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

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

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

PUBLICATION OF OFFERING CIRCULAR ON THE STOCK EXCHANGE OF HONG KONG LIMITED

HAICHUAN INTERNATIONAL INVESTMENT CO., LTD.

(Incorporated with limited liability in the British Virgin Islands)

(the "**Issuer**")

U.S.$150,000,000 5.70 per cent. Guaranteed Green Bonds due 2027
(the "Bonds", Stock Code: 5236)
unconditionally and irrevocably guaranteed by

JIANGSU FANGYANG HOLDINGS CO., LTD.
(江蘇方洋控股有限公司)

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

(the "**Guarantor**")

Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner

Haitong International

Joint Lead Managers and Joint Bookrunners

China Zheshang Bank Co., Ltd. (Hong Kong Branch)	**Industrial Bank Co., Ltd. Hong Kong Branch**	**CMBC Capital**	**CNCB Capital**

Guoyuan Securities (Hong Kong)	**China Industrial Securities International**	**China International Capital Corporation**

Sole Green Structuring Adviser

Haitong International

This announcement is issued pursuant to Rule 37.39A of the Listing Rules.

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 27 September 2024 published by the Issuer.

The offering circular dated 25 September 2024 in relation to the Bonds is appended to this announcement.

Hong Kong, 30 September 2024

As at the date of this announcement, the sole director of the Issuer is Ms. Sun Xiaoling, and the board of directors of the Guarantor comprises Mr. Yan Hongmin, as Chairman of the board of directors, Mr. An Tao, Mr. Cao Hongtao and Mr. Lin Hongjun, as directors, Mr. Zhao Jiandong and Mr. Song Chunfei, as external directors, and Mr. Liu Kai, as an employee director.

Appendix 1 – Offering Circular dated 25 September 2024

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

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 AND THE GUARANTEE DESCRIBED HEREIN (THE "SECURITIES") HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Important Notice to Prospective Investors

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

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

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

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

Confirmation of Your Representation: You have accessed the attached document on the basis that you have confirmed to Haichuan International Investment Co., Ltd. (the "**Issuer**"), Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司) (the "**Guarantor**"), Haitong International Securities Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Industrial Bank Co., Ltd. Hong Kong Branch, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, China Industrial Securities International Brokerage Limited and China International Capital Corporation Hong Kong Securities Limited (the "**Joint Lead Managers**", and each a "**Joint Lead Manager**") that: (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

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

The 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 Joint Lead Managers, the Trustee or the Agents (as defined in the attached Offering Circular) nor any of their affiliates, directors, officers, employees, representatives, agents, advisers and each person who controls any of them accepts any liability or responsibility whatsoever in respect of any such alteration or change to the Offering Circular distributed to you in electronic format or any difference between the Offering Circular distributed to you in electronic format and the hard copy version.

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

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the Securities, in any place where offers or solicitations are not permitted by law 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 Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Actions that you may not take: If you receive the Offering Circular by e-mail, you should not reply by e-mail to this electronic transmission, 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 responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

HAICHUAN INTERNATIONAL INVESTMENT CO., LTD.

(Incorporated with limited liability in the British Virgin Islands)

U.S.$150,000,000 5.70 per cent. Guaranteed Green Bonds due 2027 unconditionally and irrevocably guaranteed by

JIANGSU FANGYANG HOLDINGS CO., LTD.
(江蘇方洋控股有限公司)

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

Issue Price: 100.00 per cent.

The 5.70 per cent. guaranteed green bonds in the aggregate principal amount of U.S.$150,000,000 due 2027 (the "**Bonds**") will be issued by Haichuan International Investment Co., Ltd. (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司) (the "**Guarantor**" or the "**Company**"), a company incorporated under the laws of the People's Republic of China (the "**PRC**").

The Bonds bear interest on their outstanding principal amount from and including 27 September 2024 (the "**Issue Date**") at the rate of 5.70 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$28.50 per Calculation Amount (as defined in the terms and conditions of the Bonds (the "**Terms and Conditions**")) on 27 March and 27 September each year, commencing on 27 March 2025.

The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by Applicable Law (as defined in the Terms and Conditions), and at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by Applicable Law and at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

The obligations of the Issuer and the Guarantor under the Bonds and the Guarantee shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. No PRC governmental entity has any payment or other obligations under the Bonds or the Guarantee nor will they provide a guarantee of the Bonds. The Bondholders (as defined in the Terms and Conditions) shall have no recourse to any PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Guarantee solely by virtue of the Issuer and the Guarantor being state-owned enterprises of the PRC. See "*Risk Factors — Risks relating to the Bonds and the Guarantee — The PRC Government has no obligations under the Bonds, the Guarantee or the Trust Deed*".

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

The Guarantor has made an application for the pre-issuance registration (the "**Pre-Issuance Registration**") in relation to the Bonds with the National Development and Reform Commission (the "**NDRC**") in accordance with the Administrative Measures for the Review and Registration of Medium- to Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(中華人民共和國國家發展和改革委員會令第56號)) (the "**NDRC Circular 56**") issued by the NDRC on 5 January 2023 which came into effect on 10 February 2023. The Guarantor has received an Enterprise Foreign Debt Filing Registration Certificate dated 6 June 2024 from the NDRC in connection with the Pre-Issuance Registration. Pursuant to the requirements of the NDRC Circular 56 and any implementation rules as issued by the NDRC from time to time, the Guarantor will undertake to file or cause to be filed with the NDRC the requisite information and documents in relation to the issue of the Bonds within ten PRC Business Days (as defined in the Terms and Conditions) after the Issue Date (the "**NDRC Post-issue Filing**").

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") with China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**") on or around the Issue Date. The Guarantor undertakes to use its best endeavours to file or cause to be filed with the State Administration of Foreign Exchange or its local counterpart ("**SAFE**"), the Guarantee within 15 PRC Business Days after the execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) and comply with all applicable PRC laws and regulations in relation to the Guarantee.

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 September 2027 (the "**Maturity Date**"). The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with the Terms and Conditions (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with any interest accrued up 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 giving such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the BVI 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 (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 September 2024, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. Following the occurrence of a Change of Control (as defined in the Terms and Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. of their principal amount, together with interest accrued up to but excluding the Put Settlement Date. See *"Terms and Conditions of the Bonds — Redemption and Purchase*".

For a more detailed description of the Bonds, see "*Terms and Conditions of the Bonds*" beginning on page 43.

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

The Bonds will be issued under the green finance framework of the Company (the "**Green Finance Framework**"). See "*Green Finance Framework*".

Investors should be aware that there are certain risks relating to the Guarantee and that there are various other risks relating to the Bonds, the Issuer, the Guarantor and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See "*Risk Factors*" beginning on page 13.

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

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

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

The SEHK 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 Bonds on the SEHK is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor, the Group (as defined below) or the quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the SEHK 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.

The Guarantor has received a corporate rating of "A" with a stable outlook by Lianhe Ratings Global Limited ("**Lianhe Global**"). The Bonds will not be rated.

The Bonds will be represented initially by interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date, with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**").

Beneficial interests in the Global Certificate will be shown on, and transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as set out in the Global Certificate and described herein, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Sole Global Coordinator, Joint Lead Manager and Joint Bookrunner

Haitong International

Joint Lead Managers and Joint Bookrunners

China Zheshang Bank Co., Ltd. (Hong Kong Branch)
Industrial Bank Co., Ltd. Hong Kong Branch
CMBC Capital
CNCB Capital

Guoyuan Securities (Hong Kong)
China Industrial Securities International
China International Capital Corporation

Sole Green Structuring Adviser

Haitong International

Offering Circular dated 25 September 2024

NOTICE TO INVESTORS

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

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, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. Investors are advised to read and understand the contents of the Offering Circular before investing. If in doubt, investors should consult their advisers.

Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group and the Bonds and the Guarantee which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws or which, according to the particular nature of the Issuer, the Guarantor, the Group, the Bonds and the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the financial position, profits and losses and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Bonds and the Guarantee), (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor, the Group, the Bonds and the Guarantee as at the date hereof are in every material particular true and accurate and not misleading, (iii) the opinions and intentions with regard to the Issuer, the Guarantor and the Group expressed in this Offering Circular as at the date hereof 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 Bonds and the Guarantee, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular as at the date hereof misleading; (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 in this Offering Circular; (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward looking statements, each of which are included in this Offering Circular, are based on or derived or extracted from sources which each of the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and the giving of the Guarantee described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, Haitong International Securities Company Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), Industrial Bank Co., Ltd. Hong Kong Branch, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, China Industrial Securities International Brokerage Limited and China International Capital Corporation Hong Kong Securities Limited (the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and giving of the Guarantee or the distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and distribution of this Offering Circular, see "*Subscription and Sale*". By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, Bonds. Distribution of this Offering Circular to any other person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

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

None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them has separately verified the information contained in this Offering Circular. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective director, officer, employee, agent, representative, adviser or affiliate or any person who controls any of them, makes any representation, warranty or undertaking, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information contained in this Offering Circular or any information supplied in connection with the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, adviser or affiliates or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents, or any of their respective director, officer, employee, agent, representative, adviser or affiliate or any person who controls any of them, accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by a Joint Lead Manager, the Trustee or an Agent, or any of their respective director, officer, employee, agent, adviser, representative or affiliate or any person who controls any of them or on its behalf, in connection with the Issuer, the Guarantor, the Group the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents, and any of their respective directors, officers, employees, agents, representatives, advisers and affiliates and any person who controls any of them disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents, or any of their respective director, officer, employee, agent, representative, advisers or affiliate or any person who controls any of them, undertakes to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents, or any of their respective director, officer, employee, agent, representative, advisers or affiliate or any person who controls any of them.

This Offering Circular may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation. This Offering Circular does not constitute an offer or an invitation to subscribe for or to purchase any Bonds, is not intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee the Agents, or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them that any recipient of this Offering Circular should subscribe for or purchase any Bonds. Each recipient of this Offering Circular shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor with its own tax, legal and business advisers as it deems necessary.

Important Notice to Prospective Investors

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

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

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

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

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, EACH JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISING MANAGER (EACH, A "STABILISING MANAGER") (OR ANY PERSON ACTING ON ITS BEHALF) MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL, BUT IN DOING SO THE STABILISING MANAGER OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER SHALL ACT AS PRINCIPAL AND NOT AS AGENT OF THE ISSUER OR THE GUARANTOR AND ANY LOSS RESULTING FROM OVER-ALLOTMENT AND STABILISATION WILL BE BORNE, AND ANY PROFIT ARISING FROM THEM SHALL BE BENEFICIALLY RETAINED, BY THE STABILISING MANAGERS IN THE MANNER AGREED BY THEM.

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person. This Offering Circular is personal to each prospective investor and does not constitute an offer to any other person or to the public generally to purchase or otherwise acquire the Bonds.

This Offering Circular summarises certain material documents and other information, and the Issuer, the Guarantor, the Group and the Joint Lead Managers refer the recipient of this Offering Circular to them for a more complete understanding of what is contained in this Offering Circular. None of the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them are making any representations regarding the legality of an investment in the Bonds under any law or regulation. The recipient of this Offering Circular should not consider any information in this Offering Circular to be legal, business or tax advice. Any investor or prospective investor should consult his/her/its own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Bonds.

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

Listing of the Bonds on the SEHK is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Bonds. None of the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee and the Agents, nor their respective directors, officers, employees, agents, representatives, advisers and affiliates, nor any person who controls any of them is making any representation to any purchaser of Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulation.

