19	12,548,660.76	1,954,047.69	7,816,190.74
employee education fee	1,332,675.25	5,330,701.00	249,934.33	999,737.31
Termination benefits	3,640,604.39	14,562,417.53	4,001,664.27	16,006,657.05
Provisions	3,399,837.09	14,300,327.72	5,380,361.90	21,946,237.20
others	46,866,041.56	230,087,116.17	12,529,831.46	49,892,686.76
Sub-total	1,433,924,467.32	6,019,388,611.23	1,462,512,364.40	5,855,554,160.22
Deferred tax liabilities:				
Asset evaluation and appreciation in enterprise restructuring	416,534,109.75	1,666,136,439.00	410,596,800.68	1,642,387,202.72

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	As at 31/12/2019		As at 1/1/2019	
	Deferred tax assets or liabilities	Deductible or taxable temporary differences	Deferred tax assets or liabilities	Deductible or taxable temporary differences
Others	425,724.84	1,702,899.36	6,155,494.85	24,621,979.40
Non-corporate system valuation based on fair value measurement	368,022,796.79	1,472,091,187.16	570,511,322.24	2,282,045,288.96
valuation of financial assets held for trading/derivative financial instruments			4,836,270.59	19,345,082.36
The deferred income tax liabilities recognized in the asset assessment, for the increased depreciation offsets the value-added assets.			41,634,455.54	166,537,822.16
Measuring investment property at fair value	2,388,767,445.14	9,555,069,780.56	1,559,945,196.49	6,239,780,785.96
Accrual of interest	39,015.84	188,349.31		
Value-added assessment of business combination assets under different control	484,014,448.04	1,950,522,502.13		
Sub-total	3,657,803,540.40	14,645,711,157.52	2,593,679,540.39	10,374,718,161.56

5.21.2 The items not recognized deferred tax assets

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Deductible temporary differences	32,823,847.28	
Deductible tax losses	230,963,199.11	44,304,949.02
Total	263,787,046.39	44,304,949.02

5.21.3 Expiry years of deductible losses not yet recognized deferred tax assets are as follows:

Year	Balance as at 31/12/2019	Balance as at 1/1/2019	Remark
2019	-	3,889,245.57	
2020	5,448,952.17	6,196,606.76	
2021	14,986,272.61	47,893,044.99	
2022	74,732,391.75	88,102,895.59	
2023	82,298,177.98	55,609,409.72	
2024	73,880,525.50	-	
Total	251,346,320.01	201,691,202.63	

5.22 Other non-current assets

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Entrusted Loan	150,000,000.00	250,000,000.00
House、 buildings to be sold	60,478,501.76	62,901,725.10

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Temporary facilities	113,354,489.54	67,933,834.51
Land fund prepaid in Qingbaijiang District	3,390,000.00	3,390,000.00
Investment in the general field town of Xinglong Town, Shuangliu County		1,299,871,493.52
Investment prepaid		1,583,637,606.86
Prepaid long-term asset purchases	202,297,695.33	
Qingbaijiang Qixing Island project investment	1,500,000,000.00	
Investment fund of Jinxing Township Industrial New Village Project in Dayi County	3,324,590.31	
Pidu District Project Investment	236,317,551.29	
Others	15,449,631.94	
Total	2,284,612,460.17	3,267,734,659.99

5.23 Short-term loans

Borrowing condition	Balance as at 31/12/2019	Balance as at 1/1/2019
Pledge loans	83,350,732.51	40,000,000.00
Secured loans	996,990,000.00	1,299,300,000.00
Guarantee loans	6,106,037,319.28	7,243,970,000.00
Loans on credit	2,963,555,177.54	3,977,301,112.00
Total	10,149,933,229.33	12,560,571,112.00

5.24 Notes payable

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Bank acceptance notes	208,979,019.68	61,525,955.17
Commercial acceptance notes	1,121,667,297.29	750,372,442.83
Total	1,330,646,316.97	811,898,398.00

5.25 Accounts payable

5.25.1 List by age

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Within 1 year(including 1 year)	32,174,041,919.05	21,482,974,488.33
More than 1 years	8,068,325,797.41	7,693,105,384.54
Total	40,242,367,716.46	29,176,079,872.87

5.25.2 Significant accounts payable with aging over 1 year

Creditor	Balance as at 31/12/2019	Unpaid reason
中国建筑股份有限公司	468,220,728.13	Failure to meet payment conditions
成都经济技术开发区国有资产投资有限公司	171,911,730.53	Failure to meet payment conditions
中国铁建股份有限公司	134,925,865.33	Failure to meet payment conditions
中国五冶集团有限公司	118,617,770.64	Failure to meet payment conditions
四川新锦宸建设工程有限公司	83,658,719.63	Failure to meet payment conditions
四川省璟辉建筑劳务有限公司	82,514,880.44	Failure to meet payment conditions
中国建筑第八工程局有限公司	66,122,559.43	Failure to meet payment conditions
达州市志诚建筑有限公司	53,484,009.21	Failure to meet payment conditions
Total	1,179,456,263.34	

5.26 Advances from customers

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Within 1 year(including 1 year)	6,838,341,261.85	6,099,206,139.26
More than 1 year	1,136,640,418.50	541,088,140.58
Total	7,974,981,680.35	6,640,294,279.84

Significant advances from customers with aging over 1 year

Creditor	Balance as at 31/12/2019	Unsettled reason
人居“花照云庭”等零星项目预收房款	1,013,533,176.37	未交房
“西岸翠景”项目预收房款	18,438,676.84	手续未办理完
四川雅安经济开发区财政局	1,069,206.75	未办理工程结算
成都家乐福超市有限公司	4,641,266.21	预收房租
四川雅安经济开发区财政局	18,232,606.50	未办理工程结算
雅安城市建设投资开发有限公司	1,000,000.00	未办理工程结算
贵州百里杜鹃风景名胜区城乡建设规划局	3,304,244.59	待工程结算后结转
Total	1,060,219,177.26	—

5.27 Employee benefits payable

5.27.1 Movement of employee benefits payable

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	As at 1/1/2019	Increase	Decrease	As at 31/12/2019
I. Short-term employee benefits	117,530,574.69	2,837,124,153.12	2,698,787,420.98	255,867,306.83
II. Post-employment benefits—defined contribution plans	42,680.54	288,113,689.27	283,981,192.29	4,175,177.52
III. Termination benefits	18,681,441.95	6,626,068.05	7,087,534.60	18,219,975.40
IV. Others	6,847,741.00	5,540,258.79	6,619,883.73	5,768,116.06
Total	143,102,438.18	3,137,404,169.23	2,996,476,031.60	284,030,575.81

5.27.2 Details of the short-term employee benefits

Item	As at 1/1/2019	Accrued	Paid	As at 31/12/2019
1. Salaries, bonus, and allowances	88,087,496.10	2,426,965,373.38	2,291,517,444.53	223,535,424.95
2. Staff welfare		86,645,349.23	86,645,349.23	
3. Social insurances	9,480.18	142,796,372.13	140,266,541.30	2,539,311.01
Including: Medical insurance	7,560.90	124,206,629.04	121,887,569.00	2,326,620.94
Work injury insurance	695.82	7,174,946.17	7,108,907.21	66,734.78
Maternity insurance	1,223.46	11,414,796.92	11,270,065.09	145,955.29
4. Housing Fund	2,439,302.63	117,001,753.54	117,960,725.88	1,480,330.29
5. Union funds and employee education fee	26,994,295.78	55,096,176.42	54,652,764.79	27,437,707.41
6. Short-term paid absences		2,141,613.15	2,042,343.57	99,269.58
7. Others		6,477,515.27	5,702,251.68	775,263.59
Total	117,530,574.69	2,837,124,153.12	2,698,787,420.98	255,867,306.83

5.27.3 Defined contribution plans

Item	As at 1/1/2019	Accrued	Paid	As at 31/12/2019
1. Primary endowment insurance	27,062.10	252,624,071.63	248,658,339.66	3,992,794.07
2. Unemployment insurance	882.44	9,349,640.54	9,168,139.53	182,383.45
3. Pension insurance	14,736.00	26,139,977.10	26,154,713.10	
Total	42,680.54	288,113,689.27	283,981,192.29	4,175,177.52

5.28 Taxes and surcharges payable

Category	Balance as at 31/12/2019	Balance as at 1/1/2019
Value added tax	231,985,245.56	228,119,488.39
Resource tax	86,902.98	68,602.51
Enterprise income tax	301,926,397.66	709,480,495.61
Estate tax	44,528,984.33	39,726,137.18
Land use tax	18,441,037.61	21,094,105.70
Individual income tax	915,616.19	1,849,758.61
Urban maintenance and construction tax	16,091,678.74	12,648,865.67
Educational surtax	28,878,033.92	24,550,057.38
Other taxes and surcharges	1,188,359,138.18	578,637,718.49
Total	1,831,213,035.17	1,616,175,229.54

5.29 Other payable

Category	Balance as at 31/12/2019	Balance as at 1/1/2019
Interest payable	833,721,820.57	423,300,568.32
Dividends payable	52,617,319.31	52,857,348.57
Other payables	7,234,700,547.64	4,915,562,081.97
Total	8,121,039,687.52	5,391,719,998.86

5.29.1 Interest payable

Category	Balance as at 31/12/2019	Balance as at 1/1/2019
Interest for long-term loan	186,577,732.81	177,931,509.89
Interest on corporate bonds	504,462,705.90	236,050,351.80
Interest payable for short-term loan	310,425.31	691,166.67
Other interest	142,370,956.55	8,627,539.96
Total	833,721,820.57	423,300,568.32

5.29.2 Dividends payable

Company name	Balance as at 31/12/2019	Balance as at 1/1/2019	Reason for unpaid over 1 year
Dividends for preference shares / perpetual bonds classified as equity instruments	52,617,319.31	52,857,348.57	
Total	52,617,319.31	52,857,348.57	

5.29.3 Other payables

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Nature	Balance as at 31/12/2019	Balance as at 1/1/2019
Performance bond	675,435,620.78	420,876,751.41
Quality guarantee	1,092,784,282.50	836,798,355.04
Current account for person	1,131,681,744.91	693,497,042.12
Project expenses	1,358,832,008.24	951,867,367.47
Payables for units	1,709,255,742.27	1,030,077,916.05
Temporary project interest	25,747,501.18	85,800,056.96
Compensation for demolition and resettlement area difference	126,290,180.63	126,276,812.63
Collection account	513,933,732.57	455,887,769.73
Others	600,739,734.56	314,480,010.56
Total	7,234,700,547.64	4,915,562,081.97

Significant other payables aging over 1 year:

Company name	Balance as at 31/12/2019	Unpaid Reason
四川大学华西医院	153,421,427.00	The settlement period has not arrived.
78006 部队	75,694,320.00	The settlement period has not arrived.
四川省蜀府房屋建设开发有限公司	71,069,644.92	The settlement period has not arrived.
中国人民解放军四川省军区后勤部	65,000,000.00	The settlement period has not arrived.
董卫东	44,946,002.66	Funds advanced by the project manager; project risk funds have not met the refund conditions
蒋小康	26,900,000.00	Funds advanced by the project manager; project risk funds have not met the refund conditions
陈希尧	18,200,000.00	Funds advanced by the project manager; project risk funds have not met the refund conditions
成都涛信贸易有限责任公司	17,109,044.66	Project funds are not in place
钟小燕	16,182,470.68	Funds advanced by the project manager; project risk funds have not met the refund conditions
代收契税 Deed tax collected	15,818,686.94	The settlement period has not arrived
何明全	15,700,000.00	Project manager self-raised funds, not due for repayment
罗丽美	15,004,399.78	not met the withdrawal conditions

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Company name	Balance as at 31/12/2019	Unpaid Reason
邹洪全	13,897,000.00	Funds advanced by the project manager; project risk funds have not met the refund conditions
Total	548,942,996.64	

5.30 Non-current liabilities due within one year

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Long-term loans due within one year	11,620,608,353.34	6,176,419,170.00
Long-term bonds due within one year	399,948,506.24	400,000,000.00
Long-term payables due within one year	53,650,510.21	
Total	12,074,207,369.79	6,576,419,170.00

5.31 Other current liabilities

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Output tax to be transferred	665,482,619.06	670,548,885.90
Business tax to be cleared	6,066.90	6,066.90
Total	665,488,685.96	670,554,952.80

5.32 Long-term loans

Borrowing condition	Balance as at 31/12/2019	Balance as at 1/1/2019	Range of interest rate
Pledge loans	5,705,881,630.00	4,841,818,040.00	
Secured loans	3,529,530,000.00	5,537,160,000.00	
Guarantee loans	13,650,642,388.24	9,301,370,000.00	
Loans on credit	8,205,885,680.95	6,932,500,000.00	
Total	31,091,939,699.19	26,612,848,040.00	

5.33 Bonds payable

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
13 蓉兴债（企业债）		399,282,154.79
16 兴城投资 MTN001	1,999,532,904.62	1,999,289,792.07
CDXCINVB2111（HKEX）	2,077,628,598.23	2,011,464,813.57
岩土转债	492,639,994.90	
欧元债 2018Y3	2,831,668,265.77	2,848,550,806.24
欧元债 2018Y5	1,027,640,114.30	1,031,888,005.92
18 人居债	1,495,094,531.07	1,492,005,722.20
2015 非公开公司债券（兴城公司）	1,998,165,818.57	1,997,136,866.29
2018 years 度第一期债权融资计划	499,983,769.63	
2019 years 度第一期债权融资计划	999,967,018.14	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
19 兴纾 01 (纾困债)	2,000,000,000.00	
2019 years 度第二期债权融资计划	499,981,931.89	
19 兴城 01 公司债	1,996,800,000.00	
19 兴城 02 公司债	999,361,119.82	
19 蓉兴债 01	1,498,200,000.00	
19 兴城 03 债券	1,800,000,000.00	
Total	22,216,664,066.94	11,779,618,161.08

5.33.1 Movement of bonds payable (excluding other financial instruments like preference shares, perpetual loans etc.)

Bond name	Par value	Issue date	Bond period (year)	Issue amount	Interest payable As at 1/1/2019
13 蓉兴债 (企业债)	400,000,000.00	2013/1/28	7 years	400,000,000.00	399,282,154.79
16 兴城投资 MTN001	2,000,000,000.00	2016/10/27	5 years	2,000,000,000.00	1,999,289,792.07
CDXCINVB2111 (HKEX)	2,102,010,000.00	2016/11/23	5 years	2,102,010,000.00	2,011,464,813.57
岩土转债	603,660,000.00	2018/3/15	6 years	603,660,000.00	
欧元债 2018Y5	1,048,761,000.00	2018/3/20	5 years	1,048,761,000.00	1,031,888,005.92
欧元债 2018Y3	2,840,357,000.00	2018/3/20	3 years	2,840,357,000.00	2,848,550,806.24
18 人居债	1,500,000,000.00	2018/5/14	3 years	1,490,400,000.00	1,492,005,722.20
2015 非公开公司债券 (兴城公司)	2,000,000,000.00	2018/8/13	3 years	2,000,000,000.00	1,997,136,866.29
2018 years 度第一期债权融资计划	500,000,000.00	2018/10/29	3 years	500,000,000.00	
2019 years 度第一期债权融资计划	1,000,000,000.00	2019/1/10	3 years	1,000,000,000.00	
19 兴纾 01 (纾困债)	2,000,000,000.00	2019/3/25	3 years	2,000,000,000.00	
2019 years 度第二期债权融资计划	500,000,000.00	2019/3/29	3 years	500,000,000.00	
19 兴城 01 公司债	2,000,000,000.00	2019/6/12	3 years	2,000,000,000.00	
19 兴城 02 公司债	1,000,000,000.00	2019/7/15	3 years	1,000,000,000.00	
19 蓉兴债 01	1,500,000,000.00	2019/8/20	5 years	1,500,000,000.00	
19 兴城 03 债券	1,800,000,000.00	2019/12/10	3 years	1,800,000,000.00	
Total	22,794,788,000.00	—	—	22,785,188,000.00	11,779,618,161.08

(Continued)

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Bond name	Issue in current period	Interest accrued on par value	Amortization of premium or discount	Repayment	Debt to equity	Balance As at 31/12/2019
13 蓉兴债 (企业债)		26,736,666.67	26,070,315.22	399,948,506.24		
16 兴城投资 MTN001		68,800,000.00	68,556,887.45			1,999,532,904.62
CDXCINVB 2111 (HKEX)	43,050,000.00	67,964,812.50	44,851,027.84			2,077,628,598.23
岩土转债	460,241,217.89	2,810,494.45	-29,745,382.56		157,100.00	492,639,994.90
欧元债 2018Y5		31,125,228.75	24,748,620.37	10,624,500.00		1,027,640,114.30
欧元债 2018Y3		71,316,437.50	64,291,477.97	23,907,500.00		2,831,668,265.77
18 人居债		112,500,000.00	109,411,191.13			1,495,094,531.07
2015 非公开公司债券 (兴城公司)		107,800,000.00	106,771,047.72			1,998,165,818.57
2018 years 度第一期债权融资计划	500,000,000.00	31,500,000.00	31,516,230.37			499,983,769.63
2019 years 度第一期债权融资计划	1,000,000,000.00	58,356,164.38	58,389,146.24			999,967,018.14
19 兴纾 01 (纾困债)	2,000,000,000.00	70,250,000.00	70,250,000.00			2,000,000,000.00
2019 years 度第二期债权融资计划	500,000,000.00	21,628,767.12	21,646,835.23			499,981,931.89
19 兴城 01 公司债	2,000,000,000.00	51,916,666.67	55,116,666.67			1,996,800,000.00
19 兴城 02 公司债	1,000,000,000.00	21,700,000.00	22,338,880.18			999,361,119.82
19 蓉兴债 01	1,500,000,000.00	19,700,000.00	21,500,000.00			1,498,200,000.00
19 兴城 03 债券	1,800,000,000.00	4,273,500.00	4,273,500.00			1,800,000,000.00
Total	10,803,291,217.89	768,378,738.04	699,986,443.83	434,480,506.24	157,100.00	22,216,664,066.94

5.33.2 Convertible corporate bonds

According to the approval of the China Securities Regulatory Commission [2017] No. 2384, Zhonghua Geotechnical Engineering Zhonghua Group Co., Ltd., a subsidiary of the company, publicly issued 6,036,600 convertible corporate bonds on March 15, 2018, each with a face value of 100 yuan. The total issuance is RMB 6.0366 billion, the bond period is 6 years, and the securities are referred to as "rock and soil convertible bonds", and the securities code is "128037".

The coupon rate of convertible corporate bonds is: 0.3% in the first year, 0.5% in the second year, 1.0% in the third year, 1.5% in the fourth year, 1.8% in the fifth year, and 2.0% in the sixth year. The interest is paid annually. March 15, 2019 is the first interest payment date. The conversion period starts from the date of issue (March 15, 2018) (including the day) and ends on the trading day immediately before the maturity date of the convertible corporate bonds (including the day). Holders can apply for a conversion within the conversion period. At the end of the period, RMB 2,463,557.34 of bond interest was accrued and recorded to the bond payable-interest payable account.

The initial conversion price of convertible corporate bonds at the time of issuance was RMB 8.05 per share. From January 1, 2019 to December 31, 2019, Zhonghua Geotechnical Engineering Group Co., Ltd. bonds decreased by 1,571 due to conversion to share capital, and the amount of converted share capital was RMB 19,514.00

5.34 Long-term payables

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Long-term payables	4,786,842,323.50	3,089,729,960.85
Specific payables	1,744,942,715.48	7,259,695,200.96
Total	6,531,785,038.98	10,349,425,161.81

5.34.1 Long-term payables

Nature	Balance as at 31/12/2019	Balance as at 1/1/2019
成都财政局款项	3,701,030,000.00	2,701,030,000.00
成都市智汇新城投资发展有限公司款项	480,927,080.79	
平安国际保理款	284,593,319.47	38,661,096.01
远东国际保理款	100,000,000.00	
成都建工地产开发有限责任公司款项	66,088,857.54	
Total	4,632,639,257.80	2,739,691,096.01

5.34.2 Specific payables

Item	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019
其他代建项目专	1,004,631,433.30	399,543,160.00	580,611,969.00	823,562,624.30

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019
项拨款				
张家岩水库直接引水至老鹰水库管道工程项目	60,000,000.00	273,320,000.00	8,500,328.39	324,819,671.61
党校代建项目	184,033,171.91	60,000,000.00		244,033,171.91
公安局代建项目	391,900,000.00	180,000,000.00	451,900,000.00	120,000,000.00
重大市政拨改租项目	304,280,000.00	998,820,100.00	1,253,930,100.00	49,170,000.00
Total	1,944,844,605.21	1,911,683,260.00	2,294,942,397.39	1,561,585,467.82

5.35 Long-term employee benefits payable

Category	Balance as at 31/12/2019	Balance as at 1/1/2019
Termination benefits	5,465,776.79	5,465,776.79
Total	5,465,776.79	5,465,776.79

5.36 Provisions

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
Pending litigation		10,000,000.00
Others	14,018,857.34	12,386,451.21
Total	14,018,857.34	22,386,451.21

Note: Others main are: 1. Expected retired personnel expenses and family support for deceased employees 11,172,154.12 yuan; 2. Zhonghua Geotechnical is expected to issue rewards 2,846,703.22 yuan.

5.37 Deferred income

5.37.1 Deferred income by category

Item	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019	Reason for the deferred income
Government grants	60,791,196.44	61,779,486.66	18,102,071.24	104,468,611.86	
Total	60,791,196.44	61,779,486.66	18,102,071.24	104,468,611.86	

5.37.2 Deferred income – government grants

Item	Balance as at 1/1/2019	Increase for current period	Recorded in profit and loss for current period	Recovery for current period	Balance as at 31/12/2019
科技领军企业产学研用创新联盟补贴资金（药用辅料创新）					500,000.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

克拉霉素颗粒一致性评价研究		200,000.00	875,000.00		675,000.00
中药复方制剂血必净注射液高技术产业化示范工程			135,000.00		360,000.00
血必净自动化生产在线质量控制			11,933.28		35,800.43
血必净扩产项目			50,000.04		1,699,999.76
化学多糖类药物-磺达肝葵钠五糖的大规模制备技术					500,000.00
工业科技开发专项资金-技术中心试验条件建设项目			37,500.00		168,750.00
武清区千企转型升级扶持资金项目			174,999.96		1,881,250.05
中药配方颗粒智能制造数字化车间项目		200,000.00			300,000.00
道地药材“安泽连翘”规范化生产基地建设项目			86,450.04		506,277.08
中药配方颗粒自动化生产基地补助项目			161,750.02		5,486,020.83
康仁堂生产线提升			358,877.16		3,073,932.55
康仁堂废水深度处理项目			45,288.24		1,713,405.82
康仁堂物流标准化项目			34,863.84		280,628.07
房租租金补助		124,272.00	124,272.00		62,136.00
发展补助资金			940,000.00		3,788,328.34
G20 后备企业培育			232,786.84		672,880.29
无线远程数字多参数监护项目			75,492.21		537,675.33
中药产品自动化生产基地			119,944.92		3,940,027.54
中药提取高新技术产业化项目			133,807.08		3,733,096.46
配方颗粒生产车间智能化建设			41,874.96		649,062.52
搬迁补偿			306,833.48		3,221,843.97
靶向 CD20 的抗肿瘤烯二炔强化抗体融合蛋白的临床申报及产业化研究			62,499.96		195,208.45
基于互联网应用的中医健康平台建设项目			134,062.50		134,062.50
产业发展补助资金			14,849.28		653,381.59
years 产 3000 吨新型药用辅料羟丙纤维素技改项目			719,972.42		7,217,445.55
财政局 2015 years 工业发展资金拨款			171,790.67		1,731,563.14
湖州市财政局工业发展资金			38,866.67		391,756.36
治疗脓毒症的化学 I 类新药注射用甲磺酸苦柯氨 B 的临床研究		1,900,000.00	804,166.67		
血必净注射液药代动力学研究		270,000.00	67,500.00		
中药智能化 WMS 管理系统建设项目		5,900,000.00	380,645.16		
2018 years 智能制造专项资金		8,000,000.00	455,229.14		
大气污染防治中央专项资金（在线监测建		120,000.00			

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

设)					
高新技术企业再认证补助		100,000.00			
深基坑支护设备购置补贴		741,837.85	4.00		
财政局工业化项目生产基地扶持资金	59,208,670.82		9,688,285.08		
稳岗补贴		113,844.18	35,000.00		
旅游补助收入	1,582,525.62		1,582,525.62		
Total	60,791,196.44	17,669,954.03	18,102,071.24		44,109,532.63

Note: Other changes in this period were mainly due to the merger and acquisition of Sinochem Rock Group Co., Ltd.

and Tianjin Chase Sun Pharmaceutical Co., Ltd.

5.38 Other current liabilities

项目 Item	Balance as at 31/12/2019	Balance as at 1/1/2019
政府无偿代垫河南康仁堂颗粒生产基地建设工程款	20,000,000.00	
Total	20,000,000.00	

5.39 Share capital

Item	Balance as at 1/1/2019	Movement					Balance as at 31/12/2019
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	
成都市国有资产监督管理委员会	5,525,400,000.00						5,525,400,000.00
Total shares	5,525,400,000.00						5,525,400,000.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

5.40 Other equity instruments

Issued Financial instrument	As at 1/1/2019		Increase		Decrease		As at 31/12/2019	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
1. 华融国际信托有限责任公司永续债	1.00	1,000,000,000.00					1.00	1,000,000,000.00
2. 中国建设银行股份有限公司成都第五支行长期限含权中期票据	1.00	1,900,000,000.00					1.00	1,900,000,000.00
3. 兴业国际信托有限公司可续期信托贷款	1.00	500,000,000.00					1.00	500,000,000.00
4. 长安国际信托股份有限公司可续期信托贷款	1.00	1,000,000,000.00					1.00	1,000,000,000.00
5. 中国工商银行春熙支行（永续债）	1.00	1,000,000,000.00					1.00	1,000,000,000.00
6. 中国工商银行春熙支行（永续债）	1.00	769,500,000.00				121,500,000.00	1.00	648,000,000.00
7. 中国工商银行春熙支行（永续债）			1.00	1,000,000,000.00		50,000,000.00	1.00	950,000,000.00
8.19 兴城 Y1			1.00	1,700,000,000.00			1.00	1,700,000,000.00
9. 工银金融资产投资有限公司永续债			1.00	993,700,000.00			1.00	993,700,000.00
10. 工银金融资产投资有限公司永续债			1.00	1,479,799,997.00			1.00	1,479,799,997.00
Total	6.00	6,169,500,000.00	4.00	5,173,499,997.00		171,500,000.00	10.00	11,171,499,997.00

Note1: On December 27, 2016, the Company and Huarong International Trust Co., Ltd. signed "Hua Rong, Chengdu Xingcheng Group Perpetual Debt Collective Fund Trust Plan for Perpetual Creditor Investment Contract, the contract number is Huarong Trust (2016) Trust No. 353 - Investment No. 1. Article 2 of the contract stipulates that both parties confirm and agree that Party A intends to carry out the perpetual credit-type equity investment of Party B under the trust plan. Article 4 stipulates that the total investment price under the contract shall not exceed RMB 3.5 billion (¥3,500,000,000. 00 yuan), and the investment price may be paid in separate amounts. The specific amount shall be based on the total amount of the investment price actually paid. Article 5 stipulates that the investment period under the contract is not fixed. From the date of the investment term (inclusive) to the date when Party B applies for early redemption of the perpetual claim or Party B applies for the investment under this contract (excluding) or other expiration date as agreed in the relevant contract. Unless otherwise agreed by the parties, on the date of the fifth investment period from the start of No i investment period and every interest day of the 5+i year from the start of No i investment period or any other time determined by mutual agreement, the Company has the right to apply in writing to Huarong Trust Company for the expiration of No i issue, and return to Huarong Trust Company investment price with the expiration application and the corresponding unpaid total investment income (including investment income under deferred payment under No I investment, and all other payables. Article 6 :Regarding the investment income agreement, in addition to the contract, the Company shall pay Huarong Trust Company the current investment income corresponding to No i investment price on the No i investment income payment date. Unless there is a compulsory payment event, the Company may, at each payment date under this contract, choose to defer the current investment income corresponding to No i investment price and all investment income deferred in accordance with this clause to the next payment date, which is not subject to any number of deferred payments. The deferral of the aforementioned investment income does not constitute Party B's failure to pay the investment income to Party A in full in accordance with this contract. The company received the above investment of 1,000,000,000.00 yuan.

Note2: According to the registration notice and the prospectus of the China Association for the Advancement of [2017] MTN [336], in July 2018, the Company issued the first medium-term notes for 2018 with a registered amount of 4,000,000,000.00 yuan, and the issue amount of the current period is 1,900,000,000.00 yuan. The term of the MTN is 5+N years (N=0,1,2,3..., including the redemption rights of issuers at the end of the fifth year) and is issued to institutional investors in the national inter-bank bond market. The rate is determined by using fixed interest rate. The coupon rate of the first five interest-bearing years of the current medium-term notes will be determined through centralized bookkeeping and centralized placement, and will remain unchanged during the first five interest-bearing

years. From the sixth interest-bearing year, the coupon rate is reset every three years; the coupon rate for the first five interest-bearing years is the initial benchmark interest rate plus the initial spread. If the issuer does not exercise the redemption right, the coupon rate will be adjusted to the current benchmark interest rate plus the initial spread plus 300 basis points from the 6th interest-bearing year. The coupon rate remains from the 6th interest-bearing year to the 8th interest-bearing period. If the future benchmark interest rate is not available on the interest rate reset date due to factors such as macroeconomic and policy changes, the coupon rate will be determined by the initial interest rate before the coupon rate reset date plus the initial spread and 300 basis points. Call and put provisions: On the fifth and subsequent interest payment dates of the current medium-term notes, the issuer has the right to redeem the current medium-term notes at face value plus interest payable (including all deferred interest payments and their interest). The issuer owns the redemption rights of the current medium-term notes. During the time specified in the aforesaid redemption clause, if the issuer decides to exercise the redemption right, the issuer shall publish the "Early Redemption Notice" on the information disclosure media designated by the competent authority in accordance with the relevant regulations one month in advance before the redemption date. The redemption work was completed by the agent of Shanghai Clearing House. The medium-term notes issued this time do not have an investor repurchase clause, and investors have no redemption rights.

Note3: On September 8, 2017, the company signed a Renewable Trust Loan Contract with Xingye International Trust Co., Ltd., the contract number is CIIT[2017]0665XTDK. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 5 million yuan (500,000,000 yuan). Article 4 of the contract stipulates that both parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract. The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term. If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and the loan term expires. The date is the natural expiration date. The loan interest rate for the initial loan term is confirmed by the benchmark

interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 117.9%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly. The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

Note4: On November 23, 2017, the Company signed a Renewable Trust Loan Contract with Changan International Trust Co., Ltd., which number is Ning Shan Xingcheng 17481765. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 1 million yuan(100,000,000 yuan). Article 4 of the contract stipulates that both parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract. The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term. If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and the loan term expires. The date is the natural expiration date. The loan interest rate for the initial loan term is confirmed by the benchmark interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 124.22%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly. The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

Note 5: On April 24, 2018, the Company signed the "Debt Investment Agreement" with the Industrial and Commercial Bank of China Chunxi Branch. Article 1 of the contract stipulates that the amount of credit investment under this agreement is a capital of RMB 100 million. Article 2 of the contract stipulates that both parties confirm that the trust loan is an unlimited number of renewable debt investments. On the 30th natural day before the due date

of the amortization of the creditor's rights, the financier has the right to choose to repay the principal of the creditor's rights or defer the repayment in the current period. Article 3 of the contract stipulates that the initial investment period is 3 years, and the initial investment interest rate is implemented by the benchmark interest rate of the People's Bank of China for 1-3 years, which is up to 62.1053%. If the principal and interest are repaid in the current period, the financing rate will be increased by 300 BP on the existing basis for each extension. The principal of this debt investment will be paid in installments from 2019 to 2021. It will be paid no less than twice a year and will be paid once every six months. The parties confirm that the claim is a renewable debt investment.

Note 6: On September 27, 2018, the Company and the Industrial and Commercial Bank of China Co., Ltd. Chengdu Chunxi Branch signed the "Debt Investment Agreement" with an investment of 1 billion yuan and an initial investment period of 2 years. The initial investment interest rate was calculated at a rate of 47.3685% based on the benchmark interest rate of the People's Bank of 1-3 years, which is 7%/year (adjusted with the adjustment of the benchmark interest rate of the People's Bank of China, with a period of 12 months, one period and one adjustment). When the financier chooses to repay the repayment of the principal and interest in the current period, each time the deferred period, the financing interest rate will rise by 200 BP on the existing basis, with the upper limit of 12%/year (inclusive). The creditor's right investment shall exist for a long time, and the financier shall repay the loan in arrears by 5% and 95% in the first year and the second year after the initial investment date. The repayment of the principal amount in the current period is the corresponding date of the initial investment date in the corresponding year. If there is no corresponding date, it is the next day of the corresponding maturity date. When the principal is repaid, the accrued unpaid interest corresponding to the principal shall be settled. The financier has the right to choose to postpone the repayment of the principal, and the number of extensions is not limited. For each deferral, the financing interest rate is raised by 200 basis points based on the current interest rate, with an upper limit of 12%/year (inclusive).

Note 7: On September 26, 2019, the Company and the Industrial and Commercial Bank of China Co., Ltd. Chengdu Chunxi Sub-branch signed a debt investment agreement with an investment amount of 1 billion yuan and an initial investment period of 3 years. The initial investment interest rate is executed by 36.8422% above the benchmark interest rate of the People's Bank of China with a period of 1-3 years, which is 6.5% per year (adjusted with the adjustment of the People's Bank's benchmark interest rate, with 12 months as a period, one period and one adjustment). When the financier chooses to postpone the repayment of the principal and interest repayable in the current period, the financing interest rate will rise by 200 BP on the existing basis every time the postponed, and the

upper limit is 10% per year (inclusive). The principal repayable in the current period is the corresponding day of the initial investment day in the corresponding year. If there is no corresponding day, it is the next day of the corresponding maturity date. When repaying the principal, the accrued unpaid interest corresponding to the principal shall be settled. The financier has the right to choose to postpone the repayment of the principal. The number of extensions is unlimited. For each deferral, the financing interest rate is raised by 200 basis points on the basis of the current interest rate, subject to an upper limit of 10% per year (inclusive).

Note 8: On November 22, 2019, the company issued a 2019 non-public issuance of renewable corporate bonds, with a capital raised of 1.7 billion yuan. This non-public issuance of renewable corporate bonds takes no more than 5 interest-bearing years as a repricing cycle. At the end of each repricing cycle, the issuer has the right to choose to extend the term of the bond for one cycle, or choose to redeem the bond in full. The issuer shall disclose the announcement of the exercise of the renewal option in the designated area at least 30 trading days before the annual interest payment date of the renewal option exercise. The renewable bonds are interest-bearing with simple interest and pay interest annually. If there is deferred, each deferred interest shall be calculated at the current coupon rate during the deferred period. The coupon rate of the bond's first pricing cycle will be determined by the company and the lead underwriter in accordance with relevant national regulations within the interest rate inquiry range based on the results of offline inquiry, and will remain unchanged during the first pricing cycle. In subsequent pricing cycles, the coupon rate is reset once per pricing cycle. The coupon rate for the first pricing cycle is the initial base rate plus the initial spread. The initial benchmark interest rate is the average value of the yield of the national debt yields 250 working days before the book-building date (rounded to 0.01%). The maturity period of the yield of the national debt yields in the China Bond Interbank Fixed Rate Treasury Yield Curve published by the China Bond Information Network (or other websites approved by the Central Government Bond Registration and Clearing Co., Ltd.) is consistent with the base maturity of this bond. The initial interest spread is the difference between the coupon rate of the first pricing cycle and the initial benchmark interest rate, and will remain unchanged when the coupon rate is subsequently reset. If the issuer exercises the option of renewal, the coupon rate of the subsequent pricing cycle is adjusted to the current benchmark interest rate plus the initial spread plus 300 basis points, and remains unchanged during the subsequent pricing cycle. (That is, the formula of the coupon rate is: the coupon rate of the current period = the benchmark interest rate of the period + the initial spread + 300bps).

Note 9: On March 31, 2019, Chengdu Jiangong Group Co., Ltd., a subsidiary of the Company, and ICBC Financial Assets Investment Co., Ltd. signed the "Convertible and Renewable Debt Rights Agreement" with the contract

number GYTZ-CDJG-201902002. Article 1 of the contract stipulates that the subject bond refers to the transfer of the ICBC Sichuan Branch-Financial Planning Agent to ICBC Financial Asset Investment Co., Ltd. according to the "Bond Transfer Agreement" [number : GYTZ-CDJG-201902001]signed by ICBC Financial Asset Investment Co., Ltd. Corporate bonds. The principal of the bond does not exceed 600 million yuan. On March 31, 2019, Chengdu Jiangong Group Co., Ltd., a subsidiary of the Company, and ICBC Financial Assets Investment Co., Ltd. signed the "Convertible and Renewable Debt Rights Agreement" with the contract number GYTZ-CDJG-201902004. Article 1 of the contract stipulates that the subject bond refers to the transfer of the ICBC Sichuan Branch-Financial Planning Agent to ICBC Financial Asset Investment Co., Ltd. according to the "Bond Transfer Agreement" [number : GYTZ-CDJG-201902003]signed by ICBC Financial Asset Investment Co., Ltd. Corporate bonds. The principal of the bond does not exceed 400 million yuan. According to the agreement, the initial investment period of this convertible bond is 2 years, and the financier has the right to choose to repay the principal of the debt or deferred repayment 30 days before the expected maturity date of the debt. Each extension of the repayment period is 1 year. Both principal and interest can be deferred. The number of times the financier chooses to defer payment is not limited. For each deferral, the original execution rate base + M * 3%, and the total number of increases is not more than 2 times. According to the agreement, the settlement order is as follows: in the event of a liquidation situation in Chengdu Construction Engineering Group Co., Ltd., the debt settlement sequence is inferior to ordinary bonds and other debts issued by Chengdu Construction Engineering Group Co., Ltd.. Chengdu Construction Engineering Group Co., Ltd. terminated the confirmation of ICBC loans of RMB 600,000,000.00 and RMB 393,700,000.00 and confirmed other equity instruments of RMB 993,700,000.00 on March 31, 2019 according to the above agreement

Note 10: On September 29, 2019, Chengdu Jiangong Group Co., Ltd., a subsidiary of the Company, and ICBC Financial Asset Investment Co., Ltd. signed the "Convertible and Renewable Debt Agreement" with the contract number GYTZ-CDJG-201902007. According to the contract, ICBC Financial Assets Investment Co., Ltd., according to the "Credit Asset Transfer Contract", agreed that the principal amount corresponding to the transferred creditor's rights shall not exceed RMB 1,479,799,997.00. According to the agreement, the expected term of convertible debt under this agreement is 15 months. The financier has the right to redeem convertible renewable claims or extend the period of convertible renewable claims under this agreement 30 days before the expiry of the expected period of convertible renewable claims. Both principal and interest can be deferred. The number of times the financier chooses to defer payment is not limited. For each deferral, the original execution rate base + M * 3%, and the total number of increases is not more than 2 times. According to the agreement, the settlement order is as follows: in the event of a

liquidation situation in Chengdu Construction Engineering Group Co., Ltd., the debt settlement sequence is inferior to ordinary bonds and other debts issued by Chengdu Construction Engineering Group Co., Ltd. Chengdu Construction Engineering Group Co., Ltd. recognized other equity instruments at RMB 1,479,799,997.00 on September 29, 2019 based on the above agreement.

5.41 Capital reserve

Category	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019
I. Share premiums	924,214,811.37			924,214,811.37
II. Other capital reserves	21,232,525,272.93	2,150,000,000.00	1,304,436,211.50	22,078,089,061.43
Total	22,156,740,084.30	2,150,000,000.00	1,304,436,211.50	23,002,303,872.80

Note1: The increase in capital reserve in the current period was mainly due to the capital received by the company this year which is allocated to Chengdu Medical and Health Investment Group Co., Ltd., Chengdu Tianfu Green Road Construction Investment Co., Ltd., and the east-west axis project capital by the Chengdu Municipal Treasury Payment Center.

Note 2: The main reasons for the decrease in capital reserves in the current period are: the merger level flushed back to the previously recognized goodwill of the subsidiaries Tianjin Chase Sun Pharmaceutical Co., Ltd. and Sinochem Rock Group Co., Ltd.;the Company's acquisition of the minority shareholder's equity difference of Tianjin Chase Sun Pharmaceutical Co., Ltd.

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

5.42 Other comprehensive income

Item	As at 1/1/2019	Movement in the year					As at 31/12/2019
		Amount before tax	Less: other comprehensive income in prior periods transfer in profit or loss for the current period	Less: income tax	Amount after tax attributable to the Company	Amount after tax attributable to minority interests	
I. Other comprehensive income items which will not be reclassified subsequently to profit or loss							
II. Other comprehensive income items which will be reclassified subsequently to profit or loss	125,829.54	2,726,232,147.16		530,258,108.07	2,205,275,248.50	-9,301,209.41	2,205,401,078.04
Including: Gains or losses arising from changes in fair value of available-for-sale financial assets		-21,340,822.26			-4,741,930.71	-16,598,891.55	-4,741,930.71
Translation differences from translation of foreign currency financial statements	125,829.54	11,172,095.64			3,874,413.50	7,297,682.14	4,000,243.04
Others		2,736,400,873.78		530,258,108.07	2,206,142,765.71		2,206,142,765.71
Total	125,829.54	2,726,232,147.16		530,258,108.07	2,205,275,248.50	-9,301,209.41	2,205,401,078.04

Note: Others are mainly due to the conversion of fixed assets, inventories and other assets for own use in the current period into investment real estate measured at fair value

5.43 Special reserve

Category	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019
Safety costs	29,940,759.41	1,233,816,885.32	1,221,077,765.13	42,679,879.60
Total	29,940,759.41	1,233,816,885.32	1,221,077,765.13	42,679,879.60

5.44 Surplus reserve

Category	Balance as at 1/1/2019	Increase	Decrease	Balance as at 31/12/2019
Statutory surplus	449,225,353.20	35,949,951.04		485,175,304.24
Total	449,225,353.20	35,949,951.04		485,175,304.24

5.45 Retained earnings

Item	As at 31/12/2019	
	Amount	Appropriation proportion
Retained earnings As at 1/1/2019 before adjustment	3,474,204,448.37	
The total adjustment of retained earnings As at 1/1/2019 (Increase+, decrease-)	4,412,720,135.83	
Retained earnings As at 1/1/2019 after adjustment	7,886,924,584.20	
Add: Net profit attributable to the Company during the year	491,193,015.48	---
Less: Appropriation of statutory surplus reserve	35,949,951.04	10%
Appropriation of discretionary surplus reserve		
Common share dividends payable	436,340,000.00	
Common share dividends converted to share capital		
Others	472,990,128.38	
Retained earnings As at 31/12/2019	7,432,837,520.26	

Note 1: The adjustment of undistributed profits at the beginning of the period was caused by changes in accounting policies, affecting the amount of RMB 4,412,720,135.83

Note2 : Others is the interest on perpetual bonds of other equity instruments RMB 472,990,128.38.

5.46 Operating income and operating cost

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
I. Primary operating business	63,021,608,690.55	54,910,349,591.73	43,439,690,573.29	39,086,407,716.86
Construction industry	51,898,158,652.75	48,787,974,200.14	36,924,451,960.36	34,814,739,862.55
Estate sales	3,553,968,376.24	2,071,050,151.23	3,524,208,878.75	2,232,250,997.97
Asset lease	514,367,127.41	114,049,662.31	438,676,664.19	198,200,197.20
Hotel and tourism	175,602,132.26	23,375,473.01	172,487,418.00	18,377,892.99
Building materials and logistics	2,247,260,555.03	2,071,779,518.12	1,998,047,478.19	1,722,893,855.58
Pharmaceutical manufacturing and sales	3,942,682,962.03	1,528,298,832.57		
Equipment rental and sales	229,170,985.38	141,891,897.22		
II. Other operating business	460,397,899.45	171,929,857.13	381,818,173.80	99,944,910.57
Others	257,534,460.19	233,641,397.88	224,618,269.33	147,542,638.26
Total	257,534,460.19	233,641,397.88	224,618,269.33	147,542,638.26

5.47 Taxes and surcharges

Item	Year ended 31/12/2019	Year ended 31/12/2018
Resource tax	857,934.68	516,002.59
Property tax	78,026,371.82	71,027,986.03
Land use tax	42,362,927.92	32,472,466.49
Urban maintenance and construction tax	77,368,349.50	63,861,383.58
Educational surcharge	59,412,874.06	46,475,046.39
Stamp duty	6,835,155.40	6,762,952.36
Land-value increment tax	443,959,434.33	186,630,656.44
Other	5,915,312.48	90,898,101.77
Total	714,738,360.19	498,644,595.65

5.48 Selling and distribution expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Dispensing service fee	787,038,435.49	
Employee benefits	268,773,894.24	69,189,438.54
Academic promotion fee	211,236,799.43	
Market investigation fee	205,538,619.73	
Conference expenses	61,982,485.13	
Transportation fee	51,011,594.71	6,527,916.70
Advertising expenses	41,106,418.95	39,320,492.51
Material consumption	39,980,077.77	
Entertainment expenses	37,066,502.44	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
Agency commission	34,351,057.56	11,886,959.90
Travel expenses	33,558,498.11	-
Depreciation	23,854,197.12	892,022.42
Office allowance	20,843,856.85	1,229,325.56
Consulting fee	3,498,544.78	1,568,192.45
Consignment fee	1,420,596.28	2,431,089.62
Property management fee	1,412,557.55	2,829,870.64
Sale service fee	1,254,610.20	4,146,588.70
Others	76,718,495.61	38,235,377.59
Total	1,900,647,241.95	178,257,274.63

5.49 General and administrative expenses

Category	Year ended 31/12/2019	Year ended 31/12/2018
General and administrative expenses	1,750,243,854.22	1,167,311,168.73
Research and development expenses	347,014,267.09	55,569,452.08
Total	2,097,258,121.31	1,222,880,620.81

5.49.1 General and administrative expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Employee benefits	1,156,639,723.71	787,061,898.87
Depreciation	145,139,191.31	101,888,954.07
Office allowance	90,359,612.41	69,211,493.71
Travel expenses	26,930,304.23	12,721,817.32
Premium for property insurance	9,915,790.11	6,979,388.56
Lease fee	20,735,496.08	4,550,276.68
Repair charge	30,186,676.83	14,644,083.25
Afforestation fees	577,116.41	360,899.79
Conference expenses	928,164.67	409,995.55
Intangible asset depreciation	13,539,665.40	11,378,532.46
Entertainment expenses	14,746,329.70	3,617,540.39
Hire agency fee	11,016,135.07	3,119,622.81
Transportation fee	6,474,532.07	1,905,849.15
Consulting fee	59,819,261.25	28,909,834.44
Advertising expenses	5,972,601.80	4,651,781.45
Litigation costs	1,035,372.04	4,160,358.89
Material consumption	6,970,917.37	1,169,793.04
Corporate culture construction fee	1,296,154.56	330,420.90
Organization fee for Party	2,775,284.75	223,864.73

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
Others	145,185,524.45	110,014,762.67
Total	1,750,243,854.22	1,167,311,168.73

5.49.2 Research and development expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Employee benefits	142,449,693.19	37,478,039.62
Raw material	92,795,033.28	1,484,206.59
Interim trial fee	10,184,117.42	
Depreciation and amortization	26,285,950.15	8,153,935.45
Technology development	37,266,368.37	7,577,905.16
Investigation fee	1,971,470.96	
Energy cost	5,699,667.71	
Maintenance testing fee	3,199,987.82	
Information material fee	239,681.67	
Registration review fee	486,600.00	
Shares incentive	2,236,000.00	
Others	24,199,696.52	875,365.26
total	347,014,267.09	55,569,452.08

5.50 Finance expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Interest expenses	1,672,202,448.79	1,115,593,730.06
Less: interest income	320,196,618.73	169,606,137.23
Losses from foreign exchange	-7,554,205.46	-979,824.46
Less: Gains from foreign exchange	618,024.81	
Others	45,592,523.28	11,605,801.35
Total	1,389,426,123.07	956,613,569.72

5.51 Impairment on assets

Item	Year ended 31/12/2019	Year ended 31/12/2018
Allowance for doubtful debts	493,879,782.01	195,222,122.08
Provision for diminution in value of inventory	-29,900,530.02	3,026,293.32
Impairment loss for intangible assets	10,100,000.00	
Total	474,079,251.99	198,248,415.40

5.52 Gain from fair value changes

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Source of gains/(losses) from changes in fair value	Year ended 31/12/2019	Year ended 31/12/2018
Investment property measured by fair value	27,410,109.76	-41,836,245.17
Total	27,410,109.76	-41,836,245.17

5.53 Investment income

Category	Year ended 31/12/2019	Year ended 31/12/2018
Gain/(Loss) from long-term equity investments in equity method	-62,743,212.51	1,464,526.50
Gain/(Loss) on disposal of long term equity investment	5,895,452.44	317.22
Gain/(Loss) from financial assets measured at fair value through profit and loss for the current period		
Gain/(Loss) on disposal of financial assets measured at fair value through profit or loss for the current period		
Gain/(Loss) on held-to-maturity financial assets during the holding period	2,392,000.00	2,392,000.00
Gains/(Loss) on disposal of held-to-maturity financial assets		
Gains on available-for-sale financial assets during the holding period	893,059.55	
Gains on disposal of available-for-sale financial assets		
Gains on remeasurement of the remaining equity at fair value after losing control		
Others	-438,446.66	-2,027,534.04
Total	-54,001,147.18	1,829,309.68

5.54 Gains (Losses) from disposal of assets

Item	Year ended 31/12/2019	Year ended 31/12/2018
Gains from disposal of non-current assets	1,733,054.09	220,575.35
Gains from disposal of land	13,249,886.24	
Total	14,982,940.33	220,575.35

5.55 Other income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Amortization of deferred income	15,501,656.67	12,725,617.44
Supporting funds	1,086,659.19	950,000.00
Personal income tax return	478,382.59	313,139.77

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Technical transformation subsidy	280,000.00	
Other subsidies	150,387.00	
Other sporadic subsidies	956,050.68	
Enterprise key laboratory acceptance funds	1,000,000.00	
Talent subsidy	205,000.00	
Financing rewards	851,821.14	2,648,800.00
Social insurance premium refund	782,611.72	
Marketing funds	2,000,000.00	
Tax refund	1,881,833.22	
Post stability subsidies	3,078,840.49	1,298,737.98
R & D investment subsidies	6,010,000.00	
Patent grant	45,552.50	
Special subsidies	945,120.00	
Total	35,253,915.20	17,936,295.19

5.56 Non-operating income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount to be included in non-recurring gain or loss for the year
Non-current assets damage and scrap gains	219,381.72	639,672.66	219,381.72
Gains on debt restructuring	9,240,933.49		9,240,933.49
Donation	65,265.37	158,564.36	65,265.37
Government grants from non-routine activities	18,256,876.85	630,000.00	18,256,876.85
Others	24,962,498.73	10,594,153.56	24,962,498.73
Total	52,744,956.16	12,022,390.58	52,744,956.16

Government subsidies included in non-operating income

Item	Year ended 31/12/2019	Year ended 31/12/2018	Related to assets or income
Jinniu District Industry Support Fund (Management Team Reward)	314,000.00	630,000.00	Related to income
Village public project financial discount	143,560.30		Related to income
2018 cultural and creative projects promote advanced collective bonuses	50,000.00		Related to income
Hotel industry support bonus	1,582,525.62		Related to income
Street support money	803,700.00		Related to income
Special funds for high-tech industrial development zones	2,000,000.00		Related to income
Tax incentives	781,129.69		Related to income
Tax refund	9,231,891.25		Related to income

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Chase Sun Industry Support Fund	1,775,230.38		Related to income
Investment incentives	640,000.00		Related to income
Business policy rewards	200,000.00		Related to income
Open economic policy support funds	120,000.00		Related to income
Government support funds	61,500.00		Related to income
Patent subsidies and bonuses	10,000.00		Related to income
Other sporadic subsidies	543,339.61		Related to income
Total	18,256,876.85	630,000.00	—

5.57 Non-operating expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018	Amount to be included in non-recurring gain or loss for the year
Non-current assets damage and scrap loss	2,087,409.10	502,756.17	2,087,409.10
Loss on debt restructuring			
Donation	7,310,327.44	2,357,528.40	7,310,327.44
Penalty	1,339,560.26	17,172,879.94	1,339,560.26
Litigation	11,341,943.10		11,341,943.10
Others	12,290,579.30	5,059,391.41	11,846,550.05
Total	34,369,819.20	25,092,555.92	34,369,819.20

5.58 Income tax expenses

5.58.1 Details of income tax expenses

Item	Year ended 31/12/2019	Year ended 31/12/2018
Current income tax expense calculated according to tax laws	734,139,871.36	625,080,705.19
Deferred income tax	-202,380,090.50	-307,595,792.98
Others	590,988.77	1,581,868.92
Total	532,350,769.63	319,066,781.13

5.58.2 Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount
Profit before tax	1,601,024,017.69
Income tax expenses calculated at statutory/applicable tax rates	400,256,004.42
Effect of different tax rate	-81,874,386.68
Effect of adjustment for income tax in prior year	2,801,540.86
Effect of income not subject to income tax	9,687,903.55
Effect of expenses undeductible for tax purposes	39,452,662.81

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Amount
Effect of utilization of tax losses in prior years which haven't been recognized deferred tax assets	-19,370,495.99
Effect of unrecognized deductible temporary differences and deductible losses in current period	84,094,098.17
Other (Merger offset)	-28,466,634.47
Income tax expenses	125,770,076.96

5.59 Supplement to statement of cash flows

5.59.1 Supplement to statement of cash flows

Item	Year ended 31/12/2019	Year ended 31/12/2018
1. Net profit adjusted to cash flows from operating activities		
Net profit	1,089,385,556.28	1,152,540,661.11
Add: provision for asset impairment	474,079,251.99	198,248,415.40
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	458,109,972.58	133,079,817.36
Amortization of intangible assets	60,593,258.86	22,257,919.12
Amortization of long-term deferred expenses	72,480,785.64	38,665,289.58
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-14,982,940.33	-220,575.35
Losses on write-down of fixed assets ("-" for gains)	1,868,027.38	-136,916.49
Losses from changes in fair value ("-" for gains)	-27,410,109.76	41,836,245.17
Financial expenses ("-" for income)	1,672,202,448.79	1,115,593,730.06
Investments losses ("-" for gains)	33,288,838.96	-1,829,309.68
Decreases in the deferred tax assets ("-" for increases)	28,587,897.08	-320,215,602.15
Increases in the deferred tax liabilities ("-" for decreases)	1,063,252,219.37	-34,233,436.54
Decreases in inventories ("-" for increases)	-17,406,025,794.03	-17,297,329,021.46
Decreases in operating receivables ("-" for increases)	-11,999,590,404.45	-3,019,026,157.33
Increases in operating payables ("-" for decreases)	16,004,536,732.55	6,306,285,519.50
Others		
Net cash flows from operating activities	-8,489,624,259.09	-11,664,483,421.70
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash As at 31/12/2019	23,201,296,242.80	13,035,128,868.44

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	Year ended 31/12/2019	Year ended 31/12/2018
Less: cash As at 1/1/2019	13,035,128,868.44	14,681,495,896.28
Add: cash equivalents As at 31/12/2019		-
Less: cash equivalents As at 1/1/2019		-
Net increase in cash and cash equivalents	10,166,167,374.36	-1,646,367,027.84

5.59.2 Net cash paid of acquiring subsidiaries during the year

Item	Amount
Cash and cash equivalents paid during the year for business combination incurred in the year	1,971,827,644.5
Less: cash and cash equivalents held by subsidiaries at acquisition date	1,340,245,498.38
Add: cash and cash equivalents paid during the year for business combination incurred in prior periods	
Net cash paid of acquiring subsidiaries during the year	631,582,146.20

5.59.3 Net cash received from disposing subsidiaries during the year

Item	Amount
Cash and cash equivalents received during the year from disposing subsidiaries incurred in the year	797,918,539.59
Less: Cash and cash equivalents held by subsidiaries when losing control	211,790,995.30
Add: cash and cash equivalents received during the year from disposing subsidiaries incurred in prior periods	
Net cash received from disposing subsidiaries during the year	586,127,544.29

5.59.4 Cash and cash equivalents

Item	Balance as at 31/12/2019	Balance as at 1/1/2019
I. Cash	23,201,296,242.80	13,035,128,868.44
Including: cash on hand	3,888,149.25	2,532,200.83
Unrestricted bank deposits	23,197,408,093.55	13,032,596,667.61
II. Cash equivalents		
Including: bonds investment maturing within 3 months		
III. Cash and cash equivalents As at 31/12/2019	23,201,296,242.80	13,035,128,868.44
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries		

5.60 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2019	Restriction reason

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Cash at bank and on hand	302,390,732.32	Deposit and frozen provision
Inventories	8,275,513,644.14	Secured loans
Investment Property	752,015,790.48	Secured loans
Fixed assets	778,995,692.80	Secured loans
Intangible assets	553,537,676.09	Secured loans
Total	11,636,813,448.55	--

5.61 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 31/12/2019	Exchange rate	Balance translated into RMB as at 31/12/2019
Cash at hand and in banks	—	—	262,504,573.53
Including: USD	7,273,506.47	6.98	50,769,075.16
EUR	14,075,824.59	7.82	110,072,948.29
AUD	81,449.80	4.88	397,475.02
HKD	108,868,570.88	0.90	97,981,713.79
CAD	92,007.38	5.34	491,319.41
SGD	66,860.15	5.17	345,666.98
INR	24,463,748.79	0.10	2,446,374.88
Accounts receivable	—	—	94,350,786.90
Including: USD	12,653,873.10	6.98	88,265,961.44
EUR	622,528.66	7.82	4,865,372.76
CAD	42,598.43	5.34	227,565.07
INR	10,127,606.28	0.10	991,887.63
Prepayments	—	—	2,660,008.82
Including: USD	314,005.79	6.98	2,190,567.19
EUR	59,350.67	7.82	463,855.16
INR	57,040.30	0.10	5,586.47
Other receivables	—	—	19,096,404.20
Including: USD	50,285.36	6.98	350,800.73
EUR	20,056,372.20	0.90	17,966,498.22
HKD	848,881.58	0.90	760,411.14
INR	190,875.00	0.10	18,694.11
Accounts payable	—	—	68,603,885.54
Including: USD	6,459,501.11	6.98	45,062,771.65
EUR	554,428.50	7.82	4,333,135.94
CAD	376,174.84	5.34	2,009,563.61
INR	41,728,772.22	0.10	4,086,874.22

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

HKD	14,637,009.22	0.90	13,111,540.12
Advances from customers			8,620,166.12
Including: USD	1,199,671.19	6.98	8,369,146.15
EUR	22,689.09	7.82	177,326.58
CAD	6,687.34	5.34	35,724.44
INR	387,679.58	0.10	37,968.95
Short-term loans			103,014,700.00
Including: HKD	115,000,000.00	0.90	103,014,700.00
Employee benefits payable			79,428.72
Including: USD	2,201.15	6.98	15,355.66
INR	654,214.00	0.10	64,073.06
Taxes and surcharges payable			213,054.99
Including: USD	23,834.56	6.98	166,274.66
INR	477,647.60	0.10	46,780.33
Other payable			350,254.61
Including: USD	67,417.23	5.17	348,810.01
INR	14,750.00	0.10	1,444.60
Bonds payable			10,186,330,000.00
Including: USD	900,000,000.00	6.98	6,278,580,000.00
EUR	500,000,000.00	7.82	3,907,750,000.00
Non-current liabilities due within one year			72,988,154.40
Including:HKD	81,480,000.00	0.90	72,988,154.40
Long-term loans			94,056,900.00
Including:HKD	105,000,000.00	0.90	94,056,900.00

6. Changes in consolidation scope

6.1 Business combination involving enterprises not under common control

6.1.1 Basic business combination information

Acquiree	Investment date	Investment cost	Proportion of shares acquired (%)	Investment method	Acquisition date	Determination of acquisition date	Acquiree's income for the period from acquisition date to 31/12/2019	Acquiree's net profit for the period from acquisition date to 31/12/2019
天津红日药业股份有限公司	March 31, 2019	1,867,842,583.48	16.19	In Cash	March 31, 2019	The purchase agreement has been signed, the consideration has been paid, the industrial and commercial alteration registration has been completed, and the asset delivery has been completed.	3,959,115,991.25	232,114,119.56
中化岩土集团股份有限公司	March 31, 2019	2,346,679,490.44	29.19	In Cash	March 31, 2019	The purchase agreement has been signed, the consideration has been paid, the industrial and commercial alteration registration has been completed, and the asset delivery has been completed.	3,330,860,484.18	206,333,790.70

Note 1: Tianjin Chase Sun Pharmaceutical Co., Ltd.