Industry and Market Data

Market data and certain industry forecasts used throughout this Offering Circular have been obtained based on, among other sources, internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed by the Issuer or the Guarantor to be reliable and accurate but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, representatives, agents, officers or advisers or any person who controls any of them makes any representation as to the correctness, accuracy or completeness of that information complied within or outside the PRC. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Accordingly, such information should not be unduly relied upon.

Presentation of Financial Information

This Offering Circular contains the audited consolidated pro forma financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023. The consolidated pro forma financial information of the Guarantor as at and for the years ended 31 December 2021, 2022 and 2023 has been extracted from the Guarantor's consolidated pro forma financial statements as at and for the three years ended 31 December 2023 (the "**Audited Pro Forma Financial Statements**"). The Audited Pro Forma Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). The Audited Pro Forma Financial Statements have been audited by Suya Jincheng Certified Public Accountants LLP ("**Suya Jincheng**"), the Guarantor's independent auditor, in accordance with the Chinese Auditing Standards issued by the Ministry of Finance of the PRC ("**MOF**").

PRC GAAP differs in certain respects from International Financial Reporting Standards ("**IFRS**"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Summary of Certain Differences Between PRC GAAP and IFRS*".

The Audited Pro Forma Financial Statements were prepared on a pro forma basis and show how the Group's operations in such years as may have appeared had Jiangsu Fangyang Group Co., Ltd. (江蘇方洋集團有限公司) ("**Fangyang Group**"), Jiangsu Xianghe Agricultural Development Co., Ltd. (江蘇香河農業開發有限公司) ("**Xianghe Agricultural Development**") and Lianyungang Xuwei Medical Management Co., Ltd. (連雲港徐圩醫療管理有限公司) ("**Xuwei Medical Management**") been fully consolidated on 1 January 2021. The Audited Pro Forma Financial Statements were prepared on the audited consolidated financial statements of Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management for the years ended 31 December 2021, 2022 and 2023, which were prepared in accordance with PRC GAAP and the unaudited financial statements of the Guarantor for the years ended 31 December 2021, 2022 and 2023, which were prepared in accordance with PRC GAAP.

Such pro forma financial information is presented for illustrative purposes only and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the current or future financial condition and results of operations of the Group. In preparing the Audited Pro Forma Financial Statements, adjustments have been made to the Group's historical financial information based on currently available information and on assumptions that the Group's management believes are reasonable in order to reflect, on a pro forma basis, the impact of the consolidation of Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management. Assumptions underlying the pro forma adjustments are set out in the accompanying notes to the Audited Pro Forma Financial Statements. Assumptions used in preparing the Audited Pro Forma Financial Statements may not prove to be accurate, and other factors may also affect the Group's financial condition and results of operations. As a result, the actual financial condition and results of operations following the consolidation of Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management may not be consistent with, or evident from, such pro forma financial information. Investors are cautioned not to place undue reliance on such pro forma financial information. See also "*Risk Factors — Risks relating to the Group's financial information — The Audited Pro Forma Financial Statements are based on estimates and assumptions which may not be indicative of actual future results*".

CERTAIN TERMS AND CONVENTIONS AND CURRENCY PRESENTATION

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "**the Issuer**" are to Haichuan International Investment Co., Ltd.; all references to "**the Guarantor**" are to Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司); all references to "**the Group**" are to the Guarantor and its subsidiaries; all references to "**Renminbi**", "**RMB**", "**yuan**" and "**CNY**" are to the lawful currency of the PRC, and all references to "**U.S.$**" and "**U.S. dollars**" are to the lawful currency of the United States of America; all references to "**PRC**" and "**China**" are to the People's Republic of China and, for the purposes of this Offering Circular, except where the context otherwise requires, do not include the Hong Kong Special Administrative Region of the People's Republic of China, the Macau Special Administrative Region of the People's Republic of China or Taiwan; all references to "**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China; all references to "**Macau**" means the Macau Special Administrative Region of the People's Republic of China; all references to "**United States**" means the United States of America; all references to "**PRC Government**" or the "**State**" means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them; all references to "**MOFCOM**" means the Ministry of Commerce of the People's Republic of China; all references to "**MOF**" means the Ministry of Finance of the People's Republic of China; and all references to "**CBRC**" means the China Bank Regulatory Commission.

Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB7.0999 to U.S.$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi on 29 December 2023 as set forth in the weekly H.10 statistical release of the Board of Governors of the Federal Reserve System). All such translations in this Offering Circular are provided solely for investors' convenience and no representation is made that the amounts referred to herein have been, could have been or could be converted into U.S. dollars or Renminbi, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see "*Exchange Rate Information*".

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to 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.

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

FORWARD-LOOKING STATEMENTS

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

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

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

- general political and economic conditions, including those related to the PRC;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of its business;
- its ability to successfully implement business plans and strategies;
- access and cost of capital and financing;
- its financial condition and performance;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which it operates;
- various business opportunities that it may pursue;
- macroeconomic measures taken by the PRC Government to manage economic growth; and
- other factors, including those discussed in "*Risk Factors*".

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "*Risk Factors*" and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements' view only as at the date of this Offering Circular.

The Group undertakes no obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

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

Overview

Established in 2018, the Guarantor is a major industrial investment and operation entity in Lianyungang and plays an important role in supporting infrastructure investment and operation in Lianyungang Xuwei New District. Since its establishment, the Guarantor received various state-owned capital and resources in accordance with the regional initiative to optimise state-owned assets. In February 2024, Lianyungang XND Management Committee transferred 60 per cent. equity interest in Jiangsu Xianghe Agricultural Development Co., Ltd. (江蘇香河農業開發有限公司) to the Guarantor with nil consideration. In March 2024, pursuant to the Approval Reply of the Lianyungang Municipal Government on the Establishment of Jiangsu Fangyang Holdings Co., Ltd. (Lianzhengwen [2024] No. 10) (市政府關於同意組建江蘇方洋控股有限公司的批覆), 100 per cent. equity interest in Jiangsu Fangyang Group Co., Ltd. (江蘇方洋集團有限公司) ("**Fangyang Group**") held by Lianyungang Municipal Government was transferred to the Guarantor with nil consideration. Since then, the Guarantor has become the controlling shareholder of Fangyang Group. Being an enterprise directly and wholly owned by the Lianyungang Municipal Government, the Guarantor has been mandated by the Lianyungang Municipal Government on an exclusive basis to implement the PRC Government's and Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District (連雲港徐圩新區), a key state-level economic development zone in China. Over the years, the Guarantor together with its subsidiaries not only have established a strong track record of infrastructure and ancillary facility development in Lianyungang Xuwei New District, but also proven to be a key force to enhance the commercial attractiveness and competitiveness of Lianyungang Xuwei New District by exploring and integrating local social, natural and industry resources.

Lianyungang Xuwei New District is a key component of, and a demonstration district in, the National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區), which was set up by the State Council in June 2011 as part of the implementation of its "Jiangsu Coastal Area Development Plan" released in June 2009. The National East-Central-West Regional Cooperation Demonstration Region forms an important part of the "Yangtze River Delta Regional Development Plan" approved by the State Council in May 2016 and is of significant strategic importance to achieving a balanced economic development in China. As an important district in Lianyungang, Lianyungang Xuwei New District undertakes the mission to develop port operations, marine transportation and logistics industries in Lianyungang and to promote the economic cooperation and the opening up of the central and western regions in China according to the Notice Issued by the National Development and Reform Commission of China Regarding the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (國家發展改革委員會關於印發國家東中西區域合作示範區建設總體方案的通知(發改地區[2011]第1185號)).

As a major investment and financing platform of the Lianyungang Municipal Government to develop Lianyungang Xuwei New District, the Group engages in a wide range of business activities to carry out its mission, which primarily consist of (i) infrastructure and affordable housing construction, (ii) port logistics, (iii) public utility services, (iv) port industrial park supporting services and (v) miscellaneous. Set forth below is a summary of each of the Group's business segments:

- **Infrastructure and affordable housing construction:** Infrastructure and affordable housing construction is the Group's core business and is conducted by Fangyang Group. The Group's infrastructure construction mainly includes the construction of ecological wetlands, industrial tourism projects, flood control projects, underground integrated pipelines, emergency backup water bases and water drainage systems. The Group is a major entity commissioned by the Lianyungang XND Management Committee (acting on behalf of the Lianyungang Municipal Government) to undertake infrastructure construction projects and develop affordable housing in Lianyungang Xuwei New District. The Group, through Fangyang Group, develops its infrastructure and affordable housing projects under the agent construction model under which the Group is engaged as a general contractor for the development of the project for an agreed contracting fee payable according to the payment timetable. Fangyang Group was previously commissioned by the Lianyungang XND Management Committee to undertake primary land development in the Lianyungang Xuwei New District under an agency construction model. Fangyang Group has ceased to conduct its primary land development in 2015 but receives land development fee from the Lianyungang XND Management Committee on a non-routine basis according to its payment schedule. See "*Description of the Group's Businesses — Infrastructure and affordable housing construction*".

- **Port logistics:** The Group engages in the trading of stone, coal, steel, chemicals and other commodities, warehouse-logistics and combined transportation. The Group conducts its port logistics businesses through Fangyang Group. Leveraging the industry development within Xuwei Port as well as advantageous sea-rail transportation, the Group focuses on developing material processing business and transhipment logistics business in Xuwei Port. The Group believes that its operation of the port logistics business provides a stable supply of certain construction materials to companies in the industrial parks in Lianyungang Xuwei New District and is a strong complement to its infrastructure and affordable housing construction. See "*Description of the Group's Businesses — Port logistics*".

- **Public utility services:** The Group provides public utility services including recycling of waste, sales of raw water, sewage treatment and sales of steam and electricity in Lianyungang Xuwei New District. The Group conducts its public utility services business through Fangyang Group. The Group invests in public utility business in order to better complement the future development and to increase the commercial attractiveness of Lianyungang Xuwei New District. For example, Fangyang Group invested in the Hongyang Thermoelectricity Project (虹洋熱電項目) with a total estimated amount of RMB2 billion in 2011. Phase I of this project and its wastewater treatment plants No. 1, No. 2, No. 3 and No. 4 were completed and commenced operation in 2012, 2013, 2016 and 2020, respectively, and the construction of Phase II of this project has been commenced in 2019. See "*Description of the Group's Business — Public utility services*".

- **Port industrial park supporting services:** The Group operates several ancillary businesses to support the operation and development of the industrial parks located in Lianyungang Xuwei New District, including advertisement and exhibition, property management, catering service, consulting service, leasing business and sales of commercial housing. The Group conducts its port industrial park supporting services business through Fangyang Group. See "*Description of the Group's Businesses — Port industrial park supporting services*".

- **Miscellaneous:** The Group also engages in financial leasing business, loan services, supplying electric power, agricultural development, medical management and others.

Competitive Strengths

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

- Well positioned to leverage the abundant port resources and associated industries

- Designated entity of the Lianyungang Municipal Government to implement the Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District, a key component of the National East-Central-West Regional Cooperation Demonstration Region promoted by the State Council

- Well-positioned to capitalise on large growth potential of Lianyungang Xuwei New District with a diversified business portfolio

- Support from PRC Central Government and the Lianyungang Municipal Government

- Abundant land returns providing key resources for future project development and large potential growth in property valuation

- Balanced capital structure supplemented with access to diverse sources of capital

- Sound and effective corporate governance and internal control

- Dedicated senior management with extensive experience in corporate management

Business Strategies

The Guarantor will continue to capitalise on the growth potential arising from the development of Lianyungang Xuwei New District and the National East-Central-West Regional Cooperation Demonstration Region, focusing on the provision of integrated services to support the construction, operation, and development of the industrial parks. The following key strategies have been adopted to achieve its goal:

- Continue to leverage the preferential policies and geographical advantage of Lianyungang Xuwei New District and Lianyungang to carry on its mission to develop Lianyungang Xuwei New District and to enhance its commercial attractiveness

- Further improve the synergies among the Group's different business segments

- Further 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 Developments

Additional Indebtedness since 31 December 2023

Since 31 December 2023, the Group has incurred indebtedness to replenish its working capital, to finance and refinance its business development and its construction projects and for other general corporate purposes. In particular, in February 2024, the Issuer issued credit enhanced guaranteed green bonds due 2027 in the aggregate principal amount of U.S.$150 million with an interest rate of 5.45 per cent. per annum. In February 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB450 million with an interest rate of 2.96 per cent. per annum. In March 2024, Fangyang Group issued short-term financing notes due 2025 in the aggregate principal amount of RMB500 million with an interest rate of 2.53 per cent. per annum, corporate bonds due 2027 in the aggregate principal amount of RMB600 million with an interest rate of 3.4 per cent. per annum and short-term financing notes due 2025 in the aggregate principal amount of RMB400 million with an interest of 2.48 per cent. per annum. In May 2024, Fangyang Group issued corporate bonds due 2027 in the aggregate principal amount of RMB900 million with an interest of 2.84 per cent. per annum. In July 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB600 million with an interest rate 2.4 per cent. per annum. In August 2024, Fangyang Group issued corporate bonds in the aggregate principal amount of RMB1 billion with an interest rate of 2.12 per cent. per annum. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Financial performance of the Group as at and for the six months ended 30 June 2024

The Guarantor prepared the unaudited and unreviewed consolidated interim financial statements as at and for the six months ended 30 June 2024 ("**2024 Interim Financial Statements**"). The financial information in the 2024 Interim Financial Statements may differ from future audited or reviewed information and the 2024 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 2024 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 2024. The 2024 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective directors, affiliates, officers, advisers, employees or agents or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the 2024 Interim Financial Statements. See "*Risk Factors — Risks Relating to the Group's 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 six months ended 30 June 2024, the Guarantor together with its subsidiaries recorded a decrease in its total operating income as compared to the same period in 2023 primarily due to the decrease in revenue from trading business because of the structural change of the trading business. The operating costs of the Guarantor together with its subsidiaries decreased due to reduced trading business costs, and other income increased compared to the same period in 2023 mainly due to the increase of government grants and subsidies, resulting an increase in net profit as compared to the same period in 2023. As at 30 June 2024, total assets of the Guarantor together with its subsidiaries increased as compared to the balance as at 31 December 2023, which was primarily attributable to increases in accounts receivable, long-term equity investments and construction in progress. As at 30 June 2024, total liabilities of the Guarantor together with its subsidiaries slightly increased as compared to the balance as at 31 December 2023, which was primarily attributable to increases in short-term loans, other payables and long-term loans incurred to meet the Group's increasing capital needs as it continued to expand and grow its businesses.

THE ISSUE

The following summary contains some basic information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" shall have the same meanings in this summary. For a more complete description of the terms and conditions of the Bonds, see "Terms and Conditions of the Bonds".

Issuer	Haichuan International Investment Co., Ltd.
Guarantor	Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司).
Issue	U.S.$150,000,000 aggregate principal amount of 5.70 per cent. guaranteed green bonds due 2027.
Issue Price	100.00 per cent. of the principal amount of the Bonds.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Its obligations in that respect will be contained in the Deed of Guarantee. The Guarantor will undertake to use its best endeavours to file or cause to be filed with SAFE, the Guarantee within 15 PRC Business Days (as defined in the Terms and Conditions) after the execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) and comply with all applicable PRC laws and regulations in relation to the Guarantee.
Form and Denomination	The Bonds will be issued in registered form and in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.70 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$28.50 per Calculation Amount (as defined in the Terms and Conditions) on 27 March and 27 September each year (each an "**Interest Payment Date**"), commencing on 27 March 2025.
Issue Date	27 September 2024.
Maturity Date	27 September 2027.
Use of Proceeds	See "*Use of Proceeds*".

Status of the Bonds	The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by Applicable Law and, at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by Applicable Law, and at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.
Events of Default	Upon the occurrence of certain events of default, as further described in "*Terms and Conditions of the Bonds — Events of Default*", in respect of the Issuer or the Guarantor, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall, (provided that in any such case the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor declaring that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest.
Cross-Acceleration	The Bonds are subject to a cross-acceleration provision in relation to the Issuer, the Guarantor or any of their respective Subsidiaries as further described in Condition 9(c) (*Cross-Acceleration*).
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off, counterclaim, withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the BVI or the PRC or, in each case, any political subdivision or authority therein or thereof having power to tax, unless such set-off, counterclaim, withholding or deduction is required by law. Where such set-off, counterclaim, withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 25 September 2024 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such set-off, counterclaim, withholding or deduction been required.

	If the Issuer or, as the case may be, the Guarantor is required to make a set-off, counterclaim, deduction or withholding by or within the PRC at a rate in excess of the Applicable Rate, or any deduction or withholding by the BVI is required, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Tax Amounts**") as will result in receipt by the Bondholders of such amounts as would have been received by them had no such set-off, counterclaim, withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond in the circumstances as set out in Condition 8. See "*Terms and Conditions of the Bonds — Taxation*".
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption for Tax Reasons . . .	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued up 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) the Issuer (or if the Guarantee were called, the Guarantor) has or would 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 BVI 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 (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 September 2024, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in Condition 6(b). See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Tax Reasons*".
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date (as defined in Condition 6(c)) at 101 per cent. of their principal amount, together with interest accrued up to but excluding the Put Settlement Date. See "*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Change of Control*".

Clearing Systems	The Bonds will be evidenced the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on and transfers whereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
ISIN	XS2906169219.
Common Code	290616921.
Legal Entity Identifier	3003006OCTRJFKKI9E83.
Governing Law and Jurisdiction .	English law and Hong Kong courts.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar, Principal Paying Agent and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Green Finance Framework	The Bonds will be issued under the Green Finance Framework. See "*Green Finance Framework*".
Listing	Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Selling Restrictions	The Bonds will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See "*Subscription and Sale*".

SUMMARY FINANCIAL INFORMATION OF THE GROUP

The following tables set forth the Guarantor's summary consolidated financial information as at and for the periods indicated.

The summary audited consolidated pro forma financial information as at and for the years ended 31 December 2021, 2022 and 2023 set forth below is extracted from the Audited Pro Forma Financial Statements, which have been prepared and presented in accordance with PRC GAAP. The Audited Pro Forma Financial Statements have been audited by Suya Jincheng, the Guarantor's independent auditor, in accordance with the Chinese Auditing Standards issued by MOF.

PRC GAAP differs in certain 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 Audited Pro Forma Financial Statements were prepared on a pro forma basis and it shows how the Group's operations in such years as may have appeared had Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management been fully consolidated on 1 January 2021. Such pro forma financial information is presented for illustrative purposes only and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the current or future financial condition and results of operations of the Group. The actual financial condition and results of operations following the consolidation of Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management may not be consistent with, or evident from, such pro forma financial information. Investors are cautioned not to place undue reliance on such pro forma financial information. See "Presentation of Financial Information".

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Audited Pro Forma Financial Statements and, including the notes thereto, included elsewhere in this Offering Circular.

Summary Consolidated Income Statement Data

	For the year ended 31 December		
	2021	**2022**	**2023**
	(RMB'000) (audited)	**(RMB'000) (audited)**	**(RMB'000) (audited)**
Total operating income	**12,050,008**	**16,356,947**	**17,979,780**
Less: Operating costs	10,478,132	14,268,463	15,535,252
Taxes and surcharge	87,558	78,326	113,715
Selling and distribution expenses	35,449	27,879	34,349
Administrative expenses	512,522	557,843	671,398
Research and development expenses	65,069	144,459	327,511
Financial expenses	649,985	949,499	984,850
Including: Interest expense	833,527	974,328	1,168,820
Interest income	228,288	283,741	361,706
Add: Other income	48,824	131,097	52,013
Investment income ("-" for losses)	238,574	99,833	-55,393
Including: income from investment in associates and joint ventures)	18,165	83,324	-981
Income from derecognition of financial assets measured at amortized cost ("-" for losses)	51,060	2,677	3,538
Gains from changes in fair value ("-" for losses)	1,724,944	1,648,057	1,082,306
Credit impairment loss ("-" for losses)	-8,830	-8,726	38,978
Impairment loss of assets ("-" for losses)	–	–	-8,256
Gains from disposal of assets ("-" for losses)	4,969	422	7,808
Operating profits ("-" for losses)	**2,229,773**	**2,201,162**	**1,430,161**
Add: Non-operating income	4,334	2,137	28,217
Less: Non-operating expenses	1,028	8,093	22,230
Total profits before tax ("-" for losses)	**2,233,080**	**2,195,206**	**1,436,148**
Less: Income tax expenses	441,794	451,631	354,466
Net profit ("-" for net loss)	**1,791,287**	**1,743,575**	**1,081,682**
Net profit from continuing operation ("-" for losses)	1,791,287	1,743,575	1,081,682
Attributable to owners of the parent company	1,810,807	1,703,355	879,988
Attributable to non-controlling interests	-19,520	40,220	201,693
Net of income tax effect of other comprehensive income ("-" for net losses)	**-154,657**	**-79,876**	**-71,377**
Total comprehensive income	**1,636,629**	**1,663,699**	**1,010,305**
Total comprehensive income attributable to owners of the parent company	1,656,150	1,592,149	809,426
Total comprehensive income attributable to non-controlling interests	-19,520	71,550	200,880

Summary Consolidated Balance Sheet Data

	As at 31 December		
	2021	2022	2023
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Current assets			
Cash and cash equivalents	12,871,357	10,813,158	8,201,836
Notes receivable	39,090	9,270	5,878
Accounts receivable	17,487,066	22,319,764	24,270,097
Accounts receivable financing	35,189	88,668	35,568
Prepayment	165,074	235,731	96,922
Other receivables	1,707,727	1,698,337	1,839,337
Inventories	3,100,766	3,122,114	3,167,677
Contract assets	1,050	35,732	62,808
Non-current assets due within one year	–	–	62,067
Other current assets	308,536	148,881	279,499
Total current assets	**35,715,854**	**38,471,655**	**38,021,690**
Non-current assets			
Investment in debt instruments	31,033	62,067	–
Long-term receivables	3,378,727	2,285,802	2,286,380
Long-term equity investments	4,574,819	4,686,282	3,373,936
Other non-current financial assets	3,335,536	3,525,156	4,853,834
Investment property	21,004,368	23,242,240	22,197,624
Fixed assets	10,605,510	10,796,980	18,679,069
Construction in progress	14,466,888	18,786,806	17,004,302
Right of use assets	139,092	116,942	151,442
Intangible assets	1,839,208	2,038,433	2,894,507
Goodwill	–	–	773
Long-term deferred expenses	53,223	66,555	69,497
Deferred tax assets	18,718	31,530	29,382
Other non-current assets.	583,777	240,103	758,000
Total non-current assets	**60,030,901**	**65,878,896**	**72,298,746**
Total assets	**95,746,756**	**104,350,550**	**110,320,436**
Current liabilities			
Short-term loans	6,037,349	6,260,123	6,734,684
Notes payables	5,083,381	3,853,327	2,355,016
Accounts payables	1,653,655	2,202,983	3,127,538
Receipts in advance	1,529	1,335	1,748
Contract liabilities	217,179	264,546	278,752
Employee benefits payable	23,813	16,814	11,665
Taxes payable	17,431	39,106	71,586
Other payables	1,092,583	1,280,904	1,378,103
Non-current liabilities due within one year	4,329,671	5,602,611	8,942,077
Other current liabilities	2,130,883	4,206,371	3,754,246
Total current liabilities	**20,587,473**	**23,728,120**	**26,655,415**
Non-current liabilities			
Long-term loans	30,880,958	32,983,166	34,953,022
Bonds payable	7,425,702	9,201,363	6,456,715
Lease liabilities	130,773	116,470	140,878
Long-term payables	1,857,432	2,044,434	1,251,043
Deferred revenue	569,931	608,255	611,611
Deferred tax liabilities	3,072,121	3,466,689	3,720,436
Total non-current Liabilities	**43,936,917**	**48,420,376**	**47,133,705**
Total liabilities	**64,524,390**	**72,148,496**	**73,789,120**