Tianjin Chase Sun Pharmaceutical Co., Ltd. shareholders Tianjin Datong investment group Co., Ltd. (hereinafter referred to as the "Datong group"), which holds more than 5% of Chase Sun's shares, shareholders Yao Xiaoqing and Sun Changhai on November 25, 2018 respectively with Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as the "Chengchegn Group") signed the "about Tianjin Chase Sun Pharmaceutical Co., Ltd. of share transfer agreement (hereinafter referred to as the "share transfer agreement ").Datong Group transferred 344,765,773 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 11.45% of Chase Sun's total share capital; Yao Xiaoqing transferred 137,002,993 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 4.55%; Sun Changhai transferred 5,871,557 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 0.195%. The total number of shares transferred was 487,640,323 shares, accounting for 16.195% of Chase Sun's total share capital, and on January 10, 2019, it received the "Securities Transfer Registration Confirmation Letter" issued by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch submitted by Xingcheng Group. After confirmation of compliance by the Shenzhen Stock Exchange, the transfer registration procedures for the transfer of Chase Sun's shares to Xingcheng Group by Chase Sun's shareholder Datong Group with more than 5% of Chase Sun's shares, shareholder Yao Xiaoqing and shareholder Sun Changhai have been completed. The transfer registration date is January 9, 2019.

On January 21, 2019, the Company signed the "Agreement on Supporting Chengdu Xingcheng Investment Group Co., Ltd. to Acquire Actual Control of Tianjin Chase Sun Pharmaceutical Co., Ltd." with Yao Xiaoqing and Datong Group. On the same day, the Company and Yao Xiaoqing signed the "Entrustment Agreement on the Voting Rights of Tianjin Chase Sun Pharmaceutical Co., Ltd. Yao Xiaoqing entrusted the voting rights corresponding to the 180,663,287 shares (accounting for 6.00%) to the Company to exercise. Upon the execution of the above agreement, the Company has obtained the support of Datong Group and Yao Xiaoqing as the controlling shareholder of Chase Sun Pharmaceutical, and the number of voting shares in Chase Sun Pharmaceutical is 668,303,610, accounting for 22.195% of the total capital stock of Chase Sun Pharmaceutical.

Tianjin Chase Sun Pharmaceutical Co., Ltd. (hereinafter referred to as the "Company") received the "Decision Prohibiting the Prohibition of Anti-monopoly Examination for the Concentration of Operators" issued by the State Administration of Market Supervision and Administration (anti-monopoly review decision 2019] No. 126), transferred from Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as "Xingcheng Group"), on March 27, 2019.

Note 2: China Zhonghua Geotechnical Engineering Group Co., Ltd.

On November 18, 2018, shareholders Wu Yanwei, Liang Fuhua, Song Weimin, Liu Zhongchi, Yang Yuanhong and Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as "Xingcheng Group") signed the "Share Transfer Agreement" and agreed to transfer Zhonghua Geotechnical's shares held by them to Xingcheng Group at the total price of RMB 780,685,398.37 yuan (4.353 yuan per share), a total of 179,344,222 shares (accounting for 9.90%). Among them, Wu Yanwei transferred 149,088,909 shares, accounting for 8.23% of Zhonghua Geotechnical's total share capital; Liang Fuhua transferred 15,525,000 shares, accounting for 0.86%; Song Weimin transferred 6,356,873 shares, accounting for 0.35%; Liu Zhongchi transferred 2,467,190 shares, accounting for 0.14%; Yang Yuanhong transferred 5,906,250 shares, accounting for 0.33%. Xingcheng Group has completed the transfer registration procedures for share agreement transfers on December 6, 2018, and has obtained the "Securities Transfer Registration Confirmation" issued by China Securities Depository and Clearing Corporation Limited.

On January 2, 2019, Xingcheng Group signed "Share Transfer Agreement" with transferors Wu Yanwei, Liang Fuhua, Song Weimin, Liu Zhongchi (hereinafter referred to as "transferor 1") and Yinhu Capital (hereinafter referred to as "transferor 2"). The subject shares of this transfer are all unrestricted circulating shares. Transferor 1 acquired target shares of 187,340,180 ordinary shares and all shareholders' equity derived therefrom at RMB 4.353 per share, a total amount of RMB 815,491,803.54, accounting for 10.34% of the total shares issued by Zhonghua Geotechnical. Transferor 2 acquired target shares of 161,948,364 ordinary shares and all shareholders' equity derived therefrom at RMB 4.633 per share, a total amount of RMB 750,306,770.41, accounting for 10.34% of the total shares issued by Zhonghua Geotechnical. After the completion of this equity change, Xingcheng Group held 528,632,766 shares of the listed company, accounting for 29.19% of the total share capital of the listed company. On March 19, 2019, the transfer registration process of this share agreement transfer was completed.

After completing the transfer registration procedures for this share, Xingcheng Group has the right to nominate 4 non-independent director candidates to the listed company, including 1 chairman and 2 independent director candidates. Wu Yanwei has the right to nominate 2 non-independent directors and 1 independent director to the listed company. Xingcheng Group has the right to nominate one supervisor candidate to the listed company and be elected as the chairman of the board of supervisors. At the same time, all parties promote the appointment of employees appointed by Xingcheng Group as employee supervisors.

6.1.2 Combination cost and goodwill

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Combination cost	天津红日药业股份有限公司	中化岩土集团股份有限公司
Cash	1,867,842,583.48	2,346,679,490.44
Total of combination cost	1,867,842,583.48	2,346,679,490.44
Less: fair value of the identifiable net assets	1,226,527,432.74	1,272,321,863.47
Goodwill/combination cost less than fair value of the identifiable net assets	641,315,150.74	1,074,357,626.97

Note: The fair value of the identifiable net assets of Tianjin Chase Sun Pharmaceutical Co., Ltd. And China Zhonghua Geotechnical Engineering Group Co., Ltd. are determined at the time of the merger with reference to the valuation value from assets assessment authorities.

6.1.3 Identifiable assets and liabilities of acquiree at acquisition date

Company name	天津红日药业股份有限公司		中化岩土集团股份有限公司	
	Fair value at acquisition date	Book value at acquisition date	Fair value at acquisition date	Book value at acquisition date
Assets:				
Cash at hand and in banks	1,130,958,907.86	1,130,958,907.86	616,777,695.52	616,777,695.52
Receivables	1,946,936,369.13	1,946,936,369.13	2,695,998,234.90	2,695,998,234.90
Prepayments	111,600,850.48	111,600,850.48	184,088,642.52	184,088,642.52
Inventories	916,564,624.99	784,757,343.06	2,044,253,551.61	2,044,253,551.61
Long-term equity investments	28,711,210.61	28,711,210.61	289,988,647.09	289,988,647.09
Other equity instrument investments	267,327,197.32	267,327,197.32	128,653,561.27	128,653,561.27
Fixed assets	1,808,592,253.56	1,703,977,347.03	1,426,039,389.68	1,134,000,356.70
Construction in progress	92,778,451.11	91,101,573.79	-17,493,088.20	
Intangible assets	1,152,574,682.74	214,471,789.75	777,505,716.29	248,694,314.13
Development expenditures	364,985,184.74	204,471,536.58	-	
Goodwill	918,877,611.91	918,877,611.91	465,958,813.51	465,958,813.51
Deferred tax assets	86,353,375.31	86,353,375.31	76,280,521.86	76,280,521.86
Liabilities:				
Loans	170,500,000.00	170,500,000.00	1,738,611,014.29	1,738,611,014.29
Payables	572,809,025.48	572,809,025.48	1,411,824,014.79	1,411,824,014.79
Bonds payable	-		467,566,091.49	467,566,091.49
Deferred tax liabilities	337,162,181.66	2,983,279.93	5,241,461.37	5,241,461.37

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Net assets:	7,432,950,782.20	6,562,221,358.93	3,916,179,767.02	3,916,179,767.02
Less: minority interests	6,532,180,639.06	182,874,639.18	3,259,553,163.92	3,929,357,017.19
Sharing portion belonging to the acquirer	1,226,527,432.74	1,062,423,638.01	1,272,321,863.47	1,143,132,873.99

6.2 Subsidiaries or structured entities newly incorporated into the scope of the merger, as set up newly

Subsidiary name	Net assets at 31/12/2018	Net profit ended 31/12/2018
成都天府绿道文化旅游发展股份有限公司	52,376,408.82	2,376,408.82

Note: Chengdu Tianfu Greenway Cultural Tourism Development Co., Ltd. is a newly established joint venture by the Company and its subsidiary Chengdu Xingcheng Capital Management Co., Ltd. The Company holds 90% equity, and the subsidiary Chengdu Xingcheng Capital Management Co., Ltd. holds 10% equity.

7. Interest in other entities

7.1 Interest in subsidiaries

7.1.1 Constitution of the Company

Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
成都兴城人居地产投资集团有限公司	Chengdu	Chengdu	Estate development	99	1	1
成都润锦城实业有限公司	Chengdu	Chengdu	Property management	100.00		1
成都兴城建设管理有限公司	Chengdu	Chengdu	Construction management	100.00		1
成都市小城镇投资有限公司	Chengdu	Chengdu	Urban construction	100.00		2
成都兴城资本管理有限	Chengdu	Chengdu	Investment management	100.00		1

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Subsidiary	Registration	Principal	Business	Shareholding (%)		Acquisition
责任公司						
成都成都中心建设有限责任公司	Chengdu	Chengdu	Urban construction	100.00		1
兴城（香港）国际投资有限公司	Hongkong	Hongkong	Investment management	100.00		1
成都天府绿道建设投资有限公司	Chengdu	Chengdu	Urban construction	100.00		1
成都兴城文化产业发展投资有限公司	Chengdu	Chengdu	Investment management	100.00		1
成都医疗健康投资集团有限公司	Chengdu	Chengdu	Investment management	100.00		1
成都兴城足球俱乐部有限公司	Chengdu	Chengdu	Culture, sports and entertainment	95		1
成都建工集团有限公司	Chengdu	Chengdu	Construction	100		4
成都天府绿道文化旅游发展股份有限公司	Chengdu	Chengdu	Business services	90	10	1
中化岩土集团股份有限公司	Beijing	Beijing	Construction	29.28		3
天津红日药业股份有限公司	Tianjin	Tianjin	Manufacturing	22.22		3

Note: Acquisition method: 1、set up newly; 2、Business combination involving enterprises under common control;

3、Business combination involving enterprises not under common control; 4、Other

7.2 Equity in joint ventures or associates

7.2.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Shareholding(%)		Accounting treatment for investments
				Direct	Indirect	
西咸新区兴城人居置业有限公司	ShaanXi	ShaanXi	Estate industry	50		Equity Method
川投国际尼泊尔水电联合开发公司	Sichuan	Sichuan	Hydropower development	17		Equity Method
泸州临港工业化建筑科技有限公司	Sichuan	Sichuan	Construction	35		Equity Method
四川川投售电有限责任公司	Sichuan	Sichuan	Electricity, heat, gas and water production and supply	35		Equity Method
成都建工地产开发有限责任公司	Sichuan	Sichuan	Estate industry	49		Equity Method
成都和能兴城人居科技有限公司	Sichuan	Sichuan	Wholesale and retail	49		Equity Method

7.2.2 Principal financial information of significant associates

项目 Item	As at 31/12/2019&Year ended 31/12/2019	As at 1/1/2019&Year ended 31/12/2018
	西咸新区兴城人居置业有限公司	西咸新区兴城人居置业有限公司
Current assets	1,574,285,799.42	1,157,744,755.93
Non-current assets	3,569,771.24	90,322.09
Total assets	1,577,855,570.66	1,157,835,078.02
Current liabilities	1,453,316,019.83	12,362.00
Non-current liabilities	106,170,349.65	1,138,474,078.77
Total liabilities	1,559,486,369.48	1,138,486,440.77
Net assets	18,369,201.18	19,348,637.25
Share of net assets calculated as shareholding percentage%	9,184,600.59	19,348,637.25
Adjustments	-1,904,052.05	
Book value of equity investment in joint ventures	7,280,548.54	19,348,637.25
Fair value of equity investment if there is a quoted market price for the		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

investment		
Operating income		
Net profit	-979,436.07	-651,362.75
Others comprehensive income		
Total comprehensive income	-979,436.07	-651,362.75
Dividends from joint ventures for the current year		

7.3.2 Principal financial information of significant associates

Item	As at 31/12/2019&Year ended 31/12/2019				
	四川川投售电有限责任公司	川投国际尼泊尔水电联合开发公司	成都和能兴城人居科技有限公司	成都建工地产开发有限责任公司	成都东景燃气有限责任公司
Current assets	309,280,701.88	92,627,792.98	4,856,635.36	5,201,644,760.78	48,077,653.57
Non-current assets	222,097.34	8,038,139.85	1,468,372.36	755,476,470.78	1,498,882.86
Total assets	309,502,799.22	100,665,932.83	6,325,007.72	5,957,121,231.56	49,576,536.43
Current liabilities	2,373,979.07	1,170,344.91	735,300.16	5,268,067,084.83	7,445,887.17
Non-current liabilities		160,141.57		5,411,259.60	
Total liabilities	2,373,979.07	1,330,486.48	735,300.16	5,273,478,344.43	7,445,887.17
Net assets	307,128,820.15	99,335,446.35	5,589,707.56	683,642,887.14	42,130,649.26
Share of net assets calculated as shareholding percentage (%)	107,495,087.05	16,887,025.88	2,738,956.70	334,985,014.70	11,796,581.79
Adjustments	5,859.99	3,119,707.44		157,635,572.78	-60,883.21
Book value of equity investment in associates	107,500,947.04	20,006,733.32	2,738,956.70	492,620,587.48	11,735,698.58

Item	As at 31/12/2019&Year ended 31/12/2019				
	四川川投售电有限责任公司	川投国际尼泊尔水电联合开发公司	成都东景燃气有限责任公司	成都和能兴城人居科技有限公司	成都建工地产开发有限责任公司
Current assets	304,911,833.84	1,820,688,807.13	43,016,175.43		
Non-current assets	324,580.82	140,852,393.00	1,235,572.12		
Total assets	305,236,414.66	1,961,541,200.13	44,251,747.55		
Current liabilities	2,506,064.82	567,397,548.50	2,523,732.33		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Non-current liabilities					
Total liabilities	2,506,064.82	567,397,548.50	2,523,732.33		
Net assets	302,730,349.84	1,394,143,651.63	41,728,015.22		
Share of net assets calculated as shareholding percentage (%)	105,955,622.44	278,828,730.33	11,683,844.27		
Adjustments	5,859.99	-4,839,714.68			
Book value of equity investment in associates	105,961,482.43	273,989,015.65	11,683,844.27		

8. Fair value

8.1 Analysis of the assets and liabilities measured at fair value according to the fair value hierarchy:

Item	Measurement by level 1	Measurement by level 2	Measurement by level 3	Balance as at 31/12/2019
I Recurring fair value measurement				
i Available-for-sale financial assets	50,471,375.06		1,456,185,753.59	1,506,657,128.65
ii Investment property		18,751,335,091.84		18,751,335,091.84

8.2 For recurring and non-recurring items in level 2 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs

The fair value measurement of the Group's investment property is determined by reference to the assessment company's assessment value of the asset.

8.3 For recurring and non-recurring items in level 3 of fair value hierarchy, the adopted valuation techniques and quantity and quality information of principal inputs refers to the above table.

Because the company's subsidiaries Beijing Zheyi Investment Center (Limited Partnership) and Beijing Zheliang Investment Center (Limited Partnership) invest in stocks, the fair value at the end of the stock period is taken as the fair value of the subsidiary. Except for this, the operating environment, operating conditions and financial status of other invested enterprises have not changed significantly, so the Group measures the investment cost as a reasonable basis for fair value estimation.

9. Related parties and transactions

9.1 The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company(%)	Voting rights proportion % of the Company
成都市国有资产监督管理委员会直属企业				100.00	100.00

9.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

9.3 Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 7 Interest in other entities, including related party transactions with the company in the current period, or other joint ventures or associated enterprises that formed balances with the company in the previous period.

9.4 Receivables from and payables to related parties

9.4.1 Receivables due from related parties

Account name	Related party	As at 31/12/2019		As at 1/1/2019	
		Book balance	Allowance for doubtful debts	Book balance	Allowance for doubtful debts
Accounts receivable	成都建工地产开发有限责任公司	5,506,244.63			
Accounts receivable	成都合能兴城人居科技有限公司	1,217,358.68			
Other receivables	成都中建人居雅苑房地产开发有限公司	236,581,458.60			
Other receivables	广州宏耀房地产开发有限公司	70,307,028.26			
Other receivables	西咸新区兴城人居置业有限公司	663,026,244.97			
Other receivables	成都建工地产开发有限责任公司	4,370,060,000.00			
Total		5,346,215,460.28			

9.4.2 Payables due to related parties

Account name	关联方 Related party	Balance as at 31/12/2019	Balance as at 1/1/2019
Other payables	成都越秀房地产开发有限公司	1,690,478.11	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Account name	关联方 Related party	Balance as at 31/12/2019	Balance as at 1/1/2019
Other payables	西咸新区兴城人居置业有限公司	254,244.54	
Other payables	成都越秀房地产开发有限公司	80,806,244.45	
Other payables	成都建工地产开发有限责任公司	66,088,857.54	
Total		148,839,824.64	

10. Commitments and contingencies

10.1 Commitments

No.

10.2 Contingencies

10.2.1 Guarantee

(1) As of December 31, 2019, the Company's external guarantees for loans to are as follows:

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
成都兴城投资集团有限公司	成都中电熊猫显示科技有限公司	100,000.00	2018/9	2028/9	No
成都兴城人居地产投资集团股份有限公司	广州宏耀房地产开发有限公司	28,770.00	2019/3/29	2023/9/24	No
湖北辰美中药有限公司	英山县兴源中小企业融资担保有限公司	450.00	2019/3/1	2020/3/1	No
Total		129,220.00			

Note:As of the reporting date, the guarantee of Hubei Chenmei Chinese Medicine Co., Ltd. to Yingshan County Xingyuan SME Financing Guarantee Co., Ltd. has been fulfilled.

(2) As of December 31, 2019, the Company's guarantees for loans to subsidiaries are as follows:

Unit: ten thousand yuan

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
成都兴城投资集团有限公司	成都兴城人居地产	176,896.00	2018/3/30	2020/3/30	No
成都兴城投资集团有限公司	投资集团有限公司	119,700.00	2018/5/24	2020/5/23	No

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

成都兴城投资集团有限公司	(Including subsidiary companies)	100,000.00	2018/8/24	2021/8/24	No	
成都兴城投资集团有限公司		43,200.00	2018/9/28	2020/9/28	No	
成都兴城投资集团有限公司		120,000.00	2018/11/23	2020/11/23	No	
成都兴城投资集团有限公司		120,000.00	2018/12/14	2020/12/14	No	
成都兴城投资集团有限公司		220,000.00	2019/4/25	2022/4/24	No	
成都兴城投资集团有限公司		40,000.00	2019/7/12	2022/7/11	No	
成都兴城投资集团有限公司		180,000.00	2019/9/19	2021/9/18	No	
成都兴城投资集团有限公司		150,000.00	2018/5/14	2021/5/14	No	
成都兴城投资集团有限公司		1,269,796.00				
成都兴城投资集团有限公司		成都建工集团有限公司 (Including subsidiary companies)	68,300.00	2018/5/24	2021/12/25	No
成都兴城投资集团有限公司	28,200.00		2019/8/30	2020/8/26	No	
成都兴城投资集团有限公司	30,000.00		2019/6/14	2021/6/14	No	
成都兴城投资集团有限公司	40,000.00		2019/7/4	2022/7/3	No	
成都兴城投资集团有限公司	100,000.00		2019/6/6	2022/6/5	No	
成都兴城投资集团有限公司	150,000.00		2019/10/16	2024/10/15	No	
成都兴城投资集团有限公司	416,500.00					
成都兴城投资集团有限公司	中化岩土集团股份有限公司		7,416.05	2019/7/8	2020/7/7	No
成都兴城投资集团有限公司			4,901.51	2019/08/20	2021/8/19	No
成都兴城投资集团有限公司			12,317.56			
成都兴城投资集团有限公司	成都成都中心建设有限责任公司	99,300.00	2018/3/8	2021/3/7	No	
成都兴城投资集团有限公司		70,000.00	2019/7/26	2029/7/25	No	
成都兴城投资集团有限公司		169,300.00				
成都兴城投资集团有限公司	成都天府绿道建设投资有限公司	100,000.00	2018/4/10	2032/4/9	No	
Total		1,967,997.50				

10.2.2 Litigation

The litigation matters involving large amounts of money in this period are as follows:

(1) In January 2019, Sichuan Chuanta Development Corporation filed a lawsuit against Sichuan Sanpeng Industrial Co., Ltd. and Chengdu Zerun Catering Management Co., Ltd. in Chengdu Intermediate People's Court, and Sichuan Chuanta Hengyuan Industrial Co., Ltd. and Chengdu Construction Engineering Third Construction Engineering Co., Ltd. are the third person in the case, and the litigation matter is a liability dispute that damages the interests of the company. The amount of the case involved is 63.39 million yuan. Now that the judgment of the first instance has been issued, Chengdu Jiangong Third Construction Engineering Co., Ltd. does not bear any economic responsibility. Sichuan Sanpeng Industrial Co., Ltd. is appealing, so the judgment has not yet taken effect.

(2) In January 2019, Chengdu Construction Engineering Sixth Construction Engineering Co., Ltd. filed a lawsuit against Chengdu Tiexin Real Estate Development Co., Ltd. in the Chengdu Intermediate People's Court. The litigation matter was a construction contract dispute. The amount involved is 97.2 million yuan, and pre-litigation precaution measures have been taken so far, and the case has not yet been heard.

(3) In January 2019, Chengdu Construction Engineering Ninth Construction Engineering Co., Ltd. filed a lawsuit against Sichuan Jinhua Real Estate Development Co., Ltd. in the Neijiang City Intermediate People's Court. The litigation matter was a construction contract dispute. The amount involved is RMB 119,398,800, and the case is currently in the first instance.

(4) In May 2019, Chengdu Construction Engineering Ninth Construction Engineering Co., Ltd. filed a lawsuit against Suining Hengkuo Property Co., Ltd., Yuancheng Logistics Co., Ltd., Yuancheng Group Co., Ltd., and Sichuan Yuancheng Tianfu Smart Logistics Co., Ltd. in the Suining Intermediate People's Court. The litigation matters are disputes over construction contracts. The amount involved is 140 million yuna, and the case is currently in the first instance.

(5) In August 2019, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Runlixin Property Co., Ltd. and Yibin Yongjing Real Estate Development Co., Ltd. in the Chengdu Intermediate People's Court. The litigation matter was a construction contract dispute. The amount involved is 467,871,200 yuan. The case was judged in the first instance. The court supported most of the construction industry's claims. Next, the construction group will apply to the court for enforcement.

11. Post balance sheet events

Since the outbreak of the New Coronary Pneumonia epidemic began nationwide in January 2020, the Company has actively responded to and strictly followed the national and local governments' regulations and deployment of epidemic prevention and control, supported the epidemic prevention and control work, and fulfilled its responsibility for epidemic prevention and control. In response to the epidemic situation, the company actively responded to the challenges and achieved correct prevention and control of the epidemic situation and production resumption. The company and its affiliated companies have started resuming production since February 10, 2020.

12 Other significant events

According to the resolution of the company's board of directors (Chengxing Chengdong [2018] No. 136) and the "State-owned Property Rights Gratuitous Transfer Agreement" signed by Habitat Real Estate and Construction Engineering Group, Construction Engineering Group, the subsidiary of the Company, will transfer 49% of the state-owned equity to Habitat Real Estate for free. From June 1, 2019, Habitat Real Estate will account for the long-term equity investment in Jiangong Real Estate in accordance with the equity method. Jiangong Real Estate's 2019 annual report was audited by Sichuan Xinxin Certified Public Accountants Co., Ltd. and issued "Audit Report" with a standard unqualified opinion (Chuanxin Report (2020) No. 63). As of December 31, 2019, the construction engineering company and the Shuangliu government have cooperated to transform the land consolidation project of Xinglong Town, Shuangliu County, with a total investment of 1,340,799,337.09 yuan (including capital interest). According to the "Minutes of the Special Meeting on the Study of the Remaining Issues of the General Field Town Reconstruction Project in Xinglong Town" (No. 2016-82) of the Chengdu Party Working Committee of Tianfu New District, Jiangong Real Estate will withdraw from the project. Specific exit matters are still under negotiation with relevant units.

13. Notes to the financial statements of the Company

13.1 Accounts receivable

13.1.1 Accounts receivable by category

Category	As at 31/12/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	75,633,002.76	100.00	35,031.88	0.05
Individually insignificant but allowance for doubtful debts individually				
Total	75,633,002.76	100.00	35,031.88	0.05

Category	As at 1/1/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	692,814,695.61	100.00	32,630.11	0.01
Individually insignificant but allowance for doubtful debts individually		-		
Total	692,814,695.61	100.00	32,630.11	0.01

13.1.2 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Within 1 year	673,292.96	65.15		46,325.35	12.66	
1-2 years	40,539.58	3.92	2,026.98	269,493.92	73.65	13,474.70
2-3 years	269,493.92	26.08	13,474.70	2,498.60	0.68	124.93
More than 3 years	50,074.79	4.85	499.72	47,576.19	13.00	19,030.48
Total	1,033,401.25	---	16,001.40	365,894.06	---	32,630.11

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Government credit and margin portfolio	68,593,815.74			692,234,374.18		
Related portfolio	6,005,785.77			214,427.37		
Total	74,599,601.51	---		692,448,801.55	---	

13.1.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2019	Percentage in total accounts receivable (%)	Allowance for doubtful debts As at 31/12/2019
成都市财政局	63,993,232.73	84.61	
成都市城乡建设委员会	6,000,000.00	7.93	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Company name	Balance as at 31/12/2019	Percentage in total accounts receivable (%)	Allowance for doubtful debts As at 31/12/2019
新客站项目拆迁户购房补差款	1,600,000.00	2.12	
成都电业局锦江供电局	962,533.07	1.27	
成都市龙泉驿区自来水总公司	728,760.00	0.96	
Total	73,284,525.80	96.89	

13.2 Other receivables

Category	As at 31/12/2019	As at 1/1/2019
Dividends receivable		
Other receivables	4,941,229,395.22	1,727,213,805.97
Less: Allowance for doubtful debts	1,282,620.61	880,343.56
Total	4,939,946,774.61	1,726,333,462.41

13.2.1 Other receivables

Category	As at 31/12/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	4,941,229,395.22	100.00	1,282,620.61	0.03
Individually insignificant but allowance for doubtful debts individually				
Total	4,941,229,395.22	100.00	1,282,620.61	0.03

(Continued)

Category	As at 1/1/2019			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	1,727,213,805.97	100	880,343.56	0.05
Individually insignificant but allowance for doubtful debts individually				
合 计 Total	1,727,213,805.97	100	880,343.56	0.05

13.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,302.65	0.03		9,756.38	0.22	
1-2 years	9,756.38	0.22	487.82	46,831.65	1.06	2,341.58
2-3years	38,400.00	0.87	1,920.00	2,141,462.04	48.39	107,073.10
More than 3years	4,355,807.43	98.88	1,280,212.79	2,227,707.7	50.34	770,928.88
Total	4,405,266.46	—	1,282,620.61	4,425,757.77	—	880,343.56

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2019			As at 1/1/2019		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Transaction of Related parties	4,897,335,607.93			1,683,751,846.87		
Financial claims of government	21,608,011.39			22,367,080.10		
Margin, petty cash and other project settlement funds	17,880,509.44			16,669,121.23		
Total	4,936,824,128.76			1,722,788,048.20		

13.2.3 Other receivables due from the top five debtors of the Company are as follows:

Debtor name	Nature of receivable	Balance as at 31/12/2019	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts as at 31/12/2019
成都兴城人居地产投资集团股份有限公司	Transaction of Related parties	3,812,284,668.70	Within 1 year 1-2 years 2-3years More than 3years	77.15	
成都天府绿道建设投资有限公司	Transaction of Related parties	1,013,133,333.33	With 1 year	20.50	
成都市兴东置业有限公司	Transaction of Related parties	62,614,692.90	4-5years	1.27	
成都润锦城实业有限公司	Transaction of Related parties	8,502,913.00	With 1 year	0.17	
成都市成华区统一建设办公室	Margin	4,000,000.00	4-5years	0.08	
Total		4,900,535,607.93		99.17	—

13.3 Long-term equity investments

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2019

Item	As at 31/12/2019			As at 1/1/2019		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	23,520,013,180.70		23,520,013,180.70	16,929,792,394.45		16,929,792,394.45
Investment to joint ventures and associates	415,286,423.12		415,286,423.12	411,255,132.18		411,255,132.18
Total	23,935,299,603.82		23,935,299,603.82	17,341,047,526.63		17,341,047,526.63

13.3.1 Investment to subsidiaries

Investee	As at 1/1/2019	Increase of the current period	Decrease of the current period	As at 31/12/2019	Provision for impairment in current period	Provision for impairment as at 31/12/2019
成都兴城建设管理有限公司	10,035,300.00			10,035,300.00		
成都兴城人居地产投资集团股份有限公司	4,014,340,000.00	1,500,000,000.00	50,000,000.00	5,464,340,000.00		
成都市小城镇投资有限公司	2,392,412,518.49			2,392,412,518.49		
成都润锦城实业有限公司	10,000,000.00			10,000,000.00		
成都兴城资本管理有限责任公司	200,000,000.00	383,300,000.00		583,300,000.00		
成都中心建设有限责任公司	700,000,000.00	175,000,000.00		875,000,000.00		
兴城（香港）国际投资有限公司	60,835,238.64	699,300.00		61,534,538.64		
成都天府绿道建设投资集团有限公司	1,000,000,000.00	200,000,000.00		1,200,000,000.00		
成都兴城文化产业发展投资有限公司	10,000,000.00	190,000,000.00		200,000,000.00		
成都医疗健康投	400,000,000.00	100,000,000.00		500,000,000.00		

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

资集团有限公司						
中化岩土集团股 份有限公司	780,685,398.37	1,565,994,092.07		2,346,679,490.44		
成都兴城足球俱 乐部有限公司	28,500,000.00			28,500,000.00		
成都建工集团有 限公司	7,322,983,938.95			7,322,983,938.95		
天津红日药业股 份有限公司		2,480,227,394.18		2,480,227,394.18		
成都天府绿道文 化旅游发展股份 有限公司		45,000,000.00		45,000,000.00		
Total	16,929,792,394.45	6,640,220,786.25	50,000,000.00	23,520,013,180.70		

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2019

13.3.2 Investment to joint ventures and associates

Investee	Balance as at 1/1/2019	Movement during the financial year							balance as at 31/12/2019	Provision for impairment as at 31/12/2019	
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment			Others
Associates											
四川川投售电有限公司	105,961,482.43			1,539,464.61						107,500,947.04	
中国四川国际投资有限公司	273,989,015.65			-684,928.17						273,304,087.48	
成都东景燃气有限公司	11,683,844.27			51,854.31						11,735,698.58	
川投国际尼泊尔水电联合开发公司	20,305,718.00			-298,984.68						20,006,733.32	
成都和能兴城人居科技有限公司		4,900,000.00		-2,161,043.30						2,738,956.70	
Total	411,940,060.35	4,900,000.00		-1,553,637.23						415,286,423.12	

13.4 Operating income and operating cost

Item	Year ended 31/12/2019		Year ended 31/12/2018	
	Income	Cost	Income	Cost
I. Primary operating business	574,789,918.23	109,576,862.52	567,446,250.73	123,468,906.96
Agent construction project	687,509.43		2,531,037.67	
Capital interest	234,905,660.38		246,267,799.75	
Asset lease	339,196,748.42	109,576,862.52	318,647,413.31	123,468,906.96
II. Other operating business	204,026,382.59	2,513,353.48	202,044,495.67	4,594,272.23
Others business	204,026,382.59	2,513,353.48	202,044,495.67	4,594,272.23
Total	778,816,300.82	112,090,216.00	769,490,746.40	128,063,179.19

13.5 Investment income

Item	Year ended 31/12/2019	Year ended 31/12/2018
Gain/(Loss) from long-term equity investments in cost method	98,637,236.39	83,320,000.00
Gain/(Loss) from long-term equity investments in equity method	-1,553,637.23	2,543,056.54
Total	97,083,599.16	85,863,056.54

13.6 Supplement to statement of cash flows

Item	Year ended 31/12/2019	Year ended 31/12/2018
1. Net profit adjusted to cash flows from operating activities		
Net profit	359,499,510.29	345,714,987.81
Add: provision for asset impairment	404,678.82	36,105.65
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	932,818.42	956,174.01
Amortization of intangible assets		
Amortization of long-term deferred expenses	25,086,385.92	22,584,820.31
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-393,309.69	205,764.24
Losses on write-down of fixed assets ("-" for gains)		
Losses from changes in fair value ("-" for gains)	-45,517,704.41	
Financial expenses ("-" for income)	263,588,448.36	128,740,733.65
Investments losses ("-" for gains)	-96,398,670.99	-85,863,056.54

XX Company Limited
Notes to the Financial Statements
For the year ended 31 December 201X

Item	Year ended 31/12/2019	Year ended 31/12/2018
Decreases in the deferred tax assets ("-" for increases)	-101,169.71	-9,026.41
Increases in the deferred tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	1,405,097,295.33	-1,236,052,987.72
Decreases in operating receivables ("-" for increases)	-767,228,205.74	-150,011,974.66
Increases in operating payables ("-" for decreases)	-3,462,884,025.89	1,146,819,938.88
Others		
Net cash flows from operating activities	-1,693,151,309.53	263,130,833.28
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash As at 31/12/2019	6,106,309,383.00	2,017,883,321.81
Less: cash As at 1/1/2019	2,017,883,321.81	4,212,366,767.65
Add: cash equivalents as at 31/12/2019		
Less: cash equivalents as at 1/1/2019		
Net increase in cash and cash equivalents	4,088,426,061.19	-2,194,483,445.84



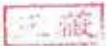
14. Other significant transactions and events which may be important to the investors' decision

No

Chengdu Xingcheng Investment Group Company Limited



The notes to the financial statements from page 1 to page 124 were approved by the following representatives:

Legal representative	Person in charge of accounting function	Person in charge of accounting department
Signature: 	Signature: 	Signature: 
Date: _____	Date: _____	Date: _____





此证仅使用于出具报告



统一社会信用代码

91110105590631485C

营业执照

(副本) (6-1)



名称 天信会计师事务所(普通合伙)

类型 特殊普通合伙企业

法定代表人 吴卫泉, 胡晓华

经营范围

审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算事宜中的审计业务,出具有关报告;基本建设年度决算审计;代理记账;会计咨询、税务咨询、管理咨询、会计培训;法律、法规规定的其他业务。(企业依法自主选择经营项目,开展经营活动;依法须经批准的项目,经相关部门批准后依批准的内容开展经营活动;不得从事国家和本市产业政策禁止和限制类项目的经营活动。)

成立日期 2012年03月04日

合伙期限 2012年03月05日至 2112年03月05日

主要经营场所 北京市西城区德胜门内大街150号



登记机关

2020年01月17日

此证仅用于出具报告



证书编号: 0000119

说明

1. 会计师事务所执业证书, 是证明持有该证书的会计师事务所, 符合《注册会计师法》和《会计师事务所执业许可和监督管理办法》规定的条件, 准予其从事注册会计师业务活动的证明。
2. 会计师事务所执业证书, 是会计师事务所取得执业资格, 依法开展业务的证明。
3. 《会计师事务所执业证书》不得伪造、篡改、出租、出借、转让。
4. 会计师事务所执业证书或执业许可注销的, 应当同时交回《会计师事务所执业证书》。



发证机关: 北京市人民政府

2011年4月11日

中华人民共和国财政部制



会计师事务所 执业证书

名称: 大信会计师事务所(特殊普通合伙)

首席合伙人: 胡晓华

主任会计师:

经营场所: 北京市海淀区知春路一号学苑国际大厦1504室

组织形式: 特殊普通合伙

执业证书编号: 11010141

批准执业文号: 京财会许可[2011]0073号

批准执业日期: 2011年09月09日



姓 名: 201112
 Name:
 性 別: 女
 Sex:
 註 冊 號 數: 0805-10-11
 Registration No:
 工 作 單 位: 香港會計師公會
 Workplace:
 專業編號: 012012081011002
 Membership:



此证仅用于出具报告



姓 名: 王 伟
 Full name: _____
 性 别: 男
 Sex: _____
 出生日期: 1972-11-11
 Date of birth: _____
 工作单位: 德勤华永会计师事务所(特殊普通合伙)
 Working unit: _____
 身份证号码: 110108197211110011
 Identity card No. _____

注册编号: 201101200024
 No. of register: _____
 执业会计师事务所: 德勤华永会计师事务所(特殊普通合伙)
 Authorized firm of CPA: _____
 发证日期: 2019年03月27日
 Date of issuance: _____



年度检验登记
 Annual Renewal Registration
 2019.3.31
 本证书的有效性依赖于持证者按一年一度检验的要求进行续期。
 This certificate is valid for another year after the renewal.

成都兴城投资集团有限公司
**Chengdu Xingcheng
Investment Group Company
Limited**

审计报告

Auditor's Report

大信审字[2019]第 14-00065 号

DAXIN SHEN ZI [2019] No. 14-00065

大信会计师事务所（特殊普通合伙）

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises of China.

Should there be inconsistency between the Chinese and English versions, the Chinese version shall prevail.



大信会计师事务所
北京市海淀区知春路1号
学院国际大厦15层
邮编 100083

WUYIGE Certified Public Accountants.LLP
15/F, Xueyuan International Tower
No. 1 Zhichun Road, Haidian Dist.
Beijing, China, 100083

电话 Telephone: +86 (10) 82330558
传真 Fax: +86 (10) 82327668
网址 Internet: www.daxincpa.com.cn

Auditor's Report

DAXIN SHEN ZI [2019] No. 14-00065

To the Shareholders of Chengdu Xingcheng Investment Group Co., Ltd:

I. Opinion

We have audited the financial statements of Chengdu Xingcheng Investment Group Co., Ltd (hereafter referred to as “the Company”), which comprise the consolidated and the Company's balance sheets as at December 31, 2018, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other Information



大信会计师事务所
北京市海淀区知春路1号
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邮编 100083

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网址 Internet: www.daxincpa.com.cn

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

IV. Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

V. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.



Certified Public Accountant of China
(Engagement partner)



Certified Public Accountant of China

Beijing, China



Date: April 10, 2019

Consolidated Balance Sheet

Prepared by: 成都兴城集团投资有限公司

2018/12/31

Unit: RMB Yuan

Item	Note	As at 31/12/2018	As at 1/1/2018
Current assets:			
Cash at bank and on hand	5.1	13,133,584,449.63	14,705,276,029.19
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable	5.2	16,879,525,598.81	15,537,293,655.50
Prepayments	5.3	940,231,683.25	2,463,935,069.69
Interest receivable			
Dividends receivable			
Other receivables	5.4	4,152,519,259.64	2,707,162,028.30
Inventories	5.5	50,858,827,988.35	33,561,498,966.89
Held-for-sale assets	5.6	9,449,342.59	
Non-current assets due within one year	5.7	720,642,785.27	773,281,998.30
Other current assets	5.8	878,222,969.60	537,494,082.87
Total current assets		87,573,004,077.14	70,285,941,830.74
Non-current assets:			
Available-for-sale financial assets	5.9	623,928,858.99	482,218,580.99
Held-to-maturity investments	5.10	3,222,671,600.70	3,718,631,486.01
Long-term receivables	5.11	8,776,920,504.05	8,697,203,884.33
Long-term equity investments	5.12	1,309,999,137.39	424,942,377.79
Investment property	5.13	5,488,660,279.26	5,378,021,819.82
Property, plant and equipment	5.14	3,860,504,292.35	2,084,168,608.01
Construction in process	5.15	38,986,659,630.45	35,504,944,197.01
Construction materials			
Disposal of property, plant and equipment			
Productive biological assets			
Oil and gas assets			
Intangible assets	5.16	732,473,215.97	748,599,477.32
Development expenditures			
Goodwill			
Long-term deferred expenses	5.17	189,801,335.90	209,115,979.86
Deferred tax assets	5.18	1,462,512,364.40	1,142,296,762.25
Other non-current assets	5.19	3,267,734,659.99	1,568,568,656.99
Total of non-current assets		67,921,865,879.45	59,958,711,830.38
Total of assets		155,494,869,956.59	130,244,653,661.12

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



钟莉

王波

Consolidated Balance Sheet (Continued)

Prepared by: 成都兴城集团投资有限公司

2018/12/31

Unit: RMB Yuan

Item	Note	As at 31/12/2018	As at 1/1/2018
Current liabilities:			
Short-term loans	5.20	12,560,571,112.00	11,645,860,000.00
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.21	29,987,978,270.87	27,702,426,217.08
Advances from customers	5.22	6,640,294,279.84	6,887,995,000.31
Employee benefits payable	5.23	143,102,438.18	150,065,892.06
Taxes and surcharges payable	5.24	1,616,175,229.54	1,318,959,324.71
Interest payable			
Dividends payable			
Other payables	5.25	5,391,719,998.86	1,663,781,969.25
Held-for-sale liabilities			
Non-current liabilities due within one year	5.26	6,576,419,170.00	10,312,011,511.01
Other current liabilities	5.27	670,554,952.80	522,227,576.92
Total of current liabilities		63,586,815,452.09	60,203,327,491.34
Non-current liabilities:			
Long-term loans	5.28	26,612,848,040.00	16,054,906,470.25
Bonds payable	5.29	11,779,618,161.08	4,697,817,961.17
Including: Preference shares			
Perpetual loans			
Other long-term payables	5.30	10,349,425,161.81	11,657,780,505.79
Long-term employee benefits payable	5.31	5,465,776.79	5,465,776.79
Specific payables			
Provisions	5.32	22,386,451.21	73,513,205.65
Deferred income	5.33	60,791,196.44	68,999,131.62
Deferred tax liabilities	5.18	1,033,734,343.90	1,067,967,780.44
Other non-current liabilities			
Total of non-current liabilities		49,864,269,131.23	33,626,450,831.71
Total of liabilities		113,451,084,583.32	93,829,778,323.05
Equity:			
Paid-in capital (or Share capital)	5.34	5,525,400,000.00	5,525,400,000.00
Other equity instruments	5.35	6,169,500,000.00	4,400,000,000.00
Including: Preference shares			
Perpetual loans		6,169,500,000.00	4,400,000,000.00
Capital reserve	5.36	22,156,740,084.30	18,563,972,075.75
Less: treasury shares			
Other comprehensive income	5.37	125,829.54	-405,997.79
Special reserve	5.38	29,940,759.41	24,015,125.10
Surplus reserve	5.39	193,314,492.06	158,742,993.28
Retained earnings	5.40	3,474,204,448.37	3,250,140,506.43
Equity attributable to parent company		37,549,225,613.68	31,921,864,702.77
Minority interests		4,494,559,759.59	4,493,010,635.30
Total equity		42,043,785,373.27	36,414,875,338.07
Total liabilities and equity		155,494,869,956.59	130,244,653,661.12

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Balance Sheet

Prepared by: 成都兴城集团投资有限公司

2018/12/31

Unit: RMB Yuan

Item	Note	As at 31/12/2018	As at 1/1/2018
Current assets:			
Cash at bank and on hand		2,017,883,321.81	4,212,366,767.65
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable		692,782,065.50	449,682,888.61
Prepayments		16,060,773.96	515,276,251.87
Interest receivable			
Dividends receivable			
Other receivables		1,726,333,462.41	1,725,046,995.87
Inventories		35,384.00	13,339.40
Held-for-sale assets			
Non-current assets due within one year		720,642,785.27	720,642,785.27
Other current assets		86,051,292.28	13,308,264.07
Total current assets		5,259,789,085.23	7,636,337,292.74
Non-current assets:			
Available-for-sale financial assets		110,000,000.00	100,000,000.00
Held-to-maturity investments			
Long-term receivables		9,916,940,968.15	8,716,940,968.15
Long-term equity investments		17,341,047,526.63	6,396,232,804.30
Investment property		3,096,777,159.38	3,186,490,274.19
Property, plant and equipment		3,620,756.21	3,312,268.15
Construction in process		34,708,337,519.88	34,585,437,849.99
Construction materials			
Disposal of property, plant and equipment			
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses		153,655,887.25	176,240,707.56
Deferred tax assets		741,462.12	732,435.71
Other non-current assets		1,646,539,331.96	64,459,349.69
Total of non-current assets		66,977,660,611.58	53,229,846,657.74
Total of assets		72,237,449,696.81	60,866,183,950.48

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Balance Sheet (Continued)

Prepared by: 成都兴城集团投资有限公司

2018/12/31

Unit: RMB Yuan

Item	Note	As at 31/12/2018	As at 1/1/2018
Current liabilities:			
Short-term loans			
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable		1,502,050,689.79	2,835,533,472.73
Advances from customers		8,037,922.80	4,033,865.05
Employee benefits payable		297,783.68	240,386.63
Taxes and surcharges payable		98,551,157.85	127,366,394.05
Interest payable			
Dividends payable			
Other payables		1,530,450,467.79	1,070,610,337.96
Held-for-sale liabilities			
Non-current liabilities due within one year		2,198,000,000.00	6,029,167,113.99
Other current liabilities			
Total of current liabilities		5,337,388,021.91	10,066,951,570.41
Non-current liabilities:			
Long-term loans		14,156,500,000.00	12,685,980,000.00
Bonds payable		10,287,612,438.88	4,697,817,961.17
Including: Preference shares			
Perpetual loans			
Other long-term payables		9,752,401,679.73	10,423,300,662.33
Long-term employee benefits payable			
Specific payables			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total of non-current liabilities		34,196,514,118.61	27,807,098,623.50
Total of liabilities		39,533,902,140.52	37,874,050,193.91
Equity:			
Paid-in capital (or Share capital)		5,525,400,000.00	5,525,400,000.00
Other equity instruments		6,169,500,000.00	4,400,000,000.00
Including: Preference shares			
Perpetual loans		6,169,500,000.00	4,400,000,000.00
Capital reserve		20,094,112,655.80	12,071,541,335.56
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		185,560,840.87	150,989,342.09
Retained earnings		728,974,059.62	844,203,078.92
Total equity		32,703,547,556.29	22,992,133,756.57
Total liabilities and equity		72,237,449,696.81	60,866,183,950.48

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Income

Prepared by: 成都兴城集团投资有限公司

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Note	Year ended 31/12/2018	Year ended 31/12/2017
1. Operating income	5.41	43,664,308,842.62	36,153,525,084.84
Less: Operating cost	5.41	39,376,706,735.48	32,277,509,244.54
Taxes and surcharges		498,644,595.65	314,844,926.38
Selling and distribution expenses	5.42	178,257,274.63	181,237,244.65
General and administrative expenses	5.43	1,222,880,620.81	926,781,534.12
Finance expenses	5.44	956,613,569.72	697,876,319.43
Impairment on assets	5.45	198,248,415.40	1,267,707,781.28
Add: Gain from fair value changes("-" for loss)			
Investment income("-" for loss)	5.46	1,829,309.68	-24,998,908.70
Including: Investment income from associates and joint ventures		1,464,526.50	619,182.69
Gains from disposal of assets("-" for loss)	5.47	220,575.35	39,740,404.47
Other income	5.48	17,936,295.19	25,857,193.84
2. Operating profits("-" for loss)		1,252,943,811.15	528,166,724.05
Add: Non-operating income	5.49	12,022,390.58	1,013,301,629.10
Less: Non-operating expenses	5.50	25,092,555.92	29,170,008.08
3. Profit before tax("-" for loss)		1,239,873,645.81	1,512,298,345.07
Less: Income tax expenses	5.51	295,496,195.68	437,485,881.76
4. Net profit("-" for net loss)		944,377,450.13	1,074,812,463.31
Net profit attributable to parent company		701,537,949.05	1,042,326,907.59
Profit/loss attributable to minority share-holders		242,839,501.08	32,485,555.72
Profit or loss from continuing operations		944,377,450.13	1,074,812,463.31
Profit or loss from discontinued operations			
5. Other comprehensive income, net of tax		531,827.33	-405,997.79
Total other comprehensive income attributable to parent company		531,827.33	-405,997.79
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss		531,827.33	-405,997.79
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets			
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference		531,827.33	-405,997.79
6) Others			
Other comprehensive income attributable to minority share-holders, net of tax			
6. Total comprehensive income		944,909,277.46	1,074,406,465.52
Total comprehensive income attributable to share-holders of parent company		702,069,776.38	1,041,920,909.80
Total comprehensive income attributable to minority share-holders		242,839,501.08	32,485,555.72
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Legal:



Person in charge of accounting function:

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Person in charge of accounting department:

王渡



Statement of Income

Prepared by: 成都兴城集团投资有限公司

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Note	Year ended 31/12/2018	Year ended 31/12/2017
1. Operating income		769,490,746.40	583,046,097.03
Less: Operating cost		217,896,620.34	152,000,289.46
Taxes and surcharges		44,776,864.16	42,454,759.04
Selling and distribution expenses			
General and administrative expenses		69,980,607.32	50,446,875.42
Finance expenses		90,016,463.62	61,553,626.73
Impairment on assets		36,105.65	1,997,122.88
Add: Gain from fair value changes("-" for loss)			
Investment income("-" for loss)		85,178,128.37	46,478,947.64
Including: Investment income from associates and joint ventures		1,858,128.37	453,147.64
Gains from disposal of assets("-" for loss)		205,764.24	1,914,405.22
Other income		2,717,264.52	
2. Operating profits("-" for loss)		434,885,242.44	322,986,776.36
Add: Non-operating income		171,585.71	449,607.80
Less: Non-operating expenses		1,737,631.70	5,059,644.72
3. Profit before tax("-" for loss)		433,319,196.45	318,376,739.44
Less: Income tax expenses		87,604,208.64	67,760,283.10
4. Net profit("-" for net loss)		345,714,987.81	250,616,456.34
Profit or loss from continuing operations		345,714,987.81	250,616,456.34
Profit or loss from discontinued operations			
5. Other comprehensive income net of tax			
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss			
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets			
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference			
6) Others			
6. Total comprehensive income		345,714,987.81	250,616,456.34
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Cash Flows

Prepared by: 成都兴城集团投资有限公司

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Note	Year ended 31/12/2018	Year ended 31/12/2017
1. Cash flows from operating activities			
Cash received from sales and services		38,952,839,950.86	31,985,101,044.57
Taxes and surcharges refunds		180,264.82	608,394.82
Cash received related to other operating activities		13,291,519,274.17	11,063,525,447.94
Total cash inflows from operating activities		52,244,539,489.85	43,049,234,887.33
Cash paid for goods and services		49,324,630,923.24	30,618,412,866.62
Cash paid to and for employees		1,535,772,979.47	1,273,054,197.33
Taxes and surcharges cash payments		1,789,547,431.48	1,555,613,997.10
Cash paid related to other operating activities		11,259,071,577.36	15,695,698,974.27
Total cash outflows from operating activities		63,909,022,911.55	49,142,780,035.32
Net cash flows from operating activities		-11,664,483,421.70	-6,093,545,147.99
2. Cash flows from investing activities:			
Cash received from withdraw of investments		577,790,520.96	903,775,662.62
Cash received from investment income		71,672,946.41	65,971,098.29
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		17,808,329.85	139,991,891.86
Net cash received from disposal of subsidiaries and other business units		3,518,061.84	
Cash received related to other investing activities		20,957,745.45	10,016,034.97
Total cash inflows from investing activities		691,747,604.51	1,119,754,687.74
Cash paid for property, plant and equipment, intangible assets and other long-term assets		153,286,771.32	203,143,923.24
Cash payments for investments		3,348,332,678.87	464,234,997.79
Net cash paid for acquiring subsidiaries and other business units			1,850,721.98
Cash paid related to other investing activities		2,400,663,628.20	1,025,373,129.16
Total cash outflows from investing activities		5,902,283,078.39	1,694,602,772.17
Net cash flows from investing activities		-5,210,535,473.88	-574,848,084.43
3. Cash flows from financing activities:			
Cash received from investments by others		1,700,000,000.00	5,389,440,000.00
Including: Cash received by subsidiaries from minority shareholders' investments			
Cash received from borrowings		45,607,532,842.46	21,882,403,625.47
Cash received related to other financing activities		2,465,807,999.63	3,595,884,739.13
Total cash inflows from financing activities		49,773,340,842.09	30,867,728,364.60
Cash repayments for debts		30,835,684,474.20	25,639,198,235.18
Cash payments for distribution of dividends, profit and interest expenses		3,702,964,129.47	2,503,298,485.76
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities			181,988,858.48
Total cash outflows from financing activities		34,538,648,603.67	28,324,485,579.42
Net cash flows from financing activities		15,234,692,238.42	2,543,242,785.18
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		-6,040,370.68	-71,902,806.77
5. Net increase in cash and cash equivalents			
		-1,646,367,027.84	-4,197,053,254.01
Add: beginning balance of cash and cash equivalents		14,681,495,896.28	18,878,549,150.29
6. Ending balance of cash and cash equivalents			
		13,035,128,868.44	14,681,495,896.28

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Statement of Cash Flows

Prepared by: 成都兴城集团投资有限公司

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Note	Year ended 31/12/2018	Year ended 31/12/2017
1. Cash flows from operating activities			
Cash received from sales and services		902,753,322.15	424,859,699.89
Taxes and surcharges refunds			
Cash received related to other operating activities		3,360,322,361.92	2,989,778,039.69
Total cash inflows from operating activities		4,263,075,684.07	3,414,637,739.58
Cash paid for goods and services		80,091,422.95	27,350,198.60
Cash paid to and for employees		42,036,288.60	33,600,125.12
Taxes and surcharges cash payments		196,232,402.79	151,858,287.46
Cash paid related to other operating activities		3,681,584,736.45	5,608,134,386.33
Total cash outflows from operating activities		3,999,944,850.79	5,820,942,997.51
Net cash flows from operating activities		263,130,833.28	-2,406,305,257.93
2. Cash flows from investing activities:			
Cash received from withdraw of investments			9,956,000.00
Cash received from investment income		83,320,000.00	46,094,800.00
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		1,900,004.00	9,346,324.00
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		85,220,004.00	65,397,124.00
Cash paid for property, plant and equipment, intangible assets and other long-term assets		1,749,791.89	936,483.53
Cash payments for investments		6,203,610,261.87	1,756,117,900.00
Net cash paid for acquiring subsidiaries and other business units			
Cash paid related to other investing activities		1,204,669,085.74	2,200,025,000.00
Total cash outflows from investing activities		7,410,029,139.50	3,957,079,383.53
Net cash flows from investing activities		-7,324,809,135.50	-3,891,682,259.53
3. Cash flows from financing activities:			
Cash received from investments by others		1,700,000,000.00	600,000,000.00
Cash received from borrowings		12,216,271,730.46	11,220,000,000.00
Cash received related to other financing activities		1,810,000,000.00	3,392,400,000.00
Total cash inflows from financing activities		15,726,271,730.46	15,212,400,000.00
Cash repayments for debts		9,253,480,000.00	11,536,353,333.33
Cash payments for distribution of dividends, profit and interest expenses		1,501,332,009.17	1,327,589,125.07
Cash paid related to other financing activities		97,113,709.35	27,689,180.05
Total cash outflows from financing activities		10,851,925,718.52	12,891,631,638.45
Net cash flows from financing activities		4,874,346,011.94	2,320,768,361.55
4. Effect of foreign exchange rate changes on cash and cash equivalents		-7,151,155.56	-71,552,904.29
5. Net increase in cash and cash equivalents		-2,194,483,445.84	-4,048,772,060.20
Add: beginning balance of cash and cash equivalents		4,212,366,767.65	8,261,138,827.85
6. Ending balance of cash and cash equivalents		2,017,883,321.81	4,212,366,767.65

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Year 2018												
	Equity attributable to shareholders of parent company												
	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interest	Total equity
	Preference shares	Perpetual loans	Others										
1 Ending balance of last year	5,525,400,000.00	4,490,000,000.00			18,563,072,075.75			24,015,125.10	158,742,093.28	3,250,140,506.43	31,021,864,702.77	4,493,010,635.30	36,514,875,338.07
Add: Impact from changes in accounting policies													
Impact from corrections of errors in prior period													
Business combination under common control													
Others													
2 Beginning balance of current year	5,525,400,000.00	4,490,000,000.00			18,563,072,075.75			24,015,125.10	158,742,093.28	3,250,140,506.43	31,021,864,702.77	4,493,010,635.30	36,514,875,338.07
3 Movement for current year ("+" for increase)		1,769,500,000.00			3,592,768,008.55			5,925,634.31	34,571,498.78	221,063,941.04	5,627,360,910.91	1,540,124.29	5,628,901,035.20
(1) Total comprehensive income						531,827.33				701,537,949.05	702,069,776.38	242,839,401.06	944,909,277.46
(2) Shareholder's contributions and withdrawals of capital						1,769,500,000.00							
(3) Common stock contributed by shareholders						1,769,500,000.00							
(4) Capital contributed by other equity instruments holders													
(5) Share-based payment recognized in shareholder's equity													
(6) Others													
(7) Profit distribution													
(8) Appropriation of surplus reserve													
(9) Distribution to shareholders													
(10) Others													
(11) Internal transfer within shareholder's equity													
(12) Conversion of capital reserve into share capital													
(13) Conversion of surplus reserve into share capital													
(14) Recover of loss by surplus reserve													
(15) Others													
(16) Special reserve													
(17) Accrual of special reserve													
(18) Utilization of special reserve													
(19) Others													
4 Ending balance of current year	5,525,400,000.00	6,169,500,000.00			22,156,740,084.30			20,940,759.41	193,314,492.06	3,474,204,448.37	37,549,225,613.68	4,494,559,759.59	42,043,785,373.27

Person in charge of accounting function:

Person in charge of accounting department:

Legal representative:

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Unit: RMB Yuan

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2018

Unit: RMB Yuan

	Year 2017										
	Equity attributable to shareholders of parent company										
	Share capital	Other equity instruments		Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity
Preference shares	Perpetual loans	Others	Others	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Minority interests	Total equity	
1. Ending balance of last year	5,525,400,000.00	1,000,000,000.00		12,699,829,147.18			133,681,347.65	2,793,695,910.87	22,152,606,405.70	-638,697.33	22,151,967,708.33
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior periods											
Business combination under common control											
Others											
2. Beginning balance of current year	5,525,400,000.00	1,000,000,000.00		12,699,829,147.18			133,681,347.65	2,793,695,910.87	22,152,606,405.70	-638,697.33	22,151,967,708.33
3. Movement for current year** (for decrease)		3,400,000,000.00		5,884,142,928.57			25,061,645.63	456,444,595.56	9,769,258,297.07	4,493,649,332.67	14,262,907,629.74
(1) Total comprehensive income					-465,997.79			1,042,326,907.59	1,041,920,909.80	32,485,555.72	1,074,406,465.52
(2) Shareholder's contributions and withdrawals of capital		3,400,000,000.00		5,864,142,928.57		13,745,524.01		-345,279,666.49	8,932,608,786.38	4,487,463,776.95	13,420,072,563.13
(3) Common stock contributed by shareholders		3,400,000,000.00		600,000,000.00					600,000,000.00	4,500,000,000.00	5,100,000,000.00
(4) Capital contributed by other equity instruments holders											
(5) Share-based payment received in shareholder's equity											
(6) Others											
(3) Profits distribution						13,745,524.01		-345,279,666.40	4,932,608,786.38	-12,536,223.08	4,920,072,563.33
1) Appropriation of surplus reserve								25,061,645.63	-215,541,000.00	-26,300,000.00	-241,841,000.00
2) Distribution to shareholders								-25,061,645.63			
(4) Others											
(4) Internal transfer within shareholder's equity											
1) Conversion of capital reserve into share capital											
2) Conversion of surplus reserve into share capital											
3) Restorage of loss by surplus reserve											
(4) Others											
(5) Special reserve											
1) Accrual of special reserve											
2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00			18,583,972,075.75			158,742,993.28	3,250,140,506.43	31,921,864,702.77	4,493,010,635.50	36,414,875,338.07

Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:



Statement of Changes in Equity

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
1. Ending balance of last year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56			150,989,342.09	844,203,078.92	22,692,444,546.57	
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior periods											
Others											
2. Beginning balance of current year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56			150,989,342.09	844,203,078.92	22,692,444,546.57	
3. Movement for current year** (for decrease)			1,769,500,000.00		8,022,571,320.24			34,571,498.78	+115,229,019.30	9,711,413,799.22	
(1) Total comprehensive income											
(2) Shareholder's contributions and withdrawals of capital											
1) Common stock contributed by shareholders			1,769,500,000.00								
2) Capital contributed by other equity instruments holders											
3) Share-based payment recorded in shareholder's equity											
4) Others											
(3) Profits distribution											
1) Appropriation of surplus reserve								34,571,498.78	-660,944,007.11	-426,372,508.33	
2) Distribution to shareholders								34,571,498.78	-34,571,498.78		
3) Others											
(4) Internal transfer within shareholder's equity											
1) Conversion of capital reserve into share capital											
2) Conversion of surplus reserve into share capital											
3) Recover of loss by surplus reserve											
4) Others											
(5) Special reserve											
1) Accrual of special reserve											
2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00		6,169,500,000.00		20,094,112,655.80			185,560,840.87	728,974,059.62	32,705,547,556.29	

Person in charge of accounting function:

Person in charge of accounting departments:



Statement of Changes in Equity (Continued)

For the year ended 31 December 2018

Unit: RMB Yuan

Item	Year 2017										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
		Preference shares	Perpetual loans	Others							
1. Ending balance of the year	5,525,400,000.00		1,000,000,000.00		11,478,922,769.89				125,927,696.46	814,559,268.21	18,944,809,934.56
Add: Impact from changes in accounting policies											
Impact from correction of errors (by grossing up)											
Others											
2. Beginning balance of current year	5,525,400,000.00		1,000,000,000.00		11,478,922,769.89				125,927,696.46	814,559,268.21	18,944,809,934.56
3. Movement for current year** (for decrease)			3,400,000,000.00		592,618,565.67				25,061,645.63	29,643,810.71	4,047,325,822.01
(1) Total comprehensive income											
(2) Shareholder's contributions and withdrawals of capital											
1) Common stock contributed by shareholders			3,400,000,000.00		592,618,565.67						250,616,456.34
2) Capital contributed by other equity instruments holders					602,000,000.00						3,992,618,365.67
3) Share-based payment recorded in shareholder's equity											602,000,000.00
4) Others											3,400,000,000.00
(3) Profit distribution											
1) Appropriation of surplus reserve					-9,381,634.33				25,061,645.63	-220,972,645.63	-955,911,000.00
2) Distribution to shareholders									25,061,645.63	-25,061,645.63	
3) Others											
(4) Internal transfer within shareholder's equity											
1) Conversion of capital reserve into share capital											
2) Conversion of surplus reserve into share capital											
3) Recover of loss by surplus reserve											
4) Others											
(5) Special reserve											
1) Accrual of special reserve											
2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56				150,989,342.09	844,203,078.92	22,992,133,756.57

Person in charge of accounting function:

钟莉

Legal representative:

能印任志
5101009102703

Person in charge of accounting departments:

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Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

1. Company profile

1.1 The Company's registered place, organization structure and the address of head quarter.

Xingcheng (hereinafter referred to as "the company" or "the group") was established on March 26, 2009, as a limited liability company, and the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government performs the function of investor. On March 31, 2017, the company renewed the business license with the unified social credit code of 915101006863154368. Company address: No. 99, Zhuojin East Road, High-tech Zone, Chengdu.

1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

The Company's business: the construction of municipal public projects, the construction of major government projects and so on.

The Company's main operation activities: land consolidation and development; Urban supporting infrastructure, investment and financing, construction and management of environmental governance; Development and construction of low-rent houses, affordable houses, commodity houses with fixed price and ordinary commodity houses; Capital operation; Franchise; Management of state-owned assets; Foreign investment; Other non-administrative licensing business projects

1.3 The approver and approval date of the financial reporting.

The financial statements for the year were approved by the board of directors of Chengdu Xingcheng Investment Group Company Limited. The approval date is April 20, 2019.

1.4 The consolidation scope of financial year 2018 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

Details of The consolidation scope are 7.1.1 Constitution of the Company.

2. Basis of preparation of financial statements

On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards and other relevant provisions (hereinafter collectively known as "Accounting Standards for Business Enterprises" or "CAS")

3. Significant accounting policies and accounting estimates

3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as of 31 December 2018 and its operating results, cash flows and other relevant information for the year ended 31 December 2018.

3.2 Accounting period

The financial year of the Company is from January 1 to December 31 of each calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

The Company's functional currency is Chinese Renminbi (hereafter referred to as "RMB").

3.5 Business combination

3.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, net assets in

the ultimate controlling party's consolidated financial statements are measured at their carrying amounts of the acquiree at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves is insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

3.5.2 Business combinations involving enterprises not under uncommon control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

3.6 Preparation of consolidated financial statements

3.6.1 The scope of consolidated financial statements

The Company incorporates all its subsidiaries (including individual entities under its control) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, divisible part in the investees and structured entities.

3.6.2 Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with the Company, the Company shall make necessary adjustments on the subsidiaries' financial statements

according to its accounting policies or accounting period.

3.6.3 The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholders' equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

3.6.4 The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

3.7 Joint arrangement classification and accounting treatments

3.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the

cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

3.7.2 The accounting treatment of joint operations

The party participating in joint operations shall recognize the following items relating to its interests in the joint operations and account for them in accordance with related requirements of Accounting Standards for Business Enterprises: a) Its solely-held assets and solely-assumed liabilities, and b) Its share of any assets and liabilities held jointly; c) Its revenue from the sale of its share of the output arising from the joint operation; d) Its share of the revenue from the sale of the output by the joint operation; e) Its own expenses; and f) Its share of any expenses incurred jointly.

The other parties involving in joint operations without common control power shall account for their investments referring to the treatment method of joint operation participants if they are entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, they shall account for their investments according to related requirements of Accounting Standards for Business Enterprises.

3.7.3 The accounting treatment of joint ventures

The parties participating in a joint venture account for its investment in accordance with Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment. And the other parties involving in joint ventures without common control power shall account for their investments according to their influence extent on the joint ventures.

3.8 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the statement of cash flows are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

3.9.1 Translation of foreign currency transactions

The Company recordconverts foreign currency into RMB for accounting purpose using the spot exchange rate prevailing on the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are converted translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted translated using the exchange rate at the date when fair value was determined and the difference between the converted translated functional currency amount and the prior converted translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

3.9.2 The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "retained earnings ", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are determined by systemic method and translated using the spot exchange rate when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of

foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

3.10 Financial instruments

3.10.1 Recognition and classification of financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments. A financial asset, financial liability or equity instrument is recognized when the Company becomes one party of financial instrument contracts.

The financial assets are classified into the following four categories upon initial recognition: financial assets at fair value through profit or loss (“FVTPL” financial assets), held-to-maturity investments, receivables, and available-for-sale financial assets (“AFS” financial assets). The classification of financial assets depends on the holding intention and capability of the Company except for receivables. The financial liabilities are classified into financial liabilities at fair value through profit or loss (“FVTPL” financial liabilities) and other financial liabilities upon initial recognition.

Financial assets at fair value through profit or loss include financial assets held for trading in the short term and those upon initial recognition designated as at fair value through profit or loss. Receivables are non-derivative financial assets with fixed or determinable amounts that are not quoted in an active market. AFS financial assets are those non-derivative financial assets that are designated as available for sale and financial assets other than those above mentioned. Held-to-maturity investments are non-derivative financial assets with fixed or determinable amounts and fixed maturity dates that the Company has the positive intention and capability to hold to maturity.

3.10.2 Measurement of financial instruments

The Company measures the financial instruments at fair value upon initial recognition. The subsequent measurement includes: a) FVTPL financial assets, AFS financial assets and FVTPL financial liabilities are measured at fair value; b) Held-to-maturity investments, receivables, and

other financial liabilities are subsequently measured at amortized cost; c) Equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked to the equity instruments that will be settled by delivering the equity instruments are subsequently measured at cost. The gains or losses of fair value changes arising from subsequent measurement of financial assets and liabilities shall be accounted for according to the following methods except hedging instrument involving in: a) The gains or losses arising from fair value changes of FVTPL financial assets and FVTPL financial liabilities are recognized in the profit or loss for current period; b) The gains or losses arising from fair value changes of AFS financial assets are recognized in other comprehensive income.

3.10.3 Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach.

3.10.4 Recognition and measurement of transfer of financial assets

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of the financial asset or it does not transfer or maintain substantially all the risks and rewards of ownership of the financial asset, but surrender control on the financial asset. If a financial asset meets the derecognition criteria, the difference between the transfer consideration received and the sum of transferred financial asset's carrying amount and the accumulated change amount on fair value which has been recognized in other comprehensive income shall be charged to profit or loss for current period. If the partial transfer of financial asset meets the derecognition criteria, the entire carrying amount of the transferred financial asset shall be split into the derecognized portion and retained portion according to their respective fair value.

A financial liability shall be entirely or partially derecognized if its present obligations are wholly or partly dissolved.

3.10.5 Impairment of financial assets

If the financial assets measured at amortized costs are impaired, the impairment provision shall be recognized at the difference of the carrying amount of financial assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss for current period.

If the financial assets measured at cost are impaired, the impairment provision shall be recognized by the difference of the carrying amount of financial assets and the present value of estimated future cash flows. And the impairment loss shall not be reversed after recognition.

If there is objective evidence that AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognized directly in the shareholders' equity are transferred to profit or loss for the current period. In the subsequent periods, if the fair value of AFS debt instruments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed and charged to profit or loss for the current period. For AFS equity instruments, the increase of fair value in the subsequent periods shall be accounted for in the shareholders' equity.

For investments of equity instruments, the Company determines the following specific criteria for their fair value decline "seriously" or "non-temporarily", calculation of cost, fair value determination at period end and continuous decline periods:

Specific quantitative criteria for fair value decline "seriously"	Decrease in closing fair value relative to the cost has reached or exceeded 20%
Specific quantitative criteria for fair value decline "non-temporarily"	Fall for 12 consecutive months
Calculation of cost	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.
Fair value determination at period end	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for it, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.

Except for financial assets measured at fair value through profit or loss, the Company checks the carrying amount of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision shall be recognized.

The Company conducts impairment test on financial assets with significant single amount. The Company conducts impairment test on financial assets that are not individually significant, and is included in a portfolio of financial assets with similar credit risk characteristics for impairment testing. Financial assets that are not impaired (including financial assets that are individually significant and insignificant) are tested separately, including impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics and are tested for impairment again.

a. Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognised as an impairment loss, which is recognised in profit or loss. After the financial assets are recognized as impairment losses, if there is objective evidence that the value of the financial assets has recovered and is objectively related to the events occurring after the recognition of the losses, the previously recognized impairment losses are reversed. The book value after the financial assets are transferred back to the impairment loss does not exceed the amortized cost of the financial assets on the reversal date under the assumption that no impairment provision is made.

b. Impairment of available-for-sale financial assets

When the comprehensive relevant factors determine that the decline in the fair value of the available-for-sale equity instrument investment is a serious or non-temporary decline, it indicates that the available-for-sale equity instrument investment is impaired. “Serious decline” refers to a cumulative decline in fair value of more than 20%. “Non-temporary decline” means that the fair value has been falling for more than 12 months.

When the financial assets available for sale are impaired, the accumulated losses arising from the decrease in fair value that are included in other comprehensive income are transferred out and recognised in profit or loss. The accumulated loss transferred is the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, the current fair value and the impairment loss previously recognised in profit or loss.

3.11 Receivables

Receivables include accounts receivable, long-term receivables and other receivables. If there are objective evidence that the receivables are impaired, the Company recognizes the doubtful debts allowance on the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.1 Provision of doubtful debts allowance for individually significant receivables

Criteria of individually significant receivables	1,000,000.00 yuan
Method of provision for doubtful debts allowance of individually significant receivables	the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.2 Receivables that are provided for doubtful debts allowance on portfolio basis

Basis for determining portfolios	Nature of money and risk characteristics
Portfolio 1: Aging analysis	Receivables other than other portfolios
Portfolio 2: Financial claims of government	Mainly for the payment of funds for the relevant government departments
Portfolio 3: Transaction of Related parties	Transaction between companies within the group
Portfolio 4: Margin, petty cash and other project settlement funds	Withholding money at the time of settlement of the project
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Aging analysis	Aging analysis
Portfolio 2: Financial claims of government	Withdraw on schedule, and no provision for bad debts.
Portfolio 3: Transaction of Related parties	No provision for bad debts
Portfolio 4: Margin, petty cash and other project settlement funds	Withdraw on settlement, and no provision for bad debts

Portfolios that aging analysis is used for calculation of the doubtful debts allowance:

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Within 1 year (including 1 year)	-	-
1-2 years	5.00	5.00
2-3 years	5.00	5.00
3-4 years	20.00	20.00
4-5 years	20.00	20.00
More than 5 years	40.00	40.00

3.11.3 Provision of doubtful debts allowance for individually insignificant receivables

Criteria of individually insignificant receivables	Receivables with conclusive evidence showing significant differences in collectability
Method of provision for doubtful debts allowance of individually insignificant receivables	Individual identification:

3.11.4 The recovery of bad debts

If there is objective evidence that the value of the receivable has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss should be reversed and recognised in profit or loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date, assuming no provision for impairment.

If the Company transfers the receivables to the financial institution without recourse, the difference between the transaction amount and the book value of the resold receivables and related taxes will be included in the current profit and loss.

3.12 Inventories

3.12.1 Categories of inventories

Inventories are the finished goods or commodities that the Company holds to sell, the work in progress in production process, and the material and goods consumed during the production process or service rendering process in daily operation. Inventories include raw materials, revolving materials, consigned processing materials, packaging materials, low-value consumables, work in progress, self-manufactured semifinished product and finished goods (commodities) etc.

3.12.2 Measurement of inventories upon delivery

Inventories are initially measured at cost. Inventories mainly include inventory materials, development products under construction (development costs), and development products for completed development products. The cost of product development includes land transfer fees, infrastructure facilities expenses, construction and installation engineering expenses, borrowing costs incurred before the completion of the development project, and other related expenses during the development process. The actual consumption of the inventory and the settlement amount of the supplier are directly included in the development cost.

3.12.3 Provision for diminution in value of inventories

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

At each balance sheet date, inventories are measured at the lower of cost and net realisable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognized. The Company usually recognizes provision for diminution in value of inventories by a single inventory item. For the inventory items of large quantity and low price, the Company recognizes provision for diminution in value of inventories based on inventory categories.

After the provision for inventory depreciation is made, if the influencing factors of the previously written down inventory value have disappeared, resulting in the net realizable value of the inventories being higher than its book value, it will be reversed within the original provision for the provision for impairment of inventories. The amount reversed is included in the current profit and loss.

3.12.4 Inventory count system

The Company adopts the perpetual inventory system.

3.12.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

3.13 Long-term equity investment

3.13.1 Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the

date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 12- Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related accounting standards.

3.13.2 Subsequent measurement and recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company shall measure the indirectly held portion at fair value through profit or loss and accounted for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22- Financial Instrument Recognition and Measurement.

3.13.3 Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50% voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's technique or technical material; e) Significant transactions occur between the Company and the

investee.

3.14 Investment property

Investment Property refers to real estate held for the purpose of earning rent or capital appreciation, or both. Investment property of the Company includes land use rights and buildings leased to other party, and land use rights held for resale after appreciation, and buildings that have been rented. In addition, for the vacant buildings held by the Company for the purpose of operating leases, if the board of directors makes a written resolution that clearly indicates that it will be used for operating leases and the intention to keep no longer changes in the short-term, it will also be reported as investment real property.

Investment property is initially measured at acquisition cost. Subsequent expenditures related to investment property are included in the cost of investment property if the economic benefits associated with the asset are likely to flow in and the cost can be reliably measured. Other follow-up expenses are recognised in profit or loss in the period in which they are incurred.

The Company adopts the cost model to conduct subsequent measurement of investment property and depreciation or amortization according to the policy consistent with the building or land use rights.

When the self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is used as the recorded value after conversion.

When the use of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the use of self-use property changes to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. When the conversion occurs, it is converted into investment property measured by the cost model, and the book value before the conversion is used as the converted book value.

The investment property is terminated when the investment property is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the

current profit and loss after deducting its carrying amount and related taxes

3.15 Fixed assets

3.15.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and b) The costs of the fixed assets can be measured reliably.

3.15.2 Classification and depreciation method of fixed assets

The categories of fixed assets mainly include: buildings, machinery & equipment, electronic equipment and vehicles. The Company adopts the straight line method for depreciation. The useful life and residual value of an asset is assessed based on its nature and the manner of use. At the end of each financial year, the useful lives, residual values and the depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	40	5	2.38
Electronic equipment	5	5	19.00
Transportation vehicles	6	5	15.83
Office equipment	8	5	11.88
Machinery & equipment	8	5	11.88
Pipeline facilities	8	5	11.88

3.15.3 Recognition and measurement of fixed assets leased in under finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, the Company, as the lessees, shall recognize finance leases as assets at amounts equal to the lower of the fair value of the leased property or the

present value of the minimum lease payments, each determined at the inception of the lease. Subsequent measurement of fixed assets under finance lease should be in accordance with the accounting policies adopted for self-owned fixed assets in respect of provision of depreciation and impairment.

3.16 Construction in progress

The construction in progress of the Company includes self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use. The recognition criteria of intended use include any of the followings:

a) The tangible work of fixed assets (including installation) have been entirely or substantively completed; b) Trial production or trial operation has occurred whose outcome indicates the asset can be operated properly or manufacture quality product steadily; c) No expenditure or insignificant expenditure occur subsequently for the constructed asset; d) The constructed asset has achieved or substantively achieved the requirement of design or contract.

3.16.1 Pricing of construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, other necessary expenses incurred to bring the construction in progress to the expected usable condition, and borrowing costs that qualify for capitalization before the assets are ready for their intended use. When the construction in progress is ready for its intended use, it is transferred to the fixed assets and depreciation begins from the next month.

3.16.2 Cost calculation of the company's land remediation business construction

The construction cost of land remediation business can be divided into land demolition and remediation cost, land development supporting cost and other construction task costs, in accordance with the relevant provisions of the “Chengdu State-owned Enterprise Land Remediation Business Accounting Treatment Guidelines (Trial)” issued by Chengdu Finance Bureau. Conduct accounting, as follows:

a. The collection and accounting of the construction cost of land remediation business are accounted for in “development cost” , ” “construction and installation engineering investment” ,

“equipment investment” and “deployment investment” .

b. Cost carry-over and resale of land remediation business: For the cost of direct demolition and remediation of land that has occurred, the land for remediation shall be delivered in batches, and after the land remediation funds corresponding to the disbursement will be received, the pre-carrying will be carried out at the end of the year. For the directly demolition and rectification costs of the transferred parcels that can be directly divided and accounted for, the cost of demolition and rectification will be carried forward less than the funds received from the corresponding land parcel demolition and remediation services. For the cost of land relocation and rectification that cannot be directly matched, the cost pre-carrying will be carried out according to the actual cost of direct demolition and rectification and the Derogatory principle of the land remediation business that has not been written off. After the completion of the project construction tasks, the cost of land consolidation business should be comprehensively cleaned up. According to the relevant audit results and relevant approvals, the original pre-carrying (sales) costs will be adjusted and confirmed. Other supporting construction costs and other construction task costs will be completed after the completion of the project is completed and confirmed by the owner, and the cost and special construction grants will be issued.

3.17 Borrowing costs

3.17.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

3.17.2 Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of

borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

3.18 Intangible assets

3.18.1 The measurement of intangible assets

The intangible assets shall be initially measured according to its cost. Acquisition costs of intangible assets include purchase price and relevant expenditures. The invested cost of intangible assets contributed by investors shall be determined according to the conventional value in the investment contract or agreement, except for those of unfair value in the contract or agreement. If the conventional value in the investment contract or agreement is unfair, the costs of intangible assets shall be their fair value. The costs of internally generated intangible assets include the total development expenditures to bring the asset to its intended use.

The subsequent measurements for intangible assets are as follows: a) The intangible assets with

definite useful life are amortized by straight line method and reviewed the useful life and amortization method at the end of each year. Any discrepancy between the review and initial estimates shall be adjusted accordingly. b) The intangible assets with indefinite useful life are not amortized, and reviewed for the useful life at the end of each year. If there are objective evidence indicating their useful life is definite, the Company shall estimate the useful life of the intangible assets and amortize them by straight line method.

3.18.2 The assessment basis for indefinite useful life

Intangible assets without foreseeable period to bring economic benefits to the Company or with uncertain useful life are classified as intangible assets of indefinite life. The judgment basis for indefinite life includes: a) The legal rights are derived from contractual rights or other legal rights, however there is no explicit useful life indicated in the contracts or regulations; b) Although considering the industry practice or demonstration from related professionals comprehensively, the benefit period of the intangible assets still can't be decided.

At the end of each year, the Company reviews the intangible assets with indefinite useful life mainly using bottom-to-top approach. The related departments who use the intangible assets will perform a basic review and evaluate whether there are changes on the basis to determine indefinite useful life.

3.19 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the Company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

3.20 Impairment of assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, goodwill, etc., the Company shall perform impairment test. If the outcome of

impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

3.21 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

3.21.1 Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to

profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

3.21.2 Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

3.21.3 Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and B) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

3.21.4 Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan.

3.22 Provisions

A provision relating to contingency is recognized when: a) The obligation is a present obligation of the Company; b) It is probable that an outflow of economic benefits will be required to settle the obligation; c) The amount of the obligation can be measured reliably. Provisions are initially measured at the best estimate of the payment to settle the associated obligations. If there is a continuous range for the necessary expenses and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range. If the contingency involves two or more items, the best estimate shall be determined according to all the possible outcomes with their relevant probabilities.

The Company shall review the carrying amounts of provisions at each balance sheet date, and if there are conclusive evidences that indicate the carrying amounts of provisions can't reflect the present best estimate of the payment, the carrying amounts of provisions will be adjusted to the present best estimate of the payment.

3.23 Preference shares and perpetual bonds

3.23.1 Classification of financial liabilities and equity instruments

The Company classifies the preference shares, perpetual bonds, warrants and convertible bonds etc. into financial liabilities or equity instruments according to the following criteria:

a. To settle the contract obligation in cash, by other financial assets or exchange of financial assets or liabilities

If the Company can't avoid paying cash or other financial assets unconditionally to fulfill its obligation in one contract, the obligation of contract meets the definition of financial liabilities.

b. To settle the contract obligation by the Company's own equity instruments

If the financial instrument shall or can be settled by the Company's own equity instruments for the alternatives of cash or other financial assets, the financial instrument is a financial liability of the Company; if the holder of financial instrument can enjoy the rest equity benefit after the Company deducts all liabilities from the assets, the financial instrument is a equity instrument of the Company.

c. To distinguish between derivative financial instrument and non-derivative financial instrument

when the Company shall or can settle the contract obligation using own equity instruments

For non- derivative financial instrument, if the Company has no obligation to settle by issuing convertible-quantity own equity instrument in the future, the non-derivative financial instrument is an equity instrument. Conversely the non-derivative financial instrument is a financial liability. For derivative financial instrument, if the Company can only settle the contract obligation using fixed-quantity own equity instrument to exchange fixed-amount cash or other financial assets, the derivative financial instrument is a equity instrument; if the Company uses fixed-quantity own equity instrument to exchange convertible-amount cash or other financial assets, or uses convertible-quantity own equity instrument to exchange fixed-amount cash or other financial assets, or when the transfer price is not fixed, uses convertible-quantity own equity instrument to exchange convertible-amount cash or other financial assets, the derivative financial instrument is a financial liability or a financial asset.

3.23.2 The accounting treatment for preference shares and perpetual bonds

The Company accounts for the financial instruments that is classified as financial liabilities by the account "Bonds payable", calculates interest and adjusts the carrying amount of the interests payable etc. in accordance with the regulation of financial liability subsequent measurement with amortized cost in the financial instrument recognition and measurement standard. The Company accounts for the equity instruments in the account "other equity instruments" and treats the dividend payments (including interests arising from instruments that are classified as equity instruments) as profit distribution during the equity instruments' existence.

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

3.24 Revenues

3.24.1 Sales of goods

The company has transferred the important risks and rewards of the ownership of the goods to the buyer; the company no longer implements the management and actual control of the goods; the relevant income has received or obtained evidence of the receipt; and the sale of the goods When the relevant costs can be reliably measured, the realization of operating income is confirmed.

3.24.2 Providing labor services

Labor services that are started and completed in the same fiscal year are recognized for income when the labor service is completed. If the beginning and completion of the labor service are in different fiscal years, the results of the labor service transaction can be reliably estimated, and the work is completed on the balance sheet date. The percentage method confirms the relevant labor income.

3.24.3 The interest income of others using the assets of the enterprise shall be determined according to the time of using cash and the applicable interest rate; the income from the use of the fee shall be calculated and confirmed according to the time and method of charging as stipulated in the relevant contract or agreement. The above revenue recognition should also satisfy: a) The economic benefits associated with the transaction can flow into the company; and b) The amount of income can be reliably measured.

3.25 Construction contract

3.25.1 Confirmation principle of construction contract revenue and cost

The construction contract revenue is recognized by the total amount or total cost of the engineering contract received or receivable; the contract cost shall include the direct and indirect costs incurred from the contract signing until the contract is completed and related to the execution of the contract. The principle of confirmation of construction contract revenue and cost is:

(1) If the progress of the construction contract can be reliably estimated on the balance sheet date, the contract revenue and contract costs are recognized based on the percentage of completion method.

(2) The progress of the construction contract cannot be reliably estimated at the balance sheet date. If the contract cost can be recovered, the contract revenue is recognized according to the actual contract cost that can be recovered, and the contract cost is recognized as the contract cost in the current period in which it occurs; If the cost cannot be recovered, it will be recognized as contract cost immediately when it occurs, and the contract revenue will not be confirmed.

3.25.2 Confirmation method of contract completion schedule

The Company determines the contract completion schedule based on the proportion of the actual contract costs incurred to the estimated total cost of the contract.

3.25.3 Expected loss processing

On the balance sheet date, if the estimated total cost of the contract exceeds the total contract revenue, the estimated loss is recognized as the current expense.

3.26 Government grants

3.26.1 Category of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration and be classified as government grants related to assets or government grants related to income.

3.26.2 Accounting treatment of government grants

Government grants related to assets are recognized as deferred income which are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income.

Government grants measured at nominal cost will be recorded in profit and loss for the current period when received.

Government grants related to income are treated as follows: a) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized.; b) if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income .

3.26.3 The detailed criteria to distinguish government grants related to assets and government grants related to income:

Government grants obtained by the Company for purchase, construction or formation of long-term assets are recognized as the government grants related to assets. The government grants other than the government grants related to assets are classified as government grants related to income.

3.26.4 The recognition time point for government grants

The receivable government grants will be recognized when there are conclusive evidence to indicate the Company could meet all related government grants requirements and the Company expects to receive the government grants in the future. Other government grants will be recognized when the grant fund received.

3.26.5 Accounting treatment for concessional loan

A. When the bank receives the discount interest fund from the financial sector and then provides loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the preferential interest rate.

B. When the Company receives the discount interest fund from the financial sector directly, the discount interest fund will be deducted from related borrowing cost.

3.27 Deferred tax asset and deferred tax liability

3.27.1 Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

3.27.2 Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable

profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

3.27.3 The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

3.28 Leases

The company's leases are classified as finance leases and operating leases. The judgment criteria for financing leases are: leases that substantially transfer all risks and rewards related to ownership of assets, and are recognized as financial leases. The specific basis for recognition is that one or more of the following conditions are met: at the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; the lessee has the option to purchase the leased asset, and the purchase price is expected to be much lower than the exercise option. The fair value of the leased asset at the time of the lease, so it can be reasonably determined at the lease start date that the lessee will exercise this option; even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset; the lessee is on the lease start date The present value of the minimum lease payments is almost equivalent to the fair value of the leased assets on the lease start date; the leased assets are of a special nature and can only be used by the lessee if no major modifications are made. For leases that do not meet the above conditions, they are recognized as operating leases.

The accounting treatment of the Company's leasing business is handled in accordance with the provisions of the “Accounting Standards for Business Enterprises – Leasing”.

3.28.1 The accounting treatment for operating lease: rental payment for operating leases is recognized in profit or loss for current period or the cost of related assets on a straight-line basis over the lease term.

3.28.2 The accounting treatment for financing lease: the Company will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the initial book value of the leased asset. The difference between carrying amount of leased asset and the present value of minimum lease payments is recognized as future finance charge which is amortized over the lease period by effective interest method. Minimum lease payments deducted unrecognized finance charge is presented as long-term payables.

3.29 Main changes of accounting policies and accounting estimates

3.29.1. Main changes of accounting policies

财政部于 2018 年 6 月 15 日发布了《财政部关于修订印发 2018 年度一般企业财务报表格式的通知》（财会〔2018〕15 号），执行企业会计准则的企业应按照企业会计准则和该通知要求编制 2018 年度及以后期间的财务报表。

The Ministry of Finance released < Notice for amendments of financial statements format of industrial and commercial enterprises>(Caikuai (2018) No.15) on July 15, 2018 and the enterprises who adopt <Accounting Standards for Business Enterprises> should prepare the financial statements for year 2018 and the following financial periods in according to <Accounting Standards for Business Enterprises> and the Notice.

The main influence on the financial statements after the Company adopts the Notice (Caikuai (2018) No.15) is as following:

Reason and content of accounting policy change	Item affected	The amount of item affected	Restatement amount of prior period	Amount presented in the prior period
1. Notes receivable and Accounts receivable are consolidated.	Notes receivable、Accounts receivable	16,391,260,527.34	15,537,293,655.50	Notes receivable: 69,531,426.52 Accounts receivable: 15,467,762,228.98
2. Interest receivable Dividends receivable are presented under Other receivables	Other receivables	4,246,095,722.72	2,707,162,028.30	Interest receivable: 813,037.50 Other receivables: 2,706,348,990.80
3. Disposal of fixed assets are presented under Investment property	Investment property	3,860,504,292.35	2,084,168,608.01	Investment property: 2,082,560,673.84 Disposal of fixed assets: 1,607,934.17
4. Construction materials are presented under	Construction in process	38,491,215,961.17	35,504,944,197.01	Construction in process:

Reason and content of accounting policy change	Item affected	The amount of item affected	Restatement amount of prior period	Amount presented in the prior period
Construction in process				35,504,944,197.01 Construction materials: -
5. Notes payable 和 Accounts payable are consolidated.	Notes payable、Accounts payable	30,086,554,733.95	27,702,426,217.08	Notes payable: 294,500,000.00 Accounts payable: 27,407,926,217.08
6. Interest payable、Dividends payable are presented under Other payables	Other payables	5,391,277,162.11	1,663,781,969.25	Interest payable: 246,687,475.36 Dividends payable: 50,974,663.87 Other payables: 1,366,119,830.02
7. Specific payables are presented under Other long-term payables	Other long-term payables	10,349,425,161.81	11,657,780,505.79	Other long-term payables: 3,235,765,686.14 Specific payables: 8,422,014,819.65
8. General and administrative expenses presentation adjustment	General and administrative expenses	1,167,311,168.73	899,982,259.04	926,781,534.12
9. Research and development expenses are presented separately	Research and development expenses	55,569,452.08	26,799,275.08	—

3.29.2 Main changes of accounting estimates

The company occurred no changes of significant accounting estimates in the current year.

3.29.3 Accounting errors in prior years

The nature, content and cause of the errors in the early period

The correction of errors in the early part of the year was mainly due to the completion of the transformation of Chengdu Construction Engineering Group Co., Ltd., a wholly-owned subsidiary newly incorporated into the scope of consolidation, as follows:

3.29.3.1 The nature of the errors in the early period

Chengdu Construction Engineering Group Co., Ltd., a wholly-owned subsidiary of the Company newly incorporated into the scope of consolidation this year, completed the restructuring this year and changed from a state ownership system to a company system enterprises. On the 27th of July, 2018, Chengdu Construction Engineering Group Co., Ltd. obtained the approval of Chengdu Xingcheng Investment Group Co., Ltd. on confirming the results of the capital verification of Chengdu Construction Engineering Group Co., Ltd. (Chengxing City [2018] No. 264)). It is agreed

to adjust the accounting technical errors in the accounting clearing stage confirmed by the audit, and adjust the accounting results of the liquidated assets to be processed in the asset verification stage confirmed by the audit. The final adjusted assets, liabilities and total owner's equity are adjusted. The result is based on the financial audit report issued by the accounting firm.

The financial statements are consolidated with amounts at the beginning of the year after adjustment of Chengdu Construction Engineering Group Co., Ltd.

3. 29. 3. 2The main influence on the financial statements of prior period

①Items of balance sheet

Item	The amount at 12/31/2017	Adjustment	The amount at 01/01/2018
Cash at bank and on hand	6,422,320,780.76	-27,815,912.53	6,394,504,868.23
Notes receivable and Accounts receivable	11,445,067,797.24	3,737,275,347.59	15,182,343,144.83
Prepayments	1,694,297,438.89	92,078,253.38	1,786,375,692.27
Other receivables	1,255,128,678.15	-759,070,212.02	496,058,466.13
Inventories	17,598,734,879.93	3,505,671,414.20	21,104,406,294.13
Non-current assets due within one year	53,251,430.03	-612,217.00	52,639,213.03
Other current assets	260,127,131.17	78,334,053.52	338,461,184.69
Available-for-sale financial assets	331,671,497.00	10,547,083.99	342,218,580.99
Held-to-maturity investments	29,900,000.00	-	29,900,000.00
Long-term receivables	2,265,212,956.54	-84,950,040.36	2,180,262,916.18
Long-term equity investments	24,187,023.39	119,823.67	24,306,847.06
Investment property	582,732,237.92	1,068,963,965.42	1,651,696,203.34
Fixed assets	2,418,912,880.91	-401,921,156.34	2,016,991,724.57
Construction in process	421,345,304.80	-381,953,855.41	39,391,449.39
Intangible assets	2,067,735,092.59	-1,319,135,615.27	748,599,477.32
Long-term deferred expenses	32,016,433.24	-371,189.37	31,645,243.87
Deferred tax assets	611,457,718.27	432,960,670.44	1,044,418,388.71
Other non-current assets	1,253,815,246.19	294,061.11	1,254,109,307.30
Total assets	48,767,914,527.02	5,950,414,475.02	54,718,329,002.04
Short-term loans	11,523,860,000.00	-	11,523,860,000.00
Notes payable and Accounts payable	17,689,440,458.04	6,478,976,807.83	24,168,417,265.87
Advances from customers	2,268,737,975.54	821,274,235.46	3,090,012,211.00
Employee benefits payable	139,134,865.04	9,625,958.89	148,760,823.93
Taxes and surcharges payable	355,382,621.30	385,980,700.98	741,363,322.28
Other payables	1,233,469,774.35	-825,793,188.14	407,676,586.21
Non-current liabilities due within one year	2,029,341,454.66	76,000,000.00	2,105,341,454.66
Other current liabilities	475,971,826.21	46,255,750.71	522,227,576.92

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	The amount at 12/31/2017	Adjustment	The amount at 01/01/2018
Long-term loans	5,340,469,260.25	-76,000,000.00	5,264,469,260.25
Other long-term payables	83,844,775.83	593,219.74	84,437,995.57
Long-term employee benefits payable	5,465,776.79	-	5,465,776.79
Provisions	63,088,957.32	10,424,248.33	73,513,205.65
Deferred income	68,999,131.62	-	68,999,131.62
Deferred tax liabilities	7,776,605.19	1,060,191,175.25	1,067,967,780.44
Total liabilities	41,284,983,482.14	7,987,528,909.05	49,272,512,391.19
Share capital	2,564,266,000.00	-	2,564,266,000.00
Capital reserve	3,739,697,107.62	-560,270,804.22	3,179,426,303.40
Special reserve	24,062,911.80	-47,786.70	24,015,125.10
Surplus reserve	237,688,700.42	-182,260,762.20	55,427,938.22
Retained earnings	908,668,866.48	-1,270,231,471.82	-361,562,605.34
* Minority interests	8,547,458.56	-24,303,609.09	-15,756,150.53
Total equity	7,482,931,044.88	-2,037,114,434.03	5,445,816,610.85

② Statement of Income Item

Item	The amount at 12/31/2017	Adjustment	The amount after the liquidation and capital verification
Operating income	31,783,951,232.60	-102,326,082.43	31,681,625,150.17
Operating cost	29,222,292,592.12	32,372,649.12	29,254,665,241.24
Taxes and surcharges	80,325,809.02	32,921.59	80,358,730.61
Selling and distribution expenses	106,009,134.95	-	106,009,134.95
General and administrative expenses	748,597,118.60	9,890,656.58	758,487,775.18
R&D expenses	25,338,340.97	1,460,934.11	26,799,275.08
Finance expenses	963,439,111.73	-308,418,066.02	655,021,045.71
Impairment on assets	301,457,241.45	964,100,981.83	1,265,558,223.28
Other income	10,496,158.39	15,361,035.45	25,857,193.84
Investment income	-28,685,586.82	-	-28,685,586.82
Gains (Losses) from disposal of assets		12,396,624.50	12,396,624.50
Non-operating income	32,241,785.64	979,108,292.83	1,011,350,078.47
Non-operating expenses	8,874,946.47	9,613,439.90	18,488,386.37
Income tax expenses	116,532,747.39	58,265,300.89	174,798,048.28

4. Taxes

4.1 Main taxes categories and tax rates

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Tax category	Tax base	Tax rate
Value added tax	Operating revenue	3%;5%;6%;17%
Enterprise income tax	Taxable income	25%
Estate tax	70 percents of the original value of the property; the rental income from the property	1.2%;12%
Urban maintenance and construction tax	The amount of turnover tax	7%
Education surtax	The amount of turnover tax	3%
Local education surtax	The amount of turnover tax	2%
Other taxes and surcharges		
Land-value increment tax	Value Added of the land	Four levels of excess progressive tax rates

4.2 Significant tax incentives and approval documents

According to the Notice of the Taxation Policy on Economically Affordable Housing and Housing Leasing of Low-rent Housing issued on March 3, 2008 (Cai Shui [2008] No. 24), the subsidiary of the Company, Chengdu Xingdong Real Estate Co., Ltd complies with Article 2 of the low-rent housing, economically affordable housing construction land and low-rent housing management units in accordance with the government-stipulated price, rented to the prescribed object of low-rent housing, exempt from urban land use tax. According to the provisions of Article 4 on the stamp duty related to low-rent housing, affordable housing management units and low-rent housing, affordable housing ,low-rent housing tenants and affordable housing purchasers, Dong Real Estate Co., Ltd. shall be exempted from the land use tax and stamp duty of the affordable housing project and has filed it with the Jinjiang District Local Taxation Bureau of Chengdu.

According to the “Notice of the State Administration of Taxation on Implementing the Relevant Implementation Opinions on Tax Policies for the Development of the Western Region” (Guo Shui Fa [2002] No. 47), Chengdu Jiangong Saili Concrete Co., Ltd., a subsidiary of the Company, is a production-oriented enterprise encouraged by the state in the western region and meets the relevant provisions of the tax preferential policies. Approved by the Chengdu State Taxation Bureau of Sichuan Province, the enterprise income tax is paid at a preferential tax rate of 15%.

5. Notes to the consolidated financial statements

5.1 Cash at bank and on hand

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Cash on hand	2,532,200.83	2,920,930.54
Cash at bank	13,044,499,849.95	14,680,211,029.76
Other monetary funds	86,552,398.85	22,144,068.89
Total	13,133,584,449.63	14,705,276,029.19
Including: the total balance deposited overseas		

Ownership or using rights of cash subject to restriction

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Performance bond	72,438,736.39	22,144,068.89
Mortgage deposit of new estate	26,016,844.80	4,639,544.80
Time deposit or notice deposit for guarantee		
Total	98,455,581.19	26,783,613.69

5.2 Notes receivable and Accounts receivable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Notes receivable	260,503,035.18	69,531,426.52
Accounts receivable	18,354,870,700.43	17,076,828,982.25
Less: Allowance for doubtful debts	1,735,848,136.80	1,609,066,753.27
Total	16,879,525,598.81	15,537,293,655.50

5.2.1 Notes receivable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Bank acceptance bills	70,914,045.43	61,399,405.38
Trade acceptance bills	189,588,989.75	8,132,021.14
Total	260,503,035.18	69,531,426.52

5.2.2 Accounts receivable

5.2.2.1 Accounts receivable by category

Item	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance	1,434,016,746.02	7.81	627,316,388.73	43.75
Allowance for doubtful debts on portfolio	16,919,459,585.29	92.18	1,108,005,819.09	6.55
Individually insignificant but allowance for	1,394,369.12	0.01	525,928.98	37.72

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
doubtful debts individually				
Total	18,354,870,700.43	—	1,735,848,136.80	—

(Continued)

Item	As at 1/1/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT(%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	1,950,674,080.10	11.42	583,830,409.76	29.93
Allowance for doubtful debts on portfolio	14,939,891,550.14	87.49	1,010,022,957.13	6.76
Individually insignificant but allowance for doubtful debts individually	186,263,352.01	1.09	15,213,386.38	8.17
Total	17,076,828,982.25	—	1,609,066,753.27	—

5.2.2.2 Accounts receivable that are individually significant and subject to separate allowance

Company name	Book Balance	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
四川国栋建设集团有限公司	135,851,144.96	67,925,572.48	3-4 years	50.00	Litigation, with recycling risk
南充世纪城(中南)房地产开发有限公司	65,826,292.68	32,913,146.34	3-4 years	50.00	Litigation, with recycling risk
成都森宇实业集团有限公司	337,532,977.83	233,847,264.26	Within 1 year, 1-2years, 4-5years, more than 5years	69.28	Litigation, with recycling risk
四川华业林志置业有限公司	38,310,865.07	16,856,780.63	4-5 years	44.00	Litigation, with recycling risk
成都天之府实业有限公司	26,869,830.08	24,283,400.00	2-3 years	90.37	Asset and Capital Verification
四川正坤房地产开发公司	65,249,300.00	65,249,300.00	4-5 years	100.00	Asset and Capital Verification
广汉市美亿家家装饰城管理有限公司	296,937,327.21	14,846,866.36	Within 1 year	5.00	Litigation, with recycling risk
贵州七众置业有限公司	72,049,077.70	3,962,245.59	Within 1 year	5.50	Litigation, with recycling risk
四川华景房地产开发有限公司	22,284,867.00	4,456,973.40	Within 1 year	20.00	Litigation, with recycling risk
彭州世纪嘉华投资有限公司	14,764,350.11	4,429,305.03	1-2 years	30.00	Litigation, with recycling risk
成都森宇实业有限公司	10,510,708.62	1,366,392.12	1-2 years	13.00	Litigation, with recycling risk
四川佳和万兴房地产公司	11,820,939.74	1,182,093.97	2-3 years	10.00	Litigation, with recycling risk

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

攀枝花市万 years 长房地 产开发有限公司	24,546,341.81	24,546,341.81	4-5 years	100.00	Litigation, with recycling risk
成都盛世房地产开发有 限公司	46,799,857.65	6,083,981.49	4-5 years	13.00	Litigation, with recycling risk
成都长湖文化旅游开发 有限公司	74,867,793.37	9,732,813.14	4-5 years	13.00	Litigation, with recycling risk
成都和方成实业有限公 司	3,249,312.25	1,624,656.13	4-5years	50.00	Litigation, with recycling risk
成都市龙光房地产有限 公司	3,231,454.15	1,615,727.08	4-5 years	50.00	Litigation, with recycling risk
成都长湖投资有限公司	4,622,813.60	600,965.77	3-4 years	13.00	Litigation, with recycling risk
攀枝花阳城实业有限公 司	2,129,690.52	500,000.00	1-2 years	23.48	Litigation, with recycling risk
成都市农锦集体资产经 营管理有限责任公司	2,532,413.93	1,266,206.97	More than 5 years	50.00	Litigation, with recycling risk
成都市闽台中天投资有 限公司	12,950,390.11	12,950,390.11	3-4 years	100.00	Litigation, with recycling risk
成都市金马泰基房地 产有限责任公司	16,315,438.39	16,315,438.39	3-5 years	100.00	Asset and Capital Verification loss
四川省文豪置业有限责 任公司	4,576,154.00	4,576,154.00	3-5 years	100.00	Asset and Capital Verification loss
大英万泰置业有限公司	43,000,000.00	29,400,000.00	2-3 years	68.37	Litigation, with recycling difficulties
四川海盛房地产有限公 司	90,357,947.24	39,954,915.66	Within 1 year	44.22	Litigation, with recycling difficulties
成都绿益桂森投资管理 有限公司	6,829,458.00	6,829,458.00	More than 3years	100.00	Litigation, with recycling difficulties
Total	1,434,016,746.02	627,316,388.73	—	—	—

5.2.2.3 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowanc e rate (%)	Allowance for doubtful debts	Balance	Allow ance rate (%)	Allowance for doubtful debts
Within 1 year	9,944,006,188.78	61.46		7,885,507,385.52	60.27	
1-2 years	3,169,981,610.00	19.59	158,499,080.50	2,302,880,843.68	17.60	115,144,042.18
2-3 years	1,383,398,643.53	8.55	276,679,728.71	1,333,637,092.00	10.19	263,817,595.47

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
More than 3 years	1,682,067,524.71	10.40	672,827,009.88	1,560,951,431.09	11.93	624,380,572.44
Total	16,179,453,967.02	—	1,108,005,819.09	13,082,976,752.29	—	1,003,342,210.09

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Financial claims of government, margin, petty cash and other project settlement funds	740,005,618.27	-	-	1,856,914,797.85	0.36	6,680,747.04
Total	740,005,618.27	-	-	1,856,914,797.85	0.36	6,680,747.04

5.2.3 Accounts receivable that are individually insignificant and subject to separate allowance

Company name	Book Balance	Allowance for doubtful debts	Aging	Allowance rate	Allowance reason
成都盛世房地产开发有限公司	998,207.06	129,766.92	4-5 years	13.00	Litigation , with recycling risk
Property fee	276,885.44	276,885.44	4-5 years	100.00	The age is very long and the owner cannot contact
Rental of Underground Parking Lot	666.67	666.67	4-5 years	100.00	The age is very long and the owner cannot contact
Energy consumption cost	7,708.33	7,708.33	4-5 years	100.00	The age is very long and the owner cannot contact
Rental	99,376.82	99,376.82	4-5 years	100.00	The age is very long and the owner cannot contact

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Parking service fee	11,420.63	11,420.63	4-5 years	100.00	The age is very long and the owner cannot contact
Maintenance fee	104.17	104.17	4-5 years	100.00	The age is very long and the owner cannot contact
Total	1,394,369.12	525,928.98	—	—	—

5. 2. 4Provision, recovery or reversal of allowance for doubtful debts during the year

Including significant recovery or reversal of allowance for doubtful debts during the year:

Company name	Recovery or reversal amount	Receipt method
成都人居建设管理有限公司	2,324,631.27	Because no doubtful debts are accrued to related parties, the doubtful debts accrued in previous years are reversed this year.
书香府邸一期	269,670.52	Reversal accounts receivable with allowance
泽瑞西园-住宅	1,689,717.93	Reversal house funding receivable
Total	4,284,019.72	

Accounts receivable written-off during the year

Company name	Nature of accounts receivable	Written-off amount	Written-off reason	Written-off procedure	Whether generated by the related party transactions or not
湖南长沙中格建设(集团)有限公司托华建筑公司	Concrete accounts receivable	142,988.33	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
成都创源建设工程有限公司	Concrete accounts receivable	92,736.00	The company has been written off and this claim cannot be realized.	Xingcheng Group approves	Not
四川省第一建筑工程公司第一分公司直属工程队	Concrete accounts receivable	32,335.50	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
攀枝花桥梁公司	Performance bond	104,886.00	诉讼判决 Litigation judgment	Xingcheng Group approves	Not
成都市鸿业建筑安装工程有限公司	Concrete accounts receivable	44,517.50	The charge is expected to be much larger than the balance	Xingcheng Group approves	Not

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Company name	Nature of accounts receivable	Written-off amount	Written-off reason	Written-off procedure	Whether generated by the related party transactions or not
			of the receivable, and cannot offset the inflow of future economic benefits.		
中国建筑技术集团有限公司	Concrete accounts receivable	3,240.00	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
四川省高标建设工程有限公司	Concrete accounts receivable	210.94	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
Total	—	420,914.27	—	—	—

5.2.5 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2018	Percentage in total accounts receivable (%)	Allowance for doubtful debts as at 31/12/2018
成都市路桥经营管理有限责任公司	711,897,686.92	3.88	2,653,548.29
成都市财政局	430,130,353.73	2.34	-
成都森宇实业集团有限公司	337,532,977.83	1.84	233,847,264.26
广汉市美亿家家装饰城管理有限公司	296,937,327.21	1.62	14,846,866.36
成都市城乡建设委员会	260,642,785.27	1.42	2,378,061.49
Total	2,037,141,130.96	11.10	253,725,740.40

5.3 Prepayments

5.3.1 Aging analysis of prepayments

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	788,550,447.91	83.82	254,482.11	2,199,771,535.55	89.24	221,336.22
1-2 years	114,986,695.76	12.22	18,748.51	87,773,563.02	3.56	31,921.18
2-3 years	29,045,799.77	3.09	7,814.30	102,613,171.51	4.16	-
More than 3 years	8,156,670.02	0.87	226,885.29	74,956,942.30	3.04	926,885.29

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Total	940,739,613.46	100.00	507,930.21	2,465,115,212.38	100.00	1,180,142.69

The prepayments with Aging more than 1 year

Creditor name	Debtor name	Balance as at 31/12/2018	Aging	Unsettled reason
成都兴城人居地产投资集团有限公司	中国五冶集团有限公司	22,932,564.82	1-2 years	Project payment is not settled
成都建工集团有限公司	北京北航天华时代科技有限公司	17,406,259.86	2-3 years	Project payment is not settled
Total	—	40,338,824.68	—	—

5.3.2 The top five prepayments are as follows:

Company name	Balance as at 31/12/2018	Percentage in total prepayment (%)
中国华西企业股份有限公司	59,385,349.12	6.31
中国五冶集团有限公司	22,932,564.82	2.44
北京北航天华时代科技有限公司	17,406,259.86	1.85
西昌市顺昌实业有限公司	14,000,000.00	1.49
四川华焱建筑工程有限公司	13,157,350.76	1.40
Total	126,881,524.56	

5.4 Other receivables

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Interest receivable	2,276,133.61	813,037.50
Dividends receivable	-	-
Other receivables	4,150,243,126.03	2,706,348,990.80
Total	4,152,519,259.64	2,707,162,028.30

5.4.1 Interest receivable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Fixed-term deposits	2,276,133.61	813,037.50
Entrusted loans		
Bond investments		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Total	2,276,133.61	813,037.50

5.4.2 Other receivables

Category	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	2,646,972,135.58	43.10	1,595,142,504.07	60.26
Allowance for doubtful debts on portfolio	3,489,301,651.94	56.82	391,555,955.37	11.22
Individually insignificant but allowance for doubtful debts individually	4,925,541.37	0.08	4,257,743.42	86.44
Total	6,141,199,328.89	—	1,990,956,202.86	—

(Continued)

Category	As at 1/1/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance	1,473,624,932.17	31.76	1,455,437,631.59	98.77
Allowance for doubtful debts on portfolio	3,159,879,070.45	68.11	473,785,060.90	14.99
Individually insignificant but allowance for doubtful debts individually	5,764,136.53	0.12	3,696,455.86	64.13
Total	4,639,268,139.15	—	1,932,919,148.35	—

5.4.2.1 Individually significant and subject to separate allowance

Company name	Book balance as at 31/12/2018	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
成都市青白江人民政府	133,970,000.00	65,670,194.67	1-2years	49.02	Accrual according to the spirit of the minutes of the No. 5 meeting of the Qingbaijiang District Committee
四川德瑞企业发展有限公司	979,375,608.50	225,448,259.13	1-4years	23.02	Accrual according to the litigation, which has not been decided.
乐山泛华置业有限公司(含成都建工立丰安装工程有限公司)	89,035,202.74	37,014,602.74	1-4years	41.57	The court has ruled and has enforced the law on the property of the company.