	As at 31 December		
	2021	2022	2023
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Owners' equity			
Other equity instruments	–	–	2,097,877
Capital reserves	12,457,702	12,888,632	14,323,473
Other comprehensive income	3,018,879	2,907,674	2,837,111
Special reserves	–	206	347
Undistributed profits	5,592,642	6,831,446	7,268,434
Total equity attributable to owners of parent company	**21,069,223**	**22,627,958**	**26,527,243**
Non-controlling interests	10,153,142	9,574,096	10,004,073
Total owners' equity (or shareholder's equity)	**31,222,365**	**32,202,054**	**36,531,316**
Total liabilities and owners' equity	**95,746,756**	**104,350,550**	**110,320,436**

Summary Consolidated Cash Flow Statement Data

	For the year ended 31 December		
	2021	2022	2023
	(RMB'000) (audited)	(RMB'000) (audited)	(RMB'000) (audited)
Net cash flows from operating activities	-290,613	488,872	1,671,779
Net cash flows from investing activities	-7,815,975	-6,487,743	-4,760,216
Net cash flows from financing activities	8,314,206	4,084,406	2,356,953
Net increase/(decrease) in cash and cash equivalents	183,998	-1,914,465	-733,033
Balance of cash and cash equivalents at the end of the period.	7,638,892	5,724,427	4,991,394

Other Financial Information

	As at and for the year ended 31 December		
	2021	2022	2023
Total liabilities/Total assets (per cent.)	0.67	0.69	0.67
EBIT[(1)] (RMB in millions)	3,066,607	3,169,533	2,604,968
EBIT margin[(2)] (per cent.)	0.25	0.19	0.14
EBIT/total interest expense	3.68	3.25	2.23

Notes:

(1) The Guarantor calculates EBIT for any period as profit before tax for that period, plus interest expenses. EBIT is not a standard measure under PRC GAAP or IFRS. EBIT is a widely used financial indicator of a company's ability to service and incur debt. EBIT 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 EBIT, investors should consider, among other things, the components of EBIT such as operating expenses and the amount by which EBIT exceeds capital expenditures and other charges. The Guarantor has included EBIT because the Guarantor believes that it is a useful supplement to cash flow data as a measure of the Guarantor's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBIT presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Guarantor's EBIT to EBIT presented by other companies because not all companies use the same definition.

(2) EBIT margin is calculated as EBIT divided by total operating income.

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Investors should carefully consider all of the information in this Offering Circular and, in particular, the risks described below, before deciding to invest in the Bonds. Each of the Issuer and the Guarantor believes that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer and/or the Guarantor to pay interest, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer and the Guarantor based 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 neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Neither the Issuer nor the Guarantor represents that the statements below regarding the risk factors of holding any Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP'S BUSINESS

The Group's business is heavily dependent on the general economic conditions in Lianyungang Xuwei New District, Lianyungang and China.

The Group primarily operates its business in Lianyungang in the PRC, particularly in Lianyungang Xuwei New District (連雲港徐圩新區) which is an important component of the National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區), and its assets are highly concentrated in Lianyungang Xuwei New District. Therefore, its business and prospects are heavily affected by the level of economic development of Lianyungang, which has a material impact on the level of business activity within the Lianyungang Xuwei New District. 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 gross domestic product ("**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 Bureau of Statistics of the PRC, the annual growth rate of China's GDP decreased from 7.3 per cent. in 2014 to 6.1 per. cent in 2019. In 2020, China's GDP shrank by 2.3 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 2022, China's GDP slightly increased to 3.0 per cent. year-on-year and further to 5.2 per cent. in 2023. According to the Statistics Bureau of Lianyungang Municipality, Lianyungang's gross regional product (the "**GRP**") increased from RMB120.1 billion in 2010 to RMB436.4 billion in 2023. In the meantime, the annual growth rate of Lianyungang's GRP decreased from 13.6 per cent. in 2010 to 10.2 per cent. in 2022. These changes were generally in line with the change in the PRC's GDP growth rate during the same period. Any slowdown in the economic development in Lianyungang may affect the PRC Government's support or the Lianyungang Municipal Government's investments in the industries where the Group operates, reduce the demand for the Group's services and products and therefore adversely affect the development of the Lianyungang Xuwei New District. This may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business and prospects largely depend upon the development of Lianyungang Xuwei New District.

The Group is tasked by the Lianyungang Municipal Government to conduct investment and construction in Lianyungang Xuwei New District. The number of the enterprises operating in Lianyungang Xuwei New District, which currently is steadily increasing with its development, will have a material impact on the regional economic development. Although Lianyungang Xuwei New District has unique geographical advantages due to its port resources and its large landmass and enjoys a number of favourable policies from the state and the local governments, it faces fierce competition from several other economic and technology development zones nearby with comparatively longer development history and greater industrial concentration advantages, such as Lianyungang Economic and Technology Development Zone (連雲港經濟技術開發區), Yancheng Economic and Technology Development Zone (鹽城經濟技術開發區), Huai'an Economic and Technology Development Zone (淮安經濟技術開發區) and Xuzhou Economic and Technology Development Zone (徐州經濟技術開發區). For example, Yancheng Economic and Technology Development Zone has an industrial focus on automobile and automobile parts manufacturing and Xuzhou Economic and Technology Development Zone has an industrial focus on equipment manufacturing, new energy and services industries. Consequently, the number of enterprises commencing business in Lianyungang Xuwei New District may not grow as fast as the Group expects and Lianyungang may not be able to attract the enterprises it wishes to attract. The foregoing could adversely affect the development of the Group's business and the tax income of Lianyungang Xuwei New District, and in turn, the ability of the Lianyungang Xuwei New District Management Committee (the "**Lianyungang XND Management Committee**") to make timely payment for the Group's infrastructure and affordable housing projects. If any of the above were to occur, the Group's business, financial performance and prospects may be materially and adversely affected. In addition, Lianyungang Xuwei New District faces industrial concentration risk due to its strong focus on the port industry. If the port industry experiences any industrial depression in the future, the Group's business, financial performance and prospects may be materially and adversely affected.

Delays or defaults in the payment of any construction fee by the Lianyungang XND Management Committee may have a material adverse impact to the Group's results of operations, financial condition and cash flow.

Certain of the Group's main business activities are conducted with the Lianyungang XND Management Committee. A small portion of the Group's operating income is generated from the construction fee payable by the Lianyungang XND Management Committee relating to the Group's infrastructure and affordable housing construction. For example, the Group has developed most of its infrastructure projects under the agency construction business model. Those projects are capital intensive and involve many risks arising from budget overruns. Under the agency construction model, the Group finances its infrastructure construction projects with start-up capital provided by the Lianyungang XND Management Committee and through self-financing methods. This model generally causes the Group to incur substantial capital expenditures and increases the pressure on the Group's liquidity before the Lianyungang XND Management Committee makes full payment of the construction fees. As at 31 December 2021, 2022 and 2023, the Guarantor and its subsidiaries' accounts receivable due from the government or its affiliates were RMB15,516.4 million, RMB19,758.2 million and RMB22,930.7 million, respectively, accounting for 88.6 per cent., 88.5 per cent. and 94.5 per cent., respectively, of the accounts receivable of the Group as at the corresponding dates. Any delay or default in such payment to be made by the Lianyungang XND Management Committee may have a material adverse impact to the Group's results of operations, financial condition and cash flow.

The Group has experienced delay in the payment of construction fee by the Lianyungang XND Management Committee.

As at the date of this Offering Circular, the outstanding construction fee due from the Lianyungang XND Management Committee is approximately RMB10.9 billion under the agency agreements between the Group and Lianyungang XND Management Committee. There is no assurance that Lianyungang XND Management Committee will make payments in accordance with the agreed timetable or that it will request further postponement of any payment in the future. The ability of the Lianyungang XND Management Committee to perform its obligation under the agency agreements is affected by many factors that are beyond the Group's control, such as its fiscal revenue, budgeting and changes in PRC laws and regulations concerning its and the Group's operations. Any delay or failure to pay any construction fee by the Lianyungang XND Management Committee may cause constraint cash flow of the Group, increase the Group's liquidity risk and have a material adverse impact to its results of operations, financial condition and its ability to serve the Bonds.

The Lianyungang Municipal Government or the Lianyungang XND Management Committee exert significant influence on the Group, and they may make decisions that are not in the Group's best interest.

The Guarantor is wholly and beneficially owned by the Lianyungang Municipal Government. For internal control, the Lianyungang XND Management Committee participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans of the Group and appoints, and conducts annual appraisals on, the directors, supervisors and senior management of the Guarantor. The Guarantor's senior management and the Lianyungang Municipal Government regularly have in-depth discussions regarding the key investment projects and essential appraisal procedures are conducted before investment decisions are taken. There can be no assurance that the Lianyungang Municipal Government or the Lianyungang XND Management Committee will not interfere with the business and operations of the Group in the future and any such interference may have a material adverse effect on the Group's business, financial position, results of operations, and prospects.

PRC regulations on the administration of the financing platforms and debts of local governments may have a material impact on the Group's business and sources of financing.

The Group's results of operations and financial condition may be affected by changes in the regulation of the PRC Government concerning local government debts and the financing platforms of local governments. In September 2014, the State Council of the PRC 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) (the "**Circular 43**") with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments from incurring "off-balance" indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing platforms the relevant local governments own or control, such as the Group. The Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The release of Circular 43 has changed the Group's financing and business model, especially those relating to its infrastructure development. The MOF, together with NDRC, the PBOC, China Securities Regulatory Commission, the CBRC and the Ministry of Justice, released the Notice concerning Further Regulation of Local Government Borrowing and Financing Conduct (關於進一步規範地方政府舉債融資行為的通知) ("**Circular 50**") to emphasise the principles and policies set out in Circular 43 in April 2017. In addition to Circular 43, Circular 50 reaffirmed that local government debts shall only be incurred through the issuance of local government bonds within the quota approved by the State Council, and the local governments and their departments are not permitted to use any other means for debt financing. The local governments and their departments are prohibited from requesting or ordering enterprises to issue debts for or on behalf of the local governments.

The PRC Government issued Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知，財金[2018]23號) (the "**MOF Circular**"), effective on 28 March 2018, which aims to increase the responsibility of the PRC state-owned financial institutions to investigate into the financial independence and liquidity level of the local government financing vehicles that they assist in fundraising. The PRC Government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee or the Transaction Documents in lieu of the Issuer or as the case may be, the Guarantor. On 11 May 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness

Risks (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) (the "**Joint Circular**") was released which reiterates the PRC Government's position to isolate the debt of local government financing vehicles from the relevant local government and to control the increase of the local governments' debt. The Joint Circular requires companies that plan to borrow medium and long-term foreign debt to establish a sound and standardised corporate governance structure, management decision-making mechanism and financial management system. It further requires that the assets owned by such companies should be of good quality and clear ownership and it is forbidden to use public interest assets to be included in corporate assets. The Bonds are solely to be repaid by the Issuer (and the Guarantee by the Guarantor), each as an obligor under the relevant transaction documents and as an independent legal person. See "— *Risks relating to the Bonds and the Guarantee — The PRC Government has no obligations under the Bonds, the Guarantee or the Trust Deed*".