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

成都绿益桂森投资有限公司	31,329,090.50	31,329,090.50	More than 3 years	100.00	Expected recovery difficulties
李卫东	4,368,770.62	4,368,770.62	1-3years	100.00	Asset and Capital Verification loss
803 项目应收政府利息	641,023,117.43	641,023,117.43	More than 5 years	100.00	Two purposes of a fund, both as a form of capital transfer, but also to pay interest on the loan, unable to recover
贵州九檬建材有限公司	5,832,857.00	5,832,857.00	1-3years	100.00	Asset and Capital Verification loss
德阳市合力房地产开发有限公司	5,000,000.00	2,500,000.00	With 1 year	50.00	Litigation, with recycling risk
四川国栋建设股份有限公司	36,912,735.14	18,456,367.57	With 1 year	50.00	Litigation, with recycling risk
南湖五期-陈松林	1,650,173.39	1,650,173.39	1-2years	100.00	Litigation, with recycling risk
华阳河心岛-陈松林	1,831,329.00	1,831,329.00	1-2years	100.00	Litigation, with recycling risk
翰林上岛-陈松林	1,270,014.00	1,270,014.00	1-2years	100.00	Litigation, with recycling risk
四川华景房地产开发有限公司	3,642,700.00	728,540.00	1--3years	20.00	Litigation, with recycling risk
成都和方成实业有限公司	3,294,682.27	1,647,341.14	1-2years	50.00	涉诉事项, 存在回收风险 Litigation, with recycling risk
成都凯源物业有限公司	4,924,772.03	2,462,386.01	1-2years	50.00	Litigation, with recycling risk
南城锦地-黄伟军	4,078,955.62	4,078,955.62	With 1 year	100.00	Litigation, with recycling risk
刘关键	10,262,164.97	10,262,164.97	With 1 year	100.00	Litigation, with recycling risk
四川华天玻璃纤维有限公司	3,629,390.07	3,629,390.07	With 1 year	100.00	Litigation, with recycling risk
韦斌	7,662,874.95	7,662,874.95	1-2years	100.00	Litigation, with recycling risk
成都盛世房地产开发有限公司	15,223,581.00	1,979,065.53	1-2years	13.00	Litigation, with recycling risk
陈松林(南湖三期项目部)	5,275,161.56	5,275,161.56	1-2years	100.00	Litigation, with recycling risk
陈松林(美茵庄园项目部)	15,907,433.89	15,907,433.89	With 1 year	100.00	Litigation, with recycling risk
陈松林(淮口科玛项目部)	11,850,793.07	11,850,793.07	With 1 year	100.00	Litigation, with recycling risk

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

湖南省湘徽建筑工程有限公司	74,900,046.77	37,000,000.00	More than 5 years	49.40	Litigation, with recycling risk
立诚包装有限公司	18,000,000.00	18,000,000.00	More than 5 years	100.00	Litigation judgment
四川省天平房地产有限公司	5,000,000.00	5,000,000.00	More than 5 years	100.00	Overdue performance bond
四川华业林志置业有限公司	3,176,464.02	1,397,644.17	4-5years	44.00	Litigation
四川省森盟置业有限公司	528,544,217.04	431,865,977.04	1-4years	81.71	The court has ruled and has carried out law enforcement procedures on the property of the enterprise
Total	2,646,972,135.58	1,595,142,504.07			

5.4.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,234,978,083.32	57.52		96,702,050.56	10.06	
1-3 years	94,023,761.54	4.38	4,701,188.08	107,402,408.46	11.17	9,958,095.75
3-5years	65,258,535.62	3.04	13,051,707.12	280,538,908.16	29.18	56,107,781.63
More than 5 years	752,619,638.81	35.06	373,803,060.17	476,849,032.41	49.59	407,719,183.52
Total	2,146,880,019.29	—	391,555,955.37	961,492,399.59	—	473,785,060.90

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
financial claims of government、Margin, petty cash and other project settlement funds	1,342,421,632.65	-		2,198,386,670.86	-	
Total	1,342,421,632.65	-		2,198,386,670.86	-	

5.4.2.3 Individually insignificant but allowance for doubtful debts individually

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Company name	Book balance as at 31/12/2018	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
丁兆斌	1,000.00	1,000.00	More than 3 years	100	The statute of limitations has passed and the possibility of recovery is minimal.
四川省川科投融资担保有限公司	170,000.00	170,000.00	More than 3 years	100	Litigation
成都市科技交易中心指挥部	300,000.00	300,000.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
成都企业集团海南公司	209,195.80	209,195.80	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
海南儋州化学工业总公司（工程垫资利息）	190,878.73	190,878.73	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
成都市建管局开发办（七公司住宅）	500.00	500.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
成都市华达建筑装饰工程有限公司	68,495.00	68,495.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
成都大世界游乐园	50,000.00	50,000.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
海南洋浦成都办事处	83,296.71	83,296.71	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
人北工程成本	12,183.87	12,183.87	More than 5 years	100	The impairment is accrued because the damage has

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Company name	Book balance as at 31/12/2018	Allowance for doubtful debts	Aging	Allowance rate(%)	Allowance reason
					been reported during the Asset and Capital Verification
人北工程	7,743.59	7,743.59	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
人民路灌污护壁工程	74,236.37	74,236.37	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
高新环保工程	16,000.00	16,000.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
肉联工程	7,500.00	7,500.00	More than 5 years	100	The impairment is accrued because the damage has been reported during the Asset and Capital Verification
南充世纪城（中南）房地产开发有限责任公司	961,000.00	480,500.00	Within 1year	50	Litigation
锦江区人民政府水井坊街道办事处	869,369.58	869,369.58	More than 5 years	100	Litigation, with recycling risk
邵波-朗华大庆路	366,313.21	366,313.21	1-2 years	100	Litigation, with recycling risk
海棠湾-陈松林	40,000.00	40,000.00	1-2 years	100	Litigation, with recycling risk
成都盛世房地产开发有限公司	215,285.00	27,987.05	1-2 years	13	Litigation, with recycling risk
陈雄-森宇花园	675,543.51	675,543.51	Within 1year	100	Litigation, with recycling risk
海棠公馆-陈松林	69,000.00	69,000.00	1-2 years	100	Litigation, with recycling risk
咸阳水厂步行街项目部（陈新伟）	538,000.00	538,000.00	More than 5 years	100	The project department has been dissolved and no relevant personnel can be contacted.
Total	4,925,541.37	4,257,743.42	—	—	—

5.4.2.4 Provision, recovery or reversal of allowance for doubtful debts during the year

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Including : significant recovery or reversal of allowance for doubtful debts during the year:

Company name	Recovery or reversal amount	Receipt method
成都市青白江人民政府	10,419,619.42	The amount recovered in the future is expected to increase
Total	10,419,619.42	

5.4.2.5 Other receivables written-off during the year

Company name	Nature of other receivables	Written-off amount	Written-off reason	Written-off procedure	Whether generated by the related party transactions or not
谢光前	Concrete accounts collected	27,000.00	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
成都市华南建筑工程有限公司直属分公司	Judicial appraisal in the case of Long Jin Hui Yuan	6,621.50	The charge is expected to be much larger than the balance of the receivable, and cannot offset the inflow of future economic benefits.	Xingcheng Group approves	Not
Total	—	33,621.50	—	—	—

5.5.2 Other receivables due from the top five debtors of the Company are as follows:

Debtor name	Nature of balance	Balance as at 31/12/2018	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts as at 31/12/2018
四川德瑞企业发展有限公司	Project investment and interest	979,375,608.50	1-4years	15.95	225,448,259.13
双流县土地储备中心	Land transfer deposit	610,594,400.00	3years	9.94	-
四川省森盟置业有限公司	Project investment and interest	528,544,217.04	2-5years, more than 5years	8.61	431,865,977.04
都江堰市土地储备中心	Land consolidation funds and income	365,462,479.94	2-3years, 4-5years, more than 5years	5.92	
成都九联投资有限公司	Performance bond	180,000,000.00	Within 1 years	2.93	-
Total	—	2,663,976,705.48	—	—	657,314,236.17

5.5 Inventories

5.5.1 Inventories by categories

Category	As at 31/12/2018	As at 1/1/2018
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	396,536,252.10	343,955.50	396,192,296.60	282,711,307.52	220,903.10	282,490,404.42
Development costs (Work in progress)	21,942,153,113.30	6,141,807.00	21,936,011,306.30	12,315,856,028.63	-	12,315,856,028.63
Product development (Finished goods)	6,042,258,377.21	145,715,103.66	5,896,543,273.55	4,075,650,951.92	103,244,508.25	3,972,406,443.67
Revolving materials	41,562,323.86	-	41,562,323.86	25,571,991.08	-	25,571,991.08
Construction (completed but unsettled)	21,602,281,829.64	388,221,036.17	21,214,060,793.47	16,069,776,598.12	476,060,326.83	15,593,716,271.29
Others	1,374,457,994.57	-	1,374,457,994.57	1,371,457,827.80	-	1,371,457,827.80
Total	51,399,249,890.68	540,421,902.33	50,858,827,988.35	34,141,024,705.07	579,525,738.18	33,561,498,966.89

5.5.2 Assets completed but not settled arising from construction contract

Item	Amount
Accumulative cost incurred	148,810,550,416.58
Accumulative gross profit recognized	6,594,972,803.80
Less: estimated loss	388,221,036.17
amount settled	133,803,241,390.74
Assets completed but not settled arising from construction contract	21,214,060,793.47

5.6 Held-for-sale assets

Asset category	Carrying amount as at 31/12/2018	Fair value	Disposal expenses estimated	Disposal date estimated
康定新天地 107 套	9,449,342.59	9,449,342.59	-	In 2019
Total	9,449,342.59	9,449,342.59		

Note: On August 14, 2018, the Company signed a property rights transaction contract with Wu Yuping through the listing transaction of the Southwest United Assets and Equity Exchange. The contract stipulated that the company would transfer 107 sets of Kangding Xintiandi houses held to Party B at a transaction price of RMB 25,548,700. yuan. On October 13, 2018, the transaction certificate issued by the Southwest United Property Rights Exchange was obtained (Southwest Linkage [2018] No. 2006).

As of December 31, 2018, the original book value of the house of Kangding Xintiandi 107 was 25,335,912.21 yuan, and the net book value was 22,910,474.94 yuan. It was transferred to the held assets for sale according to the difference between the received payment and the incurred expenses.

As of December 31, 2018, a total of 15,061,282.50 yuan was received for the transaction of the house, and the disposal expenses of the company due to the transfer of property rights were 1,600,150.15 yuan.

5.7 Non-current assets due within one year

Item	Balance as at 31/12/2018	Balance as at 01/01/2018
Long-term receivables due within one year	720,642,785.27	773,079,464.03
Input tax to be certified		202,534.27
Total	720,642,785.27	773,281,998.30

5.8 Other current assets

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Deductible VAT	587,114,395.80	369,163,186.95
Advanced Taxes	168,017,027.49	89,014,463.45
Others	123,091,546.31	79,316,432.47
Total	878,222,969.60	537,494,082.87

Note: Others are mainly debt assets that have not been processed.

5.9 Available-for-sale financial assets

5.9.1 Available-for-sale financial assets

Item	As at 31/12/2018			As at 1/1/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	626,331,105.16	2,402,246.17	623,928,858.99	484,620,827.16	2,402,246.17	482,218,580.99
Including:						
Measured at fair value						
Measured at cost	626,331,105.16	2,402,246.17	623,928,858.99	484,620,827.16	2,402,246.17	482,218,580.99
Total	626,331,105.16	2,402,246.17	623,928,858.99	484,620,827.16	2,402,246.17	482,218,580.99

5.9.2 Available-for-sale financial assets measured at cost

Investee	Book balance			Provision for impairment			Share holding percentage (%)	Cash dividend in year 2018	
	As at 1/1/2018	Increase	Decrease	As at 31/12/2018	As at 1/01/2018	Increase			Decrease
成都市农村产权流转融资担保股份有限公司	40,000,000.00			40,000,000.00				13.33	
成都金融城投资发展有限公司	100,000,000.00			100,000,000.00				2.86	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Investee	Book balance			Provision for impairment			Share holding percentage (%)	Cash dividend in year 2018
	As at 1/1/2018	Increase	Decrease	As at 31/12/2018	Increase	Decrease		
中铁信托有限责任公司		10,000,000.00		10,000,000.00			1	
成都建宜股权投资管理中心(有限合伙)	10,180,000.00	12,220,000.00		22,400,000.00			47.36	
成都格芯工程项目管理有限公司	250,000,963.04	110,000,000.00		360,000,963.04			20	
合江县甘自公路建设工程有限公司		6,000,000.00		6,000,000.00			20	
国金鼎兴资本管理有限公司	24,500,000.00			24,500,000.00			25	
内江天成建设工程有限责任公司	7,000,000.00			7,000,000.00	1,169,769.30	1,169,769.30	70	
成都华成股份有限公司	25,884,888.78			25,884,888.78			47.61	
成都建设发展股份有限公司	9,095,213.34			9,095,213.34			8.7	
成都化工股份有限公司	110,000.00			110,000.00			0.13	
宜宾县育才项目管理有限责任公司	240,390.00			240,390.00			1	
中科政和项目管理中心(有限合伙)	4,759,722.00		4,759,722.00	0.00			1	
四川木鑫蓉建设投资管理有限公司	1,200,000.00			1,200,000.00			2	
湖南北控水务发展有限公司		1,000,000.00		1,000,000.00			1	
海南兴源股份有限公司	128,000.00			128,000.00	128,000.00	128,000.00	0.9	
成都庄森实业有限公司	500,000.00			500,000.00	500,000.00	500,000.00	2	
成都市华达建筑装饰工程有限公司	551,650.00			551,650.00	134,476.87	134,476.87	2.75	
泸州临港工业化建筑科技有限公司		5,300,000.00		5,300,000.00			10	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Investee	Book balance			Provision for impairment			Share holding percentage (%)	Cash dividend in year 2018		
	As at 1/1/2018	Increase	Decrease	As at 31/12/2018	As at 1/01/2018	Increase			Decrease	As at 31/12/2018
雅安成建工业化建筑有限公司		1,950,000.00		1,950,000.00				-	2.5	
成都建投建筑工业化有限公司	10,000,000.00			10,000,000.00				-	10	
成都建工机械股份有限公司	20,000.00			20,000.00	20,000.00			20,000.00	1	
海南兴源股份有限公司	450,000.00			450,000.00	450,000.00			450,000.00	0.9	
Total	484,620,827.16	146,470,000.00	4,759,722.00	626,331,105.16	2,402,246.17	-	-	2,402,246.17		

5.10 Held-to-maturity investments

Item	As at 12/31/2018			As at 1/1/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
1、 郫县新民场镇云凌村新型社区建设项目	159,745,002.24		159,745,002.24	156,540,470.29		156,540,470.29
2、 新津县金华镇宝峰新型社区建设项目	80,436,771.53		80,436,771.53	80,436,771.53		80,436,771.53
3、 崇州市桤泉镇农村新型社区建设项目（一期）	121,206,490.06		121,206,490.06	132,148,866.02		132,148,866.02
4、 彭州市濛阳镇桂桥新型社区建设项目	109,248,454.66		109,248,454.66	179,557,369.24		179,557,369.24
5、 彭州小鱼洞大楠村新型社区建设项目	30,419,690.17		30,419,690.17	39,419,690.17		39,419,690.17
6、 彭州市通济镇新黄村新型社区建设项目	55,542,200.06		55,542,200.06	75,542,200.04		75,542,200.04
7、 都江堰市青城山镇芒城村新型社区建设项目	192,400.00		192,400.00	192,400.00		192,400.00
8、 都江堰市聚源镇羊桥村新型社区建设项目	494,000.00		494,000.00	494,000.00		494,000.00
9、 都江堰市胥家镇金胜村新型社区建设项目	87,102,708.24		87,102,708.24	97,215,799.92		97,215,799.92
10、 崇州市三郎镇欢喜村新型社区建设项目	22,055,838.54		22,055,838.54	27,056,110.76		27,056,110.76

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

11、崇州市文井江大同新型社区建设项目	48,065,945.86		48,065,945.86	64,067,034.76	64,067,034.76
12、崇州市怀远三官村新型社区建设项目	34,126,141.59		34,126,141.59	46,126,958.25	46,126,958.25
13、崇州市街子天顺新型社区建设项目	35,130,407.27		35,130,407.27	47,131,223.91	47,131,223.91
14、青白江民主字库村新型社区建设项目	331,495,310.33		331,495,310.33	354,133,604.77	354,133,604.77
15、大邑县安仁镇泉水新型社区建设项目	16,054,054.21		16,054,054.21	22,054,054.20	22,054,054.20
16、大邑县安仁镇青杠新型社区建设项目	20,060,595.56		20,060,595.56	26,060,595.55	26,060,595.55
18、大邑县安仁镇蔡山新型社区建设项目	36,100,672.25		36,100,672.25	46,100,672.24	46,100,672.24
19、大邑县沙渠镇柳坪新型社区建设项目	8,023,218.02		8,023,218.02	10,023,218.03	10,023,218.03
20、大邑县沙渠镇龙湾新型社区建设项目	7,023,259.39		7,023,259.39	9,023,259.39	9,023,259.39
22、新津县普兴镇黄渡农村新型社区建设项目	49,562,351.27		49,562,351.27	49,562,351.27	49,562,351.27
23、新津县五津镇吴店社区灾后重建项目	142,012,712.73		142,012,712.73	174,037,982.18	174,037,982.18
24、彭州小鱼洞镇罗阳村新型社区建设项目	15,815,282.23		15,815,282.23	32,815,282.24	32,815,282.24
25、彭州小鱼洞镇大湾村新型社区建设项目	22,831,399.98		22,831,399.98	34,831,399.99	34,831,399.99
26、彭州小鱼洞镇董坪村新型社区建设项目	9,187,583.80		9,187,583.80	12,187,583.81	12,187,583.81
27、彭州小鱼洞镇鱼洞村新型社区建设项目	10,260,541.13		10,260,541.13	15,260,541.12	15,260,541.12
28、彭州市白鹿镇白鹿村新型社区建设项目	5,522,458.72		5,522,458.72	7,567,888.72	7,567,888.72
29、彭州市葛仙山镇文林村新型社区建设项目	38,615,800.03		38,615,800.03	50,615,800.03	50,615,800.03
30、彭州市三界镇三界场新型社区建设项目	12,194,208.46		12,194,208.46	16,194,208.47	16,194,208.47
31、彭州市三界镇新塔村新型社区建设项目	6,169,068.03		6,169,068.03	9,169,068.03	9,169,068.03
32、彭州市三界镇清凉村新型社区建设项目	6,116,097.19		6,116,097.19	8,116,097.20	8,116,097.20
33、彭州市三界镇丰碑村新型社区建设项目	6,112,093.55		6,112,093.55	8,112,093.53	8,112,093.53
34、新津县新平镇万街农村新型社区建设项目	179,159,050.22		179,159,050.22	217,581,522.44	217,581,522.44
35、新津县新平镇太平场二期新型社区建设项目	394,232,743.04		394,232,743.04	406,106,701.39	406,106,701.39
36、金堂县福兴镇三合碑社区灾后重建项目	55,200,000.00		55,200,000.00	55,200,000.00	55,200,000.00

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

37、蒲江县成佳镇同心村新型社区建设项目					8,304,512.34		8,304,512.34
38、金堂县白果镇灾后重建项目	24,860,000.00		24,860,000.00		24,860,000.00		24,860,000.00
39、金堂县清江镇灾后重建项目	6,000,000.01		6,000,000.01		6,000,000.00		6,000,000.00
40、都江堰安龙镇成青社区（太平村）灾后重建及集体建设用地整理项目	38,225,855.92		38,225,855.92		38,225,855.92		38,225,855.92
41、郫县郫筒镇980亩土地整理项目	131,000,000.00		131,000,000.00		181,000,000.00		181,000,000.00
44、崇州桤泉镇农村新型社区建设项目二期工程	390,884,776.31		390,884,776.31		393,296,556.73		393,296,556.73
45、青白江区杏花幸福村新型社区项目	94,597,060.07		94,597,060.07		97,643,482.47		97,643,482.47
46、青白江红阳街道红锋新型社区项目					2,314,151.40		2,314,151.40
47、彭州市九尺镇金沙村、双土村新型社区建设项目	278,185,217.30		278,185,217.30		320,969,196.82		320,969,196.82
49、金堂县赵家镇平水桥村幸福美丽新村项目	14,324,124.96		14,324,124.96		34,324,124.96		34,324,124.96
50、村级公服项目投资	59,180,015.77		59,180,015.77		71,110,785.88		71,110,785.88
达州秦巴物流园建设开发有限公司	29,900,000.00	-	29,900,000.00	-	29,900,000.00	-	29,900,000.00
Total	3,222,671,600.70	-	3,222,671,600.70	-	3,718,631,486.01	-	3,718,631,486.01

Note: The company's held-to-maturity investment is mainly for small town construction project investment. The investment contract stipulates that the project fund interest and investment and financing management fee will be charged according to certain standards. Due to the long construction period of the project, the Company confirms the held-to-maturity investment income and relevant economic benefits as they are likely to flow into the company with relevant economic benefits.

5.11 Long-term receivables

Item	As at 31/12/2018			As at 1/1/2018			Range of discount rate
	Book balance	Allowance for doubtful debts	Carrying amount	Book balance	Allowance for doubtful debts	Carrying amount	
Installment products sale	78,662,451.10	479,755.52	78,182,695.58	43,247,535.00	213,177.28	43,034,357.72	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Installation labor	387,772,316.75	1,643,727.53	386,128,589.22	455,176,446.58	1,826,334.16	453,350,112.42
service sale						
Other	8,489,783,570.51	177,174,351.26	8,312,609,219.25	8,382,160,015.45	181,340,601.26	8,200,819,414.19
Total	8,956,218,338.36	179,297,834.31	8,776,920,504.05	8,880,583,997.03	183,380,112.70	8,697,203,884.33

Note: Others are the investment amount or construction cost of PPP project and BT project.

5.12 Long-term equity investments

5.12.1. Long-term equity investments

Item	As at 1/1/2018	Increase	Decrease	As at 31/12/2018
Investment to subsidiaries	-	780,685,398.37	-	780,685,398.37
Investment to joint ventures and associates	435,403,580.83	104,371,361.23	-	539,774,942.06
Sub-total	435,403,580.83	885,056,759.60	-	1,320,460,340.43
Less: Provision for impairment	10,461,203.04	-	-	10,461,203.04
Total	424,942,377.79	885,056,759.60	-	1,309,999,137.39

Note: The company's 28th meeting of the board of directors in 2018 (October 22, 2018) agreed in principle to the overall plan for the equity acquisition of China Zhonghua Geotechnical Engineering Group Co., Ltd. : As the acquisition entity, the company will acquire not less than 22.95% of the shares of the target company in phases from 2018 to 2019 by agreement transfer, transfer of voting rights and increased holdings in the secondary market. On November 18, 2018, shareholders Wu Yanwei, Liang Fuhua, Song Weimin, Liu Zhongchi, and Yang Yuanhong signed the "Share Transfer Agreement" with the company and agreed to transfer the 179,344,222 shares (accounting for 9.90% of the company's total share capital) held by them to the Company at a total price of RMB780,685,398.37 (4.353 yuan per share). Among them, Wu Yanwei transferred 149,088,909 shares, accounting for 8.23% of the Zhonghua Geotechnical's total share capital; Liang Fuhua transferred 15,525,000 shares, accounting for 0.86%; Song Weimin transferred 6,356,873 shares, accounting for 0.35%; Liu Zhongchi transferred 2,467,190 shares, accounting for 0.14%; Yang Yuanhong transferred the number of shares 5,906,250 shares, accounting for 0.33%. The Company has completed the transfer registration procedures for the transfer of share agreements on

December 6, 2018, and obtained the "Confirmation of securities transfer registration" issued by China Securities Depository and Clearing Corporation Limited.

On January 2, 2019, the Company signed the "Share Transfer Agreement" with the transferors Wu Yanwei, Liang Fuhua, Song Weimin, Liu Zhongchi (hereinafter referred to as "Transfer 1") and Yinhua Capital (hereinafter referred to as "Transfer 2"). The subject shares of this transfer are all unrestricted circulating shares. Transferor 1 acquired target shares of 187,340,180 ordinary shares and all shareholder equity derived from it at RMB 4.353 per share, with a total amount of RMB 815,491,803.54, accounting for 10.34% of the total shares issued by Zhonghua Geotechnical; Transferor 2 acquired target shares of 161,948,364 ordinary shares and all shareholder rights and interests derived from it at RMB 4.633 per share, with a total amount of RMB 750,306,770.41, accounting for 8.94% of the total shares issued by Zhonghua Geotechnical. With the completion of this equity change, Xingcheng Group held 528,632,766 shares of the listed company, accounting for 29.19% of the total share capital of the listed company.

Completing the transfer registration procedures for this share, Xingcheng Group has the right to nominate 4 non-independent director candidates to the listed company, including 1 chairman and 2 independent director candidates. Wu Yanwei has the right to nominate 2 non-independent directors and 1 independent director to the listed company. Xingcheng Group has the right to nominate one supervisor candidate to the listed company and be elected as chairman of the board of supervisors. At the same time, all parties promote the appointment of employees appointed by Xingcheng Group as employee supervisors.

On November 18, 2018, the Chengdu SASAC issued the "Chengdu State-owned Assets Supervision and Administration Commission's Reply on the Approval of Chengdu Xingcheng Investment Group Co., Ltd.'s acquisition of Sinochem Rock Group Co., Ltd. Shares" (Chengdu SASAC PI ZI [2018] No. 921), agree to the relevant matters of this equity change.

5.12.2 Details of Long-term equity investments

Investee	Balance as at 1/1/2018	Movement during the financial year						Balance as at 31/12/2018	Provision for impairment as at 31/12/2018		
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued			Provision for impairment	Others

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 31/12/2018&Year ended 31/12/2018						
	四川川投售电有限责任公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司	雅安成建工业化建筑有限公司	成都德明土地整理有限公司	
Current assets	304,911,833.84	1,820,688,807.13	43,016,175.43	504,092,501.77	66,892,889.77	162,901,765.05	
Non-current assets	324,580.82	140,852,393.00	1,235,572.12	238,027.08	11,512,798.84	52,084,435.93	
Total assets	305,236,414.66	1,961,541,200.13	44,251,747.55	504,330,528.85	78,405,688.61	214,986,200.98	
Current liabilities	2,506,064.82	567,397,548.50	2,523,732.33	485,552,452.56	444,918.34	184,984,300.00	
Non-current liabilities							
Total liabilities	2,506,064.82	567,397,548.50	2,523,732.33	485,552,452.56	444,918.34	184,984,300.00	
Net assets	302,730,349.84	1,394,143,651.63	41,728,015.22	18,778,076.29	77,960,770.27	30,001,900.98	
Share of net assets calculated as shareholding percentage%	105,955,622.44	278,828,730.33	11,683,844.26	9,201,257.38	26,038,897.27	15,000,950.49	
Adjustments		-4,839,714.68					
Book value of equity investment in associates	105,961,482.43	273,989,015.65	11,683,844.27	9,201,257.38	26,052,000.00	15,000,000.00	
Fair value of equity investment if there is a quoted market price for the investment							
Operating income	4,691,592.58	1,615,270,153.26	4,295,634.92				
Net profit	2,824,245.72	16,981,774.40	-1,620,714.37	-1,145,618.26	-39,229.73	-1,666.35	
Others comprehensive income		-6,939,921.59					
Total comprehensive income	2,824,245.72	10,041,852.81	-1,620,714.37	-1,145,618.26	-39,229.73	-1,666.35	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 31/12/2018 & Year ended 31/12/2018					
	四川川投售电有限责任公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司	雅安成建工业化建筑有限公司	成都德明土地整理有限公司
Dividends from joint ventures for the current year						

(Continued)

Item	As at 31/12/2017 & Year ended 31/12/2017					
	四川川投售电有限责任公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司	雅安成建工业化建筑有限公司	成都德明土地整理有限公司
Current assets	299,996,226.87	1,393,526,250.64	46,884,292.85	480,915,564.73		163,766,431.40
Non-current assets	406,372.74	178,231,603.39	1,113,674.10	269,470.08		52,084,435.93
Total assets	300,402,599.61	1,571,757,854.03	47,997,966.95	481,185,034.81		215,850,867.33
Current liabilities	479,752.66	145,298,609.29	4,649,237.36	461,261,340.26		185,847,300.00
Non-current liabilities						0.00
Total liabilities	479,752.66	145,298,609.29	4,649,237.36	461,261,340.26		185,847,300.00
Net assets	299,922,846.95	1,426,459,244.74	43,348,729.59	19,923,694.55		30,003,567.33
Share of net assets calculated as shareholding percentage%	104,972,996.43	285,291,848.95	12,137,644.29	9,762,610.33		15,001,783.67
Adjustments		-13,311,203.86				
Book value of equity investment in associates	104,972,996.43	271,980,645.09	12,137,644.29	9,762,610.33		15,000,000.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Item	As at 31/12/2017 & Year ended 31/12/2017					
	四川川投售电有限责任公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司	雅安成建工业化建筑有限公司	成都德明土地整理有限公司
Fair value of equity investment if there is a quoted market price for the investment						
Operating income			4,867,459.45			
Net profit	247,038.05	837,028.52	652,192.68	-76,305.45		0.81
Others comprehensive income						
Total comprehensive income	247,038.05	837,028.52	652,192.68	-76,305.45		0.81
Dividends from joint ventures for the current year						

5.13 Investment property

Investment property measured by cost

Item	As at 1/1/2018	Increase	Decrease	As at 31/12/2018
I Cost	6,135,309,653.75	320,467,144.50	23,822,169.78	6,431,954,628.47
Including: Buildings	6,135,309,653.75	320,467,144.50	23,822,169.78	6,431,954,628.47
Land use rights	-			-
II . Accumulated depreciation or amortization	747,742,962.93	187,081,089.40	1,074,574.12	933,749,478.21
Including: Buildings	747,742,962.93	187,081,089.40	1,074,574.12	933,749,478.21
Land use rights				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 1/1/2018	Increase	Decrease	As at 31/12/2018
III. Sub total	5,387,566,690.82	—	—	5,498,205,150.26
Including: Buildings	5,387,566,690.82	—	—	5,498,205,150.26
Land use rights	-	—	—	-
IV. Provision for impairment	9,544,871.00	—	—	9,544,871.00
Including: Buildings	9,544,871.00	—	—	9,544,871.00
Land use rights	-	—	—	-
V. Carrying amount	5,378,021,819.82	—	—	5,488,660,279.26
Including: Buildings	5,378,021,819.82	—	—	5,488,660,279.26
Land use rights	—	—	—	—

5.14 Fixed assets

Item	Land	Buildings	Machinery & equipment	Transportation vehicles	Electronic equipment	Office facilities	Hotel industry furniture	Others	Total
I. Cost									
1. Balance as at 1/1/2018	55,556,429.46	2,166,772,922.95	270,875,440.60	159,871,079.12	34,588,176.39	24,899,927.32	1,864,262.75	1,206,647.06	2,715,634,885.65
2. Additions	-	3,136,434,412.37	19,323,497.81	11,128,123.40	8,348,697.92	2,517,977.90	489,969.01	2,160,942.94	3,180,403,621.35
(1) Purchase	-	3,136,434,412.37	19,323,497.81	11,128,123.40	8,348,697.92	2,517,977.90	489,969.01	2,160,942.94	3,180,403,621.35

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

1. Balance as at 1/1/2018						842,559.41	127,842.98	33,633.85	-	1,708.35	1,492,929.22
2. Additions											
(1) Disposals											
3. Reductions						57,620.80	-	-	-	-	77,053.50
(1) Disposals or scrap						57,620.80	-	-	-	-	77,053.50
4. Balance as at 31/12/2018						784,938.61	127,842.98	33,633.85	-	1,708.35	1,415,875.72
IV. Carrying amount											
1. As at 31/12/2018						32,857,143.20	12,311,047.43	7,201,700.04	285,933.71	2,441,276.93	3,860,504,292.35
2. As at 1/1/2018						43,373,031.50	9,755,057.75	7,431,110.76	422,042.04	704,840.70	2,082,560,673.8

5.14.2 Disposal of fixed assets

Item	Balance as at 31/12/2018	Balance as at 1/1/2018	Reason for moving to cleanup
Others	-	19,173.20	Free allocation of vehicles
House in the Feizhushi street	-	1,571,775.00	Land demolition
Room, play equipment	-	16,985.97	Scrap
Total		1,607,934.17	—

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 31/12/2018		Balance as at 1/1/2018	
	Book balance	Provision for impairment	Carrying amount	Carrying amount
Construction in process			38,988,712,505.29	35,506,997,071.85
Construction material				
Less: Provision for impairment		2,052,874.84		2,052,874.84
Total		38,986,659,630.45		35,504,944,197.01

5.15.1 Construction in process

Item	As at 31/12/2018			As at 1/1/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
待装修房产	590,149,643.55	-	590,149,643.55	-	-	-
东部片区基础设施建设	8,567,521,580.25	-	8,567,521,580.25	8,490,728,553.98	-	8,490,728,553.98
南部片区基础设施建设	4,786,004,376.71	2,052,874.84	4,783,951,501.87	4,644,688,159.30	2,052,874.84	4,642,635,284.46
其他代建项目	4,037,173,318.34	-	4,037,173,318.34	4,380,400,691.21	-	4,380,400,691.21
新客站项目基础设施建设	13,186,955,535.23	-	13,186,955,535.23	13,453,781,839.26	-	13,453,781,839.26
重大市政拨改租项目	3,143,363,843.15	-	3,143,363,843.15	3,488,529,559.27	-	3,488,529,559.27
成都市精神卫生中心扩建项目	5,677,178.03	-	5,677,178.03	5,686,313.23	-	5,686,313.23
成都市儿童福利院家庭寄养康复中心	18,558,925.67	-	18,558,925.67	16,945,973.81	-	16,945,973.81
成都市气象监测预警中心工程	59,001,650.57	-	59,001,650.57	57,522,982.57	-	57,522,982.57
成都市防汛物资仓库改扩建工程项目	-	-	-	6,381,916.76	-	6,381,916.76
成都市技师学院教学实训楼项目	133,722,670.97	-	133,722,670.97	55,668,829.78	-	55,668,829.78
互联网小镇项目	49,918,724.42	-	49,918,724.42	50,446,693.33	-	50,446,693.33

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 31/12/2018			As at 1/1/2018		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
成都市救灾物资集散中心项目	27,955,163.90	-	27,955,163.90	724,628.60	-	724,628.60
成都中心	2,910,855,526.84	-	2,910,855,526.84	748,483,030.67	-	748,483,030.67
兴城文产三国蜀汉城项目	2,987,391.76	-	2,987,391.76	-	-	-
成都市环城生态区生态修复综合项目	1,428,685,468.55	-	1,428,685,468.55	67,616,450.69	-	67,616,450.69
建物流园及其他零星项目	40,181,507.35	-	40,181,507.35	39,391,449.39	-	39,391,449.39
Total	38,988,712,505.29	2,052,874.84	38,986,659,630.45	35,506,997,071.85	2,052,874.84	35,504,944,197.01

5.15.2 Movement of significant construction in progress

Project name	Budget	As at 1/1/2018			As at 31/12/2018		
		As at 1/1/2018	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2018	
待装修房产	980,000,000.00	-	590,149,643.55	-	-	590,149,643.55	
东部片区基础设施建设	9,594,700,000.00	8,490,728,553.98	2,186,390,652.84	-	2,109,597,626.57	8,567,521,580.25	
南部片区基础设施建设	4,700,610,000.00	4,644,688,159.30	141,500,445.21	-	184,227.80	4,786,004,376.71	
其他代建项目	5,662,710,000.00	4,380,400,691.21	289,269,313.03	-	632,496,685.90	4,037,173,318.34	
新客站项目基础设施建设	14,571,060,000.00	13,453,781,839.26	598,993,570.86	-	865,819,874.89	13,186,955,535.23	
重大市政拨改租项目	2,405,161,200.00	3,488,529,559.27	-	-	345,165,716.12	3,143,363,843.15	
成都市精神卫生中心扩建项目	6,000,000.00	5,686,313.23	-9,135.20	-	-	5,677,178.03	
成都市儿童福利院家庭寄养康复中心	3,967.70	16,945,973.81	1,612,951.86	-	-	18,568,925.67	
成都市气象监测预警中心工程	15,480.05	57,522,982.57	1,478,668.00	-	-	59,001,650.57	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Project name	Budget	As at 1/1/2018	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2018
成都市防汛物资仓库改扩建工程 项目	928.31	6,381,916.76	1,689,214.12	-	8,071,130.88	-
成都市技师学院教学实训楼项目	27,095.90	55,668,829.78	78,053,841.19	-	-	133,722,670.97
互联网小镇项目	80,000,000.00	50,446,693.33	-527,968.91	-	-	49,918,724.42
成都市救灾物资集散中心项目	169,333.20	724,628.60	27,230,535.30	-	-	27,955,163.90
成都中心	8,000,000,000.00	748,483,030.67	2,162,372,496.17	-	-	2,910,855,526.84
兴城文产三国蜀汉城项目	6,000,000.00	-	2,987,391.76	-	-	2,987,391.76
成都市环城生态区生态修复综合 项目	41,500,000,000.00	67,616,450.69	1,361,069,017.86	-	-	1,428,685,468.55
建物流园及其他零星项目	54,400,000.00	39,391,449.39	790,057.96	-	-	40,181,507.35
Total	87,560,858,005.16	35,506,997,071.85	7,443,050,695.60	-	3,961,335,262.16	38,988,712,505.29

(Continued)

Project name	Percentage of current input over budget (%)	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)	Sources of funds
待装修房产	60.00	60.00	-	-	-	Self-raising
东部片区基础设施建设	75.57	65.00	2,434,823,955.83	732,880,133.23	6.77	Financial institution loan
南部片区基础设施建设	98.00	97.00	335,460,157.63	-	6.77	Financial institution loan
其他代建项目	97.00	90.00	362,438,865.43	14,350,843.78	6.77	Financial institution loan
新客站项目基础设施建设	90.49	92.00	3,832,212,095.47	328,558,118.03	6.77	Financial institution loan
重大市政拨改租项目	33.31	35.00	132,591,114.04	47,500,077.35	6.77	Financial institution loan
成都市精神卫生中心扩建项目	60.00	60.00	-	-	-	Self-raising
成都市儿童福利院家庭寄养康复 中心	75.57	65.00	-	-	-	Self-raising

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Project name	Percentage of current input over budget (%)	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)	Sources of funds
成都市气象监测预警中心工程	98.00	97.00	-	-		Self-raising
成都市防汛物资仓库改扩建工程项目	97.00	90.00	-	-		Self-raising
成都市技师学院教学实训楼项目	90.49	92.00	-	-		Self-raising
互联网小镇项目	33.31	35.00	-	-		Self-raising
成都市救灾物资集散中心项目	0.16	23.00	-	-		Self-raising
成都中心	60.00	60.00	-	-		Self-raising
兴城文产三国蜀汉城项目	75.57	65.00	-	-		Self-raising
成都市环城生态区生态修复综合项目	0.03	32.00	24,011,561.83	24,011,561.83	6.77	Financial institution loan
建物流园及其他零星项目	98.00	97.00	-	-		Self-raising
Total	---	---	7,121,537,750.23	1,147,300,734.22	---	---

5.15.3 Provision for impairment of construction in progress

Item	Balance as at 1/1/2018	Additions	Reductions	Balance as at 31/12/2018	Reason for provision
南部片区基础设施建设	2,052,874.84			2,052,874.84	Damaged
Total	2,052,874.84			2,052,874.84	

5.16 Intangible assets

Item	Software	Land use rights	Patent rights	Non-Patent techniques	Trademark rights	Concession	Total
I Cost							
1. Balance as at	16,189,834.92	753,112,970.80	552,028.00	140,181.50	2,985.00	-	769,998,000.22

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

(1) Provision									
3. Reductions									
(1) Disposal									
4. Balance as at 31/12/2018									
IV. Carrying amount									
1. As at 31/12/2018	11,502,086.78	720,070,164.29	165,081.48	5,700.00	2,910.69	727,272.73	732,473,215.97		
2. As at 1/1/2018	10,629,907.86	737,656,036.31	170,366.65	140,181.50	2,985.00		748,599,477.32		

5.17 Long-term deferred expenses

Item	Balance as at 1/1/2018	Additions	Amortization	Reductions	Balance as at 31/12/2018
市纪委特殊用房维修改造	176,240,707.56	-	22,584,820.31	-	153,655,887.25
办公区装修工程款	42,144.90	-	18,766.08	-	23,378.82
办公室装修	127,263.44	451,982.76	58,736.88	-	520,509.32
其他	1,060,620.09	-	350,917.08	-	709,703.01
律师费	-	30,000.00	-	-	30,000.00
青白江站绿化	220,551.03	-	203,585.64	-	16,965.39
青白江电力维护	207,000.00	-	36,000.00	-	171,000.00
龙潭站场地建设费	1,531,834.51	-	170,203.80	-	1,361,630.71
长期待摊费用	19,497,039.04	7,294,436.04	8,674,938.26	-	18,116,536.82
石材园二期钢结构防火漆涂装费用	-	5,706,626.73	237,776.10	-	5,468,850.63
石材园一期堆场混凝土地坪费	369,203.56	-	138,451.32	-	230,752.24
新招商中心装修费	0.16	-	0.16	-	-
一、二期广告牌设立工程	36,227.72	-	36,227.72	-	-
大阪超市外墙装饰费	110,609.02	-	100,780.20	-	9,828.82
石材园一期 A1-3-1 装修费	-	466,773.40	23,338.68	-	443,434.72
九江站土地配套费	1,085,335.00	-	28,380.00	-	1,056,955.00
远东租赁公司服务费	169,444.44	-	169,444.44	-	-
办公室装修费用	86,666.67	-	43,333.33	-	43,333.34
建造师聘用费	14,843.74	-	14,843.74	-	-
百扬写字楼大厦	4,108,198.72	1,140,139.12	2,275,512.21	-	2,972,825.63
石材园二期 B2-2-1/2 号房装修费	-	397,591.00	6,626.44	-	390,964.56
新津花源站场地建设费	4,154,957.31	-	267,453.12	-	3,887,504.19
天府机场站场地建设费	-	4,147,652.70	3,456,377.25	-	691,275.45
供电系统及配电室维护费	53,332.95	-	53,332.95	-	-
Total	209,115,979.86	19,635,201.75	38,949,845.71	-	189,801,335.90

5.18 Deferred tax assets and deferred tax liabilities

Item	As at 31/12/2018	As at 1/1/2018
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

	Deferred tax assets or liabilities	Deductable or taxable temporary differences	Deferred tax assets or liabilities	Deductable or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	1,011,158,406.79	2,121,426,474.41	919,567,462.16	1,883,355,645.50
Deductible tax losses	309,825,429.15	1,243,308,874.08	111,232,260.32	448,936,198.73
Land value increment tax	117,412,688.81	469,650,755.26	75,870,071.42	303,480,285.67
Special reserve	1,954,047.69	7,816,190.76	512,298.32	2,049,193.28
employee education fee	249,934.33	874,200.95	321,598.10	43,217.20
Termination benefits	4,001,664.27	16,006,657.05	4,488,060.27	17,952,241.07
Provisions	5,380,361.90	17,304,821.60	4,486,454.55	17,945,818.20
others	12,529,831.46	45,637,581.88	25,818,557.11	98,872,050.07
Sub-total	1,462,512,364.40	3,922,025,555.99	1,142,296,762.25	2,772,634,649.72
Deferred tax liabilities:				
Asset evaluation and appreciation in enterprise restructuring	410,596,800.68	1,642,387,202.72	436,851,874.47	1,747,407,497.88
Others	6,155,494.85	24,621,979.40	7,776,605.19	31,106,420.76
Non-corporate system valuation based on fair value measurement	570,511,322.24	2,282,045,288.96	574,960,129.16	2,299,840,516.64
valuation of financial assets held for trading/derivative financial instruments	4,836,270.59	19,345,082.36	4,965,392.53	19,861,570.12
The deferred income tax liabilities recognized in the asset assessment, for the increased depreciation offsets the value-added assets.	41,634,455.54	166,537,822.16	43,413,779.09	173,655,116.36
Sub-total	1,033,734,343.90	4,134,937,375.60	1,067,967,780.44	4,271,871,121.76

5.19 Other non-current assets

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
House、buildings to be sold	62,901,725.10	64,459,349.69
Entrusted Loan	250,000,000.00	250,000,000.00
Temporary facilities	67,933,834.51	33,757,934.36
Land fund prepaid	3,390,000.00	
Investment in the general field town of Xinglong Town, Shuangliu County	1,299,871,493.52	1,220,351,372.94
Acquisition fund prepaid	1,583,637,606.86	
Total	3,267,734,659.99	1,568,568,656.99

Note: Acquisition fund prepaid: Tianjin Datong Investment Group Co., Ltd. (hereinafter referred to as “Datong Group”), a shareholder holding more than 5% of Tianjin Hongri Pharmaceutical Co., Ltd. (hereinafter referred to as “Hongri”) shares, shareholder of Hongri Yao Xiaoping and Sun Changhai respectively and Chengdu Xingcheng

Investment Group on November 25, 2018 Co., Ltd. (hereinafter referred to as “Xingcheng Group”) signed the “Share Transfer Agreement for Tianjin Hongri Pharmaceutical Co., Ltd.” (hereinafter referred to as “the “Share Transfer Agreement”). Datong Group transferred 344,765,773 shares of the Hongri's unrestricted shares held by Datong Group to Xingcheng Group by way of agreement transfer, accounting for 11.45% of Hongri's total share capital. Yao Xiaoqing transferred 137,002,993 shares of the Hongri company's unrestricted shares to Xingcheng Group by way of agreement transfer, accounting for 4.55% of the company's total share capital. Sun Changhai transferred 5,871,557 shares of the company's unrestricted shares to Xingcheng Group by way of agreement transfer, accounting for 0.195% of the Hongri company's total share capital. The total number of shares transferred was 487,640,323 shares, accounting for 16.195% of the Hongri company's total share capital. The total number of shares transferred was 487,640,323 shares, accounting for 16.195% of the company's total share capital. The shares were registered on January 9, 2019.

5.20 Short-term loans

Borrowing condition	Balance as at 31/12/2018	Balance as at 1/1/2018
Pledge loans	40,000,000.00	200,000,000.00
Secured loans	1,299,300,000.00	1,493,300,000.00
Guarantee loans	7,243,970,000.00	6,483,360,000.00
Loans on credit	3,977,301,112.00	3,469,200,000.00
Total	12,560,571,112.00	11,645,860,000.00

5.21 Notes payable and Accounts payable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Notes payable	811,898,398.00	294,500,000.00
Accounts payable	29,176,079,872.87	27,407,926,217.08
Total	29,987,978,270.87	27,702,426,217.08

5.21.1 Notes payable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Bank acceptance notes	61,525,955.17	13,000,000.00
Commercial acceptance notes	750,372,442.83	281,500,000.00
Total	811,898,398.00	294,500,000.00

5.21.2 Accounts payable

5.21.2.1 List by age

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Within 1 year(including 1 year)	21,482,974,488.33	21,471,186,460.47
1-2 years (including 2 years)	4,560,304,361.86	3,313,592,411.69
2-3 years (including 3 years)	1,284,676,662.58	608,718,025.41
More than 3 years	1,848,124,360.10	2,014,429,319.51
Total	29,176,079,872.87	27,407,926,217.08

5.21.2.2 Significant accounts payable with aging over 1 year

Creditor	Balance as at 31/12/2018	Unpaid reason
中国建筑股份有限公司	439,719,011.13	not settled
中国铁建股份有限公司	202,360,806.59	not settled
成都经济技术开发区国有资产投资有限公司（原龙国投）	166,911,730.53	Land payment is not settled
四川良龙劳务有限公司	125,051,467.39	Project funds are not in place..
中国华西企业股份有限公司	70,200,565.04	Payment terms not met
Total	1,004,243,580.68	

5.22 Advances from customers

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Within 1 year(including 1 year)	6,099,206,139.26	6,022,889,781.80
More than 1 year	541,088,140.58	865,105,218.51
Total	6,640,294,279.84	6,887,995,000.31

Significant advances from customers with aging over 1 year

Creditor	Balance as at 31/12/2018	Unsettled reason
剑南项目购房款	408,544,965.79	Income recognition conditions have not been met
“西岸翠景”项目预收售房款	13,756,349.02	Unsettlement
书香府邸二期业主	12,542,505.94	Civil air defense parking spaces, uncarried income
雅安市公路管理局	2,220,000.00	Reclassification of accounts receivable
雅安市市政建设工程有限公司	1,760,000.00	Reclassification of accounts receivable
Total	438,823,820.75	—

5.23 Employee benefits payable

5.23.1 Movement of employee benefits payable

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	As at 1/1/2018	Increase	Decrease	As at 31/12/2018
I. Short-term employee benefits	117,921,265.46	1,410,212,195.62	1,410,602,886.39	117,530,574.69
II. Post-employment benefits—defined contribution plans	-	172,814,777.17	172,772,096.63	42,680.54
III. Termination benefits	19,134,478.97	3,629,829.93	4,082,866.95	18,681,441.95
IV. Other benefits due within one year	-	-	-	-
V. Others	13,010,147.63	33,673,767.70	39,836,174.33	6,847,741.00
Total	150,065,892.06	1,625,493,205.47	1,627,294,024.30	143,102,438.18

5.23.2 Details of the short-term employee benefits

Item	As at 1/1/2018	Accrued	Paid	As at 31/12/2018
1. Salaries, bonus, and allowances	81,466,423.11	1,196,938,454.07	1,190,317,381.08	88,087,496.10
2. Staff welfare	7,695,756.57	33,674,175.37	41,369,931.94	-
3. Social insurances	-	73,938,643.40	73,929,163.22	9,480.18
Including: Medical insurance	-	63,678,565.79	63,671,004.89	7,560.90
Work injury insurance	-	4,068,440.43	4,067,744.61	695.82
Maternity insurance	-	6,191,637.18	6,190,413.72	1,223.46
4. Housing Fund	1,457,560.43	70,654,563.60	69,672,821.40	2,439,302.63
5. Union funds and employee education fee	27,301,525.35	33,110,956.01	33,418,185.58	26,994,295.78
6. Short-term paid absences	-	981,687.64	981,687.64	-
7. Short-term profit –sharing plan	-	-	-	-
8. Other short-term employee benefits	-	913,715.53	913,715.53	-
Total	117,921,265.46	1,410,212,195.62	1,410,602,886.39	117,530,574.69

5.23.3 Defined contribution plans

Item	As at 1/1/2018	Accrued	Paid	As at 31/12/2018
1. Primary endowment insurance		150,028,258.99	150,001,196.89	27,062.10
2. Unemployment insurance		5,015,342.58	5,014,460.14	882.44

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

3. Pension insurance		17,771,175.60	17,756,439.60	14,736.00
Total		172,814,777.17	172,772,096.63	42,680.54

5.24 Taxes and surcharges payable

Category	Balance as at 31/12/2018	Payable amount in the current period	Paid amount in the current period	Balance as at 1/1/2018
Value added tax	133,131,410.37	954,480,091.16	859,492,013.14	228,119,488.39
Resource tax	59,438.66	516,002.59	506,838.74	68,602.51
Enterprise income tax	666,433,596.30	701,676,314.18	658,629,414.87	709,480,495.61
Urban maintenance and construction tax	36,188,048.86	63,861,383.58	60,323,295.26	39,726,137.18
Estate tax	37,980,347.22	71,027,986.03	87,914,227.55	21,094,105.70
Land use tax	1,143,162.42	32,472,466.49	31,765,870.30	1,849,758.61
Individual income tax	11,579,549.04	58,307,137.50	57,237,820.87	12,648,865.67
Educational surtax	21,543,496.51	46,475,046.39	43,468,485.52	24,550,057.38
Other taxes and surcharges	410,900,275.33	295,974,124.51	128,236,681.35	578,637,718.49
Total	1,318,959,324.71	2,224,790,552.43	1,927,574,647.60	1,616,175,229.54

5.25 Other payable

Category	Balance as at 31/12/2018	Balance as at 1/1/2018
Interest payable	423,300,568.32	246,687,475.36
Dividends payable	52,857,348.57	50,974,663.87
Other payables	4,915,562,081.97	1,366,119,830.02
Total	5,391,719,998.86	1,663,781,969.25

5.25.1 Interest payable

Category	Balance as at 31/12/2018	Balance as at 1/1/2018
Interest for long-term loan	177,931,509.89	67,745,552.03
Interest on corporate bonds	236,050,351.80	116,545,704.17
Interest payable for short-term loan	691,166.67	1,160,000.00
Interest for preference shares / perpetual bonds classified as financial liabilities		
Including: Instrument 1		
Instrument 2		
Other interest	8,627,539.96	61,236,219.16
Total	423,300,568.32	246,687,475.36

5.25.2 Dividends payable

Company name	Balance as at 31/12/2018	Balance as at 1/1/2018	Reason for unpaid over 1 year
Dividends for common shares	52,726,462.47	50,843,777.77	
Dividends for preference shares / perpetual bonds classified as equity instruments	130,886.10	130,886.10	
Total	52,857,348.57	50,974,663.87	

5.25.3 Other payables

Nature	Balance as at 31/12/2018	Balance as at 1/1/2018
Performance bond	420,876,751.41	176,752,299.67
Quality guarantee	836,798,355.04	111,473,885.03
Current account for person	693,497,042.12	167,558,566.28
Project expenses	951,867,367.47	31,083,834.07
Payables for units	1,030,077,916.05	147,210,979.91
Temporary project interest	85,800,056.96	13,502,165.75
Compensation for demolition and resettlement area difference	126,276,812.63	126,276,812.63
Collection account	455,887,769.73	535,179,907.62
Others	314,480,010.56	57,081,379.06
Total	4,915,562,081.97	1,366,119,830.02

Significant other payables aging over 1 year:

Company name	Balance as at 31/12/2018	Unpaid Reason
四川大学华西医院	153,421,427.00	The settlement period has not arrived.
新客站市政一期	96,015,830.00	The settlement period has not arrived.
78006 部队	75,694,320.00	The settlement period has not arrived.
中国人民解放军四川省军区后勤部	65,000,000.00	The settlement period has not arrived.
李树茂	62,653,221.72	Not settled
成都市成来建筑劳务有限责任公司	57,865,533.85	Not settled
四川省蜀府房屋建设开发有限公司	45,000,000.00	The settlement period has not arrived.
蒋小康	25,600,000.00	The other party has not collected
何明全	15,700,000.00	Self-raised funds of the project manager have not yet reached the repayment time.

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Company name	Balance as at 31/12/2018	Unpaid Reason
成都涛信贸易有限责任公司	15,589,086.08	Project funds are not in place
邹洪全	13,397,000.00	The other party has not collected
陈淑明	13,166,131.80	The other party has not collected
中国五冶集团有限公司	13,090,277.11	The settlement period has not arrived.
Total	652,192,827.56	

5.26 Non-current liabilities due within one year

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Long-term loans due within one year	6,176,419,170.00	5,898,545,430.00
Long-term bonds due within one year	400,000,000.00	3,893,024,626.35
Long-term payables due within one year	-	520,441,454.66
Total	6,576,419,170.00	10,312,011,511.01

5.27 Other current liabilities

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Business tax to be cleared	6,066.90	35,736,191.74
Output tax to be transferred	670,548,885.90	486,491,385.18
Total	670,554,952.80	522,227,576.92

5.28 Long-term loans

Borrowing condition	Balance as at 31/12/2018	Balance as at 1/1/2018	Range of interest rate
Pledge loans	4,841,818,040.00	3,633,907,210.00	
Secured loans	5,537,160,000.00	3,301,330,000.00	
Guarantee loans	9,301,370,000.00	2,306,600,000.00	
Loans on credit	6,932,500,000.00	6,813,069,260.25	
Total	26,612,848,040.00	16,054,906,470.25	

5.29 Bonds payable

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
13 蓉兴债（企业债）	399,282,154.79	798,037,572.34
2015 非公开公司债券（兴城公司）	1,997,136,866.29	-
CDXCINVB2111（HKEX）	2,011,464,813.57	1,900,725,593.95
16 兴城投资 MTN001	1,999,289,792.07	1,999,054,794.88
欧元债 2018Y5	1,031,888,005.92	-
欧元债 2018Y3	2,848,550,806.24	-
18 人居债	1,492,005,722.20	-

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
Total	11,779,618,161.08	4,697,817,961.17

5.29.1 Movement of bonds payable (excluding other financial instruments like preference shares, perpetual loans etc.)

Bond name	Par value	Issue date	Bond period (year)	Issue amount
13 蓉兴债 (企业债)	800,000,000.00	2013/1/28	7	800,000,000.00
2015 非公开公司债券 (兴城公司)	2,000,000,000.00	2018/8/13	3	2,000,000,000.00
CDXCINVB2111 (HKEX)	2,058,960,000.00	2016/11/23	5	2,058,960,000.00
16 兴城投资 MTN001	2,000,000,000.00	2016/10/27	5	2,000,000,000.00
欧元债 2018Y5	1,059,385,500.00	2018/3/20	5	1,059,385,500.00
欧元债 2018Y3	2,864,264,500.00	2018/3/20	3	2,864,264,500.00
18 人居债	1,500,000,000.00	2018/5/14	3years	1,490,400,000.00
Total	12,282,610,000.00	—	—	12,273,010,000.00

(Continued)

Bond name	Interest payable As at 1/1/2018	Issue in current period	Interest accrued on par value	Amortization of premium or discount	Repayment	Interest payable As at 31/12/2018
13 蓉兴债 (企业债)	1,198,037,572.34	-	51,416,666.67	50,172,084.22	400,000,000.00	799,282,154.79
2015 非公开公司债券 (兴城公司)	1,997,067,113.99	2,000,000,000.00	120,433,333.33	120,363,581.03	2,000,000,000.00	1,997,136,866.29
CDXCINVB2111 (HKEX)	1,900,725,593.95	98,700,000.00	65,052,243.75	53,013,024.13	-	2,011,464,813.57
16 兴城投资 MTN001	1,999,054,794.88	-	68,800,000.00	68,565,002.81	-	1,999,289,792.07
欧元债 2018Y5	-	1,059,385,500.00	23,440,397.63	50,937,891.71	-	1,031,888,005.92
欧元债 2018Y3	-	2,864,264,500.00	53,708,381.25	69,422,075.01	-	2,848,550,806.24
18 人居债	-	1,490,400,000.00	-	-1,605,722.20	-	1,492,005,722.20
Total	7,094,885,075.16	7,512,750,000.00	382,851,022.63	410,867,936.71	2,400,000,000.00	12,179,618,161.08

5.30 Long-term payables

Item	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018
Long-term payables	3,235,765,686.14	2,368,621,488.72	2,514,657,214.01	3,089,729,960.85

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018
Specific payables	8,422,014,819.65	3,233,646,642.54	4,395,966,261.23	7,259,695,200.96
Total	11,657,780,505.79	5,602,268,131.26	6,910,623,475.24	10,349,425,161.81

5.30.1 Long-term payables (The top 5 balance at 31/12/2018)

Nature	Balance as at 31/12/2018	Balance as at 1/1/2018
中国建筑股份有限公司	350,000,000.00	700,000,000.00
成都财政局	2,701,030,000.00	2,182,930,000.00
平安保理款	36,775,093.55	-
平安国际融资租赁有限公司	1,886,002.46	25,431,462.23
工程终身质保金	38,864.84	38,671.28
Total	3,089,729,960.85	2,908,400,133.51

5.30.2 Specific payables (The top 5 balance at 31/12/2018)

Item	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018
东部及南部起步区基础设施专项拨款	2,940,891,480.52	2,106,493,916.92	2,953,250,308.21	2,094,135,089.23
西二环及两射改造	2,640,000,000.00	-	-	2,640,000,000.00
其他代建项目专项拨款	857,405,475.59	230,148,669.00	6,010,726.00	1,081,543,418.59
公安局代建项目	391,900,000.00	-	-	391,900,000.00
成都市技师学院教学实训楼项目	94,000,000.00	52,420,000.00	-	146,420,000.00
Total	6,924,196,956.11	2,389,062,585.92	2,959,261,034.21	6,353,998,507.82

5.31 Long-term employee benefits payable

Category	Balance as at 31/12/2018	Balance as at 1/1/2018
Post -employment benefits—defined benefits plans		
Termination benefits	5,465,776.79	5,465,776.79
Other long-term benefits		
Total	5,465,776.79	5,465,776.79

5.32 Provisions

Item	Balance as at 1/1/2018	Balance as at 31/12/2018	Reason for the provisions
Pending litigation	10,000,000.00	10,000,000.00	Note 1

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Item	Balance as at 1/1/2018	Balance as at 31/12/2018	Reason for the provisions
Others	63,513,205.65	12,386,451.21	Note 2
Total	73,513,205.65	22,386,451.21	

Note 1: The pending litigation was caused by the loan dispute case involving the project manager's loan in the name of Jiangong Decoration Co., Ltd when the company undertook the second tender section of the Qingyang District Infrastructure Sealing Project. According to the Zhonglun Wendecheng (2017) Case No. 35 Risk Notice issued by Zhong Lun Wende (Chengdu) Law Firm, the company accrued an estimated liability of 10 million yuan.

Note 2: Others are mainly expected to reimbursement of staff costs and family members' support for deceased workers ,11,669,477.22 yuan.

5.33 Deferred income

5.32.1 Deferred income by category

Item	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018	Reason for the deferred income
Government grants	68,999,131.62	2,000,000.00	10,207,935.18	60,791,196.44	
Total	68,999,131.62	2,000,000.00	10,207,935.18	60,791,196.44	

5.32.2 Deferred income – government grants

Item	Balance as at 1/1/2018	Increase	Recorded in profit and loss for current period	Other movement	Balance as at 31/12/2018	Related to assets/income
Finance Bureau industrialization project production base support funds	68,999,131.62		10,207,935.18	-	58,791,196.44	Related to assets
Tourism subsidy income		2,000,000.00		-	2,000,000.00	Related to assets
Total	68,999,131.62	2,000,000.00	10,207,935.18		60,791,196.44	

5.34 Share capital

Item	Balance as at 1/1/2018	Movement					Balance as at 31/12/2018
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	
Chengdu SASAC	5,525,400,000.00						5,525,400,000.00
Total shares	5,525,400,000.00						5,525,400,000.00

5.35 Other equity instruments

Issued Financial instrument	As at 1/1/2018		Increase		Decrease		As at 31/12/2018	
	Quantity	Carrying amount	Quan tity	Carrying amount	Qu anti ty	Carrying amount	Qu ant ity	Carrying amount
华融国际信 托有限责任 公司永续债	1	1,000,000,000.00						1,000,000,000.00
中国建设银 行股份有限 公司成都第 五支行长期 限含权中期 票据	1	1,900,000,000.00						1,900,000,000.00
兴业国际信 托有限公司 可续期信托 贷款	1	500,000,000.00						500,000,000.00
长安国际信 托股份有限 公司可续期 信托贷款	1	1,000,000,000.00						1,000,000,000.00
中国工商银 行春熙支行 (永续债)			1	1,000,000,000.00			1	1,000,000,000.00
中国工商银 行春熙支行 (永续债)			2	810,000,000.00	1	40,500,000.00	1	769,500,000.00
Total	—	4,400,000,000.00	—	1,810,000,000.00	—	40,500,000.00	—	6,169,500,000.00

Note1: On December 27, 2016, the Company and Huarong International Trust Co., Ltd. signed "Hua Rong. Chengdu Xingcheng Group Perpetual Debt Collective Fund Trust Plan for Perpetual Creditor Investment Contract, the contract number is Huarong Trust (2016) Trust No. 353 - Investment No. 1. Article 2 of the contract stipulates that both parties confirm and agree that Party A intends to carry out the perpetual credit-type equity investment of Party B under the trust plan. Article 4 stipulates that the total investment price under the contract shall not exceed RMB 3.5 billion (¥3,500,000,000. 00 yuan), and the investment price may be paid in separate amounts. The specific amount

shall be based on the total amount of the investment price actually paid. Article 5 stipulates that the investment period under the contract is not fixed. From the date of the investment term (inclusive) to the date when Party B applies for early redemption of the perpetual claim or Party B applies for the investment under this contract (excluding) or other expiration date as agreed in the relevant contract. Unless otherwise agreed by the parties, on the date of the fifth investment period from the start of No i investment period and every interest day of the 5+i year from the start of No i investment period or any other time determined by mutual agreement, the Company has the right to apply in writing to Huarong Trust Company for the expiration of No i issue, and return to Huarong Trust Company investment price with the expiration application and the corresponding unpaid total investment income (including investment income under deferred payment under No I investment, and all other payables. Article 6 :Regarding the investment income agreement, in addition to the contract, the Company shall pay Huarong Trust Company the current investment income corresponding to No i investment price on the No i investment income payment date. Unless there is a compulsory payment event, the Company may, at each payment date under this contract, choose to defer the current investment income corresponding to No i investment price and all investment income deferred in accordance with this clause to the next payment date, which is not subject to any number of deferred payments. The deferral of the aforementioned investment income does not constitute Party B's failure to pay the investment income to Party A in full in accordance with this contract. The company received the above investment of 1,000,000,000.00 yuan.

Note2: According to the registration notice and the prospectus of the China Association for the Advancement of [2017] MTN [336], in July 2017, the Company issued the first medium-term notes for 2017 with a registered amount of 4,000,000,000.00 yuan, and the issue amount of the current period is 1,900,000,000.00 yuan. The term of the MTN is 5+N years (N=0,1,2,3..., including the redemption rights of issuers at the end of the fifth year) and is issued to institutional investors in the national inter-bank bond market. The rate is determined by using fixed interest rate. The coupon rate of the first five interest-bearing years of the current medium-term notes will be determined through centralized bookkeeping and centralized placement, and will remain unchanged during the first five interest-bearing years. From the sixth interest-bearing year, the coupon rate is reset every three years; the coupon rate for the first five interest-bearing years is the initial benchmark interest rate plus the initial spread. If the issuer does not exercise the redemption right, the coupon rate will be adjusted to the current benchmark interest rate plus the initial spread plus 300 basis points from the 6th interest-bearing year. The coupon rate remains from the 6th interest-bearing year to the 8th interest-bearing period. If the future benchmark interest rate is not available on the interest rate reset date due to factors such as macroeconomic and policy changes, the coupon rate will be determined by the initial interest rate

before the coupon rate reset date plus the initial spread and 300 basis points. Call and put provisions: On the fifth and subsequent interest payment dates of the current medium-term notes, the issuer has the right to redeem the current medium-term notes at face value plus interest payable (including all deferred interest payments and their interest). The issuer owns the redemption rights of the current medium-term notes. During the time specified in the aforesaid redemption clause, if the issuer decides to exercise the redemption right, the issuer shall publish the "Early Redemption Notice" on the information disclosure media designated by the competent authority in accordance with the relevant regulations one month in advance before the redemption date. The redemption work was completed by the agent of Shanghai Clearing House. The medium-term notes issued this time do not have an investor repurchase clause, and investors have no redemption rights.

Note3: On September 8, 2017, the company signed a Renewable Trust Loan Contract with Xingye International Trust Co., Ltd., the contract number is CIIT[2017]0665XTDK. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 5 million yuan (500,000,000 yuan). Article 4 of the contract stipulates that both parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract. The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term. If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and the loan term expires. The date is the natural expiration date. The loan interest rate for the initial loan term is confirmed by the benchmark interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 117.9%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly. The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

Note4: On November 23, 2017, the Company signed a Renewable Trust Loan Contract with Changan International

Trust Co., Ltd., which number is Ning Shan Xingcheng 17481765. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 1 million yuan(100,000,000 yuan).Article 4 of the contract stipulates that both parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract.The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term.If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and the loan term expires. The date is the natural expiration date.The loan interest rate for the initial loan term is confirmed by the benchmark interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 124.22%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly.The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

Note 5: On April 24, 2018, the Company signed the "Debt Investment Agreement" with the Industrial and Commercial Bank of China Chunxi Branch. Article 1 of the contract stipulates that the amount of credit investment under this agreement is a capital of RMB 100 million. Article 2 of the contract stipulates that both parties confirm that the trust loan is an unlimited number of renewable debt investments. On the 30th natural day before the due date of the amortization of the creditor's rights, the financier has the right to choose to repay the principal of the creditor's rights or defer the repayment in the current period. Article 3 of the contract stipulates that the initial investment period is 3 years, and the initial investment interest rate is implemented by the benchmark interest rate of the People's Bank of China for 1-3 years, which is up to 62.1053%.If the principal and interest are repaid in the current period, the financing rate will be increased by 300 BP on the existing basis for each extension. The principal of this debt investment will be paid in installments from 2019 to 2021. It will be paid no less than twice a year and will be paid

once every six months. The parties confirm that the claim is a renewable debt investment.

Note 6: On September 27, 2018, the Company and the Industrial and Commercial Bank of China Co., Ltd. Chengdu Chunxi Branch signed the "Debt Investment Agreement" with an investment of 1 billion yuan and an initial investment period of 2 years. The initial investment interest rate was calculated at a rate of 47.3685% based on the benchmark interest rate of the People's Bank of 1-3 years, which is 7%/year (adjusted with the adjustment of the benchmark interest rate of the People's Bank of China, with a period of 12 months, one period and one adjustment). When the financier chooses to repay the repayment of the principal and interest in the current period, each time the deferred period, the financing interest rate will rise by 200 BP on the existing basis, with the upper limit of 12%/year (inclusive). The creditor's right investment shall exist for a long time, and the financier shall repay the loan in arrears by 5% and 95% in the first year and the second year after the initial investment date. The repayment of the principal amount in the current period is the corresponding date of the initial investment date in the corresponding year. If there is no corresponding date, it is the next day of the corresponding maturity date. When the principal is repaid, the accrued unpaid interest corresponding to the principal shall be settled. The financier has the right to choose to postpone the repayment of the principal, and the number of extensions is not limited. For each deferral, the financing interest rate is raised by 200 basis points based on the current interest rate, with an upper limit of 12%/year (inclusive).

5.36 Capital reserve

Category	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018
I. Share premiums	924,214,811.37	-	-	924,214,811.37
II. Other capital reserves	17,639,757,264.38	3,594,873,445.26	2,105,436.71	21,232,525,272.93
III. Transfer from capital reserves recognized according to the former accounting standards				
Total	18,563,972,075.75	3,594,873,445.26	2,105,436.71	22,156,740,084.30

Note: The current capital reserve increased by RMB 3,594,873,445.26, of which: (1) The Company received the Chengdu Municipal Financial Treasury Payment Center to pay Chengdu Capital Health Investment Group Co., Ltd. capital of 100,000,000.00 yuan, Chengdu Tianfu Greenway Construction Investment Co., Ltd. capital of 700,000,000.00 yuan, capital of talented apartment, Tianfu Cultural Park, East-West City Axis, Characteristic Town (block) and West Sichuan Forest Construction Development Fund, etc. 900,000,000.00 yuan; (2) The Municipal Housing and Social Security Center will transfer the assets of the Foxconn supporting project of about 450,000

square meters to the Construction Engineering Group to increase the capital reserve of 1,894,873,445.26 yuan.

In this period, the capital reserve decreased by 2,105,436.71 yuan, of which: (1) Habitat Real Estate handed over the original Jinniu Community of Chengdu University to Chengdu Tianfu Greenway Construction Investment Co., Ltd., according to the evaluation amount of the seedlings at that time, the capital reserve was reduced by 817,300.00 yuan.. (2) Assessing the value-added part of the current period, the depreciation offsets the capital reserve by RMB 46,027.57; (3) Under the same control of the current period, the Construction Engineering Group will transfer the equity of Runjincheng Property Company to Runjincheng Industrial Company without charge., the difference between the net assets of the property company and the cost of long-term equity investment reduced the capital reserve by 1,242,109.14 yuan.

5.37 Other comprehensive income

Item	As at 1/1/2018	Movement in the year					As at 31/12/2018
		Amount before tax	Less: other comprehensive income in prior periods transfer in profit or loss for the current period	Less: income tax	Amount after tax attributable to the Company	Amount after tax attributable to minority interests	
Other comprehensive income items which will be reclassified subsequently to profit or loss							
Including: translation differences from translation of foreign currency financial statements	-405,997.79	531,827.33					125,829.54
Total of other comprehensive income	-405,997.79	531,827.33					125,829.54

5.38 Special reserve

Category	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018	Reason for the change
Safety costs	24,015,125.10	1,092,289,007.98	1,086,363,373.67	29,940,759.41	
Maintenance fee					
Others					
Total	24,015,125.10	1,092,289,007.98	1,086,363,373.67	29,940,759.41	

5.39 Surplus reserve

Category	Balance as at 1/1/2018	Increase	Decrease	Balance as at 31/12/2018
Statutory surplus	158,742,993.28	34,571,498.78	-	193,314,492.06
Total	158,742,993.28	34,571,498.78	-	193,314,492.06

Note: The increase of 34,571,498.78 yuan this year is based on 10% of the net profit for the year.

5.40 Retained earnings

Item	As at 31/12/2018	
	Amount	Appropriation proportion
Retained earnings as at 1/1/2018 before adjustment	3,250,140,506.43	
The total adjustment of retained earnings as at 1/1/2018 (Increase+, decrease-)		
Retained earnings as at 1/1/2018 after adjustment	3,250,140,506.43	
Increase	701,537,949.05	—
Including: Net profit attributable to the Company during the year	701,537,949.05	
Other adjustment reasons	-	
Decrease	477,474,007.11	
Less: Appropriation of statutory surplus reserve	34,571,498.78	10%
Appropriation of discretionary surplus reserve	-	
Common share dividends payable	138,750,000.00	
Common share dividends converted to share capital	-	
Others	304,152,508.33	
Retained earnings as at 31/12/2018	3,474,204,448.37	

Note: Others of 304,152,508.33 yuan this year are perpetual debt interest expenses.

(Continued)

Item	As at 01/01/2018	
	Amount	Appropriation proportion
Retained earnings as at 1/1/2018 before adjustment	2,793,695,910.87	
The total adjustment of retained earnings as at 1/1/2018 (Increase+, decrease-)		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Retained earnings as at 1/1/2018 after adjustment	2,793,695,910.87	
Increase	697,047,241.19	—
Including: Net profit attributable to the Company during the year	1,042,326,907.59	
Other adjustment reasons	-345,279,666.40-	
Decrease	240,602,645.63	
Less: Appropriation of statutory surplus reserve	25,061,645.63	10%
Appropriation of discretionary surplus reserve	-	
Common share dividends payable	102,600,000.00	
Common share dividends converted to share capital	-	
Others	112,941,000.00	
Retained earnings as at 31/12/2018	3,250,140,506.43	

5.41 Operating income and operating cost

Item	Year ended 31/12/2018		Year ended 31/12/2017	
	Income	Cost	Income	Cost
I. Primary operating business	43,439,690,573.29	39,229,164,097.22	35,994,528,007.64	32,158,423,028.75
Construction industry	33,511,592,245.93	31,884,531,459.42	26,764,445,912.45	25,449,816,240.97
Estate sales	3,524,208,878.75	2,285,173,937.18	4,529,576,248.92	3,484,580,519.41
Asset lease	438,676,664.19	288,033,638.35	577,464,790.28	193,356,127.97
Property management	57,340,825.42	54,137,008.37	55,780,817.45	52,767,617.11
Capital interest	48,840,201.28	828,168.88	55,030,276.67	49,514.56
Agent construction project management	31,856,947.89	3,626,813.39	77,419,766.20	3,443,776.65
Asset management and so on	838,217,194.75	787,664,125.05	596,896,409.69	532,609,334.58
Hotel and tourism	243,780,199.21	41,352,919.93	220,523,243.74	29,516,997.40
Building materials and logistics	172,487,418.00	18,377,892.99	155,147,920.81	15,975,303.70
Equipment and installation	1,998,047,478.19	1,722,893,855.58	881,539,292.67	677,297,890.10
II. Other operating business	2,574,642,519.68	2,142,544,278.08	2,080,703,328.76	1,719,009,706.30
Others	224,618,269.33	147,542,638.26	158,997,077.20	119,086,215.79

The top 10 amounts of construction contract revenue recognized in the current period:

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Item	The Lump-sum Contract Price	Lump-sum Contract cost	Completion schedule (%)	Accumulated contract revenue	Accumulated contract cost	Accumulated gross profit	Settled Price	Accumulated Received account	Contract revenue recognized in the current period	Contract cost recognized in the current period
Fixed-price contract Sub total	7,125,201,590.16	6,833,697,871.15	—	5,846,807,548.77	5,638,244,362.61	208,563,186.16	4,207,579,876.72	4,570,007,761.66	2,906,143,239.96	2,783,051,978.06
1、简阳市义务教育标准化学学校建设项目	2,000,000,000.00	1,958,363,536.46	56.16	1,123,121,970.97	1,099,740,557.47	23,381,413.50	829,002,549.00	819,847,000.00	1,123,121,970.97	1,099,740,557.47
2、日月大道(成温路)快速路改造工程(四标段)-练世军-基准账簿	951,827,490.23	927,340,840.45	90.91	865,297,718.39	843,037,127.68	22,260,590.71	285,687,932.91	705,127,102.00	417,098,379.12	408,283,768.59
3、自贡市西山路棚户区改造	632,381,612.12	622,227,026.99	97.4	615,965,757.44	606,074,772.94	9,890,984.50	417,329,494.78	417,329,494.78	79,242,442.41	78,254,709.64
4、日月大道(成温路)快速路改造工程(三标段)-罗先周-基准账簿	620,465,681.66	603,516,466.86	90.91	564,059,710.60	548,651,333.51	15,408,377.09	233,214,639.11	465,056,727.00	285,574,836.35	278,521,005.49
5、中环路地铁7号线道路恢复提升工程一标段-龙贤明-基准账簿	565,153,214.26	550,902,289.01	95.24	538,241,156.44	524,668,846.68	13,572,309.76	593,175,715.33	503,802,652.93	190,449,012.70	178,709,613.30
6、华西证券B区	515,310,954.45	504,829,874.45	95.05	489,813,171.35	479,850,699.20	9,962,472.15	503,514,355.34	487,172,204.45	78,836,916.98	77,221,581.85
7、武青北路住宅	462,484,663.88	453,068,561.70	100	462,484,663.88	453,068,561.70	9,416,102.18	462,484,663.88	419,560,766.19	49,424,249.46	48,406,806.25
8、三环路主体工程一标段-汪洋-基准账簿	561,988,389.80	543,947,649.00	81.72	459,253,261.42	444,510,485.23	14,742,776.19	428,931,202.86	264,888,969.19	360,430,619.84	345,698,548.74
9、日月大道	496,354,600.00	364,762,746.31	91.54	409,335,154.52	333,903,098.28	75,432,056.24	135,004,339.75	291,009,411.00	252,183,952.13	200,180,189.74
10、视高天府国际商贸城	319,234,983.76	304,738,879.92	100	319,234,983.76	304,738,879.92	14,496,103.84	319,234,983.76	196,213,434.12	69,780,860.00	68,035,196.99
Cost-plus Contract Sub total	7,952,576,150.77	7,163,214,290.36	—	3,359,039,508.39	3,237,653,401.71	121,386,106.68	3,383,074,373.71	3,356,718,459.72	2,153,251,445.21	2,072,383,407.15

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Item	The Lump-sum Contract Price	Lump-sum Contract cost	Completion schedule (%)	Accumulated contract revenue	Accumulated contract cost	Accumulated gross profit	Settled Price	Accumulated Received account	Contract revenue recognized in the current period	Contract cost recognized in the current period
格芯(成都)集成电路制造项目 M2-01 机电标段	897,449,894.00	867,707,751.22	80.95	726,468,580.96	702,392,883.36	24,075,697.60	590,060,560.00	590,060,560.00	722,847,550.86	702,280,131.46
衡水一中川南(富顺)分校总承包工程-王万辉	1,100,000,000.00	962,096,970.26	50.00	520,038,334.15	501,722,391.36	18,315,942.79	350,377,790.40	253,100,000.00	158,337,703.52	152,825,963.06
简阳市教育达标三步走	3,216,000,000.00	2,798,504,727.27	16.00	453,968,681.36	437,220,848.75	16,747,832.61	848,263,765.60	1,142,213,530.45	453,968,681.36	437,220,848.75
新都区大丰赵家村保障性住房	327,346,500.00	323,144,774.67	91.69	300,134,038.08	296,281,604.07	3,852,434.01	291,716,113.12	260,654,966.27	128,131,660.41	124,408,350.10
三环路扩能提升工程五标段-夏五先	488,571,822.64	387,608,562.07	79.34	264,551,536.45	253,291,284.27	11,260,252.18	272,395,300.00	116,850,264.16	206,660,275.18	196,871,649.14
七里小区工程融资建设一标段-孙林波	261,356,475.00	240,885,687.42	96.67	252,657,267.51	232,867,846.74	19,789,420.77	211,272,131.30	217,610,295.25	50,750,681.04	36,830,879.57
迁安海绵城市	366,458,208.13	357,618,923.86	66.20	242,604,993.58	236,753,154.39	5,851,839.19	203,970,986.66	183,039,649.69	145,168,321.25	141,798,621.25
仁怀梅家堡棚户区改造	808,984,000.00	783,564,722.23	28.90	233,813,103.36	226,466,406.49	7,346,696.87	234,285,048.54	277,250,300.04	81,508,954.52	78,726,772.03
三河新居项目一期工程、新苗新居工程、九花小区工程项目融资建设二标段(A标段)-李星	198,715,152.00	188,859,055.95	98.31	195,358,154.76	185,668,562.81	9,689,591.95	174,697,955.19	179,938,893.86	36,432,798.89	36,431,772.32
简阳市城区防洪及生态湿地走廊工程(G标段景观湿地工程)-同兰平	287,694,099.00	253,223,115.41	65.00	169,444,818.18	164,988,419.47	4,456,398.71	206,034,722.90	136,000,000.00	169,444,818.18	164,988,419.47
Total	15,077,777,740.93	13,996,912,161.51	—	9,205,847,057.16	8,875,897,764.32	329,949,292.84	7,590,654,250.43	7,926,726,221.38	5,059,394,685.17	4,855,435,385.21

5.42 Selling and distribution expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
Employee benefits	69,189,438.54	57,311,257.19
Depreciation	892,022.42	583,559.88
Office allowance	1,229,325.56	1,241,295.54
Transportation fee	6,527,916.70	7,078,059.29
Property management fee	2,829,870.64	2,920,814.45
Advertising expenses	39,320,492.51	29,126,559.14
Selling service fee	4,146,588.70	7,105,271.76
Agency commission	11,886,959.90	31,672,224.41
Energy fee	361,910.60	893,429.09
Consulting fee	1,568,192.45	1,758,000.00
Consignment fee	2,431,089.62	4,846,981.50
Others	37,873,466.99	36,699,792.40
Total	178,257,274.63	181,237,244.65

5.43 General and administrative expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
General and administrative expenses	1,167,311,168.73	899,982,259.04
Research and development expenses	55,569,452.08	26,799,275.08
Total	1,222,880,620.81	926,781,534.12

5.43.1 General and administrative expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
Employee benefits	787,061,898.87	625,526,008.58
Depreciation	101,888,954.07	51,918,087.77
Office allowance	69,211,493.71	52,112,788.95
Water and electricity costs	-	-
Travel expenses	12,721,817.32	14,704,176.77
Premium for property insurance	6,979,388.56	21,336,283.61
Lease fee	4,550,276.68	113,582.39
Repair charge	14,644,083.25	13,442,094.85
Property management fee	578,151.21	259,045.24
Afforestation fees	360,899.79	620,993.99
Conference expenses	409,995.55	492,992.10
Intangible asset depreciation	11,378,532.46	4,496,222.16
Amortization of long-term deferred expenses	-	-
Entertainment expenses	3,617,540.39	3,287,299.60
Hire agency fee	3,119,622.81	4,682,316.14
Transportation fee	1,905,849.15	4,872,972.65

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Year ended 31/12/2018	Year ended 31/12/2017
Consulting fee	28,909,834.44	33,033,263.83
Advertising expenses	4,651,781.45	1,351,802.94
Litigation costs	4,160,358.89	11,265,650.68
Material consumption	1,169,793.04	1,412,675.01
Corporate culture construction fee	330,420.90	29,446.45
Player technical assets	272,727.27	
Organization fee for Party	223,864.73	233,826.10
Others	109,163,884.19	54,790,729.23
Total	1,167,311,168.73	899,982,259.04

5.43.2 Research and development expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
Key technology research on construction	27,111,838.90	24,452,393.13
Key technology research on concrete	26,537,342.41	702,326.13
Key technology research on installation and decoration	1,920,270.77	1,644,555.82
Total	55,569,452.08	26,799,275.08

5.44 Finance expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
Interest expenses	1,115,593,730.06	835,788,203.88
Less: interest income	169,606,137.23	187,838,581.62
Losses from foreign exchange	-979,824.46	22,379,248.03
Less: Gains from foreign exchange		
Finance charges		
Others	11,605,801.35	27,547,449.14
Total	956,613,569.72	697,876,319.43

5.45 Impairment on assets

Item	Year ended 31/12/2018	Year ended 31/12/2017
Allowance for doubtful debts	195,222,122.08	1,139,221,250.28
Provision for diminution in value of inventory	3,026,293.32	126,433,656.16
Impairment loss on construction materials	-	2,052,874.84
Total	198,248,415.40	1,267,707,781.28

5.46 Investment income

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Category	Year ended 31/12/2018	Year ended 31/12/2017
Gain/(Loss) from long-term equity investments in equity method	1,464,526.50	619,182.69
Gain/(Loss) on disposal of long term equity investment	317.22	-30,660,151.89
Gain/(Loss) on held-to-maturity financial assets during the holding period	2,392,000.00	2,392,000.00
Gains/(Loss) on disposal of held-to-maturity financial assets		
Gains on available-for-sale financial assets during the holding period		94,800.00
Gains on disposal of available-for-sale financial assets		-69,000.00
Gains on remeasurement of the remaining equity at fair value after losing control		
Others	-2,027,534.04	2,624,260.50
Total	1,829,309.68	-24,998,908.70

5.47 Gains (Losses) from disposal of assets

Item	Year ended 31/12/2018	Year ended 31/12/2017
Gains from disposal of non-current assets	220,575.35	1,914,405.22
Gains from disposal of land		37,825,999.25
Total	220,575.35	39,740,404.47

5.48 Other income

Item	Year ended 31/12/2018	Year ended 31/12/2017	Related to assets/Related to income
Steady post subsidies	1,298,737.98	1,414,427.65	Related to income
Personal income tax return fee	313,139.77		Related to income
Industry support funds	950,000.00	17,786,852.19	Related to income
Financing reward	2,648,800.00		Related to income
Government grants	12,725,617.44	6,655,914.00	Related to assets
Total	17,936,295.19	25,857,193.84	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Note: The government grants this year are mainly: the construction industry headquarters amortizes the Finance Bureau support fund of the industrialization project production base of 9,790,460.80 yuan; the construction and tourism company amortizes the tourism grant income 417,474.38; the industrial construction company receives the Sichuan Industrial Development Award Fund, the Science and Technology Progress Award, etc. The government subsidy income is 2,719,889.37 yuan; the science and technology grant of the Science and Technology and Economy and Information Technology Bureau of Qingyang District of Chengdu received by the Road and Bridge Company is 200,000.00 yuan.

5.49 Non-operating income

Item	Year ended 31/12/2018	Year ended 31/12/2017	Amount to be included in non-recurring gain or loss for the year
Government grants from non-routine activities			
Non-current assets damage and scrap gains	639,672.66	6,048,208.34	
Gains on debt restructuring	630,000.00	1,281,543.97	
Donation	158,564.36	31,636.00	
Others	10,594,153.56	1,005,940,240.79	
Total	12,022,390.58	1,013,301,629.10	

Government subsidies included in non-operating income:

Item	Year ended 31/12/2018	Year ended 31/12/2017
Urban Construction Bureau introduces first-class enterprise rewards	-	300,000.00
Industrial production base subsidy fund	-	402,821.40
Jinniu District Industry Support Fund (Scale Enterprise Team Award)	630,000.00	-
Sichuan Direct Financing Finance Award		76,586.41
Steady post subsidies		502,136.16
Total	630,000.00	1,281,543.97

5.50 Non-operating expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017	Amount to be included in non-recurring gain or loss for the year
Losses on damage or abandonment of non-current assets	502,756.17	566,611.10	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Year ended 31/12/2018	Year ended 31/12/2017	Amount to be included in non-recurring gain or loss for the year
Donation	2,357,528.40	4,517,619.00	
罚款	425,235.14	4,568,459.83	
滞纳金	16,747,644.80		
Others	5,059,391.41	19,517,318.15	
Total	25,092,555.92	29,170,008.08	

5.51 Income tax expenses

5.51.1 Details of income tax expenses

Item	Year ended 31/12/2018	Year ended 31/12/2017
Current income tax expense calculated according to tax laws	601,510,119.74	540,459,506.50
Deferred income tax	-307,595,792.98	-115,097,064.63
Others	1,581,868.92	12,123,439.89
Total	295,496,195.68	437,485,881.76

5.51.2 Reconciliation between income tax expenses and accounting profit is as follows:

Item	Amount
Profit before tax	1,239,873,645.81
Income tax expenses calculated at statutory/applicable tax rates	309,968,411.45
Effect of different tax rate	4,799,154.43
Effect of adjustment for income tax in prior year	1,581,868.92
Effect of income not subject to income tax	-12,592,183.19
Effect of expenses undeductible for tax purposes	106,997,152.21
Effect of utilization of tax losses in prior years which haven't been recognized deferred tax assets	-108,013,452.42
Effect of unrecognized deductible temporary differences and deductible losses in current period	-7,244,755.72
Income tax expenses	295,496,195.68

5.52 Supplement to statement of cash flows

5.52.1 Supplement to statement of cash flows

Item	Year ended 31/12/2018	Year ended 31/12/2017
1. Net profit adjusted to cash flows from operating activities		
Net profit	944,377,450.13	1,074,812,463.31
Add: provision for asset impairment	198,248,415.40	1,267,707,781.28

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Year ended 31/12/2018	Year ended 31/12/2017
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	133,079,817.36	171,088,946.40
Amortization of intangible assets	22,257,919.12	4,217,476.86
Amortization of long-term deferred expenses	38,665,289.58	37,312,710.99
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-220,575.35	-20,278,298.95
Losses on write-down of fixed assets ("-" for gains)	-136,916.49	135,454.35
Losses from changes in fair value ("-" for gains)	-	-
Financial expenses ("-" for income)	1,115,593,730.06	835,788,203.88
Investments losses ("-" for gains)	-1,829,309.68	24,998,908.70
Decreases in the deferred tax assets ("-" for increases)	-320,215,602.15	-462,079,354.56
Increases in the deferred tax liabilities ("-" for decreases)	-34,233,436.54	269,881,689.67
Decreases in inventories ("-" for increases)	-17,297,329,021.46	-9,248,593,611.64
Decreases in operating receivables ("-" for increases)	-2,977,189,912.16	-7,078,596,761.40
Increases in operating payables ("-" for decreases)	6,514,448,730.48	7,030,059,243.12
Others	-	-
Net cash flows from operating activities	-11,664,483,421.70	-6,093,545,147.99
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2018	13,035,128,868.44	14,681,495,896.28
Less: cash as at 1/1/2018	14,681,495,896.28	18,878,549,150.29
Add: cash equivalents as at 31/12/2018	-	-
Less: cash equivalents as at 1/1/2018	-	-
Net increase in cash and cash equivalents	-1,646,367,027.84	-4,197,053,254.01

5.75.2 Net cash received from disposing subsidiaries during the year

Item	Amount
Cash and cash equivalents received during the year from disposing subsidiaries incurred in the year	3,518,061.84
Including: 成都东景燃气有限责任公司	3,518,061.84
Less: Cash and cash equivalents held by subsidiaries when losing control	
Add: cash and cash equivalents received during the year from disposing	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Amount
subsidiaries incurred in prior periods	
Net cash received from disposing subsidiaries during the year	3,518,061.84

5.53.3 Cash and cash equivalents

Item	Balance as at 31/12/2018	Balance as at 1/1/2018
I. Cash	13,035,128,868.44	14,681,495,896.28
Including: cash on hand	2,532,200.83	2,920,930.54
Unrestricted bank deposits	13,032,596,667.61	14,678,574,965.74
Unrestricted other cash and cash equivalents		
Unrestricted deposits with central bank		
Deposits with banks and other financial institutions		
Loans to or from banks and other financial institutions		
II. Cash equivalents		
Including: bonds investment maturing within 3 months		
III. Cash and cash equivalents as at 31/12/2018	13,035,128,868.44	14,681,495,896.28
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries		

5.53 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2018	Restriction reason
Cash at bank and on hand	98,455,581.19	Mortgage guarantee
Inventories	8,388,783,729.72	Mortgage guarantee
Investment property	2,687,208,970.51	Mortgage guarantee
Other	191,779,688.83	Mortgage guarantee
Total	11,366,227,970.25	—

5.44 Foreign currency balance in accounts payable

Foreign currency	Balance at 31/12/2018			Balance at 01/01/2018		
	Balance in foreign currency	Exchange rate	Balance translated into RMB	Balance in foreign currency	Exchange rate	Balance translated into RMB
HKD	70,450.00	0.8359	58,889.87			
Total	70,450.00		58,889.87	—	—	

5.54 Monetary items denominated in foreign currency

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Balance in foreign currency as at 31/12/2018	Exchange rate	Balance translated into RMB as at 31/12/2018
Cash at hand and in banks			
Including: USD	698,043.76	6.8632	4,790,813.93
EUR	41,280,436.30	7.8500	324,051,424.96
Bonds payable			
Including: USD	300,000,000.00	6.8632	2,058,960,000.00
EUR	500,000,000.00	7.8473	3,923,650,000.00
Long-term loans			
Including: USD			
Eur			

6. Changes in consolidation scope

6.1 Subsidiaries or structured entities newly incorporated into the scope of the merger, as set up newly

Subsidiary name	Net assets at 31/12/2018	Net profit ended 31/12/2018
成都兴城足球俱乐部有限公司	30,492,530.32	492,530.32
成都建工集团有限公司	8,595,996,796.28	270,903,371.40

Note 1: Chengdu Xingcheng Football Club Co., Ltd. (hereinafter referred to as “Xingcheng Football”) is jointly invested by the Company and Chengdu Derui Football Training Center Co., Ltd., among which: Xingcheng Group invested RMB 28.5 million to hold 95.00% of Xingcheng Football’s equity.

Note 2: Chengdu Construction Engineering Group Co., Ltd. (formerly Chengdu Construction Engineering Group Corporation) was originally a state-owned enterprise under the jurisdiction of Chengdu SASAC. According to “Chengdu Zifa (2017) No. 33” by Chengdu SASAC, Chengdu Construction Engineering Group Corporation was restructured to a limited responsible company, and be transferred all the converted equity to the company.

7. Interest in other entities

7.1 Interest in subsidiaries

7.1.1 Constitution of the Company

Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
成都兴城人居地产投资集团有限公司	Chengdu	Chengdu	Estate development	100.00		Set up
成都润锦城实业有限公司	Chengdu	Chengdu	Property management	100.00		Set up
成都兴城建设管理有限公司	Chengdu	Chengdu	Construction management	100.00		Set up
成都市小城镇投资有限公司	Chengdu	Chengdu	Urban construction	100.00		Combination under common control
成都兴城资本管理有限责任公司	Chengdu	Chengdu	Investment management	100.00		Set up
成都成都中心建设有限责任公司	Chengdu	Chengdu	Urban construction	100.00		Set up
兴城（香港）国际投资有限公司	Hongkong	Hongkong	Investment management	100.00		Set up
成都天府绿道建设投资有限公司	Chengdu	Chengdu	Urban construction	100.00		Set up
成都兴城文化产业发展有限公司	Chengdu	Chengdu	Investment management	100.00		Set up
成都医疗健康投资集团有限公司	Chengdu	Chengdu	Investment management	100.00		Set up
成都兴城足球俱乐部有限公司	Chengdu	Chengdu	Culture, sports and entertainment	95		Set up
成都建工集团有限公司	Chengdu	Chengdu	construction	100		Others

7.2 Equity in joint ventures or associates

7.2.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Shareholding(%)		Accounting treatment for investments
				Direct	Indirect	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Company name	Principal place	Registration	Business	Shareholding(%)		Accounting
1、成都大世界中心商厦物业有限公司	Sichuan	Sichuan	Estate industry	50		Equity Method
2、成都德明土地整理有限公司	Sichuan	Sichuan	Construction industry	50		Equity Method
3、成都东景燃气有限责任公司	Sichuan	Sichuan	Electricity, heat, gas	28		Equity Method
4、成都内藤家具制造有限公司	Sichuan	Sichuan	Furniture manufacturing	27		Equity Method
5、成都中建人居雅苑房地产开发有限公司	Sichuan	Sichuan	Estate industry	49		Equity Method
6、川投国际尼泊尔水电联合开发公司	Sichuan	Sichuan	Hydropower development	17		Equity Method
7、泸州临港工业化建筑科技有限公司	Sichuan	Sichuan	Construction industry	35		Equity Method
8、马相迪输电公司(MTCPL)	Sichuan	Sichuan		20		Equity Method
9、平昌共建交通投资有限公司	Sichuan	Sichuan	租赁和商务服务	20		Equity Method
10、四川川投售电有限责任公司	Sichuan	Sichuan	Electricity, heat, gas and water production and supply	35		Equity Method
11、雅安成建工业化建筑有限公司	Sichuan	Sichuan	Leasing and business services	33.9		Equity Method
12、宜宾开诚建设投资有限公司	Sichuan	Sichuan	Construction industry	5		Equity Method
13、中国四川国际投资有限公司	Sichuan	Sichuan		20		Equity Method
14、喜马拉雅尔水电公司(HHCPL)	Sichuan	Sichuan		50		Equity Method
15、成都成通建筑材料有限公司	Sichuan	Sichuan	manufacturing	49		Equity Method

7.2.2 Principal financial information of significant associates

The main financial information of the company's important associates is detailed on Note 5.12 long-term equity investment.

8. Related parties and transactions

8.1 The parent company of the Company

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company(%)	Voting rights proportion % of the Company
成都市国有资产监督管理委员会直属企业				100.00	100.00

8.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

8.3 Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 7 Interest in other entities. Information of other joint ventures and associates having transactions with the Company in current period or prior period are as follows:

8.4 Other related parties

Name	Relationship
成都金融城投资发展有限责任公司	Shareholding corporation
成都市农村产权流转融资担保股份有限公司	Shareholding corporation

8.5 Transactions with related parties

Guarantee activities with related parties: The company's guarantee of its subsidiaries

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	2,250,390,000.00	2018/3/30	2020/3/30	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	1,199,000,000.00	2018/5/24	2020/5/23	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	800,000,000.00	2018/7/27	2020/7/27	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	1,000,000,000.00	2018/8/24	2021/8/24	Not

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
Ltd					
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	418,000,000.00	2018/9/28	2020/9/28	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	1,500,000,000.00	2018/5/14	2021/5/14	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	799,300,000.00	2018/11/23	2020/11/23	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	107,000,000.00	2018/12/14	2020/12/14	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都人居蜀兴置业有限公司	600,000,000.00	2018/3/20	2020/3/20	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都市兴东置业有限公司	58,000,000.00	2017/1/19	2020/1/20	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都成都中心建设有限责任公司	1,000,000,000.00	2018/3/8	2021/3/7	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都建工集团有限公司	838,350,000.00	2018/5/24	2021/5/28	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都天府绿道建设投资集团有限公司	1,000,000,000.00	2018/4/10	2032/4/9	Not
	Total	11,570,040,000.00			

9. Commitments and contingencies

9.1 Commitments

No.

9.2 Contingencies

9.2.1 The company's guarantee of its subsidiaries

The company's guarantee of its subsidiaries refer to Note 8.5.

9.2.2 Litigation

The total number of major litigation items involved in the construction of the Group by the end of 2018 was 310, and the amount of litigation was 861,000.41 million yuan (including real estate company 201,214,142 yuan), of which 156 were pending litigations in 2018, involving a total amount of 2,761,246,600 yuan. The headquarters ended at the end of 2018. The details of the major litigation items with a new litigation amount of more than 10 million yuan are as follows:

① In January 2018, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Wang Haili and Pang Bohong at the Chengdu Intermediate People's Court. The litigation was a guarantee contract dispute involving a total amount of RMB 72 million. This case is the same amount as (2015) Chengmin Chu Zi No. 448, and has not yet been heard.

② In April 2018, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Chengdu Anren Wenbo Tourism Development Co., Ltd. to Chengdu Intermediate People's Court. The litigation matters were engineering contract disputes involving a total amount of RMB 74.81 million. At present, the case has been heard in the first instance, but not yet decided.

③ In May 2018, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Guangyuan Wanchuan Sichuan Hardware & Electrical Building Materials City Co., Ltd. to the Guangyuan City Intermediate People's Court. The litigation matters were construction project construction contract disputes involving an amount of RMB 60,070,800. At present, the two sides have disputes due to the identification, and there is no result, and the court has not yet heard the case.

④ In September 2018, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Chengdu Hongchang Jiatai Real Estate Co., Ltd. to Chongzhou People's Court. The litigation matters were construction contract disputes involving an amount of RMB 15,493,440. At present, the case has been heard in the first instance and has not yet been decided.

⑤ In September 2018, Chengdu Construction Engineering Group Co., Ltd. filed a lawsuit against Chengdu Yingying Real Estate Development Co., Ltd. to the Chengdu Intermediate People's Court.

The litigation matters were construction construction contract disputes involving an amount of RMB 213,538,700. At present, after the mediation of this case, the two parties signed a supplementary agreement and are gradually collecting payments in accordance with the agreement.

⑥ In November 2018, Wang Hao filed a lawsuit against Chengdu Construction Engineering Group Co., Ltd in Chengdu Archives Bureau of the Chengdu High-tech Development Zone People's Court. The litigation was a decoration and decoration contract dispute involving an amount of RMB 15.496 million. At present, the case has been heard in the first instance and has not yet been decided.

⑦ In November 2018, Wang Changjun and Hou Kui filed a lawsuit against Chengdu Construction Engineering Group Co., Ltd. in Qian'an People's Court of Hebei Province. The litigation matters were construction project construction contract disputes involving an amount of RMB 18,178,400. At present, the two have applied to the court for litigation preservation, and frozen our company's payment of 190 million yuan; the court has already heard the case, because some of the facts in the trial have not been verified, the court decided to collect evidence, so the case may be reopened. In addition, our company has applied to the court to add Kanghui Labor Service Company as a third person.

10. Post balance sheet events

As of the reporting date, the company has no significant issues after the balance sheet date that need to be disclosed.

11. Notes to the financial statements of the Company

11.1 Accounts receivable

11.1.1 Accounts receivable by category

Category	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Category	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Allowance for doubtful debts on portfolio	692,814,695.61	100.00	32,630.11	0.005
Individually insignificant but allowance for doubtful debts individually		-		
Total	692,814,695.61	100.00	32,630.11	0.005

Category	As at 1/1/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	449,702,044.02	100.00	19,155.41	0.004
Individually insignificant but allowance for doubtful debts individually				
Total	449,702,044.02	100.00	19,155.41	0.004

11.1.2 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Within 1 year	46,325.35	12.67		591,686.42	92.20	
1-3years	271,992.52	74.33	13,599.63	2,498.60	0.39	124.93
3-5 years						
More than 5 years	47,576.19	13.00	19,030.48	47,576.19	7.41	19,030.48
Total	365,894.06	100.00	32,630.11	641,761.21	100.00	19,155.41

Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Government credit and	692,234,374.18			449,060,282.81		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Category	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
margin portfolio						
Related portfolio	214,427.37					
Total	692,448,801.55			449,060,282.81		

11.1.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2018	Percentage in total accounts receivable (%)	Allowance for doubtful debts as at 31/12/2018
成都市财政局	430,130,353.73		
成都市城乡建设委员会	260,642,785.27		
新客站项目拆迁户购房补差款	884,625.86		
成都电业局锦江供电局	365,200.00		
成都市龙泉驿区自来水总公司	267,842.23		
Total	692,290,807.09		

11.2 Other receivables

11.2.1 Other receivables

Category	As at 31/12/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	1,727,213,805.97	100.00	880,343.56	0.05
Individually insignificant but allowance for doubtful debts individually				
Total	1,727,213,805.97	100.00	880,343.56	0.05

Category	As at 1/1/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Category	As at 1/1/2018			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	1,725,904,708.48	100.00	857,712.61	0.05
Individually insignificant but allowance for doubtful debts individually				
Total	1,725,904,708.48	100.00	857,712.61	0.05

11.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	9,756.38	0.22	-	1,215,198.53	21.37	-
1-3 years	2,188,293.69	49.45	109,414.68	2,414,430.09	42.45	120,721.50
3-5years	600,771.01	13.57	120,154.20	431,082.15	7.58	86,216.43
More than 5 years	1,626,936.69	36.76	650,774.68	1,626,936.69	28.60	650,774.68
Total	4,425,757.77	100.00	880,343.56	5,687,647.46	100.00	857,712.61

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2018			As at 1/1/2018		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Transaction of Related parties	1,683,751,846.87			1,680,473,489.51		
Financial claims of government	22,367,080.10			24,922,281.22		
Margin, petty cash and other project settlement funds	16,669,121.23			14,821,290.29		
Total	1,722,788,048.20			1,720,217,061.02		

11.2.3 Other receivables due from the top five debtors of the Company are as follows:

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

Debtor name	Nature of receivable	Balance as at 31/12/2018	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts as at 31/12/2018
成都兴城人居地产投资集团有限公司（本部）	Transaction of Related parties	1,621,241,264.64	Within 3 years	93.86	
成都市兴东置业有限公司（本部）	Transaction of Related parties	62,510,582.23	3-4years	3.62	
成都电业局	Margin, petty cash and other project settlement funds	6,677,409.91	Within 5 years	0.39	
成都市成华区统一建设办公室	Margin, petty cash and other project settlement funds	4,000,000.00	3-4 years	0.23	
四川西南交大土木工程设计有限公司	Margin, petty cash and other project settlement funds	2,256,546.92	1-2 years	0.13	
Total		1,696,685,803.70		98.23	—

11.3 Long-term equity investments

Item	As at 31/12/2018			As at 1/1/2018		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	16,929,792,394.45		16,929,792,394.45	6,007,141,518.49		6,007,141,518.49
Investment to joint ventures						
Investment to associates	411,255,132.18		411,255,132.18	389,091,285.81		389,091,285.81
Total	17,341,047,526.63		17,341,047,526.63	6,396,232,804.30		6,396,232,804.30

11.3.1 Investment to subsidiaries

Investee	As at 1/1/2018	Movement of the current period	As at 31/12/2018	Provision	Provision

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

				for impairment in current period	for impairment as at 31/12/2018
成都兴城建设管理有限公司	10,035,300.00		10,035,300.00		
成都兴城人居地产投资集团有限公司	2,384,745,800.00	1,629,594,200.00	4,014,340,000.00		
成都市小城镇投资有限公司	2,392,412,518.49		2,392,412,518.49		
成都润锦城实业有限公司	10,000,000.00		10,000,000.00		
成都兴城资本管理有限责任公司	200,000,000.00		200,000,000.00		
成都成都中心建设有限责任公司	700,000,000.00		700,000,000.00		
兴城(香港)国际投资有限公司	19,947,900.00	40,887,338.64	60,835,238.64		
成都天府绿道建设投资集团有限公司	250,000,000.00	750,000,000.00	1,000,000,000.00		
成都兴城文化产业发展投资有限公司	10,000,000.00		10,000,000.00		
成都医疗健康投资集团有限公司	30,000,000.00	370,000,000.00	400,000,000.00		
中化岩土集团股份有限公司		780,685,398.37	780,685,398.37		
成都兴城足球俱乐部有限公司		28,500,000.00	28,500,000.00		
成都建工集团有限公司		7,322,983,938.95	7,322,983,938.95		
Total	6,007,141,518.49	10,922,650,875.96	16,929,792,394.45		

11.3.2 Investment to joint ventures and associates

Investee	As at 1/1/2018	Movement of the current period			As at 31/12/2018	Provision for impairment as at 31/12/2018
		Addition of investment	Reduction of investment	权益法下的投资 损益		
1. Joint venture						
Sub-total						
2. Associates						

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2018

四川川投 售电有限 责任公司	104,972,996.43			988,486.00	105,961,482.43	
中国四川 国际投资 有限公司	271,980,645.09			2,008,370.56	273,989,015.65	
成都东景 燃气有限 责任公司	12,137,644.29			-453,800.02	11,683,844.27	
川投国际 尼泊尔水 电联合开 发公司		20,305,718.00		-684,928.17	19,620,789.83	
Sub-total	389,091,285.81	20,305,718.00		1,858,128.37	411,255,132.18	
Total	389,091,285.81	20,305,718.00		1,858,128.37	411,255,132.18	

11.4 Operating income and operating cost

Item	Year ended 31/12/2018		Year ended 31/12/2017	
	Income	Cost	Income	Cost
I. Primary operating business	567,446,250.73	123,468,906.96	583,046,097.03	152,000,289.46
Agent construction project	2,531,037.67		60,370,974.27	119,415.07
Capital interest	246,267,799.75		8,942,340.83	
Asset lease	318,647,413.31	123,468,906.96	322,881,186.39	151,870,874.39
Asset management and so on	202,044,495.67	4,594,272.23	190,851,595.54	10,000.00
II. Other operating business				
Total	769,490,746.40	128,063,179.19	583,046,097.03	152,000,289.46

11.5 Investment income

Item	Year ended 31/12/2018	Year ended 31/12/2017
Gain/(Loss) from long-term equity investments in cost method	83,320,000.00	46,000,000.00
Gain/(Loss) from long-term equity investments in equity method	2,543,056.54	453,147.64
Gains on available-for-sale financial assets during the holding period		94,800.00
Gains on disposal of available-for-sale financial assets		-69,000.00
Gains on remeasurement of the		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2018

Item	Year ended 31/12/2018	Year ended 31/12/2017
remaining equity at fair value after losing control		
Total	85,863,056.54	46,478,947.64

11.6 Supplement to statement of cash flows

Item	Year ended 31/12/2018	Year ended 31/12/2017
1. Net profit adjusted to cash flows from operating activities		
Net profit	413,774,996.84	250,616,456.34
Add: provision for asset impairment	36,105.65	1,997,122.88
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	956174.01	90,912,527.38
Amortization of intangible assets		
Amortization of long-term deferred expenses	22,584,820.31	22,584,820.30
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-205,764.24	-1,914,405.22
Losses on write-down of fixed assets ("-" for gains)		271,488.81
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	128,740,733.65	65,324,539.35
Investments losses ("-" for gains)	-85,863,056.54	-46,478,947.64
Decreases in the deferred tax assets ("-" for increases)	-9,026.41	-499,280.72
Increases in the deferred tax liabilities ("-" for decreases)	22458419.82	
Decreases in inventories ("-" for increases)	-1,236,052,987.72	-6,961,041,300.95
Decreases in operating receivables ("-" for increases)	-150,011,974.66	-121,999,691.66
Increases in operating payables ("-" for decreases)	1,146,722,392.57	4,293,921,413.20
Others		
Net cash flows from operating activities	263,130,833.28	-2,406,305,257.93
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2018	2,017,883,321.81	4,212,366,767.65
Less: cash as at 1/1/2018	4,212,366,767.65	8,261,138,827.85
Add: cash equivalents as at 31/12/2018		
Less: cash equivalents as at 1/1/2018		

Item	Year ended 31/12/2018	Year ended 31/12/2017
Net increase in cash and cash equivalents	-2,194,483,445.84	-4,048,772,060.20

12. The significant events

Other significant transactions and events which may be important to the investors' decision

Relevant notes on the acquisition of Tianjin Hongri Pharmaceutical Co., Ltd.:

Tianjin Chase Sun Pharmaceutical Co., Ltd. shareholders Tianjin Datong investment group Co., Ltd. (hereinafter referred to as the "Datong group"), which holds more than 5% of Chase Sun's shares, shareholders Yao Xiaoqing and Sun Changhai on November 25, 2018 respectively with Chengdu Xingcheng Investment Group Co., Ltd. (hereinafter referred to as the "Chengchegn Group") signed the "about Tianjin Chase Sun Pharmaceutical Co., Ltd. of share transfer agreement (hereinafter referred to as the "share transfer agreement "). Datong Group transferred 344,765,773 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 11.45% of Chase Sun's total share capital; Yao Xiaoqing transferred 137,002,993 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 4.55%; Sun Changhai transferred 5,871,557 shares of Chase Sun's unrestricted circulating shares to Xingcheng Group by agreement transfer, accounting for 0.195%. The total number of shares transferred was 487,640,323 shares, accounting for 16.195% of Chase Sun's total share capital, and on January 10, 2019, it received the "Securities Transfer Registration Confirmation Letter" issued by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch submitted by Xingcheng Group. After confirmation of compliance by the Shenzhen Stock Exchange, the transfer registration procedures for the transfer of Chase Sun's shares to Xingcheng Group by Chase Sun's shareholder Datong Group with more than 5% of Chase Sun's shares, shareholder Yao Xiaoqing and shareholder Sun Changhai have been completed. The transfer registration date is January 9, 2019.