On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the National Development and Reform Commission 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 debts of local government and avoid or mitigate risks relating to medium and long-term debt raised offshore as well as hidden debt of local governments. Circular 666 expressly restricts the use of proceeds from debt securities issued offshore by state-owned enterprises with 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 manage the increase in local government debts in China. There is no assurance that the Group's financing model and business model will not be materially affected by future changes in the regulatory regime concerning the financing platforms of local governments.

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

The Group's business operations require substantial capital resources. For the years ended 2021, 2022 and 2023, the Guarantor and its subsidiaries incurred capital expenditures of RMB1,475.6 million, RMB1,618.7 million and RMB520.5 million, respectively. The Group has historically met its cash requirement through (i) the cash flow generated from its operating activities, (ii) subsidies mainly from the State Council, the Jiangsu Provincial Government, the Lianyungang Municipal Government and the Lianyungang XND Management Committee, (iii) proceeds of bank and other borrowings, and (iv) issuance of bonds in the PRC and international capital markets. The Group will continue to require substantial capital resources to support its business operations and expansion.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, the Lianyungang XND Management Committee's payment schedule, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any adverse change in any of these factors, which may be out of the Group's control, may create capital shortfall. There is no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash need at all times. See "— *The Group has historically experienced volatile and negative net operating cash flow*" below.

A significant portion of the cash demand of the Group is satisfied through subsidies provided by the State Council, the Jiangsu Provincial Government and the Lianyungang Municipal Government. For the years ended 31 December 2021, 2022 and 2023, government grants received by the Guarantor and its subsidiaries amounted to RMB49 million, RMB128 million and RMB49 million, respectively. The ability of the State Council, the Jiangsu Provincial Government, the Lianyungang Municipal Government and the Lianyungang XND Management Committee to provide continued financial support to the Group to a large extent depends on the future fiscal income and policies of Lianyungang, Jiangsu Province and the PRC in general. There is no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments in the future. See "— *A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations*" below.

Insufficient cash flow generated from the Group's operating activities will increase the Group's 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 and the success of 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 rest of the PRC generally.

There is 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, it may not be able to undertake new projects or implement them as planned. This would restrict the Group's ability to grow and, over time, may reduce the quality and reliability of the service the Group provides and adversely affects the Group's 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 "— *Substantial indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks*" below.

The Group has historically experienced volatile and negative net operating cash flow.

For the years ended 31 December 2021, 2022 and 2023, the Group had net operating cash outflow of RMB(-290.6) million, inflow of RMB488.9 million and RMB1,671.8 million, respectively. The Group's net operating cash outflow experienced in the past 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 projects.

According to the arrangement entered with the Lianyungang XND Management Committee, the Group will confirm the income with XND Management Committee each year during the construction process and the construction fee is normally paid in instalments after project completion subject to project status. As the Group anticipates continued expansion of its business, it believes that it will continue to require significant capital commitment. There is no assurance that its negative operating cash flow will be resolved soon, if at all. Under such circumstances, the Group's future liquidity, the payment of its other payables and accruals, as well as the repayment of its outstanding indebtedness when due, will primarily depend on its ability to maintain adequate cash inflows from operating activities and proceeds from external financing. In the event that it is unable to generate sufficient cash flows from its operations to meet the demand from its operating and capital expenditures, its operations will have to be funded by other financing activities. However, the Group's debt service and other fixed payment obligations could divert its cash flows from its operations and planned capital expenditures, and its financing costs associated with such debt obligations could materially and adversely affect the Group's profitability in the future.

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

The Group has benefited from, and relied on various forms of support from the PRC Government and the Lianyungang Municipal Government (in the form of asset and capital injections, subsidies and other grants, and tax incentives permissible under PRC laws and regulations), to meet its capital and other operation requirements. See "*Description of the Group — Competitive Strengths — Support from PRC Central Government and the Lianyungang Municipal Government*" for further details. For the years ended 31 December 2021, 2022 and 2023, the Guarantor and its subsidiaries received government grants and subsidies in the aggregate amount of RMB49 million, RMB128 million and RMB49 million. Historically, the Group had received financial support in the form of allocation of land use rights from the Lianyungang XND Management Committee. In 2017, the Ministry of Finance issued the Notice on Strict Prohibition against Non-compliant Financing through Service Procurement Arrangement of Governments (財政部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) restricting, among others, the ability of local governments from allocating land use rights to their financing platforms to support the platforms' financing needs. Accordingly, the Group had not received any allocation of land use rights since 2017 and expects not to receive this form of financial support in the future. Nonetheless, there is no assurance that the PRC Government will not impose any further restriction on providing financial support in any other forms. As such, the Group may not be able to receive the same level of government subsidies and grants or enjoy the same preferential treatments or at all. Any loss or reduction in government subsidies and grants or other form of government support could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements. As at 31 December 2023, the Group's total indebtedness (comprising short-term loans, non-current liabilities due within one year, other current liabilities, long-term loans, bonds payable and lease liabilities) was RMB61.0 billion, of which 31.9 per cent. would become due within one year. In addition, the Group had outstanding guarantee in a total amount of RMB1.3 billion as at 31 December 2023, which was mainly relating to guarantees for members and affiliates of the Group in Xuwei New District.

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

- requiring the Group to divert its operating cash flow to service its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profit of the Group;
- 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 the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

In incurring indebtedness and liabilities from time to time, the Group creates security such as pledge and mortgage over its assets in favour of relevant creditors. As at 31 December 2023, the Group's assets with a total book value of RMB14,468.7 million were provided as security to secure the loan facilities of the Group. Assets of the Group which have been provided as security mainly include investment real estate. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Guarantor and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group believes that its capital requirement and its reliance on external financing will continue to increase considering its existing cash needs to finance business operations and refinance its existing indebtedness. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt service obligations.

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

Certain financing contracts entered into by members of the Group contain operational and financial restrictions that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security, paying dividends 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 its business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

If the Guarantor or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other financing agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their commitments granted to the Guarantor or its subsidiaries, 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, which entitle the creditors under these financing agreements to require the Group to immediately repay their loans or declare a default on the 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 that the assets and cash flow of the Guarantor or its subsidiaries would be sufficient to repay in full all of their respective debts as they become due, or that the Guarantor or its subsidiaries would be able to find alternative financing. Even if the Guarantor and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Guarantor or, as the case may be, its subsidiaries.

The Group's business and results of operations are influenced by governmental decisions and actions and are inherently exposed to uncertainties associated with contracting with governments and its agencies.

The Guarantor is wholly and beneficially owned by the Lianyungang Municipal Government and is under the direct administration of the Lianyungang XND Management Committee which acts on behalf of the

Lianyungang Municipal Government. The Lianyungang Municipal Government has appointed the Lianyungang XND Management Committee to act as its nominee in carrying out its function as the sole shareholder. A majority of the Group's business activities are conducted with the Lianyungang XND Management Committee. A portion of the Group's operating income is generated from the construction fee payable by the Lianyungang XND Management Committee relating to the Group's infrastructure and affordable housing construction. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies, such as the Lianyungang XND Management Committee.

The Lianyungang Municipal Government and the Lianyungang XND Management Committee may (i) have economic or business interests or considerations that are inconsistent with the Group's, (ii) take actions contrary to the Group's requests, policies or objectives, (iii) be unable or unwilling to fulfil their obligations, (iv) encounter financial difficulties, or (v) have disputes with the Group as to the contractual terms or other matters. Those governmental authorities and entities may not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Lianyungang Xuwei New District for a number of reasons, such as government budgeting.

Any failure by the Lianyungang XND Management Committee to fulfil its contractual obligations or any change to its policies may require the Group to change its business plans and materially affect the Group's business and operating results. If there is any material disagreement between the Group and the Lianyungang Municipal Government or the Lianyungang XND Management Committee, there is no assurance that the Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against the Lianyungang Municipal Government or the Lianyungang XND Management Committee may last for a long period of time and cost considerable financial and managerial resources. Any of these may severely damage the business relationships between the Group and the Lianyungang Municipal Government or the Lianyungang XND Management Committee, and in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

As at 31 December 2021, 2022 and 2023, the Group's accounts receivable were RMB17,487.1 million, RMB22,319.8 million and RMB24,270.1 million, respectively, representing 49.0 per cent., 58.0 per cent. and 63.8 per cent. of the Group's current assets as at the corresponding dates. The Group's accounts receivable are mainly the outstanding construction fees and land restorage fees. There are inherent risks associated with the ability of the Lianyungang XND Management Committee and the Group's other customers to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations. See "*— Delays or defaults in the payment of any construction fee by the Lianyungang XND Management Committee may have a material adverse impact to the Group's results of operations, financial condition and cash flow*" above.

The Group has historically experienced volatility in its gross profit margin and any significant fluctuation in the future may have a material adverse impact on its business, financial condition and results of operations.

The Group has historically experienced volatility in its gross profit margin. For the years ended 31 December 2021, 2022 and 2023, the Group had gross profit margin 13.0 per cent., 12.8 per cent. and 13.6 per cent. respectively, for its principal businesses. The volatility in the Group's gross profit margin was mainly due to the reduction of trading business with lower gross profit margin. If the Lianyungang XND Management Committee cannot meet its payment schedule in the future or if the gross profit margin of the Group's port logistics business and port industrial park support services business segments continue to decrease, the Group may continue to experience fluctuations in its gross profit margin in the future, which in turn may have a material and adverse effect to the Group's business, financial conditions and results of operations.

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

The Group needs to obtain a number of approvals, certificates, licenses and permits from different governmental authorities and to comply with extensive procedural requirements in order to carry on its business activities under PRC law and regulations. For example, the Group is required to obtain a project approval and environmental assessment approval at the outset of the project. As the projects progress, it also needs to receive a construction land planning permit (建設用地規劃許可證), a land use right certificate, a construction project planning permit (建設工程規劃許可證) and a construction permit (建築工程施工許可證) before it is permitted to commence construction of the relevant project. It normally takes months to obtain all of these approvals and certificates. As at the date of this Offering Circular, the Group has received all the permits for its projects under construction. The Group is also required to comply with the laws and regulations relating to the agency construction and other operating business. Governmental authorities in the PRC have certain 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. Any failure to obtain necessary approvals, licences or permits in a timely manner could result in delay or suspension of the Group's business operations and result in regulatory or administrative penalties. As at the date of this Offering Circular, the Group has not received any notice from any governmental authorities regarding the above-mentioned non-compliance.

PRC Government 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 fails 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, licenses and certificates are fulfilled, governmental authorities normally conduct regular or special inspections, investigations and inquiries. If there is any material non-compliance of the Group or its business, the Group's permits, licenses and certificates may be suspended or revoked, and it may receive fines or other penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's result of operations may be susceptible to the material fluctuation of 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**") published by PBOC. 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 approximately in aggregate U.S.$300 million outstanding bonds issued outside the PRC. As the Group continues to explore overseas sources of funding to replenish its capital and to refinance its existing overseas debts, it will be exposed to risks arising from interest rate fluctuation overseas. Any unfavourable interest rate hike overseas could cause the Group to incur additional financing cost for its overseas financing, if any. For example, as the Bonds will bear fixed coupon rates linked to the yield of the U.S. government's treasury bonds with a corresponding maturity upon issue, any increase in the Federal Reserve interest rate as a result of policy changes may cause the Bonds to be priced at a higher rate compared to its outstanding USD bonds, which may then cause the Group to incur higher financing cost as compared to its previous debt financings.