Chengdu Xingcheng Investment Group Company Limited



The notes to the financial statements from page 1 to page 112 were approved by the following representatives:

Legal

representative

Signature:

Date:



Person in charge of
accounting function

Signature:

Date:



Person in charge of
accounting department

Signature:

Date:





此证仅用于出具报告:



统一社会信用代码

91110108599611494C

营业执照

(副本) (6-1)



名称 兴达会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 吴卫强、胡晓军

经营范围 审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算事宜中的审计业务,出具相关审计报告;基本建设决算审计;工程造价咨询;代理记账;税务咨询;资产评估;企业管理咨询;会计培训;法律咨询服务;接受委托办理其他会计、税务、审计、资产评估、工程造价咨询业务。(依法须经批准的项目,经相关部门批准后方可开展经营活动,依法须经批准的项目,经相关部门批准后方可开展经营活动)

成立日期 2012年03月08日

合伙期限 2012年03月08日至 2113年03月08日

主要经营场所 北京市经济技术开发区和泰路1号京润国际大厦1504室



登记机关

2020年01月17日

北京兴达会计师事务所(特殊普通合伙) 11010802101000

北京兴达会计师事务所(特殊普通合伙) 11010802101000

北京市市场监督管理局 11010802101000

此证仅用于出具报告



证书编号: 0000119

说明

1. 本证书由本会按照《北京市注册会计师协会章程》颁发，是注册会计师依法取得执业资格的证明。
2. 本证书持有者应当遵守《注册会计师法》及《注册会计师注册管理办法》等法律法规，恪守职业道德，不得有损害国家利益、社会公共利益、公众利益的行为。
3. 本证书持有者应当接受本会的监督管理，不得有损害国家利益、社会公共利益、公众利益的行为。
4. 本证书持有者应当遵守《注册会计师行业自律公约》。



发证机关: 北京市注册会计师协会

二〇一一年四月 日

中华人民共和国财政部



会计师事务所 执业证书

名称: 立信会计师事务所(特殊普通合伙)

首席合伙人: 胡咏华

主任会计师: [Name]

经营场所: 北京市海淀区知春路一号世纪经贸大厦1004室

组织形式: 特殊普通合伙

执业证书编号: 11010141

批准执业文号: 京财会许可[2011]00023号

批准执业日期: 2011年02月27日



姓 名: 莫晓华
 Full name: MO XIAO HUA
 性 别: 女
 Sex: Female
 出生日期: 1984-08-11
 Date of birth: 1984-08-11
 工作单位: 大信会计师事务所有限公司
 Working unit: Daxin Accounting Firm Co., Ltd.
 专业证书号: 110108021040010002
 Professional certificate no.: 110108021040010002



此证仅用于出具报告



姓名 王 计斌
 Full Name 王 计斌
 性别 男
 Sex 男
 出生日期 1972-1-11
 Date of Birth 1972-1-11
 工作单位 德勤华永会计师事务所有限公司
 Working Unit 德勤华永会计师事务所有限公司
 身份证号 310102197201110016
 Identity Card No. 310102197201110016

注册编号 20000000000000000000
 No. of Registration 20000000000000000000
 执业注册会计师 王计斌
 Authorized Supervisor 王计斌
 发证日期 2008年4月29日
 Issue Date 2008年4月29日



年度检验登记
 Annual Renewal Registration
 2018.3.31
 本证书经检验合格，继续有效一年。
 This certificate is valid for another year after this renewal.



成都兴城投资集团有限公司
**Chengdu Xingcheng
Investment Group Company
Limited**

审 计 报 告

Auditor's Report

大信审字[2018]第 14-00015 号

DAXIN SHEN ZI [2018] No. 14-00015

大信会计师事务所（特殊普通合伙）

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and financial statements prepared in accordance with Accounting Standards for Business Enterprises of China.

Should there be inconsistency between the Chinese and English versions, the Chinese version shall prevail.



大信会计师事务所
北京市海淀区知春路 1 号
学院国际大厦 15 层
邮编 100083

WUYIGE Certified Public Accountants.LLP
15/F, Xueyuan International Tower
No. 1 Zhichun Road, Haidian Dist.
Beijing, China, 100083

电话 Telephone: +86 (10) 82330558
传真 Fax: +86 (10) 82327668
网址 Internet: www.daxincpa.com.cn

Auditor's Report

DAXIN SHEN ZI [2018] No. 14-00015

To the Shareholders of Chengdu Xingcheng Investment Group Co., Ltd:

I. Opinion

We have audited the financial statements of Chengdu Xingcheng Investment Group Co., Ltd (hereafter referred to as “the Company”), which comprise the consolidated and the Company's balance sheets as at December 31, 2017, the consolidated and the Company's statements of income, the consolidated and the Company's statements of cash flows and the consolidated and the Company's statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other Information



大信会计师事务所	WUYIGE Certified Public Accountants.LLP	电话 Telephone:	+86 (10) 82330558
北京市海淀区知春路 1 号	15/F, Xueyuan International Tower	传真 Fax:	+86 (10) 82327668
学院国际大厦 15 层	No. 1 Zhichun Road, Haidian Dist.	网址 Internet:	www.daxincpa.com.cn
邮编 100083	Beijing, China, 100083		

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

IV. Responsibilities of the Directors and Those Charged with Governance for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

V. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



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Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- D. Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

Certified Public Accountant of China
(Engagement partner)



Certified Public Accountant of China

Beijing, China



Date: April 25, 2018

Consolidated Balance Sheet

大信会计师事务所(特殊普通合伙)

Prepared by: 成都兴城投资集团有限公司

2017年12月31日

Unit: RMB Yuan

审验专用章

Item	Note	As at 31/12/2017	As at 1/1/2016
Current assets:			
Cash at bank and on hand	5.1	8,310,771,160.96	13,117,182,947.29
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable	5.2	528,872,263.73	300,708,973.40
Prepayments	5.3	677,559,377.42	721,074,474.93
Interest receivable	5.4	813,037.50	
Dividends receivable			
Other receivables	5.5	2,210,290,524.67	485,984,322.31
Inventories	5.6	12,467,518,500.93	11,822,007,233.02
Held-for-sale assets			
Non-current assets due within one year	5.7	720,642,785.27	720,642,785.27
Other current assets	5.8	199,032,898.18	194,372,453.58
Total current assets		25,115,500,548.66	27,361,973,189.80
Non-current assets:			
Available-for-sale financial assets	5.9	140,000,000.00	150,000,000.00
Held-to-maturity investments	5.10	3,688,731,486.01	4,433,993,866.73
Long-term receivables	5.11	6,516,940,968.15	6,516,940,968.15
Long-term equity investments	5.12	400,635,530.73	341,699,772.50
Investment property	5.13	3,724,689,759.41	3,509,579,933.37
Property, plant and equipment	5.14	67,137,421.79	70,568,253.33
Construction in process	5.15	35,465,552,747.62	27,611,834,630.14
Construction materials			
Disposal of property, plant and equipment	5.16	19,173.20	24,795.22
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses	5.17	177,470,735.99	1,640,032.66
Deferred tax assets	5.18	95,271,916.50	95,928,489.21
Other non-current assets	5.19	314,459,349.69	319,287,390.56
Total of non-current assets		50,590,909,089.09	43,051,498,131.87
Total of assets		75,706,409,637.75	70,413,471,321.67

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



Consolidated Balance Sheet (Continued)

Prepared by: 成都兴城投资集团有限公司

2017年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2017	As at 1/1/2016
Current liabilities:			
Short-term loans	5.21	122,000,000.00	200,000,000.00
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable	5.22	3,707,273,983.16	2,788,499,515.90
Advances from customers	5.23	3,797,982,789.31	3,687,953,077.16
Employee benefits payable	5.24	1,305,068.13	1,118,432.72
Taxes and surcharges payable	5.25	578,955,647.36	543,416,587.80
Interest payable	5.26	237,277,475.36	189,675,799.81
Dividends payable	5.27	50,843,777.77	
Other payables	5.28	968,640,851.02	1,889,159,082.59
Held-for-sale liabilities			
Non-current liabilities due within one year	5.29	8,206,670,056.35	8,956,413,000.00
Other current liabilities			
Total of current liabilities		17,670,949,648.46	18,256,235,495.98
Non-current liabilities:			
Long-term loans	5.30	10,790,437,210.00	11,418,640,333.33
Bonds payable	5.31	4,697,817,961.17	8,683,887,855.33
Including: Preference shares			
Perpetual loans			
Other long-term payables	5.32	3,170,930,000.00	3,567,400,000.00
Long-term employee benefits payable			
Specific payables	5.33	8,402,412,510.22	6,335,339,928.70
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total of non-current liabilities		27,061,597,681.39	30,005,268,117.36
Total of liabilities		44,732,547,329.85	48,261,503,613.34
Equity:			
Paid-in capital (or Share capital)	5.34	5,525,400,000.00	5,525,400,000.00
Other equity instruments	5.35	4,400,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual loans			
Capital reserve	5.36	13,124,758,293.95	12,699,829,147.18
Less: treasury shares			
Other comprehensive income	5.37	-405,997.79	
Special reserve			
Surplus reserve	5.38	158,742,993.28	133,681,347.65
Retained earnings	5.39	3,256,600,232.63	2,793,695,910.87
Equity attributable to parent company		26,465,095,522.07	22,152,606,405.70
Minority interests		4,508,766,785.83	-638,697.37
Total equity		30,973,862,307.90	22,151,967,708.33
Total liabilities and equity		75,706,409,637.75	70,413,471,321.67

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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三薇

Balance Sheet

Prepared by: 成都兴城投资集团有限公司

2017年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2017	As at 1/1/2016
Current assets:			
Cash at bank and on hand		4,212,366,767.65	8,421,138,827.85
Financial assets measured at fair value through profit or loss for the current period			
Derivative financial assets			
Notes receivable			
Accounts receivable		449,682,888.61	286,880,661.21
Prepayments		515,276,251.87	574,868,780.19
Interest receivable			
Dividends receivable			
Other receivables		1,725,046,995.87	1,718,029,004.52
Inventories		13,339.40	11,159.52
Held-for-sale assets			
Non-current assets due within one year		720,642,785.27	720,642,785.27
Other current assets		13,308,264.07	1,536,262.84
Total current assets		7,636,337,292.74	11,723,107,481.40
Non-current assets:			
Available-for-sale financial assets		100,000,000.00	110,000,000.00
Held-to-maturity investments			
Long-term receivables		8,716,940,968.15	6,516,940,968.15
Long-term equity investments		6,396,232,804.30	4,639,443,390.99
Investment property		3,186,490,274.19	3,276,321,095.91
Property, plant and equipment		3,293,094.95	3,587,261.40
Construction in process		34,585,437,849.99	27,624,398,728.92
Construction materials			
Disposal of property, plant and equipment		19,173.20	24,795.22
Productive biological assets			
Oil and gas assets			
Intangible assets			
Development expenditures			
Goodwill			
Long-term deferred expenses		176,240,707.56	
Deferred tax assets		732,435.71	233,154.99
Other non-current assets		64,459,349.69	69,287,390.56
Total of non-current assets		53,229,846,657.74	42,240,236,786.14
Total of assets		60,866,183,950.48	53,963,344,267.54

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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王霞

Balance Sheet (Continued)

Prepared by: 成都兴城投资集团有限公司

2017年12月31日

Unit: RMB Yuan

Item	Note	As at 31/12/2017	As at 1/1/2016
Current liabilities:			
Short-term loans			
Financial liabilities measured at fair value through profit or loss for the current period			
Derivative financial liabilities			
Notes payable			
Accounts payable		2,835,533,472.73	2,474,461,960.38
Advances from customers		4,033,865.05	4,972,952.39
Employee benefits payable		240,386.63	262,917.62
Taxes and surcharges payable		127,366,394.05	140,563,777.43
Interest payable		230,164,524.64	173,738,699.81
Dividends payable		50,843,777.77	
Other payables		789,602,035.55	863,706,285.64
Held-for-sale liabilities			
Non-current liabilities due within one year		6,029,167,113.99	7,743,883,000.00
Other current liabilities			
Total of current liabilities		10,066,951,570.41	11,401,589,593.27
Non-current liabilities:			
Long-term loans		12,685,980,000.00	8,494,080,333.33
Bonds payable		4,697,817,961.17	7,192,072,145.61
Including: Preference shares			
Perpetual loans			
Other long-term payables		3,170,930,000.00	3,567,400,000.00
Long-term employee benefits payable			
Specific payables		7,252,370,662.33	4,363,392,260.77
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total of non-current liabilities		27,807,098,623.50	23,616,944,739.71
Total of liabilities		37,874,050,193.91	35,018,534,332.98
Equity:			
Paid-in capital (or Share capital)		5,525,400,000.00	5,525,400,000.00
Other equity instruments		4,400,000,000.00	1,000,000,000.00
Including: Preference shares			
Perpetual loans		4,400,000,000.00	1,000,000,000.00
Capital reserve		12,071,541,335.56	11,478,922,969.89
Less: treasury shares			
Other comprehensive income			
Special reserve			
Surplus reserve		150,989,342.09	125,927,696.46
Retained earnings		844,203,078.92	814,559,268.21
Total equity		22,992,133,756.57	18,944,809,934.56
Total liabilities and equity		60,866,183,950.48	53,963,344,267.54

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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三波

Consolidated Statement of Income

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2017

Unit: RMB Yuan

Item	Note	Year ended 31/12/2017	Year ended 31/12/2016
1. Operating income	5.40	4,747,716,641.41	3,342,807,897.70
Less: Operating cost	5.40	3,288,234,881.87	1,741,711,162.27
Taxes and surcharges		234,486,195.77	393,569,780.15
Selling and distribution expenses	5.41	75,228,109.70	63,656,051.12
General and administrative expenses	5.42	141,494,483.86	136,595,071.87
Finance expenses	5.43	42,855,273.72	279,807,582.73
Impairment on assets	5.44	2,149,558.00	708,603.79
Add: Gain from fair value changes("-" for loss)			
Investment income("-" for loss)	5.45	3,686,678.12	-284,227.50
Including: Investment income from associates and joint ventures		415,757.97	-284,227.50
Gains from disposal of assets("-" for loss)	5.46	27,343,779.97	94,930,480.14
Other income	5.47	214,123.65	
2. Operating profits("-" for loss)		994,512,720.23	821,405,898.41
Add: Non-operating income	5.48	1,737,426.98	12,353,245.87
Less: Non-operating expenses	5.49	10,681,621.71	5,082,657.49
3. Profit before tax("-" for loss)		985,568,525.50	828,676,486.79
Less: Income tax expenses	5.50	266,653,935.45	215,516,545.76
4. Net profit("-" for net loss)		718,914,590.05	613,159,941.03
Net profit attributable to parent company		683,876,967.39	613,264,105.27
Profit/loss attributable to minority share-holders		35,037,622.66	-104,164.24
Profit or loss from continuing operations		718,914,590.05	613,159,941.03
Profit or loss from discontinued operations			
5. Other comprehensive income, net of tax		-405,997.79	
Total other comprehensive income attributable to parent company		-405,997.79	
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss		-405,997.79	
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets			
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference	5.51	-405,997.79	
6) Others			
Other comprehensive income attributable to minority share-holders, net of tax			
6. Total comprehensive income		718,508,592.26	613,159,941.03
Total comprehensive income attributable to share-holders of parent company		683,470,969.60	613,264,105.27
Total comprehensive income attributable to minority share-holders		35,037,622.66	-104,164.24
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative Legal:



Person in charge of accounting function:

钟利

Person in charge of accounting department:

王波

Statement of Income

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2017

Unit: RMB Yuan

Item	Note	Year ended 31/12/2017	Year ended 31/12/2016
1. Operating income		583,046,097.03	1,047,407,909.85
Less: Operating cost		152,000,289.46	332,286,289.74
Taxes and surcharges		42,454,759.04	47,012,589.15
Selling and distribution expenses			
General and administrative expenses		50,446,875.42	57,729,859.34
Finance expenses		61,553,626.73	254,844,258.01
Impairment on assets		1,997,122.88	473,495.70
Add: Gain from fair value changes("-" for loss)			
Investment income("-" for loss)		46,478,947.64	43,795,772.50
Including: Investment income from associates and joint ventures		453,147.64	-284,227.50
Gains from disposal of assets("-" for loss)		1,914,405.22	
Other income		76,586.41	
2. Operating profits("-" for loss)		323,063,362.77	398,857,190.41
Add: Non-operating income		373,021.39	7,314,971.67
Less: Non-operating expenses		5,059,644.72	5,065,646.98
3. Profit before tax("-" for loss)		318,376,739.44	401,106,515.10
Less: Income tax expenses		67,760,283.10	89,660,910.50
4. Net profit("-" for net loss)		250,616,456.34	311,445,604.60
Profit or loss from continuing operations		250,616,456.34	311,445,604.60
Profit or loss from discontinued operations			
5. Other comprehensive income net of tax			
(1) Comprehensive income not to be reclassified as profit or loss			
1) Changes in remeasured defined benefit obligations or net assets			
2) Portion of comprehensive income not to be reclassified as profit or loss under equity method			
(2) Comprehensive income to be reclassified as profit or loss			
1) Portion of comprehensive income to be reclassified as profit or loss under equity method			
2) Gain or loss from fair value changes of available-for-sale financial assets			
3) Gain or loss from reclassification of held-to-maturity investments as available-for-sale financial assets			
4) Gain or loss on effective cash flow hedging			
5) Currency translation difference			
6) Others			
6. Total comprehensive income		250,616,456.34	311,445,604.60
7. Earnings per share			
(1) Basic earnings per share			
(2) Diluted earnings per share			

Legal representative: Legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Cash Flows

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2017

Unit: RMB Yuan

Item	Note	Year ended 31/12/2017	Year ended 31/12/2016
1. Cash flows from operating activities			
Cash received from sales and services		4,708,666,157.66	2,933,505,940.22
Taxes and surcharges refunds		15,262.75	
Cash received related to other operating activities		3,890,450,750.86	1,763,490,227.82
Total cash inflows from operating activities		8,599,132,171.27	4,696,996,168.04
Cash paid for goods and services		5,421,725,148.40	2,456,932,684.96
Cash paid to and for employees		178,604,215.52	149,442,557.38
Taxes and surcharges cash payments		630,705,726.57	467,043,566.17
Cash paid related to other operating activities		7,970,862,077.64	3,897,816,513.52
Total cash outflows from operating activities		14,201,897,168.13	6,971,235,322.03
Net cash flows from operating activities		-5,602,764,996.86	-2,274,239,153.99
2. Cash flows from investing activities:			
Cash received from withdraw of investments		903,775,662.62	2,075,283,271.88
Cash received from investment income		65,871,098.29	226,888,559.71
Net cash received from disposal of property, plant and equipment, intangible assets and other long-term assets		19,346,324.00	229,464,380.19
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities		10,016,034.97	6,811,810.14
Total cash inflows from investing activities		999,009,119.88	2,538,448,021.92
Cash paid for property, plant and equipment, intangible assets and other long-term assets		150,047,826.48	48,775,445.36
Cash payments for investments		179,354,885.79	875,428,993.40
Net cash paid for acquiring subsidiaries and other business units		1,850,721.98	500,000,000.00
Cash paid related to other investing activities		1,018,610,877.92	4,052,373.80
Total cash outflows from investing activities		1,349,864,312.17	1,428,256,812.56
Net cash flows from investing activities		-350,855,192.29	1,110,191,209.36
3. Cash flows from financing activities:			
Cash received from investments by others		5,100,000,000.00	2,500,000,000.00
Including: Cash received by subsidiaries from minority shareholders' investments		4,500,000,000.00	
Cash received from borrowings		8,070,000,000.00	8,900,889,351.25
Cash received related to other financing activities		3,546,460,209.21	1,395,961,000.00
Total cash inflows from financing activities		16,716,460,209.21	12,796,850,351.25
Cash repayments for debts		13,815,440,693.33	9,367,623,666.67
Cash payments for distribution of dividends, profit and interest expenses		1,494,006,425.82	1,692,386,191.42
Including: Dividends or profit paid by subsidiaries to minority shareholders			
Cash paid related to other financing activities		27,689,180.05	104,253,352.40
Total cash outflows from financing activities		15,337,136,299.20	11,164,263,210.49
Net cash flows from financing activities		1,379,323,910.01	1,632,587,140.76
4. Effect of foreign exchange rate changes on cash and cash equivalents			
		-71,902,806.77	
5. Net increase in cash and cash equivalents			
		-4,646,199,085.91	468,539,196.13
Add: beginning balance of cash and cash equivalents			
		12,934,826,177.98	12,466,286,981.85
6. Ending balance of cash and cash equivalents			
		8,288,627,092.07	12,934,826,177.98

Legal representative: gal

Person in charge of accounting function:

Person in charge of accounting department:



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Statement of Cash Flows

Prepared by: 成都兴城投资集团有限公司

For the year ended 31 December 2017 大信会计师事务所(特殊普通合伙) Unit:RMB Yuan

Item	Note	Year ended 31/12/2017	Year ended 31/12/2016
1.Cash flows from operating activities			
Cash received from sales and services		424,859,699.89	483,875,905.90
Taxes and surcharges refunds			
Cash received related to other operating activities		2,989,778,039.69	916,866,104.59
Total cash inflows from operating activities		3,414,637,739.58	1,400,742,010.49
Cash paid for goods and services		27,350,198.60	
Cash paid to and for employees		33,600,125.12	29,755,919.29
Taxes and surcharges cash payments		151,858,287.46	133,691,715.71
Cash paid related to other operating activities		5,608,134,386.33	3,650,222,918.62
Total cash outflows from operating activities		5,820,942,997.51	3,813,670,553.62
Net cash flows from operating activities		-2,406,305,257.93	-2,412,928,543.13
2.Cash flows from investing activities:			
Cash received from withdraw of investments		9,956,000.00	231,017,438.17
Cash received from investment income		46,094,800.00	253,062,561.83
Net cash received from disposal of property, plant and equipment,intangible assets and other long-term assets		9,346,324.00	662,468.19
Net cash received from disposal of subsidiaries and other business units			
Cash received related to other investing activities			
Total cash inflows from investing activities		65,397,124.00	484,742,468.19
Cash paid for property, plant and equipment,intangible assets and other long-term assets		936,483.53	1,703,635.03
Cash payments for investments		1,756,117,900.00	341,984,000.00
Net cash paid for acquiring subsidiaries and other business units			500,000,000.00
Cash paid related to other investing activities		2,200,025,000.00	1,600,000,000.00
Total cash outflows from investing activities		3,957,079,383.53	2,443,687,635.03
Net cash flows from investing activities		-3,891,682,259.53	-1,958,945,166.84
3.Cash flows from financing activities:			
Cash received from investments by others		600,000,000.00	2,000,000,000.00
Cash received from borrowings		11,220,000,000.00	8,100,889,351.25
Cash received related to other financing activities		3,392,400,000.00	1,000,000,000.00
Total cash inflows from financing activities		15,212,400,000.00	11,100,889,351.25
Cash repayments for debts		11,536,353,333.33	5,438,746,666.67
Cash payments for distribution of dividends, profit and interest expenses		1,327,589,125.07	1,451,630,075.05
Cash paid related to other financing activities		27,689,180.05	102,563,352.40
Total cash outflows from financing activities		12,891,631,638.45	6,992,940,094.12
Net cash flows from financing activities		2,320,768,361.55	4,107,949,257.13
4. Effect of foreign exchange rate changes on cash and cash equivalents		-71,552,904.29	
5. Net increase in cash and cash equivalents		-4,048,772,060.20	-263,924,452.84
Add:beginning balance of cash and cash equivalents		8,261,138,827.85	8,525,063,280.69
6. Ending balance of cash and cash equivalents		4,212,366,767.65	8,261,138,827.85

Legal representative/legal:

Person in charge of accounting function:

Person in charge of accounting department:



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Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Year 2017												
	Equity attributable to shareholders of parent company												
	Share capital	Other equity instruments			Capital reserve	Loss treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
	Preference shares	Perpetual loans	Others										
1 Ending balance of last year	5,525,400,000.00		1,000,000,000.00		12,699,829,147.18				133,681,347.65	2,793,695,910.87	22,152,606,405.70	-638,697.37	22,151,967,708.33
Add: Impact from changes in accounting policies													
Impact from correction of errors in prior period													
Business contribution under common control													
Others													
2 Beginning balance of current year	5,525,400,000.00		1,000,000,000.00		12,699,829,147.18				133,681,347.65	2,793,695,910.87	22,152,606,405.70	-638,697.37	22,151,967,708.33
3 Movement for current year** for decrease?			3,400,000,000.00		424,929,146.77			25,061,645.63	462,904,321.76	-4,312,489,116.37	4,509,405,483.20		8,821,894,509.47
(1) Total comprehensive income									-405,997.79	-405,997.79			
(2) Shareholder's contributions and withdrawals of capital			3,400,000,000.00		424,929,146.77					683,876,967.39	683,470,969.60	35,037,622.66	718,508,592.26
(3) Common stock contributed by shareholders													
(4) Capital contributed by other equity instruments holders			3,400,000,000.00		600,000,000.00						600,000,000.00	4,500,000,000.00	5,100,000,000.00
(5) Share-based payment recorded in shareholder's equity											3,400,000,000.00		3,400,000,000.00
(6) Others													
(7) Profits distribution					-175,070,853.23						-175,070,853.23	667,860.54	-174,402,992.69
(8) Appropriation of surplus reserve								25,061,645.63	-220,972,645.63		-195,911,000.00	-26,300,000.00	-222,211,000.00
(9) Distribution to shareholders								25,061,645.63	-25,061,645.63				
(10) Others										-82,970,000.00	-82,970,000.00	-20,300,000.00	-109,270,000.00
(11) Internal transfer within shareholder's equity										-112,941,000.00	-112,941,000.00		-112,941,000.00
(12) Conversion of capital reserve into share capital													
(13) Conversion of surplus reserve into share capital													
(14) Recover of loss by surplus reserve													
(15) Others													
(16) Special reserve													
(17) Accrual of special reserve													
(18) Utilization of special reserve													
(19) Others													
4 Ending balance of current year	5,525,400,000.00		4,400,000,000.00		13,124,758,293.95				158,742,993.28	3,256,600,232.63	26,465,985,522.07	-4,508,766,785.83	30,971,862,307.96

Person in charge of accounting department

Person in charge of accounting department

Legal representative

Person in charge of accounting function

Person in charge of accounting department

Legal representative



Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2017

	Year 2016											
	Equity attributable to shareholders of parent company											
	Share capital	Other equity instruments		Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
	Preference shares	Perpetual loans	Others									
1 Ending balance of last year	5,525,400,000.00			10,164,115,992.18				102,536,787.19	2,290,337,174.20	18,082,409,953.67	-534,533.13	18,081,875,420.54
Add: Impact from changes in accounting policies									-430,808.24	-430,808.24		-430,808.24
Impact from corrections of errors in prior period												
Business combination under common control												
Others												
2 Beginning balance of current year	5,525,400,000.00			10,164,115,992.18				102,536,787.19	2,289,926,366.06	18,081,979,145.43	-534,533.13	18,081,444,612.30
3 Movement for current year** (for decrease)				2,535,713,155.00	1,000,000,000.00		31,144,560.46	503,769,544.81	4,070,627,260.27	4,070,627,260.27	-104,164.24	4,070,523,096.03
(1) Total comprehensive income				2,535,713,155.00	1,000,000,000.00			613,264,105.27	613,264,105.27	613,264,105.27	-104,164.24	613,159,941.03
(2) Shareholder's contributions and withdrawals of capital				2,535,713,155.00					3,535,713,155.00	3,535,713,155.00		3,535,713,155.00
(3) Common stock contributed by shareholders				2,535,713,155.00					2,535,713,155.00	2,535,713,155.00		2,535,713,155.00
(4) Capital contributed by other equity instruments holders					1,000,000,000.00				1,000,000,000.00	1,000,000,000.00		1,000,000,000.00
(5) Share-based payment recorded in shareholder's equity												
4) Others												
(3) Profits distribution								31,144,560.46	-109,494,560.46	-78,350,000.00		-78,350,000.00
(1) Appropriation of surplus reserve								31,144,560.46	-31,144,560.46	-		
2) Distribution to shareholders								-78,350,000.00	-78,350,000.00	-78,350,000.00		-78,350,000.00
3) Others												
(4) Internal transfer within shareholder's equity												
(1) Conversion of capital reserve into share capital												
2) Conversion of surplus reserve into share capital												
3) Reverse of loss by surplus reserve												
4) Others												
(5) Special reserve												
(1) Accrual of special reserve												
2) Utilization of special reserve												
(6) Others												
4 Ending balance of current year	5,525,400,000.00			12,699,829,147.18	1,000,000,000.00			133,681,347.65	2,793,695,010.87	22,152,606,405.70	-638,697.37	22,151,967,708.33

Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:

任志军
51672610703274

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王波

立信会计师事务所(特殊普通合伙)
Lixin Accounting Firm

审计专用章



Statement of Changes in Equity

For the year ended 31 December 2017

Item	Year 2017							Total equity			
	Share capital	Other equity instruments			Capital reserve	Less treasury shares	Other comprehensive income		Special reserve	Surplus reserve	Retained earnings
		Preference shares	Perpetual loans	Others							
1. Ending balance of the year	5,525,400,000.00		1,000,000,000.00		11,478,922,969.89				125,927,696.46	814,559,268.21	18,944,809,934.56
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior period											
Others											
2. Beginning balance of current year	5,525,400,000.00		1,000,000,000.00		11,478,922,969.89				125,927,696.46	814,559,268.21	18,944,809,934.56
3. Movement for current year ("-" for decrease)			3,400,000,000.00		592,618,365.67				25,061,645.63	29,643,810.71	4,047,323,832.01
(1) Total comprehensive income										250,616,456.34	250,616,456.34
(2) Shareholder's contributions and withdrawals of capital			3,400,000,000.00		592,618,365.67						3,992,618,365.67
(3) Common stock contributed by shareholders					602,000,000.00						602,000,000.00
(4) Capital contributed by other equity instruments holders			3,400,000,000.00								3,400,000,000.00
(5) Share-based payment recorded in shareholder's equity											
(6) Others					-9,381,634.33						-9,381,634.33
(3) Profit distribution											
(1) Appropriation of surplus reserve									25,061,645.63	-220,972,645.63	-195,911,000.00
(2) Distribution to shareholders									25,061,645.63	-25,061,645.63	
(3) Others										-82,970,000.00	-82,970,000.00
(4) Internal transfer within shareholder's equity										-112,941,000.00	-112,941,000.00
(1) Conversion of capital reserve into share capital											
(2) Conversion of surplus reserve into share capital											
(3) Recover of loss by surplus reserve											
(4) Others											
(5) Special reserve											
(1) Accrual of special reserve											
(2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00		4,400,000,000.00		12,071,541,335.56				150,989,342.09	844,203,078.92	22,992,133,756.57



Prepared by: 成都投资集团有限公司



Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:



Statement of Changes in Equity (Continued)

For the year ended 31 December 2017

Item	Share capital		Other equity instruments		Capital reserve	Less treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total equity
	Preference shares	Perpetual loans	Others								
1. Ending balance of last year	5,525,400,000.00				9,243,222,969.89				94,783,136.00	612,608,224.07	15,476,014,329.96
Add: Impact from changes in accounting policies											
Impact from corrections of errors in prior period											
Others											
2. Beginning balance of current year	5,525,400,000.00				9,243,222,969.89				94,783,136.00	612,608,224.07	15,476,014,329.96
3. Movement for current year** (for decrease)		1,000,000,000.00			2,235,700,000.00				31,144,560.46	201,951,044.14	3,408,795,604.60
(1) Total comprehensive income										31,144,560.46	31,144,560.46
(2) Shareholder's contributions and withdrawals of capital		1,000,000,000.00			2,235,700,000.00						3,235,700,000.00
(1) Common stock contributed by shareholders											
(2) Capital contributed by other equity instruments holders					2,235,700,000.00						2,235,700,000.00
(3) Share-based payment recorded in shareholder's equity		1,000,000,000.00									1,000,000,000.00
(4) Others											
(3) Profit distribution											
(1) Appropriation of surplus reserve									31,144,560.46	(109,894,560.46)	(78,750,000.00)
(2) Distribution to shareholders									31,144,560.46	(51,144,560.46)	(20,000,000.00)
(3) Others										(78,750,000.00)	(78,750,000.00)
(4) Internal transfer within shareholder's equity											
(1) Conversion of capital reserve into share capital											
(2) Conversion of surplus reserve into share capital											
(3) Recover of loss by surplus reserve											
(4) Others											
(5) Special reserve											
(1) Accrual of special reserve											
(2) Utilization of special reserve											
(6) Others											
4. Ending balance of current year	5,525,400,000.00	1,000,000,000.00			11,478,922,969.89				125,927,696.46	814,559,268.21	18,944,889,934.56



编制单位(Prepared by): 龙腾兴城投资集团有限公司

龙腾兴城投资集团有限公司 (Unit: RMB Yuan)

Year 2016



Legal representative:

Person in charge of accounting function:

Person in charge of accounting department:



Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

(All amounts in Chinese Renminbi Yuan unless otherwise stated)

1. Company profile

1.1 The Company's registered place, organization structure and the address of head quarter.

Xingcheng (hereinafter referred to as "the company" or "the group") was established on March 26, 2009, as a limited liability company, and the State-owned Assets Supervision and Administration Commission of Chengdu Municipal Government performs the function of investor. On March 31, 2016, the company renewed the business license with the unified social credit code of 915101006863154368. Company address: No. 99, Zhuojin East Road, High-tech Zone, Chengdu.

1.2 The Company's business nature and main operation activities, like its industry, primary product or service, customers' nature, trading strategy and supervisory environment etc.

The Company's business: the construction of municipal public projects, the construction of major government projects and so on.

The Company's main operation activities: land consolidation and development; Urban supporting infrastructure, investment and financing, construction and management of environmental governance; Development and construction of low-rent houses, affordable houses, commodity houses with fixed price and ordinary commodity houses; Capital operation; Franchise; Management of state-owned assets; Foreign investment; Other non-administrative licensing business projects

1.3 The approver and approval date of the financial reporting.

The financial statements for the year were approved by the board of directors of Chengdu Xingcheng Investment Group Company Limited. The approval date is April 25, 2018.

1.4 The consolidation scope of financial year 2017 consolidated financial statements includes the Company and its subsidiaries (hereafter referred to as "the Company").

Details of The consolidation scope are 7.1.1 Constitution of the Company.

2. Basis of preparation of financial statements

On the basis of going concern and transactions and events actually occurred, the Company prepares its financial statements with the following accounting policies and accounting estimates in accordance with the Accounting Standards for Business Enterprises – basic Standards, specific accounting standards and other relevant provisions (hereinafter collectively known as "Accounting Standards for Business Enterprises" or "CAS")

3. Significant accounting policies and accounting estimates

3.1 Declaration on compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely reflect the Company's financial position as of 31 December 2017 and its operating results, cash flows and other relevant information for the year ended 31 December 2017.

3.2 Accounting period

The financial year of the Company is from January 1 to December 31 of each calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months in each calendar year and it classifies the assets and liabilities' liquidity by operating cycle.

3.4 Functional currency

The Company's functional currency is Chinese Renminbi (hereafter referred to as "RMB").

3.5 Business combination

3.5.1 Business combinations involving enterprises under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, net assets in the ultimate controlling party's consolidated financial statements are measured at their carrying

amounts of the acquiree at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves is insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

3.5.2 Business combinations involving enterprises not under uncommon control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

3.6 Preparation of consolidated financial statements

3.6.1 The scope of consolidated financial statements

The Company incorporates all its subsidiaries (including individual entities under its control) into the scope of the consolidated financial statements, including the enterprises controlled by the Company, divisible part in the investees and structured entities.

3.6.2 Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with the Company, the Company shall make necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period.

3.6.3 The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of

the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholders' equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

3.6.4 The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

3.7 Joint arrangement classification and accounting treatments

3.7.1 The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

3.7.2 The accounting treatment of joint operations

The party participating in joint operations shall recognize the following items relating to its interests in the joint operations and account for them in accordance with related requirements of Accounting Standards for Business Enterprises: a) Its solely-held assets and solely-assumed liabilities, and b) Its share of any assets and liabilities held jointly; c) Its revenue from the sale of its share of the output arising from the joint operation; d) Its share of the revenue from the sale of the output by the joint operation; e) Its own expenses; and f) Its share of any expenses incurred jointly.

The other parties involving in joint operations without common control power shall account for their investments referring to the treatment method of joint operation participants if they are entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, they shall account for their investments according to related requirements of Accounting Standards for Business Enterprises.

3.7.3 The accounting treatment of joint ventures

The parties participating in a joint venture account for its investment in accordance with Accounting Standards for Business Enterprises No.2 - Long-term Equity Investment. And the other parties involving in joint ventures without common control power shall account for their investments according to their influence extent on the joint ventures.

3.8 Cash and cash equivalents

The cash in the Company's statement of cash flows is cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the statement of cash flows are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of financial statements denominated in foreign currency

3.9.1 Translation of foreign currency transactions

The Company recordconverts foreign currency into RMB for accounting purpose using the spot exchange rate prevailing on the date when the transactions occurs. At the balance sheet date, monetary items denominated in foreign currency are converted translated to RMB by adopting the

prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted translated using the exchange rate at the date when fair value was determined and the difference between the converted translated functional currency amount and the prior converted translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

Foreign currency transactions that occur in the Company are carried out in accordance with the contract at the time of initial confirmation. When the general business occurs, it is converted into the recording currency amount according to the market exchange rate at the beginning of the month, but the foreign currency exchange business or transaction involving foreign currency exchange incurred by the company is converted into the recording currency at the actual exchange rate.

3.9.2 The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "retained earnings ", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are determined by systemic method and translated using the spot exchange rate when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of

foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences are recognised in profit or loss for the current period, except: a) Exchange differences arising from foreign currency-specific borrowings related to the acquisition and construction of assets eligible for capitalization are treated in accordance with the principle of capitalization of borrowing costs; b) Exchange differences arising from changes in other book balances than amortized cost of available-for-money foreign currency monetary items are included in other comprehensive income.

3.10 Financial instruments

3.10.1 Recognition and classification of financial instruments

Financial instruments include financial assets, financial liabilities and equity instruments. A financial asset, financial liability or equity instrument is recognized when the Company becomes one party of financial instrument contracts.

The financial assets are classified into the following four categories upon initial recognition: financial assets at fair value through profit or loss (“FVTPL” financial assets), held-to-maturity investments, receivables, and available-for-sale financial assets (“AFS” financial assets). The classification of financial assets depends on the holding intention and capability of the Company except for receivables. The financial liabilities are classified into financial liabilities at fair value through profit or loss (“FVTPL” financial liabilities) and other financial liabilities upon initial recognition.

Financial assets at fair value through profit or loss include financial assets held for trading in the short term and those upon initial recognition designated as at fair value through profit or loss. Receivables are non-derivative financial assets with fixed or determinable amounts that are not quoted in an active market. AFS financial assets are those non-derivative financial assets that are designated as available for sale and financial assets other than those above mentioned. Held-to-maturity investments are non-derivative financial assets with fixed or determinable amounts

and fixed maturity dates that the Company has the positive intention and capability to hold to maturity.

3.10.2 Measurement of financial instruments

The Company measures the financial instruments at fair value upon initial recognition. The subsequent measurement includes: a) FVTPL financial assets, AFS financial assets and FVTPL financial liabilities are measured at fair value; b) Held-to-maturity investments, receivables, and other financial liabilities are subsequently measured at amortized cost; c) Equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, and derivative financial assets or derivative financial liabilities linked to the equity instruments that will be settled by delivering the equity instruments are subsequently measured at cost. The gains or losses of fair value changes arising from subsequent measurement of financial assets and liabilities shall be accounted for according to the following methods except hedging instrument involving in: a) The gains or losses arising from fair value changes of FVTPL financial assets and FVTPL financial liabilities are recognized in the profit or loss for current period; b) The gains or losses arising from fair value changes of AFS financial assets are recognized in other comprehensive income.

3.10.3 Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach.

3.10.4 Recognition and measurement of transfer of financial assets

The Company derecognizes a financial asset if it transfers substantially all the risks and rewards of the financial asset or it does not transfer or maintain substantially all the risks and rewards of ownership of the financial asset, but surrender control on the financial asset. If a financial asset meets the derecognition criteria, the difference between the transfer consideration received and the sum of transferred financial asset's carrying amount and the accumulated change amount on fair value which has been recognized in other comprehensive income shall be charged to profit or loss for current period. If the partial transfer of financial asset meets the derecognition criteria, the entire

carrying amount of the transferred financial asset shall be split into the derecognized portion and retained portion according to their respective fair value.

A financial liability shall be entirely or partially derecognized if its present obligations are wholly or partly dissolved.

3.10.5 Impairment of financial assets

If the financial assets measured at amortized costs are impaired, the impairment provision shall be recognized at the difference of the carrying amount of financial assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss for current period.

If the financial assets measured at cost are impaired, the impairment provision shall be recognized by the difference of the carrying amount of financial assets and the present value of estimated future cash flows. And the impairment loss shall not be reversed after recognition.

If there is objective evidence that AFS financial assets are impaired, accumulated losses due to decreases in fair value previously recognized directly in the shareholders' equity are transferred to profit or loss for the current period. In the subsequent periods, if the fair value of AFS debt instruments increases and the increase can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment losses are reversed and charged to profit or loss for the current period. For AFS equity instruments, the increase of fair value in the subsequent periods shall be accounted for in the shareholders' equity.

For investments of equity instruments, the Company determines the following specific criteria for their fair value decline "seriously" or "non-temporarily", calculation of cost, fair value determination at period end and continuous decline periods:

Specific quantitative criteria for fair value decline "seriously"	Decrease in closing fair value relative to the cost has reached or exceeded 20%
Specific quantitative criteria for fair value decline "non-temporarily"	Fall for 12 consecutive months
Calculation of cost	Consideration of payment at acquisition (net of cash dividends declared but not yet paid or due but unpaid interest on bonds) and the relevant transaction cost are recognized as the investment cost.

Fair value determination at period end	As for a financial instrument for which there is an active market, the quoted prices in the active market shall be used to recognize the fair values thereof. Where there is no active market for it, the enterprise concerned shall adopt value appraisal techniques to determine its fair value.
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Except for financial assets measured at fair value through profit or loss, the Company checks the carrying amount of other financial assets on each balance sheet date. If there is objective evidence that the financial assets are impaired, the impairment provision shall be recognized.

The Company conducts impairment test on financial assets with significant single amount. The Company conducts impairment test on financial assets that are not individually significant, and is included in a portfolio of financial assets with similar credit risk characteristics for impairment testing. Financial assets that are not impaired (including financial assets that are individually significant and insignificant) are tested separately, including impairment testing in a portfolio of financial assets with similar credit risk characteristics. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics and are tested for impairment again.

a. Impairment of held-to-maturity investments, loans and receivables

The financial assets measured at cost or amortized cost are reduced to the present value of the estimated future cash flows, and the write-down amount is recognised as an impairment loss, which is recognised in profit or loss. After the financial assets are recognized as impairment losses, if there is objective evidence that the value of the financial assets has recovered and is objectively related to the events occurring after the recognition of the losses, the previously recognized impairment losses are reversed. The book value after the financial assets are transferred back to the impairment loss does not exceed the amortized cost of the financial assets on the reversal date under the assumption that no impairment provision is made.

b. Impairment of available-for-sale financial assets

When the comprehensive relevant factors determine that the decline in the fair value of the available-for-sale equity instrument investment is a serious or non-temporary decline, it indicates that the available-for-sale equity instrument investment is impaired. "Serious decline" refers to a cumulative decline in fair value of more than 20%. "Non-temporary decline" means that the fair

value has been falling for more than 12 months.

When the financial assets available for sale are impaired, the accumulated losses arising from the decrease in fair value that are included in other comprehensive income are transferred out and recognised in profit or loss. The accumulated loss transferred is the balance of the initial acquisition cost of the asset after deducting the recovered principal and amortized amount, the current fair value and the impairment loss previously recognised in profit or loss.

3.11 Receivables

Receivables include accounts receivable, long-term receivables and other receivables. If there are objective evidence that the receivables are impaired, the Company recognizes the doubtful debts allowance on the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.1 Provision of doubtful debts allowance for individually significant receivables

Criteria of individually significant receivables	1,000,000.00 yuan
Method of provision for doubtful debts allowance of individually significant receivables	the shortfall between the present value of future cash flows and the carrying amount of the receivables.

3.11.2 Receivables that are provided for doubtful debts allowance on portfolio basis

Basis for determining portfolios	Nature of money and risk characteristics
Portfolio 1: Aging analysis	Receivables other than other portfolios
Portfolio 2: Financial claims of government	Mainly for the payment of funds for the relevant government departments
Portfolio 3: Transaction of Related parties	Transaction between companies within the group
Portfolio 4: Margin, petty cash and other project settlement funds	Withholding money at the time of settlement of the project
Calculation method of doubtful debts allowance on portfolio basis	
Portfolio 1: Aging analysis	Aging analysis
Portfolio 2: Financial claims of government	Withdraw on schedule, and no provision for bad debts.
Portfolio 3: Transaction of Related parties	No provision for bad debts
Portfolio 4: Margin, petty cash and other project settlement funds	Withdraw on settlement, and no provision for bad debts

Portfolios that aging analysis is used for calculation of the doubtful debts allowance:

Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
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Aging	Allowance percentage for accounts receivable (%)	Allowance percentage for other receivables (%)
Within 1 year (including 1 year)	-	-
1-2 years	5.00	5.00
2-3 years	5.00	5.00
3-4 years	20.00	20.00
4-5 years	20.00	20.00
More than 5 years	40.00	40.00

3.11.3 Provision of doubtful debts allowance for individually insignificant receivables

Criteria of individually insignificant receivables	Receivables with conclusive evidence showing significant differences in collectability
Method of provision for doubtful debts allowance of individually insignificant receivables	Individual identification:

3.11.4 The recovery of bad debts

If there is objective evidence that the value of the receivable has been recovered and is related to the events that occurred after the recognition of the loss, the previously recognized impairment loss should be reversed and recognised in profit or loss. However, the book value after the reversal does not exceed the amortized cost of the receivable on the reversal date, assuming no provision for impairment.

If the Company transfers the receivables to the financial institution without recourse, the difference between the transaction amount and the book value of the resold receivables and related taxes will be included in the current profit and loss.

3.12 Inventories

3.12.1 Categories of inventories

Inventories are the finished goods or commodities that the Company holds to sell, the work in progress in production process, and the material and goods consumed during the production process or service rendering process in daily operation. Inventories include raw materials, revolving materials, consigned processing materials, packaging materials, low-value consumables, work in progress, self-manufactured semifinished product and finished goods (commodities) etc.

3.12.2 Measurement of inventories upon delivery

Inventories are initially measured at cost. Inventories mainly include inventory materials, development products under construction (development costs), and development products for completed development products. The cost of product development includes land transfer fees, infrastructure facilities expenses, construction and installation engineering expenses, borrowing costs incurred before the completion of the development project, and other related expenses during the development process. The actual consumption of the inventory and the settlement amount of the supplier are directly included in the development cost.

3.12.3 Provision for diminution in value of inventories

Net realizable value refers to the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities. When determining the net realizable value of inventories, based on the solid evidence obtained, consider the purpose of holding the inventories and the impact of events after the balance sheet date.

At each balance sheet date, inventories are measured at the lower of cost and net realisable value. When the cost of inventory exceeds its net realizable value, provision for diminution in value of inventories is recognized. The Company usually recognizes provision for diminution in value of inventories by a single inventory item. For the inventory items of large quantity and low price, the Company recognizes provision for diminution in value of inventories based on inventory categories.

After the provision for inventory depreciation is made, if the influencing factors of the previously written down inventory value have disappeared, resulting in the net realizable value of the inventories being higher than its book value, it will be reversed within the original provision for the provision for impairment of inventories. The amount reversed is included in the current profit and loss.

3.12.4 Inventory count system

The Company adopts the perpetual inventory system.

3.12.5 Amortization methods of low-value consumables and packaging materials

Low-cost consumables and packaging materials are amortized by the once-off amortization method.

3.13 Long-term equity investment

3.13.1 Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No. 12- Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related accounting standards.

3.13.2 Subsequent measurement and recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company shall measure the indirectly held portion at fair value through profit or loss and accounted for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22- Financial Instrument Recognition and Measurement.

3.13.3 Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50%

voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's technique or technical material; e) Significant transactions occur between the Company and the investee.

3.14 Investment property

Investment Property refers to real estate held for the purpose of earning rent or capital appreciation, or both. Investment property of the Company includes land use rights and buildings leased to other party, and land use rights held for resale after appreciation, and buildings that have been rented. In addition, for the vacant buildings held by the Company for the purpose of operating leases, if the board of directors makes a written resolution that clearly indicates that it will be used for operating leases and the intention to keep no longer changes in the short-term, it will also be reported as investment real property.

Investment property is initially measured at acquisition cost. Subsequent expenditures related to investment property are included in the cost of investment property if the economic benefits associated with the asset are likely to flow in and the cost can be reliably measured. Other follow-up expenses are recognised in profit or loss in the period in which they are incurred.

The Company adopts the cost model to conduct subsequent measurement of investment property and depreciation or amortization according to the policy consistent with the building or land use rights.

When the self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is used as the recorded value after conversion.

When the use of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the use of self-use property changes to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. When the conversion occurs, it is converted into

investment property measured by the cost model, and the book value before the conversion is used as the converted book value.

The investment property is terminated when the investment property is disposed of, or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal. Disposal income from the sale, transfer, retirement or damage of investment properties is charged to the current profit and loss after deducting its carrying amount and related taxes

3.15 Fixed assets

3.15.1 Recognition criteria for fixed assets

Fixed assets refers to tangible assets held for the purpose of producing commodities, services rendering, renting or business administration with useful lives exceeding one accounting year. Fixed assets can be recognized when the following criteria are met: a) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and b) The costs of the fixed assets can be measured reliably.

3.15.2 Classification and depreciation method of fixed assets

The categories of fixed assets mainly include: buildings, machinery & equipment, electronic equipment and vehicles. The Company adopts the straight line method for depreciation. The useful life and residual value of an asset is assessed based on its nature and the manner of use. At the end of each financial year, the useful lives, residual values and the depreciation method are reviewed, and adjusted if there are variances with the original estimates. Other than fully depreciated assets which are still in use and land individually measured and recorded, depreciation is provided for all fixed assets.

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Buildings	40	5	2.38
Electronic equipment	5	5	19.00
Transportation vehicles	6	5	15.83
Office equipment	8	5	11.88
Machinery & equipment	8	5	11.88

Category	Depreciation period (years)	Residual rate (%)	Annual depreciation rate (%)
Pipeline facilities	8	5	11.88

3.15.3 Recognition and measurement of fixed assets leased in under finance leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, the Company, as the lessees, shall recognize finance leases as assets at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Subsequent measurement of fixed assets under finance lease should be in accordance with the accounting policies adopted for self-owned fixed assets in respect of provision of depreciation and impairment.

3.16 Construction in progress

The construction in progress of the Company includes self-construction and sub-contracting construction. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use. The recognition criteria of intended use include any of the followings: a) The tangible work of fixed assets (including installation) have been entirely or substantively completed; b) Trial production or trial operation has occurred whose outcome indicates the asset can be operated properly or manufacture quality product steadily; c) No expenditure or insignificant expenditure occur subsequently for the constructed asset; d) The constructed asset has achieved or substantively achieved the requirement of design or contract.

3.16.1 Pricing of construction in progress

Construction in progress is measured at the actual cost incurred. Actual costs include construction costs, other necessary expenses incurred to bring the construction in progress to the expected usable condition, and borrowing costs that qualify for capitalization before the assets are ready for their intended use. When the construction in progress is ready for its intended use, it is transferred to the fixed assets and depreciation begins from the next month.

3.16.2 Cost calculation of the company's land remediation business construction

The construction cost of land remediation business can be divided into land demolition and

remediation cost, land development supporting cost and other construction task costs, in accordance with the relevant provisions of the “Chengdu State-owned Enterprise Land Remediation Business Accounting Treatment Guidelines (Trial)” issued by Chengdu Finance Bureau. Conduct accounting, as follows:

a. The collection and accounting of the construction cost of land remediation business are accounted for in “development cost”, “construction and installation engineering investment”, “equipment investment” and “deployment investment” .

b. Cost carry-over and resale of land remediation business: For the cost of direct demolition and remediation of land that has occurred, the land for remediation shall be delivered in batches, and after the land remediation funds corresponding to the disbursement will be received, the pre-carrying will be carried out at the end of the year. For the directly demolition and rectification costs of the transferred parcels that can be directly divided and accounted for, the cost of demolition and rectification will be carried forward less than the funds received from the corresponding land parcel demolition and remediation services. For the cost of land relocation and rectification that cannot be directly matched, the cost pre-carrying will be carried out according to the actual cost of direct demolition and rectification and the Derogatory principle of the land remediation business that has not been written off. After the completion of the project construction tasks, the cost of land consolidation business should be comprehensively cleaned up. According to the relevant audit results and relevant approvals, the original pre-carrying (sales) costs will be adjusted and confirmed. Other supporting construction costs and other construction task costs will be completed after the completion of the project is completed and confirmed by the owner, and the cost and special construction grants will be issued.

3.17 Borrowing costs

3.17.1 Recognition criteria for capitalization of borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property,

inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

3.17.2 Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

3.18 Intangible assets

3.18.1 The measurement of intangible assets

The intangible assets shall be initially measured according to its cost. Acquisition costs of intangible assets include purchase price and relevant expenditures. The invested cost of intangible assets contributed by investors shall be determined according to the conventional value in the investment

contract or agreement, except for those of unfair value in the contract or agreement. If the conventional value in the investment contract or agreement is unfair, the costs of intangible assets shall be their fair value. The costs of internally generated intangible assets include the total development expenditures to bring the asset to its intended use.

The subsequent measurements for intangible assets are as follows: a) The intangible assets with definite useful life are amortized by straight line method and reviewed the useful life and amortization method at the end of each year. Any discrepancy between the review and initial estimates shall be adjusted accordingly. b) The intangible assets with indefinite useful life are not amortized, and reviewed for the useful life at the end of each year. If there are objective evidence indicating their useful life is definite, the Company shall estimate the useful life of the intangible assets and amortize them by straight line method.

3.18.2 The assessment basis for indefinite useful life

Intangible assets without foreseeable period to bring economic benefits to the Company or with uncertain useful life are classified as intangible assets of indefinite life. The judgment basis for indefinite life includes: a) The legal rights are derived from contractual rights or other legal rights, however there is no explicit useful life indicated in the contracts or regulations; b) Although considering the industry practice or demonstration from related professionals comprehensively, the benefit period of the intangible assets still can't be decided.

At the end of each year, the Company reviews the intangible assets with indefinite useful life mainly using bottom-to-top approach. The related departments who use the intangible assets will perform a basic review and evaluate whether there are changes on the basis to determine indefinite useful life.

3.19 Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been paid but their benefit period is more than one year (excluding one year). Long-term deferred expenses will be amortized in the benefit periods. If one long-term deferred expense can't benefit the Company in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

3.20 Impairment of assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, goodwill, etc., the Company shall perform impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

3.21 Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

3.21.1 Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

3.21.2 Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

3.21.3 Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and B) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

3.21.4 Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with

the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan.

3.22 Bonds payable

Non-convertible corporate bonds issued by the Company shall be treated as liabilities according to the actual amount received (net of related transaction expenses); the difference between the amount actually received by the bond issuance and the total face value of the bond, as a bond premium or discount, in the bond. During the period of existence, the interest is amortized at the effective interest rate and is treated according to the principle of handling the borrowing costs.

3.23 Provisions

A provision relating to contingency is recognized when: a) The obligation is a present obligation of the Company; b) It is probable that an outflow of economic benefits will be required to settle the obligation; c) The amount of the obligation can be measured reliably. Provisions are initially measured at the best estimate of the payment to settle the associated obligations. If there is a continuous range for the necessary expenses and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the average amount of upper and lower limits within the range. If the contingency involves two or more items, the best estimate shall be determined according to all the possible outcomes with their relevant probabilities.

The Company shall review the carrying amounts of provisions at each balance sheet date, and if there are conclusive evidences that indicate the carrying amounts of provisions can't reflect the present best estimate of the payment, the carrying amounts of provisions will be adjusted to the present best estimate of the payment.

3.24 Preference shares and perpetual bonds

3.24.1 Classification of financial liabilities and equity instruments

The Company classifies the preference shares, perpetual bonds, warrants and convertible bonds etc. into financial liabilities or equity instruments according to the following criteria:

- a. To settle the contract obligation in cash, by other financial assets or exchange of financial assets or

liabilities

If the Company can't avoid paying cash or other financial assets unconditionally to fulfill its obligation in one contract, the obligation of contract meets the definition of financial liabilities.

b. To settle the contract obligation by the Company's own equity instruments

If the financial instrument shall or can be settled by the Company's own equity instruments for the alternatives of cash or other financial assets, the financial instrument is a financial liability of the Company; if the holder of financial instrument can enjoy the rest equity benefit after the Company deducts all liabilities from the assets, the financial instrument is a equity instrument of the Company.

c. To distinguish between derivative financial instrument and non-derivative financial instrument when the Company shall or can settle the contract obligation using own equity instruments

For non- derivative financial instrument, if the Company has no obligation to settle by issuing convertible-quantity own equity instrument in the future, the non-derivative financial instrument is an equity instrument. Conversely the non-derivative financial instrument is a financial liability. For derivative financial instrument, if the Company can only settle the contract obligation using fixed-quantity own equity instrument to exchange fixed-amount cash or other financial assets, the derivative financial instrument is a equity instrument; if the Company uses fixed-quantity own equity instrument to exchange convertible-amount cash or other financial assets, or uses convertible-quantity own equity instrument to exchange fixed-amount cash or other financial assets, or when the transfer price is not fixed, uses convertible-quantity own equity instrument to exchange convertible-amount cash or other financial assets, the derivative financial instrument is a financial liability or a financial asset.

3.24.2 The accounting treatment for preference shares and perpetual bonds

The Company accounts for the financial instruments that is classified as financial liabilities by the account "Bonds payable", calculates interest and adjusts the carrying amount of the interests payable etc. in accordance with the regulation of financial liability subsequent measurement with amortized cost in the financial instrument recognition and measurement standard. The Company accounts for the equity instruments in the account "other equity instruments" and treats the dividend payments

(including interests arising from instruments that are classified as equity instruments) as profit distribution during the equity instruments' existence.

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

3.25 Revenues

3.25.1 Sales of goods

The company has transferred the important risks and rewards of the ownership of the goods to the buyer; the company no longer implements the management and actual control of the goods; the relevant income has received or obtained evidence of the receipt; and the sale of the goods. When the relevant costs can be reliably measured, the realization of operating income is confirmed.

3.25.2 Providing labor services

Labor services that are started and completed in the same fiscal year are recognized for income when the labor service is completed. If the beginning and completion of the labor service are in different fiscal years, the results of the labor service transaction can be reliably estimated, and the work is completed on the balance sheet date. The percentage method confirms the relevant labor income.

3.25.3 The interest income of others using the assets of the enterprise shall be determined according to the time of using cash and the applicable interest rate; the income from the use of the fee shall be calculated and confirmed according to the time and method of charging as stipulated in the relevant contract or agreement. The above revenue recognition should also satisfy: a) The economic benefits associated with the transaction can flow into the company; and b) The amount of income can be reliably measured.

3.26 Government grants

3.26.1 Category of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration and be classified as government grants related to assets or government grants related to income.

3.26.2 Accounting treatment of government grants

Government grants related to assets are recognized as deferred income which are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income.

Government grants measured at nominal cost will be recorded in profit and loss for the current period when received.

Government grants related to income are treated as follows: a) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized.; b) if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income .

3.26.3 The detailed criteria to distinguish government grants related to assets and government grants related to income:

Government grants obtained by the Company for purchase, construction or formation of long-term assets are recognized as the government grants related to assets. The government grants other than the government grants related to assets are classified as government grants related to income.

3.26.4 The recognition time point for government grants

The receivable government grants will be recognized when there are conclusive evidence to indicate the Company could meet all related government grants requirements and the Company expects to receive the government grants in the future. Other government grants will be recognized when the grant fund received.

3.26.5 Accounting treatment for concessional loan

A. When the bank receives the discount interest fund from the financial sector and then provides loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the

preferential interest rate.

B. When the Company receives the discount interest fund from the financial sector directly, the discount interest fund will be deducted from related borrowing cost.

3.27 Deferred tax asset and deferred tax liability

3.27.1 Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

3.27.2 Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

3.27.3 The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

3.28 Leases

The company's leases are classified as finance leases and operating leases. The judgment criteria for financing leases are: leases that substantially transfer all risks and rewards related to ownership of assets, and are recognized as financial leases. The specific basis for recognition is that one or more

of the following conditions are met: at the expiration of the lease term, the ownership of the leased asset is transferred to the lessee; the lessee has the option to purchase the leased asset, and the purchase price is expected to be much lower than the exercise option. The fair value of the leased asset at the time of the lease, so it can be reasonably determined at the lease start date that the lessee will exercise this option; even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset; the lessee is on the lease start date The present value of the minimum lease payments is almost equivalent to the fair value of the leased assets on the lease start date; the leased assets are of a special nature and can only be used by the lessee if no major modifications are made. For leases that do not meet the above conditions, they are recognized as operating leases.

The accounting treatment of the Company's leasing business is handled in accordance with the provisions of the “Accounting Standards for Business Enterprises – Leasing”.

3.28.1 The accounting treatment for operating lease: rental payment for operating leases is recognized in profit or loss for current period or the cost of related assets on a straight-line basis over the lease term.

3.28.2 The accounting treatment for financing lease: the Company will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the initial book value of the leased asset. The difference between carrying amount of leased asset and the present value of minimum lease payments is recognized as future finance charge which is amortized over the lease period by effective interest method. Minimum lease payments deducted unrecognized finance charge is presented as long-term payables.

3.29 Main changes of accounting policies and accounting estimates

1.Main changes of accounting policies

The Ministry of Finance released < CAS No.42-Held for sale Assets and Discontinued Operations> in year 2017 which will be in effect from May 28, 2017. The accounting standard requires prospective application for the existed held for sale assets and discontinued operations.

The Ministry of Finance revised < CAS No.16-Government grants> which will be in effect from

June 12, 2017. The accounting standard requires prospective application for the existed government grants at January 1, 2017 and adjustment for the government grants received from January 1, 2017 to the enforcement date.

The Ministry of Finance released < Notice for amendments of financial statements format of industrial and commercial enterprises>(Caikuai (2017) No.30) in year 2017 and the enterprises who adopt <Accounting Standards for Business Enterprises> should prepare the financial statements for year 2017 and the following financial periods in according to <Accounting Standards for Business Enterprises> and the Notice.

The main influence on the financial statements after the Company adopts the above two standards and the Notice (Caikuai (2017) No.30) is as following:

Reason and content of accounting policy change	Item affected	The amount of item affected	Restatement amount of prior period	Amount presented in non-operating income of prior period	Amount presented in non-operating expenses of prior period
1. Presented continued operation and discontinued operation separately in the income statement	Profit or loss from discontinued operations	-	-	—	—
2. Deducted the carrying amount of related assets for some government grants related to assets	-	-	—	—	—
3. Deducted the amount of related costs or expenses for some government grants related to income	-	-	—	-	—
4 Government grants related to the Company's routine operation recorded in other income	Other income	214,123.65	—	4,055,900.00	—
5.Presentation adjustment	Gains (Losses)	27,343,779.97	—	106,045,272.66	11,114,792.52

Reason and content of accounting policy change	Item affected	The amount of item affected	Restatement amount of prior period	Amount presented in non-operating income of prior period	Amount presented in non-operating expenses of prior period
for gains(losses) from disposal of assets	from disposal of assets				

2. Main changes of accounting estimates

According to the CSRC's Accounting Supervision Worklet No. 4, 2017, "Pre-paid income should not confirm deferred income tax", the Company's subsidiary Chengdu Xingcheng Renju Real Estate Investment Group Co., Ltd. calculated the current income tax in 2017. The estimated profit calculated from the estimated sales income (including the prepaid land value-added tax deducted) is no longer included in the current taxable income tax, and the deferred income tax assets are not recognized for the estimated profit. The change in accounting estimates adopts prospective application, which affects the deferred income tax assets related to pre-sale income at the end of 2017 of 11,156,724.64 yuan.

4. Taxes

4.1 Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	Operating revenue	3%;5%;6%;17%
Enterprise income tax	Taxable income	25%
Estate tax	70 percents of the original value of the property; the rental income from the property	1.2%;12%
Urban maintenance and construction tax	The amount of turnover tax	7%
Education surtax	The amount of turnover tax	3%
Local education surtax	The amount of turnover tax	2%
Other taxes and surcharges		
Land-value increment tax Land appreciation tax	Value Added of the land	Four levels of excess progressive tax rates

4.2 Significant tax incentives and approval documents

According to the Notice of the Taxation Policy on Economically Affordable Housing and Housing Leasing of Low-rent Housing issued on March 3, 2008 (Cai Shui [2008] No. 24), the subsidiary of the Company, Chengdu Xingdong Real Estate Co., Ltd complies with Article 2 of the low-rent housing, economically affordable housing construction land and low-rent housing management units in accordance with the government-stipulated price, rented to the prescribed object of low-rent housing, exempt from urban land use tax. According to the provisions of Article 4 on the stamp duty related to low-rent housing, affordable housing management units and low-rent housing, affordable housing, low-rent housing tenants and affordable housing purchasers, Dong Real Estate Co., Ltd. shall be exempted from the land use tax and stamp duty of the affordable housing project and has filed it with the Jinjiang District Local Taxation Bureau of Chengdu.

5. Notes to the consolidated financial statements

5.1 Cash at bank and on hand

Item	Balance as at 31/12/2017	Balance as at 1/1/2027
Cash on hand		
Cash at bank	8,288,627,092.07	13,117,132,322.84
Other monetary funds	22,144,068.89	50,182.77
Total	8,310,771,160.96	13,117,182,947.29
Including: the total balance deposited overseas	19,178,142.69	10,876.80

Ownership or using rights of cash subject to restriction

Item	Balance as at 31/12/2017	Balance as at 1/1/2027
Cash on hand		
Bank mortgage deposit, etc.	22,144,068.89	22,356,769.31
Time deposit or notice deposit for guarantee		160,000,000.00
Total	22,144,068.89	182,356,769.31

5.2 Accounts receivable

5.2.1 Accounts receivable by category

Item	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
allowance				
Allowance for doubtful debts on portfolio	529,194,642.35	99.95	322,378.62	0.04
Individually insignificant but allowance for doubtful debts individually	263,544.92	0.05	263,544.92	100.00
Total	529,458,187.27		585,923.54	0.11

(Continued)

Item	As at 1/1/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT(%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	301,029,015.04	99.96	320,041.64	0.11
Individually insignificant but allowance for doubtful debts individually	131,306.29	0.04	131,306.29	100.00
Total	301,160,321.33		451,347.93	0.15

5.2.2 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	22,477,066.99	95.62		12,648,273.65	89.20	
1-3 years	28,334.60	0.12	1,416.73	663,191.31	4.68	33,159.57
3-5 years	396,439.53	1.69	79,287.91	301,456.00	2.13	60,291.20
More than 5 years	604,184.96	2.57	241,673.98	566,477.18	4.00	226,590.87
Total	23,506,026.08	100.00	322,378.62	14,179,398.14	100.00	320,041.64

②Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2017	As at 1/1/2017
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Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
financial claims of government	449,060,282.81			280,642,785.27		
Margin, petty cash and other project settlement funds	56,628,333.46			6,206,831.63		
Total	505,688,616.27			286,849,616.90		

5.2.3 Accounts receivable that are individually insignificant and subject to separate allowance

Company name	Book Balance	Allowance for doubtful debts	Aging	Allowance rate	Allowance reason
Owner(Property fee)	169,324.79	169,324.79	1-3 years、 more than 5 years	100.00	The age is very long and the owner cannot contact
Owner (Parking service fee)	7,106.23	7,106.23	1-3 years、 more than 5 years	100.00	The age is very long and the owner cannot contact
Site use fee	70.00	70.00	1-3 years	100.00	The age is very long and the owner cannot contact
Energy consumption cost	2,500.00	2,500.00	1-3 years	100.00	The age is very long and the owner cannot contact
Rental	84,374.90	84,374.90	1-3 years	100.00	The age is very long and the owner cannot contact
Maintenance fee	169.00	169.00	1-3 years	100.00	The age is very long and the owner cannot contact
Total	263,544.92	263,544.92	—	—	—

5.2.4 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2017	Percentage in total accounts receivable (%)	Allowance for doubtful debts as at 31/12/2017
成都市城乡建设委员会	280,642,785.27	53.01	

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Company name	Balance as at 31/12/2017	Percentage in total accounts receivable (%)	Allowance for doubtful debts as at 31/12/2017
成都市机关事务管理局	100,000,000.00	18.89	
成都市财政局	63,993,232.73	12.09	
四川顶梁柱投资有限公司	3,689,417.80	0.70	
十陵街道办事处	3,174,438.60	0.60	
Total	451,499,874.40	85.29	

5.3 Prepayments

5.3.1 Aging analysis of prepayments

Aging	As at 31/12/2017		As at 1/1/2017	
	Balance	PCT (%)	Balance	PCT (%)
Within 1 year	471,896,319.31	69.65	276,964,601.45	38.41
1-2 years	42,827,079.50	6.32	376,948,492.89	52.28
2-3 years	98,147,961.03	14.49	1,202,221.22	0.17
More than 3 years	64,688,017.58	9.55	65,959,159.37	9.15
Total	677,559,377.42	100.00	721,074,474.93	100.00

The prepayments with Aging more than 1 year

Creditor name	Debtor name	Balance as at 31/12/2017	Aging	Unsettled reason
Chengdu Xingcheng Investment Group Co., Ltd	成都市龙泉驿区财政局	80,089,190.48	2-3 years	Project payment is not settled
Chengdu Xingcheng Investment Group Co., Ltd	成都市国土资源局锦江分局	30,000,000.00	More than 3 years	Project payment is not settled
Chengdu Xingcheng Investment Group Co., Ltd	成华区交通局 (保和街办)	11,370,725.52	More than 3 years	Project payment is not settled
Chengdu Xingcheng Investment Group Co., Ltd	成都经济技术开发区国有资产投资有限公司	9,500,000.00	More than 3 years	Project payment is not settled

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Creditor name	Debtor name	Balance as at 31/12/2017	Aging	Unsettled reason
Total	---	130,959,916.00	---	---

5.3.2 The top five prepayments are as follows:

Company name	Balance as at 31/12/2017	Percentage in total prepayment (%)
大面街道办事处	234,672,947.73	34.64
成都市龙泉驿区财政局	80,089,190.48	11.82
十陵街道办事处	50,000,000.00	7.38
中国建筑股份有限公司	36,501,717.00	5.39
成都市国土资源局锦江分局	30,000,000.00	4.43
Total	431,263,855.21	63.65

5.4 Interest receivable

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Fixed-term deposits	813,037.50	
Entrusted loans		
Bond investments		
Total	813,037.50	

5.5 Other receivables

5.5.1 Other receivables

Category	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	2,212,360,719.17	100.00	2,070,194.50	0.09
Individually insignificant but allowance for doubtful debts individually		-		
Total	2,212,360,719.17	100.00	2,070,194.50	0.09

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	As at 1/1/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate (%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	488,092,409.26	100.00	2,108,086.95	0.43
Individually insignificant but allowance for doubtful debts individually				
Total	488,092,409.26	100.00	2,108,086.95	0.43

5.5.1.1 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method

Aging	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	3,236,328.06	23.42		22,920,072.94	67.64	
1-3 years	5,053,740.52	36.56	252,687.03	5,267,487.13	15.54	263,374.35
3-5 years	1,977,050.70	14.30	395,410.14	2,176,501.43	6.42	435,300.29
More than 5 years	3,555,243.34	25.72	1,422,097.34	3,523,530.77	10.40	1,409,412.31
Total	13,822,362.62	100.00	2,070,194.50	33,887,592.27	100.00	2,108,086.95

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
financial claims of government	1,899,679,408.07	86.41		399,571,958.77	87.97	
Margin, petty cash and other project settlement funds	298,858,948.48	13.59		54,632,858.22	12.03	
Total	2,198,538,356.55	100.00	-	454,204,816.99	100.00	-

5.5.2 Other receivables due from the top five debtors of the Company are as follows:

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Debtor name	Nature of balance	Balance as at 31/12/2017	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts as at 31/12/2017
成都市公共资源交易服务中心	Margin	1,665,000,000.00	Within 1 year	75.26	
成都成房置业有限公司	financial claims of government	65,596,489.39	1-2 years	2.96	
成都市住房保障中心	financial claims of government	31,681,149.12	1-2years	1.43	
中国建筑西南设计研究院有限公司	Margin	30,381,900.00	More than 3 years	1.37	
成都市郫都区财政局	Land performance bond	22,487,500.00	Within 1 year	1.02	
Total	—	1,815,147,038.51	—	82.05	-

5.5.3 Foreign currency balances of other receivables

Foreign currency	Balance at 31/12/2017			Balance at 01/01/2017		
	Balance in foreign currency	Exchange rate	Balance translated into RMB	Balance in foreign currency	Exchange rate	Balance translated into RMB
HKD	191,485.80	0.8359	160,064.90	-		-
Total	—	—	160,064.90	-	—	-

5.6 Inventories

5.6.1 Inventories by categories

Category	As at 31/12/2017			As at 1/1/2017		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Raw materials	227,071.30		227,071.30	225,701.95		225,701.95
Development costs	11,223,602,298.33		11,223,602,298.33	11,119,816,663.16		11,119,816,663.16
Product development	1,243,661,291.10		1,243,661,291.10	701,930,500.83		701,930,500.83
Revolving materials	27,840.20		27,840.20	34,367.08		34,367.08

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	As at 31/12/2017			As at 1/1/2017		
	Book balance	Provision for diminution in value	Carrying amount	Book balance	Provision for diminution in value	Carrying amount
Total	12,467,518,500.93	-	12,467,518,500.93	11,822,007,233.02	-	11,822,007,233.02

5.6.2 Note about the inventories balance including capitalized borrowing costs

Item	As at 31/12/2017	As at 1/1/2017
诚通项目	151,305,040.82	75,058,945.41
都江堰项目		7,365,526.58
档案馆旧馆项目	1,393,711.69	1,393,711.69
剑南项目	32,618,616.55	21,576,189.83
南光项目	203,061,316.21	172,049,777.52
紫云庭项目		17,298,739.97
锦尚春天 A 区		128,219,393.49
银木路项目		75,861,656.10
成大项目	33,627,750.17	32,298,583.50
锦城湖酒店项目	11,953,225.92	
锦江区人才住房项目	32,150,246.07	
郫都 122 亩项目	21,671,753.40	
30 亩商品房项目	6,515,100.44	
60 亩人才房项目	2,999,754.93	
木兰项目	11,089,959.51	
Total	508,386,475.71	531,122,524.09

5.7 Non-current assets due within one year (Omission)

Item	Balance as at 31/12/2017	Balance as at 01/01/2017
Long-term receivables due within one year	720,642,785.27	720,642,785.27
Total	720,642,785.27	720,642,785.27

5.8 Other current assets

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Advanced Taxes	199,032,898.18	194,372,453.58
Total	199,032,898.18	194,372,453.58

5.9 Available-for-sale financial assets

5.9.1 Available-for-sale financial assets

Item	As at 31/12/2017			As at 1/1/2017		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Available-for-sale debt instruments						
Available-for-sale equity instruments	140,000,000.00			150,000,000.00		
Including:						
Measured at fair value						
Measured at cost	140,000,000.00			150,000,000.00		
Total	140,000,000.00			150,000,000.00		

5.9.2 Available-for-sale financial assets measured at cost

Investee	Book balance				Provision for impairment				Share holding percentage (%)	Cash dividend in year 2017
	As at 1/1/2017	Increase	Decrease	As at 31/12/2017	As at 1/01/2017	Increase	Decrease	As at 31/12/2017		
成都金融城投资发展有限公司	100,000,000.00			100,000,000.00					2.86	
都市农村产权流转融资担保股份有限公司	40,000,000.00			40,000,000.00					13.33	
成都医疗	10,000,000.00		10,000,000.00	-					20.00	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Investee	Book balance				Provision for impairment			Share holding percentage (%)	Cash dividend in year 2017
	As at 1/1/2017	Increase	Decrease	As at 31/12/2017	As at 1/01/2017	Increase	Decrease		
产业发展有限公司									
Total	150,000,000.00		10,000,000.00	140,000,000.00				—	

5.10 Held-to-maturity investments

Item	As at 31/12/2017			As at 1/1/2017		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
1、郫县新民场镇云凌村新型社区建设项目	156,540,470.29			223,398,813.36		
2、新津县金华镇宝峰新型社区建设项目	80,436,771.53			80,436,771.53		
3、崇州市桤泉镇农村新型社区建设项目（一期）	132,148,866.02			144,478,091.42		
4、彭州市濛阳镇桂桥新型社区建设项目	179,557,369.24			174,907,813.66		
5、彭州小鱼洞大楠村新型社区建设项目	39,419,690.17			49,654,354.08		
6、彭州市通济镇新黄村新型社区建设项目	75,542,200.04			108,354,285.81		
7、都江堰市青城山镇芒城村新型社区建设项目	192,400.00			192,400.00		
8、都江堰市聚源镇羊桥村新型社区建设项目	494,000.00			494,000.00		
9、都江堰市胥家镇金胜村新型社区建设项目	97,215,799.92			121,375,799.93		
10、崇州市三郎镇欢喜村新型社区建设项目	27,056,110.76			32,056,110.74		
11、崇州市文井江大同新型社区建设项目	64,067,034.76			80,075,448.93		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

12、崇州市怀远三官村新型社区建设项目	46,126,958.25			58,126,958.24		
13、崇州市街子天顺新型社区建设项目	47,131,223.91			59,131,223.91		
14、青白江民主字库村新型社区建设项目	354,133,604.77			344,796,790.88		
15、大邑县安仁镇泉水新型社区建设项目	22,054,054.20			28,054,054.21		
16、大邑县安仁镇青杠新型社区建设项目	26,060,595.55			32,060,595.54		
18、大邑县安仁镇蔡山新型社区建设项目	46,100,672.24			56,100,672.22		
19、大邑县沙渠镇柳坪新型社区建设项目	10,023,218.03			12,023,218.04		
20、大邑县沙渠镇龙湾新型社区建设项目	9,023,259.39			11,023,259.40		
21、崇州市灾后重建怀远镇天国安置点项目				50,057,555.00		
22、新津县普兴镇黄渡农村新型社区建设项目	49,562,351.27			49,562,351.27		
23、新津县五津镇吴店社区灾后重建项目	174,037,982.18			169,989,819.96		
24、彭州小鱼洞镇罗阳村新型社区建设项目	32,815,282.24			51,155,922.23		
25、彭州小鱼洞镇大湾村新型社区建设项目	34,831,399.99			52,387,022.49		
26、彭州小鱼洞镇董坪村新型社区建设项目	12,187,583.81			16,696,808.81		
27、彭州小鱼洞镇鱼洞村新型社区建设项目	15,260,541.12			22,240,266.13		
28、彭州市白鹿镇白鹿村新型社区建设项目	7,567,888.72			15,792,812.05		
29、彭州市葛仙山镇文林村新型社区建设项目	50,615,800.03			65,189,194.45		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

30、彭州市三界镇三界场新型社区建设项目	16,194,208.47			20,974,589.02		
31、彭州市三界镇新埡村新型社区建设项目	9,169,068.03			13,165,434.69		
32、彭州市三界镇清凉村新型社区建设项目	8,116,097.20			11,078,286.07		
33、彭州市三界镇丰碑村新型社区建设项目	8,112,093.53			10,978,056.36		
34、新津县新平镇万街农村新型社区建设项目	217,581,522.44			212,471,301.54		
35、新津县新平镇太平场二期新型社区建设项目	406,106,701.39			439,491,701.40		
36、金堂县福兴镇三合碑社区灾后重建项目	55,200,000.00			105,733,167.83		
37、蒲江县成佳镇同心村新型社区建设项目	8,304,512.34			48,602,611.61		
38、金堂县白果镇灾后重建项目	24,860,000.00			46,352,083.76		
39、金堂县清江镇灾后重建项目	6,000,000.00			12,000,000.00		
40、都江堰安龙镇成青社区(太平村)灾后重建及集体建设用地整理项目	38,225,855.92			63,225,855.92		
41、郫县郫筒镇 980 亩土地整理项目	181,000,000.00			193,696,888.89		
44、崇州桤泉镇农村新型社区建设项目二期工程	393,296,556.73			391,968,332.25		
45、青白江区杏花幸福村新型社区项目	97,643,482.47			158,990,218.60		
46、青白江红阳街道红锋新型社区项目	2,314,151.40			22,314,151.40		
47、彭州市九尺镇金沙村、双土村新型社区建设项目	320,969,196.82			337,040,219.77		
48、崇州市灾后重建怀远镇龙潭安置点项目				13,825,345.00		

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

49、金堂县赵家镇平水桥村幸福美丽新村项目	34,324,124.96			79,219,606.94		
50、村级公服项目投资	71,110,785.88			143,053,601.39		
Total	3,688,731,486.01			4,433,993,866.73		

Note: The company's held-to-maturity investment is mainly for small town construction project investment. The investment contract stipulates that the project fund interest and investment and financing management fee will be charged according to certain standards. Due to the long construction period of the project, the Company confirms the held-to-maturity investment income and relevant economic benefits as they are likely to flow into the company with relevant economic benefits.

5.11 Long-term receivables

Item	As at 31/12/2017			As at 1/1/2017			Range of discount rate
	Book balance	Allowance for doubtful debts	Carrying amount	Book balance	Allowance for doubtful debts	Carrying amount	
Chengdu Urban and Rural Construction Committee	7,518,226,538.69			7,518,226,538.69			
Less: Reclassification to accounts receivable	280,642,785.27			280,642,785.27			
Less: Reclassification to non-current assets due within 1 year	720,642,785.27			720,642,785.27			
Total	6,516,940,968.15	-		6,516,940,968.15			

Note: The long-term receivables of Chengdu Urban and Rural Construction Committee is 6,516,940,968.15 yuan, which is based on the Chengdu Development and Reform Commission's approval for reform No. 1102 (2013) and Chengdu Urban and Rural Construction Committee No. 53 documents (2012). As the project owner, the Company will undertake the construction of the second ring road (west section) and the two-shot project in the "two fast, two shots and two rings" project in the central city.

The project includes the expressway of the west section of the Second Ring Road. The entire project is 20.8 kilometers long, started in March 2012 and completed at the end of June 2013. The estimated investment of the project is 9201.15 million yuan, of which: the project cost is 7171.76 million yuan, the other expenses are 1591.24 million yuan, and the reserve fee is 438.15 million yuan. The source of funds shall be settled by the project owner in accordance with relevant state regulations. According to the preliminary audit finale of the Audit Bureau, the construction cost of the above construction project is 7.592 billion yuan, and the annual receivable is 720,642,785.27 yuan.

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

5.12 Long-term equity investments

Investee	As at 1/1/2017	Movement during the financial year							As at 31/12/2017	Provision for impairment as at 31/12/2017	
		Addition of investment	Reduction of investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash dividend or profit announced to be issued	Provision for impairment			Others
1. Joint venture											
Sub-total											
2. Associates	341,699,772.50	58,935,758.23									400,635,530.73
Sub-total	341,699,772.50	58,935,758.23									400,635,530.73
成都中建人居 雅苑房地产开 发有限公司	-	9,762,610.33									9,762,610.33
四川投售电 有限公司	69,886,533.11	35,086,463.32									104,972,996.43
中国四川国际 投资有限公司	271,813,239.39	167,405.70									271,980,645.09
成都东景燃气 有限责任公司	-	13,919,278.88									13,919,278.88
Less: Long-term equity investment											

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

impairment provision												
Total	341,699,772.50	58,935,758.23									400,635,530.73	

5.13 Investment property

I. Cost	Item	Buildings	Land use rights	Construction in progress	Total
1. Balance as at 1/1/2017		3,999,308,572.90			
2. Additions		313,669,508.37			
(1) Purchase		313,669,508.37			
(2) Inventory/Fixed assets/Construction in progress transfer in					
(3) Business combination					
3. Reductions					
(1) Disposals					
(2) Others					
4. Balance as at 31/12/2017		4,312,978,081.27			
II. Accumulated depreciation or amortization					
1. Balance as at 1/1/2017		489,728,639.53			
2. Additions		98,559,682.33			

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

(1) Depreciation or amortization	98,559,682.33			
3. Reductions				
(1) Disposals				
(2) Other transfer-out				
4. Balance as at 31/12/2017	98,559,682.33			
III. Provision for impairment				
1. Balance as at 1/1/2017				
2. Additions				
(1) Provision				
3. Reductions				
(1) Disposals				
(2) Other transfer-out				
4. Balance as at 31/12/2017				
IV. Carrying amount				
1. As at 31/12/2017	3,724,689,759.41			
2. As at 1/1/2017	3,509,579,933.37			

5.14 Fixed assets

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Buildings	Machinery & equipment	Transportation vehicles	Electronic equipment	Office facilities	Others	Total
I. Cost							
1. Balance as at 1/1/2017	64,025,009.93	2,589,457.44	34,764,401.93	10,252,809.62	5,328,924.57	865,442.30	117,826,045.79
2. Additions		1,941.75	3,162.39	1,414,214.05	1,255,544.14		2,674,862.33
(1) Purchase		1,941.75	3,162.39	1,414,214.05	1,255,544.14		2,674,862.33
(2) Transfer from construction in process							
(3) Business combination							
3. Reductions			1,911,094.54	2,972,103.88	424,957.50	865,442.30	6,173,598.22
(1) Disposals or scrap			1,911,094.54	2,972,103.88	424,957.50	865,442.30	6,173,598.22
4. Balance as at 31/12/2017	64,025,009.93	2,591,399.19	32,856,467.78	8,694,919.79	6,159,511.21	-	114,327,309.90
II. Accumulated depreciation							
1. Balance as at 1/1/2017	7,275,271.64	1,841,163.57	27,030,428.20	7,576,610.78	3,328,346.43	205,971.84	47,257,792.46
2. Additions	1,537,277.04	136,795.77	2,178,967.61	866,766.73	452,521.72		5,172,328.87
(1) Provision	1,537,277.04	136,795.77	2,178,967.61	866,766.73	452,521.72		5,172,328.87
3. Reductions			1,815,539.81	2,825,133.34	393,588.23	205,971.84	5,240,233.22
(1) Disposals or scrap			1,815,539.81	2,825,133.34	393,588.23	205,971.84	5,240,233.22

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

4. Balance as at 31/12/2017	8,812,548.68	1,977,959.34	27,393,856.00	5,618,244.17	3,387,279.92	-	47,189,888.11
III. Provision for impairment							
1. Balance as at 1/1/2017							
2. Additions							
(1) Disposals							
3. Reductions							
(1) Disposals or scrap							
4. Balance as at 31/12/2017							
IV. Carrying amount							
1. As at 31/12/2017	67,137,421.79	55,212,461.25	613,439.85	5,462,613.78	3,076,675.62	2,772,231.29	67137421.79
2. As at 1/1/2017	56,749,738.29	748,293.87	7,733,973.73	2,676,198.84	2,000,578.14	659,470.46	70,568,253.

5.15 Construction in process

5.15.1 Construction in process

Item	Cost			Provision for impairment		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
东部片区基础设施建设	8,490,728,553.98		8,490,728,553.98	5,158,298,767.22		5,158,298,767.22
南部片区基础设施建设	4,644,688,159.30	2,052,874.84	4,642,635,284.46	4,516,467,092.53		4,516,467,092.53

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Cost			Provision for impairment		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
新客站项目基础设施建设	13,453,781,839.26		13,453,781,839.26	13,180,470,274.06		13,180,470,274.06
重大市政拨改租项目	3,488,529,559.27		3,488,529,559.27	801,126,867.41		801,126,867.41
其他代建项目	4,568,091,716.06		4,568,091,716.06	3,949,801,708.43		3,949,801,708.43
成都市精神卫生中心扩建项目	5,686,313.23		5,686,313.23	5,542,994.23		5,542,994.23
成都中心	748,483,030.67		748,483,030.67	126,926.26		126,926.26
成都市环城生态区生态修复综合项目	67,616,450.69		67,616,450.69			
Total	35,467,605,622.46	2,052,874.84	35,465,552,747.62	27,611,834,630.14		27,611,834,630.14

5.15.2 Movement of significant construction in progress

Project name	Budget	As at 1/1/2017	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2017	Percentage of current input over budget	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)	Sources of funds
东部片区基础设施建设		5,158,298,767.22	3,525,886,636.48		193,456,849.72	8,490,728,553.98			1,701,943,822.60	853,565,093.08		Financial institution loan

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Project name	Budget	As at 1/1/2017	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2017	Percentage of current input over budget	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)	Sources of funds
南部片区基础设施建设		4,516,467,092.53	128,221,066.77		2,052,874.84	4,642,635,284.46			335,460,157.63			Financial institution loan
新客站项目基础设施建设		13,180,470,274.06	273,311,565.20			13,453,781,839.26			348,088,021.65	-3,307,424.69		Financial institution loan
重大市政拨改租项目		801,126,867.41	2,687,402,691.86			3,488,529,559.27			3,503,653,977.44	131,284,964.07		Financial institution loan
其他代建项目		3,949,801,708.43	618,290,007.63			4,568,091,716.06			85,091,036.69	72,986,727.93		Financial institution loan
成都市精神卫生中心扩建项目		5,542,994.23	143,319.00			5,686,313.23						Other sources
成都中心		126,926.26	748,356,104.41			748,483,030.67						Other sources
成都市环城生态区生态修复综合项目			67,616,450.69			67,616,450.69						Other sources

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Project name	Budget	As at 1/1/2017	Additions	Transfer to fixed assets	Other reductions	As at 31/12/2017	Percentage of current input over budget	Construction progress	Accumulated capitalized interest	Including: current capitalized interest	Capitalization rate(%)	Sources of funds
Total		27,611,834,630.14	8,049,227,842.04		195,509,724.56	35,465,552,747.62			5,974,237,016.01	1,054,529,360.39		

5.15.3 Provision for impairment of construction in progress

Item	Balance as at 1/1/2017	Additions	Reductions	Balance as at 31/12/2017	Reason for provision
南部片区基础设施建设		2,052,874.84		2,052,874.84	Damaged
Total		2,052,874.84		2,052,874.84	

5.16 Disposal of fixed assets

Item	Balance as at 12/31/2017	Balance as at 01/01/2017	Reason for disposal
Vehicles	19,173.20	6,316.97	No longer use
Property		18,478.25	
Total	19,173.20	24,795.22	

5.17 Long-term deferred expenses

Item	Balance as at 1/1/2017	Additions	Amortization	Reductions	Balance as at 31/12/2017
House decoration fee	1,640,032.66	198,862,120.86	23,031,417.53		177,470,735.99
Total	1,640,032.66	198,862,120.86	23,031,417.53		177,470,735.99

5.18 Deferred tax assets and deferred tax liabilities

Item	As at 31/12/2017		As at 1/1/2017	
	Deferred tax assets or liabilities	Deductable or taxable temporary differences	Deferred tax assets or liabilities	Deductable or taxable temporary differences
Deferred tax assets:				
Provisions for impairment of assets	1,177,248.22	4,708,992.88	622,912.40	2,491,649.61
Deductible tax losses			5,235,029.95	20,940,119.80
Land value increment tax	75,870,071.42	303,480,285.67	87,026,796.06	348,107,184.27
others	18,224,596.86	72,898,387.44	3,043,750.80	12,175,003.20
Sub-total	95,271,916.50	381,087,665.99	95,928,489.21	383,713,956.88
Deferred tax liabilities:				
Valuation of financial assets held for trading/derivative financial instruments				
Changes in fair value of available-for-sale financial assets recognized in capital reserve				
Sub-total				

5.19 Other non-current assets

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Entrusted Loans	250,000,000.00	250,000,000.00
Held-for-sale buildings	64,459,349.69	69,287,390.56
Total	314,459,349.69	319,287,390.56

Note: Chengdu Xiaocheng Investment Co., Ltd., a subsidiary of the Company, entrusted a loan of RMB 250,000,000.00 to Pengzhou Xiaocheng Investment Co., Ltd., and the entrusted loan period is five years, from June 22, 2016 to June 21, 2021.

5.20 Ownership or using rights of assets subject to restriction

Item	Carrying amount as at 31/12/2017	Restriction reason
Cash at bank and on hand	22,144,068.89	Mortgage/pledge
Inventories	1,978,894,892.98	Mortgage/pledge
Investment property	2,614,386,773.70	Mortgage/pledge
Other		
Total	4,615,425,735.57	--

5.21 Short-term loans

Borrowing condition	Balance as at 31/12/2017	Balance as at 1/1/2017
Pledge loans		78,000,000.00
Secured loans	122,000,000.00	122,000,000.00
Guarantee loans		
Loans on credit		
Total	122,000,000.00	200,000,000.00

5.22 Accounts payable

5.22.1 List by age

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Within 1 year(including 1 year)	2,605,615,444.64	2,129,331,064.93
1-2 years (including 2 years)	552,079,550.17	122,241,480.97
2-3 years (including 3 years)	50,032,471.54	158,783,886.35

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
More than 3 years	499,546,516.81	378,143,083.65
Total	3,707,273,983.16	2,788,499,515.90

5.22.2 Significant accounts payable with aging over 1 year

Creditor	Balance as at 31/12/2017	Unpaid reason
成都经济技术开发区国有资产投资有限公司	199,998,686.51	Land payment is not settled
成都市国土资源局	39,727,000.00	The settlement period has not arrived.
四川省水文水资源勘测局	24,838,084.59	The settlement period has not arrived.
中国建筑西南设计研究院有限公司	23,537,588.22	The settlement period has not arrived.
成都市第三建筑工程公司	13,397,286.30	The settlement period has not arrived.
Total	301,498,645.62	

5.22.3 Foreign currency balance in accounts payable

Foreign currency	Balance at 31/12/2017			Balance at 01/01/2017		
	Balance in foreign currency	Exchange rate	Balance translated into RMB	Balance in foreign currency	Exchange rate	Balance translated into RMB
HKD	70,450.00	0.8359	58,889.87			
Total	70,450.00		58,889.87	—	—	

5.23 Advances from customers

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Within 1 year(including 1 year)	3,157,358,029.56	2,194,460,639.10
More than 1 year	640,624,759.75	1,493,492,438.06
Total	3,797,982,789.31	3,687,953,077.16

Significant advances from customers with aging over 1 year

Creditor	Balance as at 31/12/2017	Unsettled reason
剑南项目	638,939,388.00	Income recognition conditions have

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Creditor	Balance as at 31/12/2017	Unsettled reason
		not been met
Total	638,939,388.00	

5.24 Employee benefits payable

5.24.1 Movement of employee benefits payable

Item	As at 1/1/2017	Increase	Decrease	As at 31/12/2017
I. Short-term employee benefits	1,118,432.72	163,774,933.50	163,588,298.09	1,305,068.13
II. Post-employment benefits—defined contribution plans	-	18,209,483.69	18,209,483.69	-
III. Termination benefits				
IV. Other benefits due within one year				
Total	1,118,432.72	181,984,417.19	181,797,781.78	1,305,068.13

5.24.2 Details of the short-term employee benefits

Item	As at 1/1/2017	Accrued	Paid	As at 31/12/2017
1. Salaries, bonus, and allowances		130,823,225.08	130,823,225.08	-
2. Staff welfare		13,025,786.74	13,025,786.74	-
3. Social insurances	-	6,132,879.33	6,132,879.33	-
Including: Medical insurance		5,536,555.16	5,536,555.16	-
Work injury insurance		171,504.48	171,504.48	-
Maternity insurance		424,819.69	424,819.69	-
4. Housing Fund		10,476,297.00	10,476,297.00	-
5. Union funds and employee education fee	1,118,432.72	3,316,745.35	3,130,109.94	1,305,068.13
6. Short-term paid absences				
7. Short-term profit-sharing plan				
Total	1,118,432.72	163,774,933.50	163,588,298.09	1,305,068.13

5.24.3 Defined contribution plans

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	As at 1/1/2017	Accrued	Paid	As at 31/12/2017
1. Primary endowment insurance		13,176,776.12	13,176,776.12	
2. Unemployment insurance		447,533.99	447,533.99	
3. Pension insurance		4,585,173.58	4,585,173.58	
Total		18,209,483.69	18,209,483.69	

5.25 Taxes and surcharges payable

Category	Balance as at 31/12/2017	Balance as at 1/1/2017
Value added tax	41,798,906.91	32,068,893.04
Consumption tax		
Resource tax		
Enterprise income tax	197,167,880.49	200,750,813.22
Urban maintenance and construction tax	2,817,680.49	2,211,719.13
Estate tax	24,818,337.15	17,576,194.44
Land use tax		
Individual income tax	6,323,504.18	4,392,004.77
Educational surtax	1,986,433.31	1,528,218.02
Other taxes and surcharges	304,042,904.83	284,888,745.18
Total	578,955,647.36	543,416,587.80

5.26 Interest payable

Category	Balance as at 31/12/2017	Balance as at 1/1/2017
Interest for long-term loan	67,585,615.04	
Interest on corporate bonds	116,545,704.17	170,447,946.40
Interest payable for short-term loan	1,319,936.99	937,100.00
Interest for preference shares / perpetual bonds classified as financial liabilities		
Other interest	51,826,219.16	18,290,753.41
Total	237,277,475.36	189,675,799.81

5.27 Dividends payable

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Company name	Balance as at 31/12/2017	Balance as at 1/1/2017	Reason for unpaid over 1 year
Dividends for common shares			
Dividends for preference shares / perpetual bonds classified as equity instruments	50,843,777.77		
Total	50,843,777.77		

5.28 Other payables

Nature	Balance as at 31/12/2017	Balance as at 1/1/2017
Performance bond	101,952,172.10	208,115,559.55
Bid bond	3,244,950.00	6,834,000.00
Settlement review retention	8,161,854.43	106,324,593.50
Completion data retention	1,219,589.30	270,462,797.66
Measurement retention	13,815.33	13,815.33
Quality guarantee	14,732,691.87	356,768,427.29
Plant maintenance fee	22,934.73	5,471,089.20
Review consulting fee	2,839,425.90	10,289,715.03
Social security payable	10,311,282.28	114,049.34
Housing fund	212,409.32	175,003.00
Agency fun	550,618,383.41	560,280,491.91
Temporary retainage	5,873,242.42	12,389,334.65
Other payables for units	63,212,885.28	104,070,502.46
Margin	47,805,692.62	54,694,844.85
Compensation for demolition and resettlement area difference	126,276,812.63	126,239,714.63
Others	32,142,709.40	66,915,144.19
Total	968,640,851.02	1,889,159,082.59

Significant other payables aging over 1 year:

Company name	Balance as at 31/12/2017	Unpaid Reason
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Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Company name	Balance as at 31/12/2017	Unpaid Reason
四川大学华西医院	153,421,427.00	The settlement period has not arrived.
中国建筑西南设计研究院有限公司	103,881,900.00	The contract payment conditions are not met.
78006 部队	75,694,320.00	The settlement period has not arrived.
中国人民解放军四川省军区后勤部	65,000,000.00	The settlement period has not arrived.
四川省蜀府房屋建设开发有限公司	45,000,000.00	The settlement period has not arrived.
成都市国土资源局	40,000,000.00	The settlement period has not arrived.
中国五冶集团有限公司	14,397,242.15	The contract payment conditions are not met.
四川西南房屋综合开发公司	6,641,896.70	The contract payment conditions are not met.
四川川商新业资产管理有限公司	5,050,000.00	The contract payment conditions are not met.
四川鸿腾建设有限公司	3,077,691.10	Performance bond that does not meet the refund condition.
四川省彭州市天彭建筑工程有限公司	2,085,339.00	Performance bond that does not meet the refund condition.
重庆西南铝装饰工程有限公司	1,923,521.92	The contract payment conditions are not met.
成都市农林科学院	1,353,654.58	The contract payment conditions are not met.
四川天艺园林绿化工程有限责任公司	1,343,253.40	The contract payment conditions are not met.
成都绅泰投资管理有限公司	1,300,000.00	Margin
中国建筑技术集团有限公司	1,185,024.00	The contract payment conditions are not met.
Total	521,355,269.85	

5.29 Non-current liabilities due within one year

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Long-term loans due within one year	3,795,545,430.00	8,556,413,000.00
Long-term bonds due within one year	3,893,024,626.35	400,000,000.00
Long-term payables due within one year	518,100,000.00	
Total	8,206,670,056.35	8,956,413,000.00

5.30 Long-term loans

Borrowing condition	Balance as at 31/12/2017	Balance as at 1/1/2017	Range of interest rate
Pledge loans	4,544,952,640.00	4,361,813,333.33	
Secured loans	3,705,030,000.00	7,123,630,000.00	
Guarantee loans	122,500,000.00	214,960,000.00	
Loans on credit	6,213,500,000.00	8,274,650,000.00	
Less: the loans due within one year	3,795,545,430.00	8,556,413,000.00	
Total	10,790,437,210.00	11,418,640,333.33	

5.31 Bonds payable

5.31.1 Movement of bonds payable (excluding other financial instruments like preference shares, perpetual loans etc.)

Bond name	Par value	Issue date	Bond period (year)	Issue amount	Interest payable As at 1/1/2017
13 蓉兴债 (企业债)	2,000,000,000.00	Jan. 2013	7	2,000,000,000.00	90,493,333.33
2015 非公开公司债券 (兴城公司)	2,000,000,000.00	Nov. 2015	3	2,000,000,000.00	16,900,000.00
CDXCINVB2111 (HKEX)	2,081,100,000.00	Nov. 2016	5	2,081,100,000.00	5,636,312.50
16 兴城投资 MTN001	2,000,000,000.00	Oct.2016	5	2,000,000,000.00	11,466,666.6

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Bond name	Par value	Issue date	Bond period (year)	Issue amount	Interest payable As at 1/1/2017
				00	7
人居 2015 非公开发行公司债券	1,500,000,000.00	Oct. 2015	3	1,488,150,000.00	45,951,633.90
Total	9,581,100,000.00		-	9,569,250,000.00	170,447,946.40

Bond name	Interest accrued on par value	Repayment	Interest payable As at 31/12/2017	Balance as at 31/12/2017
13 蓉兴债 (企业债)	76,096,666.67	98,720,000.00	67,870,000.00	798,037,572.34
2015 非公开公司债券 (兴城公司)	101,400,000.00	101,400,000.00	16,900,000.00	
CDXCINVB2111 (HKEX)	65,481,893.75	65,809,168.75	5,309,037.50	1,900,725,593.95
16 兴城投资 MTN001	68,800,000.00	68,800,000.00	11,466,666.67	1,999,054,794.88
人居 2015 非公开发行公司债券	9,000,000.00	39,951,633.90	15,000,000.00	
Total	320,778,560.42	374,680,802.65	116,545,704.17	4,697,817,961.17

5.31.2 Other financial instrument classified as financial liabilities

5.31.2.1 Financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

Financial instrument	Issue date	Classification	Interest rate (%)	Issue price	Quantity	Issue amount	Due date or renewal	Conversion conditions	Conversion situation
华融国际信托有限责任公司永续债	2016.12.27	Equity	5.00			1,000,000,000.00	-	-	-
中国建设银行股份有限公司成都第五支行长期限含权中期票据	2017.7.20	Equity	5.64			1,900,000,000.00			

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Financial instrument	Issue date	Classification	Interest rate (%)	Issue price	Quantity	Issue amount	Due date or renewal	Conversion conditions	Conversion situation
兴业国际信托有限公司可续期信托贷款	2017.9.8	Equity	5.60			500,000,000.00			
长安国际信托股份有限公司可续期信托贷款	2017.11.23	Equity	5.90			1,000,000,000.00			
Total						4,400,000,000.00			

Movement of other financial instrument such as preference shares and perpetual bonds issued in the year:

Financial instrument	As at 1/1/2017		Increase		Decrease		As at 31/12/2017	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
华融国际信托有限责任公司永续债		1,000,000,000.00						1,000,000,000.00
中国建设银行股份有限公司成都第五支行长期限含权中期票据				1,900,000,000.00				1,900,000,000.00
兴业国际信托有限公司可续期信托贷款				500,000,000.00				500,000,000.00
长安国际信托股份有限公司可续期信托贷款				1,000,000,000.00				1,000,000,000.00
Total		1,000,000,000.00	---	3,400,000,000.00	---		---	4,400,000,000.00

5.32 Other long-term payables

Nature	Balance as at 31/12/2017	Balance as at 1/1/2017
中国铁建股份有限公司	288,000,000.00	450,000,000.00
中国建筑股份有限公司	700,000,000.00	700,000,000.00
成都财政局	2,182,930,000.00	2,417,400,000.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Nature	Balance as at 31/12/2017	Balance as at 1/1/2017
Total	3,170,930,000.00	3,567,400,000.00

5.33 Specific payables

Item	Balance as at 1/1/2017	Increase	Decrease	Balance as at 31/12/2017	Reason for the payables
东部及南部起步区基础设施专项拨款	125,313,078.96	2,815,578,401.56		2,940,891,480.52	Appropriation by the client
其他代建项目专项拨款	857,405,475.59			857,405,475.59	Appropriation by the client
西二环及两射改造	2,640,000,000.00			2,640,000,000.00	Appropriation by the client
法院	258,133,658.48			258,133,658.48	Appropriation by the client
广电	5,480,000.00			5,480,000.00	Appropriation by the client
公安局代建项目	380,000,000.00	11,900,000.00		391,900,000.00	Appropriation by the client
重大市政拨改租项目	44,710,000.00			44,710,000.00	Appropriation by the client
党校	52,350,047.74	61,500,000.00		113,850,047.74	Appropriation by the client
成都成房置业有限公司	1,123,007,646.12	53,274,521.87	1,158,331,689.19	17,950,478.80	Appropriation by the client
成都市住房保障中心	637,878,579.55	284,854,682.09	155,763,544.02	766,969,717.62	Appropriation by the client
成都市精神卫生中心扩建项目	3,270,242.26			3,270,242.26	Appropriation by the client
成都市儿童福利院家庭寄养康复中心工程	18,831,200.00	4,081,645.21		22,912,845.21	Appropriation by the client
成都市气象监测预警中心工	55,000,000.00	16,500,000.00		71,500,000.00	Appropriation by the client

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Item	Balance as at 1/1/2017	Increase	Decrease	Balance as at 31/12/2017	Reason for the payables
程项目					
成都市防汛物资仓库改扩建工程项目	5,000,000.00	4,000,000.00		9,000,000.00	Appropriation by the client
成都市技师学院教学实训楼项目	39,000,000.00	55,000,000.00		94,000,000.00	Appropriation by the client
成都市救灾物资集散中心项目	1,000,000.00	4,478,564.00		5,478,564.00	Appropriation by the client
互联网小镇项目	45,000,000.00	50,000,000.00		95,000,000.00	Appropriation by the client
“天府古镇”特色手工业和农业产品项目	40,000,000.00	20,000,000.00		60,000,000.00	Appropriation by the client
天府古镇联盟项目	3,960,000.00			3,960,000.00	Appropriation by the client
Total	6,335,339,928.70	3,381,167,814.73	1,314,095,233.21	8,402,412,510.22	

5.34 Share capital

Item	Balance as at 1/1/2017	Movement					Balance as at 31/12/2017
		Issuance of new share	Bonus shares	Capital reserve transfer in	Others	sub-total	
成都市国有资产监督管理委员会	5,525,400,000.00						5,525,400,000.00
Total shares	5,525,400,000.00						5,525,400,000.00

5.35 Other equity instruments

Financial instrument	As at 1/1/2017		Increase		Decrease		As at 31/12/2017	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

华融国际信托有限 责任公司永续债		1,000,000,000.00						1,000,000,000.00
中国建设银行股份 有限公司成都第五 支行长期限含权中 期票据				1,900,000,000.00				1,900,000,000.00
兴业国际信托有限 公司可续期信托贷 款				500,000,000.00				500,000,000.00
长安国际信托股份 有限公司可续期信 托贷款				1,000,000,000.00				1,000,000,000.00
Total		1,000,000,000.00	—	3,400,000,000.00	—		—	4,400,000,000.00

Note1: On December 27, 2016, the Company and Huarong International Trust Co., Ltd. signed "Hua Rong. Chengdu Xingcheng Group Perpetual Debt Collective Fund Trust Plan for Perpetual Creditor Investment Contract, the contract number is Huarong Trust (2016) Trust No. 353 - Investment No. 1. Article 2 of the contract stipulates that both parties confirm and agree that Party A intends to carry out the perpetual credit-type equity investment of Party B under the trust plan. Article 4 stipulates that the total investment price under the contract shall not exceed RMB 3.5 billion (¥3,500,000,000. 00 yuan), and the investment price may be paid in separate amounts. The specific amount shall be based on the total amount of the investment price actually paid. Article 5 stipulates that the investment period under the contract is not fixed. From the date of the investment term (inclusive) to the date when Party B applies for early redemption of the perpetual claim or Party B applies for the investment under this contract (excluding) or other expiration date as agreed in the relevant contract. Unless otherwise agreed by the parties, on the date of the fifth investment period from the start of No i investment period and every interest day of the 5+i year from the start of No i investment period or any other time determined by mutual agreement, the Company has the right to apply in writing to Huarong Trust Company for the expiration of No i issue, and return to Huarong Trust Company investment price with the expiration application and the corresponding unpaid total investment income (including investment income under deferred payment under No I investment, and all other payables. Article 6 :Regarding the investment income agreement, in addition to the contract, the Company shall pay Huarong Trust Company the current investment income corresponding to No i investment price on the No i investment income payment date. Unless there is a compulsory payment event, the Company may, at each payment date under this contract, choose to defer the current

investment income corresponding to No i investment price and all investment income deferred in accordance with this clause to the next payment date, which is not subject to any number of deferred payments. The deferral of the aforementioned investment income does not constitute Party B's failure to pay the investment income to Party A in full in accordance with this contract. The company received the above investment of 1,000,000,000.00 yuan.