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

The Group engages third-party contractors for its infrastructure and affordable housing construction projects. The Group generally selects third-party contractors through its standardised public tender process. However, there is no assurance that its third-party contractors will always provide satisfactory services of the quality required by the Group. If the performance of any third-party contractor fails to meet the requirements of the Group, the Group may need to replace such contractor or take other remedial actions, which could adversely affect the cost and development schedule of its projects. Further, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to such contractors. See "— *Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business, prospects and results of operations*" below.

In addition, the Group may be asked to undertake one or more projects by the Lianyungang XND Management Committee on short notice, there is no assurance that the Group is able to engage third-party contractors that meet its quality requirements in this situation. Moreover, the Group's contractors may undertake projects from other enterprises operating similar business, engage in risky undertakings or otherwise encounter financial or other difficulties, which may adversely affect their ability to complete the Group's projects on time, within budget or at all. All of these third-party related factors may have material adverse impact on the quality of services provided by the Group's contractors and the Group's reputation, credibility, financial position and business operations.

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

The Group currently holds land use rights of certain land and several properties that it develops for investment purposes. As at 31 December 2021, 2022 and 2023, the Group's investment properties were RMB21,004.4 million, RMB23,242.2 million and RMB22,197.6 million, respectively, representing 21.9 per cent., 22.3 per cent. and 20.1 per cent. of the Group's total assets. Investment properties are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, the Group's ability to promptly sell one or more of its investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond the Group's control, including general economic conditions, the availability of mortgage financing and interest rates, and the Group cannot accurately determine the market price of its investment properties nor is it able to predict whether it will be able to sell any of the Group's investment properties at the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to it. In addition, investment properties may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such investment property became unprofitable due to age, decreased demand or other factors. Similarly, for certain investment properties to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede the Group's ability to respond to adverse changes in the performance of its investment properties could materially and adversely affect its business, financial condition and results of operations.

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

The Group's results of operations have historically been affected by adjustments in the estimated fair value of its investment properties. In accordance with the PRC GAAP, the Group is required to reassess the fair value of its investment properties on each reporting date, and gains or losses arising from fair value changes and the relevant deferred tax should be accounted for in the Group's income statements in the period in which they arise. Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by it, and accordingly do not increase its liquidity in spite of the increased profit represented by any fair value gains. For the years ended 31 December 2021, 2022 and 2023, the Group recorded gains from fair value changes in amount of RMB1,724.9 million, RMB1,648.1 million and RMB1,082.3 million, respectively, representing 77.4 per cent., 74.9 per cent. and 75.7 per cent. respectively, of the Group's operating profit.

Property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. Favourable or unfavourable changes in the assumptions of market conditions used by the Group's independent property value assessor 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 rate, interest rate, inflation rate, urbanisation and disposable income level, in addition to any government regulations, can substantially affect the fair value of the Group's investment properties and affect the supply and demand in the PRC property market. 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 its investment properties at the historical levels, or that the fair value of its investment properties will not decrease in the future.

The Group may not successfully implement its growth strategy.

The Group has historically focused on infrastructure and affordable housing construction in Lianyungang Xuwei New District. Over the years, it has diversified its business into supporting services for industrial parks in ports, port logistics business and distribution and sales of electricity, and plans to further develop and expand the aforementioned business segments. The Group continues to develop other new business while maintaining sustainable growth of its existing business as one of its strategies.

Whether the Group could successfully implement this strategy, to some extent, depends on the Group's ability to identify attractive projects, obtain required approvals from relevant regulatory authorities in China, obtain sufficient capital on acceptable terms in a timely manner and maintain close working relationships with various governmental authorities and agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully implement this strategy, manage or integrate newly acquired operations with its existing operations. Failure to implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

The Group's affordable housing construction business are subject to claims under statutory quality warranties.

Under Regulations on the Quality Management of Construction Projects (建設工程質量管理條例), effective on 23 April 2019, all property development companies in China must provide certain quality warranties for the properties they develop or sell. The Group is required to provide these warranties to its customers. The Group may sometimes receive quality warranties from its third-party contractors with respect to the affordable housing construction projects. If a significant number of claims are brought against the Group under its warranties and if the Group is unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, the Group could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm the Group's reputation and have a material and adverse effect on the Group's business, prospects, financial condition and results of operations.

The relocation of indigenous residents and businesses on the sites where the Group's projects are located may result in delays in its development and/or increases in its development costs.

Some of the past projects developed by the Group involved relocation of indigenous residents and businesses, and the Group believes that similar situations may recur when it develops its future projects.

There is no assurance that the relocation of indigenous residents or businesses will proceed smoothly or they will agree to the relocation plan approved by the government authority. If any indigenous resident or business disagrees with the relocation plan, the disagreement will be submitted to the relevant township government for the authority's determination. The relevant land authority will then make a decision as to the proper relocation compensation which may differ from the original proposal and result in higher compensation payment and delays in the development schedules. In addition, the amount of compensation to be paid is subject to China's governmental regulation and can be changed at any time. Any increases of compensations required or delays of such relocations may result in increase of the Group's project development costs and overall delays in the Group's development schedules, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

Volatility in the prices of the stone, steel, coal and chemicals may have an impact on the Group's port logistics business.

The operating income of the Group's port logistics business prior to 2023 was mainly generated from commodity sales, therefore the performance of the Group's port logistics business was significantly affected by the availability and market prices of stone, coal, steel, chemicals and other commodities. The market prices of those products are affected by factors beyond the Group's control, primarily including but not limited to increase in global demand, depletion of existing sources and decreasing availability of new sources, interruptions in production by suppliers, suppliers' allocations to other purchasers, wars, natural disasters and other similar events. Fluctuations in the prices of the stone, coal, steel, chemicals and other commodities will cause the demand for related products in downstream industries, and consequently the prices at which the Group is able to sell its products, to fluctuate significantly, which in turn would have a material adverse effect to the Group's profitability and results of operations.

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

The Group relies on its quality control system to ensure the safety and quality of its projects. The effectiveness of the Group's quality control system may be affected by a number of factors, such as timely updates of the quality control system to address the changing business need and the Group's and the contractors' willingness and ability to adhere to its quality control policies and guidelines. There is no assurance that the quality of the projects developed by the Group will not be undermined by the underperformance of the Group's contractors. Any failure or deterioration of the Group's quality control system could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they are ultimately successful, could cause the Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. If any of such claims were ultimately successful, the Group could be required to pay substantial monetary damages or penalties.

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

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:

- mechanical production interruptions, electricity outages and equipment failure;
- 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, which the Group believes to be consistent with applicable law and industry and business practice in the PRC. However, claims under the insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover costs associated with accidents incurred in the Group's operations due to the above-mentioned operational risks. 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 insurance or that exceeds the limit of its insurance coverage, its business, financial condition, results of operations and cash flow may be materially and adversely affected.

The Group is subject to various environmental, safety and health regulations in the PRC and any failure to comply with such regulations may result in penalties, fines, governmental sanctions, proceedings or suspension or revocation of its licenses 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 licenses or permits to conduct its business. Given the volume and complexity of these regulations, compliance may involve some 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. 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.

Labour shortages, labour disputes or increases in labour costs of the third-party contractors engaged for the Group's projects could materially and adversely affect the Group's business and results of operations.

The Group relies on third-party contractors to carry out its infrastructure and affordable housing construction. In recent years, work stoppages, employee suicide 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 of PRC enterprises in general, including the Group or the contractors participating in the Group's projects. As such, labour shortages, labour disputes or increases in labour costs of the Group's third-party contractors could cause an extension of the construction progress and an increase in the Group's fees payable to the contractors, which could in turn materially and adversely affect the Group's business and results of operations.

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

Under Measures for the Disposal of Idle Land (revised in 2012), effective on 1 July 2012, the local branch of the Ministry of Land and Resources, upon the approval of the people's government at the same level, may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees if the Group does not commence development of the land held by the Group for more than one year after the date specified in the relevant land use rights grant contract, or the Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development, and the development is suspended for more than one year without governmental approval, unless the land becoming idle is caused by government behaviour or force majeure. The local branch of the Ministry of Land and Resources, upon the approval of the people's government at the same level, may have the power to revoke the land use rights certificate without compensation based on the totality of circumstances, 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 (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the Ministry of Land and Resources issued in August 2009 the Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) which reiterates its policy on idle land.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other relevant jurisdictions. The applicable anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities. While the Group has adopted policies and procedures aimed at detecting and preventing the use of its business vehicles to facilitate money laundering activities and terrorist acts, such policies and procedures in some cases have only been recently adopted and may not completely eliminate instances in which it may be used by other parties to engage in money laundering and other illegal activities. In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any of these may materially and adversely affect its business reputation, 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 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. 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. 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 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. The Group may be harmed if, for example, any of these parties engages in misrepresentation or fraudulent, deceptive or otherwise improper activities, conduct transactions that exceed authorised limits, make or accept bribes or improperly use or disclose confidential information.

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

The Group may be subject to disputes, legal, regulatory or other proceedings.

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

The Group relies on information technology systems for its business and any information technology system limitations or failures could adversely affect its business, financial condition and results of operations.

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems. If the Group's systems cannot cope with increased demand or otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitations on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. While the Group has not experienced any material malfunction of these systems, any malfunction of these systems or any inadequacy in its controls could cause the relevant information to become unreliable, inaccurate or permanently lost, which could have an adverse effect on the Group's relevant business segment and, consequently, its operating income and results of operations.

The Group is subject to joint venture risks.

Certain of the Group's operations are conducted through jointly controlled entities and associated companies in which the Group has minority interests. Co-operation and agreement among the Group's joint venture partners on the Group's existing or future business plans are important for the smooth operation and financial success of such business plans. However, the Group's joint venture partners may (i) have economic or business interests or goals that are different from the Group, (ii) be unable or unwilling to fulfil their obligations under the relevant joint venture or other agreements, or (iii) experience financial or other difficulties. Further, the Group may not be able to control the decision-making process of its joint ventures as, in some cases, it does not have effective control of the joint venture. The Group does, however, through contractual provisions or representatives appointed by it, typically have the ability to influence certain material decisions. Although the Group has not experienced any significant problems with its partners, no assurance can be given that disputes among its partners will not arise in the future that could adversely affect the Group's business plans and operations.

The Group may be unsuccessful in integrating and managing future investments and/or acquisitions.

The Group may consider expanding its business by acquiring certain interests in other companies, entering into new strategic alliances and joint ventures and investing in or entering into new business opportunities. The ability of the Group's operations to grow by investments in and/or acquisitions is dependent upon, and may be limited by, the requirements of the relevant regulatory authorities, the availability of attractive projects, its ability to agree commercial, technical and there can be no assurance that the Group will be able to identify suitable investments and acquisition targets, complete the investments and acquisitions on satisfactory terms, if at all, or that the due diligence with respect to any acquisition will reveal all relevant facts that are necessary or useful in evaluating such opportunity.

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

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

The Group, however, is unable to predict whether there will be any other suitable target or when any other suitable acquisition, investment or joint venture opportunities could arise. In the event that the Group enters into any letter of intent or agreement for any material acquisition, investment or joint venture after the issue of the Bonds, the market price and the trading volume of the Bonds may be adversely affected.