Note2: According to the registration notice and the prospectus of the China Association for the Advancement of [2017] MTN [336], in July 2017, the Company issued the first medium-term notes for 2017 with a registered amount of 4,000,000,000.00 yuan, and the issue amount of the current period is 1,900,000,000.00 yuan. The term of the MTN is 5+N years (N=0,1,2,3..., including the redemption rights of issuers at the end of the fifth year) and is issued to institutional investors in the national inter-bank bond market. The rate is determined by using fixed interest rate. The coupon rate of the first five interest-bearing years of the current medium-term notes will be determined through centralized bookkeeping and centralized placement, and will remain unchanged during the first five interest-bearing years. From the sixth interest-bearing year, the coupon rate is reset every three years; the coupon rate for the first five interest-bearing years is the initial benchmark interest rate plus the initial spread. If the issuer does not exercise the redemption right, the coupon rate will be adjusted to the current benchmark interest rate plus the initial spread plus 300 basis points from the 6th interest-bearing year. The coupon rate remains from the 6th interest-bearing year to the 8th interest-bearing period. If the future benchmark interest rate is not available on the interest rate reset date due to factors such as macroeconomic and policy changes, the coupon rate will be determined by the initial interest rate before the coupon rate reset date plus the initial spread and 300 basis points. Call and put provisions: On the fifth and subsequent interest payment dates of the current medium-term notes, the issuer has the right to redeem the current medium-term notes at face value plus interest payable (including all deferred interest payments and their interest). The issuer owns the redemption rights of the current medium-term notes. During the time specified in the aforesaid redemption clause, if the issuer decides to exercise the redemption right, the issuer shall publish the "Early Redemption Notice" on the information disclosure media designated by the competent authority in accordance with the relevant regulations one month in advance before the redemption date. The redemption work was completed by the agent of Shanghai Clearing House. The medium-term notes issued this time do not have an investor repurchase clause, and investors have no redemption rights.

Note3: On September 8, 2017, the company signed a Renewable Trust Loan Contract with Xingye International Trust Co., Ltd., the contract number is CIIT[2017]0665XTDK. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 5 million yuan (500,000,000 yuan). Article 4 of the contract stipulates that both

parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract. The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term. If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and the loan term expires. The date is the natural expiration date. The loan interest rate for the initial loan term is confirmed by the benchmark interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 117.9%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly. The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

Note4: On November 23, 2017, the Company signed a Renewable Trust Loan Contract with Changan International Trust Co., Ltd., which number is Ning Shan Xingcheng 17481765. Article 2 of the contract stipulates that the lender agrees to give the borrower a trust loan of RMB 1 million yuan(100,000,000 yuan). Article 4 of the contract stipulates that both parties confirm that the trust loan is a renewable trust loan, unless otherwise agreed by the lender and the borrower or otherwise stipulated in this contract. The initial loan term shall be three years, from the date on which the trust loan is actually transferred to the designated account of the borrower, and the date is used as the value date. Each year after the expiration of the initial loan term is an extended loan term. One month before the expiration of each loan term, the borrower has the right to choose to extend the loan period under this contract for one year, or choose to return the full balance of the trust loan to the lender and all the remaining Interest payable and upfront fees paid on the date of expiration of each loan term. If the borrower chooses to extend the loan term one month before the expiration of each loan term, the lender should be notified in writing one month in advance before the expiration of each loan term. If the borrower fails to choose the renewal loan term in accordance with this contract one month before the expiration of any loan term, the trust loan expires (naturally expires) on the expiration of the loan term, and

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

the loan term expires. The date is the natural expiration date. The loan interest rate for the initial loan term is confirmed by the benchmark interest rate of RMB loans for one to five years (including five years) announced by the People's Bank of China multiplying 124.22%. If the benchmark loan interest rate changes during the initial loan period, the initial loan interest rate is adjusted quarterly. The loan interest rate shall be reset in accordance with the provisions of this Agreement from the day after the expiration of each loan term. The annualized loan interest rate after each reset should jump 300 basis points (ie 3%) based on the annual interest rate used on the expiration of the previous loan term.

5.36 Capital reserve

Category	Balance as at 1/1/2017	Increase	Decrease	Balance as at 31/12/2017
I. Share premiums	847,685,138.48			847,685,138.48
II. Other capital reserves	11,852,144,008.70	600,000,000.26	175,070,853.49	12,277,073,155.47
Total	12,699,829,147.18	600,000,000.26	175,070,853.49	13,124,758,293.95

Note1: In the fiscal year, other capital reserves increased by 600,000,000.26 yuan, of which: Chengdu City-level Financial Treasury Payment Center invested Chengdu Capital Health Investment Group capital of 300,000,000.00 yuan, Chengdu Tianfu Greenway Construction Investment Co., Ltd. capital of 300,000,000.00 yuan, both included in capital reserve; the company's associated company Chengdu Dongjing Gas Co., Ltd. Other changes in equity confirm the capital reserve of 0.26 yuan.

Note2: In the fiscal year, other capital reserves decreased by 175,070,853.49 yuan, of which: the payment of the perpetual bond issuance underwriting fee is 7,600,000.00 yuan; Chengdu Xingcheng Habitat Real Estate Investment Group Co., Ltd., a subsidiary of the Company, has transferred 816 sets of public rental housing to Chengdu Public Housing Management Center without charge, according to the document of Sichuan Investment (51010011032801) No. 0039, reducing the capital reserve of 167,470,853.49 yuan.

5.37 Other comprehensive income

Item	As at 1/1/2017	Movement in the year					As at 31/12/2017
		Amount before tax	Less: other comprehensive income in prior periods transfer in profit or loss for the current period	Less: income tax	Amount after tax attributable to the Company	Amount after tax attributable to minority interests	
I. Other comprehensive income items which will not be reclassified subsequently to profit or loss							

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Including:							
Remeasurement of net defined benefit plan liability or asset							
Share of the other comprehensive income of the investee accounted for using equity method which will not be reclassified subsequently to profit and loss							
II. Other comprehensive income items which will be reclassified subsequently to profit or loss							
Including:							
Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit or loss							
Gains or losses arising from changes in fair value of available-for-sale financial assets							
Reclassification from held-to-maturity financial assets to held-to-sale financial assets							
The effective hedging portion of gains or losses arising from cash flow hedging instruments							
Translation differences from translation of foreign currency financial statements		-405,997.79			-405,997.79		-405,997.79
Total of other comprehensive income		-405,997.79			-405,997.79		-405,997.79

5.38 Surplus reserve

Category	Balance as at 1/1/2017	Increase	Decrease	Balance as at 31/12/2017
Statutory surplus	133,681,347.65	25,061,645.63		158,742,993.28
Discretionary surplus				
Reserve Fund				
Corporate development fund				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	Balance as at 1/1/2017	Increase	Decrease	Balance as at 31/12/2017
Return of investment				
Others				
Total	133,681,347.65	25,061,645.63		158,742,993.28

5.39 Retained earnings

Item	As at 31/12/2017	
	Amount	Appropriation proportion
Retained earnings as at 1/1/2017 before adjustment	2,798,555,372.77	
The total adjustment of retained earnings as at 1/1/2017 (Increase+, decrease-)	-4,859,461.90	
Retained earnings as at 1/1/2017 after adjustment	2,793,695,910.87	
Add: Net profit attributable to the Company during the year	683,876,967.39	---
Less: Appropriation of statutory surplus reserve	25,061,645.63	10%
Appropriation of discretionary surplus reserve		
Common share dividends payable	82,970,000.00	
Common share dividends converted to share capital		
Payable dividends on preference shares, perpetual debt interest	112,941,000.00	
Retained earnings as at 31/12/2017	3,256,600,232.63	

5.40 Operating income and operating cost

Item	Year ended 31/12/2017		Year ended 31/12/2016	
	Income	Cost	Income	Cost
I. Primary operating business				
Estate sales	4,007,388,549.24	3,070,959,568.39	2,411,454,948.13	1,544,333,493.86
Asset lease	361,117,570.10	161,931,883.13	310,432,078.77	131,804,149.57
Property management	37,741,677.93	36,880,637.47	45,437,192.80	50,065,776.65
Capital interest	55,030,276.67	49,514.56	366,089,288.44	
Agent construction project management	77,419,766.20	1,164,339.79	4,240,887.74	281,642.66

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Year ended 31/12/2017		Year ended 31/12/2016	
	Income	Cost	Income	Cost
Asset management and so on	209,018,801.27	17,248,938.53	205,153,501.82	15,226,099.53
II.Other operating business				
Total	4,747,716,641.41	3,288,234,881.87	3,342,807,897.70	1,741,711,162.27

5.41 Selling and distribution expenses

Item	Year ended 31/12/2017	Year ended 31/12/2016
Agency commission	31,672,224.41	9,455,719.91
Facility fee for marketing	17,996,877.18	20,265,166.02
Employee benefits	12,021,734.34	9,935,776.82
Advertising expenses	5,654,085.74	17,667,332.92
Property management fee	2,920,814.45	1,596,950.47
Consulting fee	1,758,000.00	1,559,575.46
Electricity fee	842,090.50	251,280.08
Others	830,607.08	576,891.78
Office allowance	634,209.44	753,743.68
Transportation fee	379,625.00	781,131.00
Depreciation	262,756.71	302,136.34
Promotion expenses	99,000.00	277,822.00
Communication expenses	87,315.26	166,744.24
Water fee	48,208.48	35,299.23
Travel expense	13,440.00	14,314.75
Entertainment expenses	3,991.00	14,198.00
Gas fee	3,130.11	1,968.42
Total	75,228,109.70	63,656,051.12

5.42 General and administrative expenses

Item	Year ended 31/12/2017	Year ended 31/12/2016
Employee benefits	104,811,526.84	85,896,083.08

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Year ended 31/12/2017	Year ended 31/12/2016
Office allowance	9,839,201.05	16,915,926.23
Communication expenses	1,533,698.01	2,071,929.62
Travel expenses	2,614,017.65	2,879,242.10
Conference expenses	490,716.38	108,438.50
Transportation fee	4,409,539.16	6,514,732.13
Entertainment expenses	473,247.79	559,048.48
Consulting fee	5,407,585.10	11,672,961.44
Advertising expenses	1,323,795.94	933,882.93
Repair charge	31,954.00	35,945.00
Premium for property insurance	14,405.34	35,867.40
Organization fee for Party	206,774.70	345,391.11
Material consumption	959,892.81	1,228,527.45
Taxes	1,083,578.63	863,332.82
Depreciation	3,809,616.23	5,318,460.17
Others	4,484,934.23	1,215,303.41
Total	141,494,483.86	136,595,071.87

5.43 Finance expenses

Item	Year ended 31/12/2017	Year ended 31/12/2016
Interest expenses	122,012,539.20	346,341,357.76
Less: interest income	111,974,982.62	71,236,914.45
Losses from foreign exchange	22,379,248.03	25,582.85
Less: Gains from foreign exchange		
Finance charges		
Others	10,438,469.11	4,677,556.57
Total	42,855,273.72	279,807,582.73

5.44 Impairment on assets

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Year ended 31/12/2017	Year ended 31/12/2016
Allowance for doubtful debts	96,683.16	708,603.79
Provision for diminution in value of inventory		
Impairment loss on held-for-sale assets		
Impairment loss on available-for-sale financial assets		
Impairment loss on held-to-maturity investment		
Impairment loss on long-term equity investment		
Impairment loss on investment property		
Impairment loss on fixed assets		
Impairment loss on construction materials		
Impairment loss on construction in process	2,052,874.84	
Impairment loss on productive biological assets		
Impairment loss for oil and gas assets		
Impairment loss for intangible assets		
Impairment loss for goodwill		
Other impairment losses		
Total	2,149,558.00	708,603.79

5.45 Investment income

Category	Year ended 31/12/2017	Year ended 31/12/2016
Gain/(Loss) from long-term equity investments in equity method		
Gain/(Loss) on disposal of long term equity investment	415,757.97	-284,227.50
Gain/(Loss) from financial assets measured at fair value through profit and loss for the current period	3,245,120.15	
Gain/(Loss) on disposal of financial assets measured at fair value through profit or loss for the current period		
Gain/(Loss) on held-to-maturity financial assets during the holding period		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	Year ended 31/12/2017	Year ended 31/12/2016
Gains/(Loss) on disposal of held-to-maturity financial assets		
Gains on available-for-sale financial assets during the holding period	94,800.00	
Gains on disposal of available-for-sale financial assets	-69,000.00	
Gains on remeasurement of the remaining equity at fair value after losing control		
Others		
Total	3,686,678.12	-284,227.50

5.46 Gains (Losses) from disposal of assets

Item	Year ended 31/12/2017	Year ended 31/12/2016
Gains from disposal of buildings	1,914,405.22	5,888,900.17
Gains from disposal of land	25,429,374.75	100,156,372.49
Losses from disposal of buildings		-11,114,792.52
Total	27,343,779.97	94,930,480.14

5.47 Other income

Item	Year ended 31/12/2017	Year ended 31/12/2016	Related to assets/Related to income
Steady post subsidies	214,123.65		Related to income
Total	214,123.65		

5.48 Non-operating income

Item	Year ended 31/12/2017	Year ended 31/12/2016	Amount to be included in non-recurring gain or loss for the year
Government grants from non-routine activities		4,055,900.00	
Gains on debt restructuring			
Donation			
Gains on inventory counting			
Liquidated damages		7,038,000.00	

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Year ended 31/12/2017	Year ended 31/12/2016	Amount to be included in non-recurring gain or loss for the year
Others	1,737,426.98	1,259,345.87	
Total	1,737,426.98	12,353,245.87	

5.49 Non-operating expenses

Item	Year ended 31/12/2017	Year ended 31/12/2016	Amount to be included in non-recurring gain or loss for the year
Losses on debt restructuring			
Donation			
Losses on damage or abandonment of non-current assets	2,317,619.00	1,649,748.30	
Losses on assets shortage	277,661.66		
Others	8,086,341.05	3,432,909.19	
Total	10,681,621.71	5,082,657.49	

5.50 Income tax expenses

5.50.1 Details of income tax expenses

Item	Year ended 31/12/2017	Year ended 31/12/2016
Current income tax expense calculated according to tax laws	265,997,362.74	242,120,498.55
Deferred income tax	656,572.71	-26,603,952.79
Others		
Total	266,653,935.45	215,516,545.76

5.51 Monetary items denominated in foreign currency

Item	Balance in foreign currency as at 31/12/2017	Exchange rate	Balance translated into RMB as at 31/12/2017
Cash at hand and in banks			
Including: USD	121,074,334.83	6.5342	791,123,918.65
HKD	1,480,657.48	0.8359	1,237,681.59
EUR			
Bonds payable			

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Including: USD	300,000,000.00	6.5342	1,960,260,000.00
HKD			
EUR			
Long-term loans			
Including: USD			
Euro			
HKD			

5.52 Government grants

The Company recognized government grants amounting to 214,123.65 Yuan, including government grants related to assets of 0 Yuan, received 214,123.65 Yuan in current period; and government grants related to income of 214,123.65 Yuan.

5.52.1 Government grants related to income

Item	Presented amount in profit and loss of current period	Presented item in profit and loss
Steady post subsidies	214,123.65	214,123.65
Total	214,123.65	214,123.65

5.53 Supplement to statement of cash flows

5.53.1 Supplement to statement of cash flows

Item	Year ended 31/12/2017	Year ended 31/12/2016
1. Net profit adjusted to cash flows from operating activities		
Net profit	718,914,590.05	613,159,941.03
Add: provision for asset impairment	2,149,558.00	708,603.79
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	103,732,011.20	107,136,619.32
Amortization of intangible assets		615,046.74
Amortization of long-term deferred expenses	23,031,417.53	473,527.67
Losses on disposal of fixed assets, intangible assets and other long-term assets ("- " for gains)	-27,343,779.97	-107,160,188.14
Losses on write-down of fixed assets ("- " for gains)	277,661.66	6,354.50

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Year ended 31/12/2017	Year ended 31/12/2016
Losses from changes in fair value ("- for gains)		
Financial expenses ("- for income)	122,012,539.20	346,341,357.76
Investments losses ("- for gains)	-3,686,678.12	284,227.50
Decreases in the deferred tax assets ("- for increases)	656,572.71	-26,747,555.54
Increases in the deferred tax liabilities ("- for decreases)		
Decreases in inventories ("- for increases)	-8,499,229,385.00	-5,913,739,737.10
Decreases in operating receivables ("- for increases)	-1,902,915,996.00	-520,727,951.38
Increases in operating payables ("- for decreases)	3,859,636,491.88	3,225,410,599.86
Others		
Net cash flows from operating activities	-5,602,764,996.86	-2,274,239,153.99
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2017	8,288,627,092.07	12,934,826,177.98
Less: cash as at 1/1/2017	12,934,826,177.98	12,466,286,981.85
Add: cash equivalents as at 31/12/2017		
Less: cash equivalents as at 1/1/2017		
Net increase in cash and cash equivalents	-4,646,199,085.91	468,539,196.13

5.53.2 Cash and cash equivalents

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
I. Cash	8,288,627,092.07	12,934,826,177.98
Including: cash on hand		441.68
Unrestricted bank deposits	8,288,627,092.07	12,934,775,553.53
Unrestricted other cash and cash equivalents		50,182.77
Unrestricted deposits with central bank		
Deposits with banks and other financial institutions		

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Item	Balance as at 31/12/2017	Balance as at 1/1/2017
Loans to or from banks and other financial institutions		
II. Cash equivalents		
Including: bonds investment maturing within 3 months		
III. Cash and cash equivalents as at 31/12/2017	8,288,627,092.07	12,934,826,177.98
Including: cash and cash equivalents restricted for use in the Company or the subsidiaries	22,144,068.89	182,356,769.31

6. Changes in consolidation scope

6.1 Subsidiaries or structured entities newly incorporated into the scope of the merger, as set up newly

Subsidiary name	Net assets at 31/12/2017	Net profit ended 31/12/2017
兴城（香港）国际投资有限公司	19,364,963.34	-176,938.87
成都天府绿道建设投资有限公司	255,190,432.86	5,190,432.86
成都兴城文化产业发展投资有限公司	10,000,000.00	
成都医疗健康投资集团有限公司	30,000,000.00	

6.2 Subsidiaries or structured entities that are no longer included in the consolidation period

Subsidiary name	The remaining shareholding percentage when losing control	Net assets on disposal day	Net profit from the beginning of the period to the disposal date	Disposal method
成都东景燃气有限责任公司	28%	-1,362,980.69	-59,516.68	Capital increase and share expansion

In December 2016, the company signed a capital increase and share expansion agreement with China Resources Gas Investment (China) Co., Ltd., Sichuan Huayou Group Co., Ltd. and Sichuan Dongyi Energy Development Co., Ltd. agreeing on that Chengdu Dongjing Gas Co., Ltd. added a registered capital of RMB 4,400,000. The Company originally invested RMB 2.55 million and held 51% of the shares. The Company increase the capital of RMB 11.17 million, and the paid-up capital totaled RMB 13.72 million. The shareholding ratio decreased from 51% to 28%, and the Company no longer include Dongjing in the scope of consolidation in this fiscal year.

7. Interest in other entities

7.1 Interest in subsidiaries

7.1.1 Constitution of the Company

Subsidiary name	Registration place	Principal place of business	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
成都兴城人居地产投资集团有限公司	Chengdu	Chengdu	Estate development	100.00		Set up
成都润锦城实业有限公司	Chengdu	Chengdu	Property management	100.00		Set up
成都兴城建设管理有限公司	Chengdu	Chengdu	Construction management	100.00		Set up
成都市小城镇投资有限公司	Chengdu	Chengdu	Urban construction	100.00		Combination under common control
成都兴城资本管理有限责任公司	Chengdu	Chengdu	Investment management	100.00		Set up
成都成都中心建设有限责任公司	Chengdu	Chengdu	Urban construction	100.00		Set up
兴城（香港）国际投资有限公司	Hongkong	Hongkong	Investment management	100.00		Set up
成都天府绿道建设投资有限公司	Chengdu	Chengdu	Urban construction	100.00		Set up
成都兴城文化产业发展投资有限公司	Chengdu	Chengdu	Investment management	100.00		Set up
成都医疗健	Chengdu	Chengdu	Investment	100.00		Set up

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Subsidiary	Registration	Principal	Business	Shareholding (%)		Acquisition
康投资集团 有限公司			management			

7.2 The exchange rate of the main statement items of the overseas operating entity

Xingcheng (Hong Kong) International Investment Co., Ltd., a subsidiary of the Company, uses Hong Kong dollars as the standard currency for bookkeeping. When the Company prepares consolidated statements, it converts the financial statements of the company into RMB. The paid-in capital is converted at the exchange rate at the time of input (ie October 9, 2017), and other items on the balance sheet are translated at the year-end exchange rate. The income statement items are translated at the average exchange rate on the day of the investment and the year-end. The translation difference is included in other comprehensive income.

7.3 Equity in joint ventures or associates

7.3.1 Significant joint ventures or associates

Company name	Principal place of business	Registration place	Business nature	Shareholding(%)		Accounting treatment for investments
				Direct	Indirect	
成都中建人居雅苑房地产开发有限公司	Chengdu	Chengdu		49.00		Equity method
四川川投售电有限公司	Chengdu	Chengdu		35.00		Equity method
中国四川国际投资有限公司	Chengdu	Chengdu		20.00		Equity method
成都东景燃气有限责任公司	Chengdu	Chengdu		28.00		Equity method

7.3.2 Principal financial information of significant associates

Item	As at 31/12/2017 & Year ended 31/12/2017			
	四川川投售电有限公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司
Current assets	299,996,226.87	1,393,526,250.64	46,884,292.85	480,915,564.73
No-current assets	406,372.74	178,231,603.39	1,113,674.10	269,470.08

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Total assets	300,402,599.61	1,571,757,854.03	47,997,966.95	481,185,034.81
Current liabilities	479,752.66	145,298,609.29	4,649,237.36	461,261,340.26
Non-current liabilities				
Total liabilities	479,752.66	145,298,609.29	4,649,237.36	461,261,340.26
Net assets	299,922,846.95	1,426,459,244.74	43,348,729.59	19,923,694.55
Share of net assets calculated as shareholding percentage (%)	104,972,996.43	285,291,848.95	12,137,644.29	9,762,610.33
Adjustments		-13,311,203.86	1,781,634.59	
Book value of equity investment in associates	104,972,996.43	271,980,645.09	13,919,278.88	9,762,610.33
Fair value of equity investment if there is a quoted market price for the investment				
Operating income			4,867,459.45	
Finance expenses	-4,932,815.55		-51,870.30	-52,145.99
Income tax expenses			217,440.09	
Net profit	247,038.05	837,028.52	652,192.68	-76,305.45
Others comprehensive income				
Total comprehensive income	247,038.05	837,028.52	652,192.68	-76,305.45
Dividends from associates for the current year				

Item	As at 1/1/2017&Year ended 31/12/2016			
	四川川投售电有限公司	中国四川国际投资有限公司	成都东景燃气有限责任公司	成都中建人居雅苑房地产开发有限公司
Current assets	199,791,935.31	1,386,878,368.97		
No-current assets				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Total assets	199,791,935.31	1,386,878,368.97		
Current liabilities	116,126.41	92.13		
Non-current liabilities				
Total liabilities	116,126.41	92.13		
Net assets	199,675,808.90	1,386,878,276.84		
Share of net assets calculated as shareholding percentage (%)	69,886,533.12	277,375,655.37		
Adjustments		-5,562,415.98		
Book value of equity investment in associates	69,886,533.12	271,813,239.39		
Fair value of equity investment if there is a quoted market price for the investment				
Operating income				
Finance expenses	-29,239.34	-448,984.37		
Income tax expenses				
Net profit	-324,191.10	-853,803.04		
Others comprehensive income				
Total comprehensive income	-324,191.10	-853,803.04		
Dividends from associates for the current year	199,791,935.31	1,386,878,368.97		

8. Related parties and transactions

8.1 The parent company of the Company

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company(%)	Voting rights proportion % of the Company
成都市国有资产监督管理委员会直				100.00	100.00

Chengdu Xingcheng Investment Group Company Limited

Notes to the Financial Statements

For the year ended 31 December 2017

Name of parent company	Registration place	Type of business	Registered capital	Shareholding ratio of the Company(%)	Voting rights proportion % of the Company
属企业					

8.2 Subsidiaries of the Company

Details of subsidiaries refer to Note 7 Interest in other entities.

8.3 Joint ventures and associates of the Company

Details of Significant joint ventures and associates of the Company refer to Note 7 Interest in other entities. Information of other joint ventures and associates having transactions with the Company in current period or prior period are as follows:

8.4 Other related parties

Name	Relationship
成都金融城投资发展有限责任公司	Shareholding corporation
成都市农村产权流转融资担保股份有限公司	Shareholding corporation

8.5 Transactions with related parties

Guarantee activities with related parties

Guarantor	Guarantee	Amount of guarantee	Start date	Maturity date	Guarantee obligation expired or not
Chengdu Xingcheng Investment Group Co., Ltd	成都市兴东置业有限公司	80,000,000.00	2015/10/26	2018/10/25	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都市兴东置业有限公司	60,000,000.00	2017/1/19	2020/1/20	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都市小城镇投资有限公司	62,500,000.00	2013/9/16	2018/9/15	Not
Chengdu Xingcheng Investment Group Co., Ltd	成都兴城人居地产投资集团有限公司	1,500,000,000.00	2015/10/27	2015/10/27	Not

9. Commitments and contingencies

9.1 Commitments

No.

9.2 Contingencies

Chengdu Handong Sports Project Investment Co., Ltd. applied for Xingcheng Group lease contract dispute case

In March 2007, Beijing Construction Engineering Shuangxing Construction Engineering Co., Ltd. (hereinafter referred to as Shuangxing Company) and Chengdu Xingnan Investment Co., Ltd. (hereinafter referred to as Xingnan Company) signed the “Chengdu Sports Park Project E plot management rights paid use Contract (hereinafter referred to as the "Main Contract")”.

In March 2009, Xingnan Company and Chengdu Xingdong Investment Co., Ltd. merged to form Xingcheng Group. In the same year, Xingcheng Group and Shuangxing Company and Chengdu Handong Sports Project Investment Co., Ltd. (hereinafter referred to as Handong Sports) signed the “Supplementary Agreement for the Compensation Use Contract for the Operation of the E-Plot of Chengdu Sports Park Project” (hereinafter referred to as the “Supplementary Agreement”). According to the Supplementary Agreement, the rights and obligations of Xingnan Company under the main contract are enjoyed or undertaken by Handong Sports.

After the signing of the Supplementary Agreement, Handong Sports invested in the project. From 2009 to 2012, the investment reached 49,548,167.82 yuan. After the project was completed, it was put into operation.

During the operation, Xingcheng Group issued the “Chengdu Xingcheng Investment Group Co., Ltd. Letter on the termination of the contract for the use of the right to operate the land of the Chengdu Sports Park Project” (hereinafter referred to as “Termination” letter”) on January 11, 2013. On January 31, 2013, the two parties signed the “Chengdu Sports Park Project E-Grade Operating Rights Paid Use Contract” and its “Supplemental Agreement” Termination and Compensation Agreement (hereinafter referred to as the “Compensation Agreement”), stipulated that the “Main Contract” and the "Supplemental Agreement" was officially terminated on February 1, 2013. Handong Sports shall hand over all the sites and above-ground buildings and related ancillary facilities of the project to Xingcheng Group before March 15, 2013, and evacuate Handong. Sports

staff. According to the compensation agreement, Xingcheng Group paid the start-up funds to the applicant according to the withdrawal schedule of Handong Sports. Up to April 15, 2013, Xingcheng Group paid all the starting capital of 30 million yuan to Handong Sports.

The "Compensation Agreement" also stipulates that the compensation fee that Xingcheng Group shall pay to Handong Sports according to the main contract shall be executed according to the final amount determined by the evaluation value of the jointly entrusted evaluation agency, but Xingcheng Group dismantled the project facilities and equipment after the project was handed over, causing the evaluation agency to fail to evaluate the project to determine the amount of compensation. Xingcheng Group has not paid any compensation fees other than the start-up funds to Handong Sports. Handong Sports submitted an application to the Chengdu Arbitration Commission accordingly: (1) ruling that Xingcheng Group will pay the remaining compensation of RMB 16,054,263.67 to Handong Sports; (2) refunding the performance bond of RMB 4 million; (3) ruling that Xingcheng Group the interest on funds (\$15.6 million), based on 30 million yuan at the daily interest rate of 0.05% , from July 10, 2013 to the July 20, 2016.

The case was first heard on March 28, 2017. The main controversial issues in this case: (1) Whether Xingcheng Group should compensate Handong Sports, how to determine the compensation standard, whether it is necessary to entrust a third-party consulting agency to conduct the appraisal; (2) How to determine the he rent (rental period and standard) of Handong Sports to Xingcheng Group ,which needs to be further determined. The parties are waiting for the Arbitration Commission to notify the second resumption currently.

The lawyer's estimate of the possibility and amount of possible losses or gains: (1) The compensation must be based on the evaluation report issued by the entrusted assessment agency as the basis for the final compensation, and complete assessment information is required; (2) In principle, the performance bond shall be refunded in the event that Handong Sports has not breached the contract. Considering that Handong Sports has not paid the annual venue rent in accordance with the contract, Xingcheng Group has the right to deduct from such expenses. If it is confirmed that the rent has not been paid, it should be deducted; (2) With respect to the liquidated damages, whether or not to bear the liquidated damages for overdue payment, it is necessary to determine according to the

compensation amount and the time of payment due by the ruling. At present, the base of 30 million yuan proposed by Handong Sports is not established.

10. Post balance sheet events

As of the reporting date, the company has no significant issues after the balance sheet date that need to be disclosed.

11. Other significant events

11.1 Accounting errors in prior years

11.1.1 The nature, content and cause of the errors in the early period

a. In accordance with the letter and agreement of Chengdu Housing Security Center, Chengdu Xingdong Real Estate Co., Ltd., a subsidiary of the Company, remitted the Dafeng Project's agency management fee of additional RMB 6,247,500.00 (including tax), composed of 5,634,468.00 yuan in 2016 and an 613,032.00 yuan before 2016. According to the previous major accounting errors, the relevant items in the financial statements shall be adjusted. This item increase the other payables of RMB 6,247,500.00 on the balance sheet item on January 1, 2017, and increase the other receivables - Jinjiang District Local Taxation Bureau, 38,621.01 yuan (It is refunded the business tax and the additional 38,621.01 yuan that was collected before 2016. Due to payment, and Chengdu Xingdong Real Estate Co., Ltd. intends to apply for tax refund from Jinjiang District Local Taxation Bureau.) This item increased the deferred income tax assets by 1,462,918.75 yuan, and reduced the tax payable by RMB 357,204.00, and reduced retained profit by RMB 4,388,756.24. The operating income of 2016 annual income statement project decreased by RMB 5,315,535.85, with taxes and surcharges taxes reducing RMB 38,271.85, and income tax expenses reducing RMB 1,319,316.00.

b. The Company's subsidiary, Chengdu Xingdong Real Estate Co., Ltd., based on the presentation of the financial statements of the Company, deducted the year-end balance of deferred income tax assets by the year-end balance of deferred income tax liabilities of RMB 1,806,323.85, which was presented on a net basis. This event reduced the deferred income tax assets and deferred income tax

liabilities of the balance sheet items on January 1, 2017 by RMB 1,806,323.85.

c.The Company's subsidiary Chengdu Xingdong Real Estate Co., Ltd. did not increase the audit penalty of RMB 1,968,725.37 to the income tax payable in 2016, and the business entertainment expenses increased by RMB 85,902.72 wrongly. The above-mentioned matters resulted in a decrease of taxable income of RMB 1,882,822.65 and a reduction of income tax of RMB 470,705.66. According to the previous major accounting errors, the relevant items in the financial statements shall be adjusted. The matter dreduce the deferred income tax assets of the balance sheet project by RMB 470,705.66 on January 1, 2017, and the undistributed profit decreased by RMB 470,705.66. The 2016 income statement increased the income tax expense. 470,705.66 yuan.

11.1.2 Impact on the financial statements of the previous year

Item	Balance as on 12/31/2016	Adjustment	Balance as on 01/01/2017
Other receivbles	485,945,701.30	38,621.01	485,984,322.31
Deferred tax assets	96,742,599.97	-814,110.76	95,928,489.21
Total of assets	70,414,246,811.42	-775,489.75	70,413,471,321.67
Taxes and surcharges payable	543,773,791.80	-357,204.00	543,416,587.80
Other payables	1,882,911,582.59	6,247,500.00	1,889,159,082.59
Deferred tax liabilities	1,806,323.85	-1,806,323.85	
Total of liabilities	48,257,419,641.19	4,083,972.15	48,261,503,613.34
Retained earnings	2,798,555,372.77	-4,859,461.90	2,793,695,910.87
Total equity	22,156,827,170.23	-4,859,461.90	22,151,967,708.33
Item	Year ended 12/31/2016 before adjustment	Adjustment	Year ended 12/31/2016 after adjustment
Operating income	3,348,123,433.55	-5,315,535.85	3,342,807,897.70
Taxes and surcharges	393,608,052.00	-38,271.85	393,569,780.15
Income tax	216,365,156.10	-848,610.34	215,516,545.76

11.2 Other significant transactions and events which may be important to the investors' decision

In November 2017, the company and Chengdu Xingcheng Capital Management Co., Ltd.

(hereinafter referred to as the asset management company) and the Chengdu Development Fund (Phase 1) partnership (hereinafter referred to as the “Development Fund”) jointly invested to establish Chengdu Xingcheng Development Investment Management. Center (Limited Partnership), in which the asset management company is a general partner, Xingcheng Group and development fund is a limited partner. The subscription and paid-in capital as of December 31, 2017 are as follows:

Partner	Subscribed capital	Paid-in capital
资管公司 (general partner)	1 million	1 million
兴城集团 (limited partner)	49.99 billion	
发展基金 (limited partner)	50 billion	45 billion

Profit distribution and loss sharing methods: profit distribution is distributed according to the proportion of actual payment, and loss sharing is shared according to the proportion of capital contribution.

This year, Chengdu Xingcheng Development Investment Management Center (Limited Partnership) signed the “Convertible Claims Investment Agreement” with the Company : Xingcheng Group introduced the management center as an investor through the transfer of convertible bonds according to the arrangement of this agreement. The partnership provided loans to the company of 4.5 billion yuan in the form of entrusted loans, with an investment period of five years. Before the expiration of the investment period and the preconditions for the debt-to-equity swaps stipulated in this agreement, the two parties agree to have the right to transfer the debts; before the partnership company exercises the right to convert debts and complete the registration of industrial and commercial changes in debt-to-equity swaps, the company pays interest at 6% of the investment amount and pays quarterly. The company's subordinate asset management company, as a general partner, included the partnership enterprise in the consolidated statement this year, and confirmed the minority shareholders' profit and loss of 35,066,785.83 yuan and the minority shareholders' equity as 4,508,766,785.83 yuan (distributing the dividend of 26,300,000.00 yuan to the development fund) at the end of the year, according to the proportion of the paid-in capital contribution to the total paid-in capital contribution.

12. Notes to the financial statements of the Company

12.1 Accounts receivable

12.1.1 Accounts receivable by category

Category	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	449,702,044.02	100.00	19,155.41	0.00
Individually insignificant but allowance for doubtful debts individually		-		
Total	449,702,044.02	84.94	19,155.41	0.00

Category	As at 1/1/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	286,899,691.69	100.00	19,030.48	0.01
Individually insignificant but allowance for doubtful debts individually				
Total	286,899,691.69	100.00	19,030.48	0.01

12.1.2 Allowance for doubtful debts on portfolio

①Accounts receivable whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Within 1 year	591,686.42	92.20		2,498.60	4.99	
1-3years	2,498.60	0.39	124.93		-	
3-5 years		-			-	
More than 5 years	47,576.19	7.41	19,030.48	47,576.19	95.01	19,030.48

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Aging	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Total	641,761.21	100.00	19,155.41	50,074.79	100.00	19,030.48

Accounts receivable whose doubtful debts is made by other method:

Category	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate(%)	Allowance for doubtful debts	Balance	Allowance rate(%)	Allowance for doubtful debts
Government credit and margin portfolio	449,060,282.81			286,849,616.90		
Total	449,060,282.81			286,849,616.90		

12.1.3 Accounts receivable due from the top five debtors of the Company are as follows:

Company name	Balance as at 31/12/2017	Percentage in total accounts receivable (%)	Allowance for doubtful debts as at 31/12/2017
成都市城乡建设委员会	280,642,785.27	62.41	
成都市机关事务管理局	100,000,000.00	22.24	
成都市财政局	63,993,232.73	14.23	
十陵街道办事处	3,174,438.60	0.71	
新客站项目拆迁户购房补差款	884,625.86	0.20	
Total	448,695,082.46	99.78	

12.2 Other receivables

12.2.1 Other receivables

Category	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	1,725,904,708.48	100.00	857,712.61	0.05
Individually insignificant but allowance for doubtful				

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	As at 31/12/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
debts individually				
Total	1,725,904,708.48	100.00	857,712.61	0.05

Category	As at 1/1/2017			
	Balance		Allowance for doubtful debts	
	Amount	PCT (%)	Amount	Allowance rate(%)
Individually significant and subject to separate allowance				
Allowance for doubtful debts on portfolio	1,718,942,594.02	100.00	913,589.50	0.05
Individually insignificant but allowance for doubtful debts individually				
Total	1,718,942,594.02	100.00	913,589.50	0.05

15.2.2 Allowance for doubtful debts on portfolio

① Other receivables whose allowance for doubtful debts is using aging analysis method:

Aging	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
Within 1 year	1,215,198.53	21.37		9,335,084.28	75.21	
1-3 years	2,171,177.20	38.17	108,558.86	547,591.06	3.97	27,379.55
3-5years	856,774.71	4.28	171,354.94	628,446.20	0.44	125,689.24
More than 5 years	1,444,497.02	36.18	577,798.81	1,901,301.77	20.38	760,520.71
Total	5,687,647.46	100.00	857,712.61	12,412,423.31	100.00	913,589.50

② Other receivables whose doubtful debts is made by other method:

Category	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017

Category	As at 31/12/2017			As at 1/1/2017		
	Balance	Allowance rate (%)	Allowance for doubtful debts	Balance	Allowance rate (%)	Allowance for doubtful debts
关联方往来	1,680,473,489.51	97.69		1,663,025,503.20	97.45	
政府债权及保证金组合	24,922,281.22	1.45		9,503,552.28	0.56	
保证金、备用金及其他项目结算	14,821,290.29	0.86		34,001,115.23	1.99	
Total	1,720,217,061.02	100.00	-	1,706,530,170.71	100.00	-

12.2.3 Other receivables due from the top five debtors of the Company are as follows:

Debtor name	Nature of receivable	Balance as at 31/12/2017	Aging	Percentage in total other receivables (%)	Allowance for doubtful debts as at 31/12/2017
成都市城乡建设委员会		280,642,785.27		62.41	
成都市机关事务管理局		100,000,000.00		22.24	
成都市财政局		63,993,232.73		14.23	
十陵街道办事处		3,174,438.60		0.71	
新客站项目拆迁户购房补差款		884,625.86		0.20	
Total		448,695,082.46		99.78	—

12.3 Long-term equity investments

Item	As at 31/12/2017			As at 1/1/2017		
	Balance	Provision for impairment	Carrying amount	Balance	Provision for impairment	Carrying amount
Investment to subsidiaries	6,007,141,518.49		6,007,141,518.49	4,297,743,618.49		4,297,743,618.49
Investment to joint ventures						
Investment to associates	389,091,285.81		389,091,285.81	341,699,772.50		341,699,772.50
Total	6,396,232,804.30		6,396,232,804.30	4,639,443,390.99		4,639,443,390.99

12.3.1 Investment to subsidiaries

Investee	As at 1/1/2017	Movement of the current period	As at 31/12/2017	Provision for impairment in current period	Provision for impairment as at 31/12/2017
成都兴城建设管理有限公司	10,035,300.00	-	10,035,300.00		
成都兴城人居地产投资集团有限公司	868,405,800.00	1,516,340,000.00	2,384,745,800.00		
成都市小城镇投资有限公司	2,392,412,518.49	-	2,392,412,518.49		
成都润锦城实业有限公司	10,000,000.00	-	10,000,000.00		
成都市兴东置业有限公司	514,340,000.00	-514,340,000.00	-		
成都东景燃气有限责任公司	2,550,000.00	-2,550,000.00	-		
成都兴城资本管理有限责任公司	200,000,000.00	-	200,000,000.00		
成都成都中心建设有限责任公司	300,000,000.00	400,000,000.00	700,000,000.00		
兴城(香港)国际投资有限公司		19,947,900.00	19,947,900.00		
成都天府绿道建设投资集团有限公司		250,000,000.00	250,000,000.00		
成都兴城文化产业发展投资有限公司		10,000,000.00	10,000,000.00		
成都医疗健康投资集团有限公司		30,000,000.00	30,000,000.00		
Total	4,297,743,618.49	1,709,397,900.00	6,007,141,518.49		

12.3.2 Investment to joint ventures and associates

Investee	As at 1/1/2017	Movement of the current period			As at 31/12/2017	Provision for impairment as at 31/12/2017
		Addition of investment	Reduction of investment	Others		
1. Joint venture						
Sub-total						
2. Associates						
四川川投售电有限公司	69,886,533.11	35,086,463.32			104,972,996.43	
中国四川国际投资有限公司	271,813,239.39	167,405.70			271,980,645.09	
成都东景燃气有限责任公司		12,137,644.29			12,137,644.29	
Sub-total	341,699,772.50	47,391,513.31			389,091,285.81	
Total	341,699,772.50	47,391,513.31			389,091,285.81	

12.4 Operating income and operating cost

Item	Year ended 31/12/2017		Year ended 31/12/2016	
	Income	Cost	Income	Cost
I. Primary operating business	583,046,097.03	152,000,289.46	1,047,407,909.85	332,286,289.74
Estate sales			229,129,333.33	217,410,796.79
Agent construction project	60,370,974.27	119,415.07		
Capital interest	8,942,340.83			
Asset lease	322,881,186.39	151,870,874.39	618,934,843.53	114,875,492.95
Asset management and so on	190,851,595.54	10,000.00	199,343,732.99	
II. Other operating business				
Total	583,046,097.03	152,000,289.46	1,047,407,909.85	332,286,289.74

12.5 Investment income

Item	Year ended 31/12/2017	Year ended 31/12/2016
Gain/(Loss) from long-term equity investments in cost method	46,000,000.00	44,080,000.00
Gain/(Loss) from long-term equity investments in equity method	453,147.64	-284,227.50
Gain/(Loss) on disposal of long term equity investment		
Gain/(Loss) from financial assets measured at fair value through profit and loss for the current period		
Gain/(Loss) on disposal of financial assets measured at fair value through profit or loss for the current period		
Gain/(Loss) on held-to-maturity financial assets during the holding period		
Gains on available-for-sale financial assets during the holding period	94,800.00	
Gains on disposal of available-for-sale financial assets	-69,000.00	
Gains on remeasurement of the remaining equity at fair value after losing control		
.....		
Total	46,478,947.64	43,795,772.50

12.6 Supplement to statement of cash flows

Item	Year ended 31/12/2017	Year ended 31/12/2016
1. Net profit adjusted to cash flows from operating activities		
Net profit	250,616,456.34	311,445,604.60
Add: provision for asset impairment	1,997,122.88	473,495.70
Depreciation of fixed assets, depreciation and depletion of oil and gas assets and depreciation of productive biological assets	90,912,527.38	92,635,349.62

Chengdu Xingcheng Investment Group Company Limited
Notes to the Financial Statements
For the year ended 31 December 2017




Item	Year ended 31/12/2017	Year ended 31/12/2016
Amortization of intangible assets		
Amortization of long-term deferred expenses	22,584,820.30	
Losses on disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-1,914,405.22	
Losses on write-down of fixed assets ("-" for gains)	271,488.81	
Losses from changes in fair value ("-" for gains)		
Financial expenses ("-" for income)	65,324,539.35	296,055,861.13
Investments losses ("-" for gains)	-46,478,947.64	-43,795,772.50
Decreases in the deferred tax assets ("-" for increases)	-499,280.72	-118,373.93
Increases in the deferred tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	-6,961,041,300.95	-5,308,151,751.86
Decreases in operating receivables ("-" for increases)	-121,999,691.66	-304,034,313.18
Increases in operating payables ("-" for decreases)	4,293,921,413.20	2,542,561,357.29
Others		
Net cash flows from operating activities	-2,406,305,257.93	-2,412,928,543.13
2. Significant investing and financing activities not involving cash inflow and outflow		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financial lease		
3. Net change in cash and cash equivalents		
Cash as at 31/12/2017	4,212,366,767.65	8,261,138,827.85
Less: cash as at 1/1/2017	8,261,138,827.85	8,525,063,280.69
Add: cash equivalents as at 31/12/2017		
Less: cash equivalents as at 1/1/2017		
Net increase in cash and cash equivalents	-4,048,772,060.20	-263,924,452.84

Chengdu Xingcheng Investment Group Company Limited



April 25, 2018

The notes to the financial statements from page 1 to page 96 were approved by the following representatives:

Legal representative	Person in charge of accounting function	Person in charge of accounting department
Signature: 	Signature: 	Signature: 
Date: _____	Date: _____	Date: _____



注册编号: 0000119

说明

1. 《会计师事务所执业证书》由注册会计师协会颁发，会计师事务所应当妥善保管，不得涂改、出借、遗失、损毁。
2. 《会计师事务所执业证书》在有效期内有效，会计师事务所应当在有效期内从事审计业务。
3. 《会计师事务所执业证书》不得涂改、出借、遗失、损毁。
4. 《会计师事务所执业证书》在有效期内有效，会计师事务所应当在有效期内从事审计业务。



中华人民共和国财政部



会计师事务所 执业证书

名称: 大信会计师事务所(特殊普通合伙)

首席合伙人: 胡建华

主任会计师:

经营场所: 北京市海淀区北洼路一号楼国际大厦1504室

组织形式: 特殊普通合伙

执业证书编号: 11010841

批准执业文号: 京财会字[2011]0072号

批准执业日期: 2011年09月09日



姓名	张	张
性别	女	
出生日期	1982-10-11	
身份证号	340102198210110021	
执业证书号	340102198210110021	

大信会计师事务所(特殊普通合伙)
DAXIN ACCOUNTING FIRM (SPECIAL GENERAL PARTNERSHIP)
1101080210400

CHINA ASSOCIATION OF ACCOUNTANTS
1101080210400

张张
340102198210110021

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此证仅用于出具报告



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 Full name: WANG WEI
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 Sex: Male
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 Date of birth: 1972-11-11
 工作单位: 北京中恒会计师事务所有限公司
 Working unit: Beijing Zhongheng Accounting Firm Co., Ltd.
 身份证号: 110108197211110014
 ID card No.: 110108197211110014

注册编号: 220002000003
 No. of registration: 220002000003
 工作单位名称: 北京中恒会计师事务所有限公司
 Employer/Institution: Beijing Zhongheng Accounting Firm Co., Ltd.
 身份证号: 110108197211110014
 ID card number: 110108197211110014



年度检验登记
 Annual Renewal Registration
 北京中恒会计师事务所有限公司 2019.4.27
 Beijing Zhongheng Accounting Firm Co., Ltd. 2019.4.27
 This Certificate is valid for another year after this renewal.

ISSUER

Xingcheng (BVI) Limited
Ritter House, Wickhams Cay II
P.O. Box 3170, Road Town, Tortola
British Virgin Islands VG1110

GUARANTOR

Chengdu Xingcheng Investment Group Co., Ltd.
No. 99 Zhuojin Road
Hi-tech Industrial Development Zone
Chengdu, Sichuan
China

TRUSTEE

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

**ISSUING AND PAYING AGENT
(FOR NOTES OTHER THAN CMU NOTES)**

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

**REGISTRAR AND TRANSFER AGENT
(FOR NOTES OTHER THAN CMU NOTES)**

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4, rue Eugène Ruppert
L-2453 Luxembourg

**REGISTRAR AND TRANSFER AGENT AND
CMU LODGING AND PAYING AGENT (FOR CMU NOTES)**

The Bank of New York Mellon, Hong Kong Branch
Level 26, Three Pacific Place
1 Queen's Road East
Hong Kong

ARRANGER AND DEALER

**China International Capital
Corporation Hong Kong
Securities Limited**
29th Floor, One International
Finance Centre,
1 Harbour View Street,
Central, Hong Kong

LEGAL ADVISORS TO THE ISSUER AND THE GUARANTOR*As to English law*

**King & Wood Mallesons
(Hong Kong)**
13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

As to PRC law

King & Wood Mallesons
16/F, Tower 1, Chengdu IFS
No. 1 Section 3, Hong Xing Road
Chengdu, Sichuan
China

As to British Virgin Islands law

Ogier
11/F Central Tower
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Central
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LEGAL ADVISORS TO THE DEALERS AND THE TRUSTEE*As to English law*

Linklaters
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As to PRC law

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31/F, One Aerospace Center
No. 7 Xin Guang Hua Street
Jinjiang District
Chengdu, Sichuan
China

INDEPENDENT AUDITOR OF THE GUARANTOR

Wuyige Certified Public Accountants LLP
15/F, Xueyuan International Tower
No. 1 Zhichun Road
Haidian District, Beijing
China

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore – 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 Notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)

This document is for distribution to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKSE”)) (“Professional Investors”) only.

HKSE has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Programme and the Notes on HKSE is not to be taken as an indication of the commercial merits or credit quality of the Programme, the Notes or the Issuer and the Guarantor or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and HKSE take 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.

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

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document 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.

13 January 2021

Xingcheng (BVI) Limited
Legal entity identifier (LEI): 655600FFMBOY3ZM8Q607
Issue of U.S.\$445,000,000 2.90 per cent. guaranteed Notes
Guaranteed by Chengdu Xingcheng Investment Group Co., Ltd.
(成都兴城投资集团有限公司)
under its U.S.\$1,500,000,000
Guaranteed Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the Offering Circular dated 5 January 2021 (the “Offering Circular”). This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of the Offering Circular and this Pricing Supplement.

1	(i) Issuer:	Xingcheng (BVI) Limited
	(ii) Guarantor:	Chengdu Xingcheng Investment Group Co., Ltd. (成都兴城投资集团有限公司)
2	(i) Series Number:	01
	(ii) Tranche Number:	01
	(iii) Date on which the Notes will be consolidated and form a single Series:	Not Applicable
3	Specified Currency or Currencies:	U.S. dollar ("U.S.\$")
4	Aggregate Nominal Amount:	
	(i) Series:	U.S.\$445,000,000
	(ii) Tranche:	U.S.\$445,000,000
5	(i) Issue Price:	100.0 per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
7	(i) Issue Date:	20 January 2021
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	20 January 2026
9	Interest Basis:	2.90 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Relevant Events Put Option
13	Rating Maintenance:	Applicable
14	Date of Board approval for issuance of Notes and Guarantee obtained:	Resolutions of the Board of Directors of the Issuer dated 23 December 2020 and Resolutions of the Board of Directors of the Guarantor dated 16 May 2019
15	Regulatory approval for issuance of Notes obtained:	Registration Certificate of Enterprise Foreign Debt dated 17 July 2020, as amended on December 18, 2020
16	Listing:	The Stock Exchange of Hong Kong Limited The listing of the Notes is expected to be effective on or about 21 January 2021
17	Method of distribution:	Syndicated

Provisions Relating to Interest (if any) Payable

18	Fixed Rate Note Provisions	Applicable
(i)	Rate of Interest:	2.90 per cent. per annum payable semi-annually in arrear
(ii)	Interest Payment Date(s):	20 January and 20 July in each year, commencing on 20 July 2021
(iii)	Fixed Coupon Amount(s): (Applicable to Notes in definitive form)	U.S.\$14.5 per Calculation Amount
(iv)	Broken Amount(s): (Applicable to Notes in definitive form)	Not Applicable
(v)	Day Count Fraction:	30/360
(vi)	Determination Date(s):	Not Applicable
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
19	Floating Rate Note Provisions	Not Applicable
20	Zero Coupon Note Provisions	Not Applicable
21	Index Linked Interest Note Provisions	Not Applicable
22	Dual Currency Interest Note Provisions	Not Applicable

Provisions Relating to Redemption

23	Issuer Call:	Not Applicable
24	Investor Put:	Not Applicable
25	Relevant Events Put	Condition 6(d) applies
26	Final Redemption Amount:	U.S.\$1,000 per Calculation Amount
27	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):	U.S.\$1,000 per Calculation Amount

General Provisions Applicable to the Notes

28	Form of Notes:	Registered Notes: Global Certificate exchangeable for Individual Note Certificates in the limited circumstances described in the Global Certificate
29	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	Beijing and Hong Kong
30	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	No

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|----|--|----------------|
| 31 | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |
| 32 | Details relating to Instalment Notes: | Not Applicable |
| 33 | Redenomination applicable: | Not Applicable |
| 34 | Consolidation provisions: | Not Applicable |
| 35 | Other terms or special conditions: | Not Applicable |

Distribution

- | | | |
|--------|---|--|
| 36 (i) | If syndicated, names and addresses of Managers and commitments: | <p>China International Capital Corporation
Hong Kong Securities Limited
29th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong</p> <p>ICBCI International Securities Limited
37/F, ICBC Tower, 3 Garden Road
Central, Hong Kong</p> <p>Industrial and Commercial Bank of China
(Macau) Limited
18th Floor,
ICBC Tower, Macau Landmark, 555 Avenida
da Amizade
Macau</p> <p>Shanghai Pudong Development Bank Co.,
Ltd., Hong Kong Branch
30/F, SPD Bank Tower
One Hennessy, 1 Hennessy Road
Hong Kong</p> <p>Guotai Junan Securities (Hong Kong)
Limited
27/F, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong</p> <p>Standard Chartered Bank</p> |
|--------|---|--|
-

One Basinghall Avenue
London EC2V 5DD
United Kingdom

CMB Wing Lung Bank Limited

8/F, CMB Wing Lung Bank Building
45 Des Voeux Road Central
Hong Kong

- (ii) Date of Subscription Agreement 13 January 2021
- (iii) Stabilisation Manager(s) (if any): any one of the Managers appointed and acting in its capacity as Stabilisation Manager
- 37 If non-syndicated, name of relevant Dealer: Not Applicable
- 38 Total commission and concession: The Issuer (failing whom the Guarantor) shall pay to each Manager a commission as set out in the fee letter to be entered into between the Issuer, the Guarantor and such Manager within 7 calendar days after the Issue Date.
- 39 U.S. Selling Restrictions: Reg. S Category 1; TEFRA not applicable
- 40 Prohibition of Sales to EEA Retail Investors: Not Applicable
- 41 Prohibition of Sales to UK Retail Investors: Not Applicable
- 42 Additional selling restrictions: Not Applicable
- Operational Information**
- 43 Any clearing system(s) other than Euroclear or Clearstream and the relevant identification number(s): Not Applicable
- 44 Delivery: Delivery free of payment
- 45 Additional Paying Agent(s) (if any): Not Applicable
- 46 (i) ISIN: XS2284253973
- (ii) Common Code: 228425397
- 47 The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [●], producing a sum of (for Notes not denominated in U.S. dollars): Not applicable
- 48 Ratings: The Notes are expected to be rated: Fitch Ratings Ltd.: "BBB+"
- 49 Private Bank Rebate/Commission: Not Applicable
- 50 Trustee The Bank of New York Mellon, London Branch
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STABILISATION

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

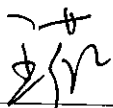
Listing Application

This Pricing Supplement comprises the final terms required for the issue of Notes described herein pursuant to the U.S.\$1,500,000,000 Guaranteed Medium Term Note Programme of Xingcheng (BVI) Limited.

Responsibility

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

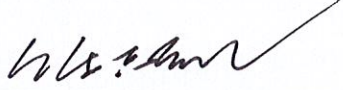
Signed on behalf of
XINGCHENG (BVI) LIMITED
as the Issuer:

By:  _____
Duly authorised

Signed on behalf of

CHENGDU XINGCHENG INVESTMENT GROUP CO., LTD.
(成都兴城投资集团有限公司)

as the Guarantor:

By: 
Duly authorised