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

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.

In early 2020, COVID-19, a highly infectious virus, spread throughout the globe, resulting in numerous deaths around the world. The World Health Organisation announced in March 2020 that COVID-19 had developed into a pandemic. Since December 2022, the PRC Government has gradually lifted the strict COVID-19 restrictions for travel in and out of the country, which has led to increases of COVID-19 cases in the PRC. Although the World Health Organisation has declared the end to COVID-19 as a global health emergency in May 2023, it is uncertain whether there will be any further waves of COVID-19 outbreaks in China or any other part of the world and when the COVID-19 pandemic will be contained globally. A prolonged outbreak of COVID-19 has had and may continue to have a material adverse impact on China's economy, the global economy and financial markets in general, which in turn could materially and adversely affect the Group's business, financial condition and results of operations.

The extent to which the COVID-19 impacts the Group's operation results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. However, such contagious disease, or any such outbreak or threatened outbreak of any severe contagious diseases in future, if not contained, may result in material influence of the Group's related business, which in turn may adversely affect the Group's financial condition and results of operations. Similarly, war, terrorist activity, threat of war or terrorist activity, social unrest and the corresponding heightened travel security measures instituted in response to such events, as well as geopolitical uncertainty and international conflict and tension, would affect economic development. In turn, there could be a material adverse effect on the Group's business, financial condition and results of operations.

In addition, some of the Group's contracts may have force majeure provisions that permit such parties to suspend, terminate or otherwise not perform their obligations under the relevant contracts upon the occurrence of certain events, such as strikes and other industrial or labour disturbances, terrorism, restraints of government, civil protests or disturbances, international conflicts and tensions, military and other actions, heightened security measures in response to these threats, or any natural disasters; all of which are beyond the control of the party asserting such force majeure event. If one or more of the Group's counterparties do not fulfil their contractual obligations for any extended period of time due to a force majeure event or otherwise, the Group's results of operations and financial condition could be materially and adversely affected.

RISKS RELATING TO THE GROUP'S 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 medium-term and short-term bonds in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Guarantor needs to publish its quarterly, semi-annual and annual financial information to satisfy its continuing disclosure obligations relating to its medium-term and short-term bonds. After the Bonds are issued, the Guarantor is obligated by the Terms and Conditions, among others, to provide holders of the Bonds with its audited financial statements and certain unaudited interim financial statements. The semi-annual financial information published by the Group in the PRC is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. As such, this financial information published in the PRC should not be referred to or relied upon by potential purchasers to provide the same quality of information associated with any audited information. The Guarantor is not responsible to holders of the Bonds 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 accounts were prepared in accordance with PRC GAAP which may be different from IFRS.

The Audited Pro Forma Financial Statements were prepared in accordance with the 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 the 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 Audited Pro Forma Financial Statements are based on estimates and assumptions which may not be indicative of actual future results.

This Offering Circular contains the Audited Pro Forma Financial Statements, which were prepared based on a number of assumptions that the Group believes to be reasonable at the time of preparation. The pro forma financial information contained therein has been derived from historical financial statements and certain adjustments and assumptions have been made after giving effect to the consolidation of Fangyang Group, Xianghe Agricultural Development and Xuwei Medical Management into the scope of the Group's consolidated financial statements as if it had been completed on 1 January 2021. For details of the assumptions made in preparing the Audited Pro Forma Financial Statements, please refer to the notes of the Audited Pro Forma Financial Statements "*Note. II — Basic of preparation of simulated financial statements*". The adjustments and assumptions made in the Audited Pro Forma Financial Statements were based on information at the time of preparing the Audited Pro Forma Financial Statements and such adjustments and assumptions are difficult to be made with complete accuracy. In addition, certain assumptions used in preparing the Audited Pro Forma Financial Statements may not prove to be accurate. As a result, the actual financial condition and results of operations of the Group in the future may not be consistent with, or evident from, the Audited Pro Forma Financial Statements. There are also other factors which may affect the Group's financial condition and results of operations and render the Audited Pro Forma Financial Statements not entirely reflective of the Group's actual performance. The Audited Pro Forma Financial Statements should be read in conjunction with, and is qualified in its entirety by the notes thereto. The Audited Pro Forma Financial Statements are for reference only and do not purport to represent the Group's actual or future financial condition and results of operations. As such, investors are cautioned not to place undue reliance on the Audited Pro Forma Financial Statements and should exercise caution when using such data to evaluate the Group's total returns and financial position.

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

The historical financial information of the Group included in this Offering Circular is not indicative of its future financial results and is sometimes adjusted or restated to address subsequent changes in accounting standards, accounting policies and/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. The historical financial information is not intended to represent or predict the results of operations of any future periods.

The Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the domestic and international competitive landscape of the industries in which the Group operates its business.

The Group's auditors may be involved in investigations initiated by relevant PRC authorities from time to time.

The Group's independent auditors, Suya Jincheng, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the MOF and the China Securities Regulatory

Commission ("**CSRC**"). In the past few years, Suya Jincheng was investigated by CSRC in connection with its provision of audit services to PRC companies. CSRC and other regulatory or self-regulatory institutions have imposed administrative regulatory measures on Suya Jincheng in recent years.

According to Suya Jincheng, its auditing work in connection with the Bonds is not affected by the above incidents and the audit or review reports included elsewhere in this Offering Circular are valid and effective. There can be no assurance that the involvement of Suya Jincheng in such administrative actions or any negative news about Suya Jincheng 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 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 China, 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. for 2016, which was the slowest annual GDP growth rate recorded in 26 years. For the years ended 31 December 2017, 2018 and 2019, China's GDP growth rate was 6.9 per cent., 6.6 per cent. and 6.6 per cent. 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. In 2020, the annual growth rate of China's GDP dropped to 2.3 per cent., as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC Government. While the PRC economy gained strength in 2021 with a GDP growth rate of 8.1 per cent., it slowed down to 3.0 per cent. in 2022 and increased to 5.0 per cent. in 2023.

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 (the "**EU**"). The United Kingdom withdrew from the EU on 31 January 2020 ("**Brexit**"). With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. It is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and the rest of the world. Furthermore, the Russo-Ukrainian and the Israel-Palestinian conflicts have led to significant volatility in the global markets. The extent and duration of such conflict, resulting sanctions and future market disruptions are impossible to predict, but could be significant and may have a severe adverse effect on the region, including a significant negative impact on the economy and the markets for certain securities and commodities, such as oil and natural gas, and on global economies. The outlook for the world economy and financial markets remains uncertain. Any volatility in the global markets and negative economic developments could, in turn, materially adversely affect the Group's business, prospects, financial condition or results of operations. In addition, this could adversely affect the Group's access to the debt capital markets and may increase funding costs, having a negative impact on the Group's revenue and financial conditions.

In addition, in recent years, there has been growing tension between the United States and the PRC. The two countries have been involved in disputes over trade barriers that have escalated into a trade war. The

U.S. government has changed its trade policies towards the PRC with measures such as imposition of increased tariffs on a wide range of Chinese products and restriction on exports of certain U.S. goods to China. The ongoing trade war between the United States and the PRC and any further escalations thereof could have a material adverse impact on the Chinese economy. Sustained or escalating tension between the United States and the PRC over trade policies could significantly undermine the stability of the global economy and thereafter may lead to additional costs and unexpected consequences on the Group's business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies have the potential to adversely impact the PRC's economy, which in turn could adversely impact the Group's business, financial condition and results of operations.

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 may affect the Group's business and prospects.

China's economy 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. China's economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented a series of measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises.

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

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

Uncertainty with respect to China's legal system may 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. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

The Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction.

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

The Guarantor is incorporated under the laws of the PRC. A majority of its assets are located in the PRC. In addition, all of its directors, supervisors and senior management reside within the PRC and the assets of its directors and officers are located within the PRC. As a result, it may be difficult for investors to effect service of process outside the PRC upon all of its 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 the PRC or if judgments of the courts in the PRC have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, the PRC does not have treaties or arrangements providing for the reciprocal recognition and enforcement of judgments of courts with some jurisdictions, including Japan, the United States and the United Kingdom. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgment in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), effective on 1 August 2008 (the "**Arrangement**"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. Therefore, it may be difficult or impossible for investors to recognise and enforce any judgments obtained from foreign courts against the Guarantor, or its directors, supervisors or senior management in the PRC without a "choice of court" agreement in writing pursuant to the Arrangement.

In addition, on 18 January 2019, the Supreme People's Court of China (the "**SPC**") and the government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the "**RRE Arrangement**"). The RRE Arrangement came into effect on 29 January 2024, the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645) of Hong Kong laws and the Supreme People's Court on Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (Judicial Interpretation [2024] No. 2 (最高人民法院關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排(法釋[2024]2號)). The RRE Arrangement extends the scope of judicial assistance and PRC and Hong Kong. The RRE Arrangement, upon its commencement on 29 January 2024, supersedes the Arrangement. However, the Arrangement will continue to apply to a "choice of court agreement" in writing (if any) made between the relevant parties before the commencement of the RRE Arrangement. While it is expected that the PRC courts may recognise and enforce a judgment given by the Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside Hong Kong will be limited.

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

A substantial portion of the operating revenue of the Group is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet its foreign currency needs, including cash payments on interests and principal, if any, on the Bonds. 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 interests and principal to the holders of the Bonds or any other foreign currency denominated debt, if any. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of SAFE. These limitations may affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

The Group's operations may be affected by rising inflation rates within the PRC.

Inflation rates within the PRC have been on an upward trend in recent years. Increasing inflation rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Group's expectations, the costs of its business operations, including, not the least, costs for raw materials and labour costs, may become significantly higher than the Group has anticipated for the future, limiting its ability to use financial resource efficiently. As a result, further inflationary pressures within the PRC may have an adverse effect on the Group's business, results of operations and financial condition, as well as its liquidity and profitability.

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

Facts 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 believe such facts and statistics are accurate and reliable, the Group cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Issuer, the Group, the Joint Lead Managers, the Trustee or the Agents or any of the Group or their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them, and, therefore, the Issuer, the Group, the Joint Lead Managers, the Trustee and the Agents and each of their respective affiliates, directors, employees, agents, representatives, officers and advisers and any person who controls any of them makes no representation as to the completeness, accuracy or fairness of such facts or other statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be incomplete, inaccurate or unfair or may not be comparable to statistics produced for other economies or the same or similar industries in other countries and should not be unduly relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts or other statistics.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The Bonds and the Guarantee are unsecured obligations.

As the Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively. The repayment under the Bonds or the Guarantee may be compromised 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 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 and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

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

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Bonds, liquidity will be restricted and the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. Although application will be made for the listing of the Bonds on the SEHK, no assurance can be given as to the liquidity of, or trading market for, the Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer and the Guarantor have no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

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

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

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

On the Maturity Date (as defined in the Terms and Conditions), the Bonds will be redeemed at their principal amount, or following the occurrence of a Change of Control (as defined in the Terms and Conditions), the Issuer or the Guarantor may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. of their principal amount, together in each case with any interest accrued to, but excluding, the Put Settlement Date. On the Maturity Date or if such an event were to occur, the Issuer or the Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Date or in such event may also be limited by the terms of other debt instruments. The Issuer's or, as the case may be, the Guarantor's failure to repay, repurchase or redeem the Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of its other indebtedness.

The PRC Government has no obligations under the Bonds, the Guarantee or the Trust Deed.

The PRC Government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Trust Deed and the Guarantee in lieu of the Issuer or, as the case may be, the Guarantor. This position has been reinforced by the MOF circular and the Joint Circular.

The PRC Government, including the Lianyungang Municipal Government, is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee and the Trust Deed in lieu of the Issuer or, as the case may be, the Guarantor. This position has been reinforced by the MOF Circular and the Joint Circular. The Lianyungang Municipal Government, as the sole shareholder of the Guarantor, only has limited liability in the form of its equity contribution in the Guarantor. Any ownership or control by the PRC Government does not necessarily correlate to, or provide any assurance as to, the Issuer's or the Guarantor's financial condition and/or their ability to perform their respective obligations under the Bonds, the Guarantee or the Trust Deed. As such, the PRC Government does not have any payment or other obligations under the Bonds, the Guarantee and the Trust Deed. The Bonds are solely to be repaid by the Issuer (or, if the Issuer does not pay any sum payable by it under the Bonds, by the Guarantor under the Guarantee) as an obligor under the relevant transaction documents and as an independent legal person.

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

As the Issuer 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 the 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 Bonds are familiar.

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

If the Issuer or the Guarantor is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer 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, some of the debt agreements of the Issuer or the Guarantor, 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, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the assets and cash flows of the Issuer or the Guarantor would be sufficient to repay all of its indebtedness in full, or that the Issuer or the Guarantor 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.

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

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

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

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

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

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

If the Guarantor fails to complete the Cross-Border Security Registrations in connection with the Guarantee within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

Pursuant to the Deed of Guarantee executed by the Guarantor, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor is required to submit the Deed of Guarantee for the Bonds with SAFE for registration in accordance with Cross-Border Security Registration, and within 15 PRC Business Days (as defined in the Terms and Conditions) after the execution of the Deed of Guarantee. As provided by the Cross-Border Security Registration, although the non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Guarantor fails to complete the SAFE registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee for the Bonds.

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

Under the Enterprise Income Tax Law of the PRC (2018 Revised) (the "**EIT Law**") effective on 29 December 2018 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Arrangement**") which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (2018 Revised) (the "**IIT Law**") effective on 1 January 2019, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. If the Issuer was regarded as a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the MOF and the State Administration of Taxation issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (Caishui [2016] No. 36) ("**Circular 36**"), amended on 11 July 2017 and effective on the same date and further amended on 20 March 2019 and effective on 1 April 2019, which introduced a new value-added tax ("**VAT**") from 1 May 2016. VAT is applicable where entities or individuals provide services within the PRC. The issuance of the Bonds is likely to be treated as the Bondholders providing the loans to the Issuer, which thus shall be regarded as the financial services for VAT purposes. Therefore, the Bondholders may be regarded as providing the financial services within the PRC and consequently, the Issuer may be obligated to withhold VAT of 6 per cent. and certain surcharges on payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. The interpretation and enforcement of Circular 36 together with other laws and regulations pertaining to VAT involve uncertainties.

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

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

The Bonds will be represented by beneficial interests in the Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear and Clearstream (the "**Clearing Systems**"). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Guarantor will discharge its payment obligations under the Bonds by making payments to the Clearing Systems for distribution to their accountholders with an interest in the Bonds.

A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Bonds. None of the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

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

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

The Issuer may issue additional Bonds in the future.

The Issuer may, from time to time, and without prior consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the issue date, the first interest payment date, and the timing for completing the NDRC Post-issue Filing and making the notifications thereof) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

International financial markets and world economic conditions may adversely affect the market price of the Bonds.

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

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

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

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

The Company has developed its Green Finance Framework (the "**Green Finance Framework**") and intends to adopt certain obligations with respect to the issue of the Bonds as described in the section headed "*Green Finance Framework*". An amount equal to the net proceeds from the offering of the Bonds will be allocated to refinance the Eligible Green Projects as defined in the Green Finance Framework. The Issuer, the Company or the Group cannot guarantee that it will be able to comply with the obligations as set out in the Green Finance Framework. However, it will not be an event of default under the Terms and Conditions if the Group fails to comply with such obligations. Such failure may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green or social assets meeting the criteria set out in "*Green Finance Framework*". Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green or social assets.

The Company has engaged Lianhe Green Development Company Limited ("**Lianhe Green**"), an external reviewer that specializes in rating environmental and corporate governance performance, to provide a second party opinion (the "**Second Party Opinion**") on its Green Finance Framework and to confirm the alignment with the various principles described in the "*Green Finance Framework*". The criteria for Lianhe Green's procedures are the Green Bond Principles (June 2021 Edition) released by International Capital Market Association, the Climate Bonds Standard V3.02 issued by Climate Bonds Initiative, the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission and the Green Loan Principles (February 2023 Edition) released by the Loan Market Association or as they may be subsequently updated. The Second Party Opinion is not incorporated into, and it does not form part of, this Offering Circular. The Second Party Opinion is not a recommendation to buy, sell or hold securities and are only current as of its date of issue and are subject to certain disclaimers set out therein. Furthermore, the Second Party Opinion is for information purposes only and none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, advisers, agents or affiliates or any person who controls any of them accepts any form of liability for the substance of the Second Party Opinion and/or any liability for loss arising from the use of the Second Party Opinion and/or the information provided in it.

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

While the Issuer intends to use the proceeds from the issuance of the Bonds in accordance with the Green Finance Framework, it would not be an event of default under the Terms and Conditions if it were to fail to comply with such obligations or were to fail to use the net proceeds in the manner specified in this Offering Circular and/or the Second Party Opinion and/or any other certification were to be withdrawn. Any failure to use the net proceeds in the manner specified in this Offering Circular, and/or any failure to meet, or to continue to meet, the investment requirements of certain investors with environmental and/or social concerns with respect to the Bonds, may affect the value and/or trading price of the Bonds, and/or may have consequences for certain investors with portfolio mandates to invest in green or social projects. In the event that the Bonds are included in any dedicated "green", "social", "environmental", "sustainable" or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Guarantor or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates. None of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, advisers, agents or affiliates or any person who controls any of them makes any representation as to the suitability or reliability for any purpose of the Second Party Opinion or any other certification or whether the Bonds fulfil, in whole or in part, the relevant environmental criteria or any present or future investor expectations or requirements.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of U.S.$150,000,000 5.70 per cent. guaranteed green bonds due 2027 (the "**Bonds**", which term shall include, unless the context requires otherwise, any additional bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by the resolutions of the sole director of Haichuan International Investment Co., Ltd. (the "**Issuer**") passed on 24 September 2024.

The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the "**Trust Deed**") dated on or about 27 September 2024 (the "**Issue Date**") among the Issuer, Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司) (the "**Guarantor**") and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the "**Trustee**" which expression shall, where the context so permits, include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the certificates evidencing the Bonds.

The Bonds have the benefit of a deed of guarantee dated on or about the Issue Date (as amended and/or supplemented from time to time, the "**Deed of Guarantee**") entered into between the Guarantor and the Trustee relating to the Bonds. The giving of the Guarantee (as defined in Condition 3(b)) was authorised by a resolution of the board of directors of the Guarantor dated 10 April 2024 and a resolution of the shareholder of the Guarantor dated 10 April 2024.

The Bonds are the subject of an agency agreement (as amended and/or supplemented from time to time, the "**Agency Agreement**") dated on or about 27 September 2024 relating to the Bonds among the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as registrar (the "**Registrar**", which expression shall include any successor registrar appointed from time to time in connection with Bonds), as transfer agent (the "**Transfer Agent**", which expression shall include any successor transfer agent appointed from time to time in connection with the Bonds), and as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds).

For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by the Bondholders (as defined below) at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office of the Principal Paying Agent (being as at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong)following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent. "**Agents**" means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have the meanings given to them in the Trust Deed.

1 FORM, DENOMINATION AND TITLE

The Bonds are issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (each a "**Specified Denomination**").

The Bonds are evidenced by registered certificates (the "**Certificates**") and, save as provided in Condition 2(a), each Certificate shall evidence the entire holding of Bonds by the same holder.

Title to the Bonds shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Each holder (as defined below) shall be entitled to receive only one Certificate in respect of its entire holding of Bonds. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed from of transfer) evidencing it or the actual or alleged theft, destruction or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, "**Bondholder**" and "**holder of the Bonds**" and (in relation to a Bond) "**holder**" mean the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first-named thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the "**Global Certificate**") registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV and Clearstream Banking S.A. These Conditions are modified by certain provisions contained in the Global Certificate.*

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

2 TRANSFERS OF BONDS

(a) **Transfer:** A holding of Bonds may, subject to Condition 2(d) and the Agency Agreement, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) evidencing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred (which shall be in a Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in a Specified Denomination). In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers and registration of the Bonds, the initial form of which is scheduled to the Agency Agreement. No transfer of title to a Bond will be valid unless and until entered on the Register. 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 for inspection (free of charge to the Bondholders and at the Issuer's expense) by the Registrar to any Bondholder at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the specified office for the time being of the Registrar following prior written request and proof of holding and identity to the satisfactory of the Registrar. Bonds may not be transferred unless the principal amount of such Bonds to be transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of such Bonds not being transferred are equal to or more than the Specified Denomination.

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

(b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of any Bonds pursuant to Condition 2(a) shall be made available for delivery within seven business days of receipt by the Transfer Agent or the Registrar of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as such Transfer Agent or the Registrar may specify. In this Condition 2(b), "**business day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** Certificates, on transfer, exercise of an option or redemption of the Bonds, shall be issued and registered without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any tax, assessments, 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 Transfer Agent may require in respect thereof); (ii) the Registrar or the relevant Transfer Agent (as the case may be) 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 Transfer Agent (as the case may be) being satisfied that the regulations concerning transfer of Bonds have been complied with.

(d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium or interest in respect of that Bond, (ii) after the Certificate evidencing any such Bond has been surrendered for redemption pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)), or (iv) after notice of redemption has been given pursuant to Condition 6(b).

3 STATUS AND GUARANTEE

(a) **Status:** The Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by Applicable Law (as defined in the Trust Deed), and at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.

(b) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by Applicable Law, and at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor.

4 COVENANTS

(a) **Financial Information:** For so long as any Bond remains outstanding:

(A) the Guarantor will furnish the Trustee with (A) a Compliance Certificate of the Guarantor in English (on which the Trustee may rely conclusively as to such compliance) and a copy of the relevant Guarantor Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or internationally recognised firm of independent accountants) and if such financial statements are in the Chinese language, together with an English translation of the same prepared by (aa) a nationally or internationally recognised firm of accountants or (bb) a professional translation service provider; 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 Guarantor Unaudited Financial Reports within 120 days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports; and

(B) the Issuer will furnish the Trustee with a Compliance Certificate in English of the Issuer pursuant to the Trust Deed (on which the Trustee may rely conclusively as to such compliance) (a) within 150 days of the end of each financial year and (b) within 14 days of any request therefor from the Trustee.

The Trustee shall not be required to review the Guarantor Audited Financial Reports, the Guarantor Unaudited Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4(a) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing so. None of the Trustee and the Agents shall be responsible to verify the accuracy or completeness of the translation of, any Guarantor Audited Financial Reports or Guarantor Unaudited Financial Reports as aforesaid. The Trustee shall be entitled to assume that each English translation is a complete and accurate translation of the original, and may rely conclusively without liability to any Bondholder, the Issuer, the Guarantor or any other person.

(b) **Undertakings relating to the Guarantee:**

(A) The Guarantor undertakes to use its best endeavours to file or cause to be filed with the State Administration of Foreign Exchange or its local counterpart ("**SAFE**"), the Guarantee within 15 PRC Business Days after the execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantee (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**"). The Guarantor shall use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) and comply with all applicable PRC laws and regulations in relation to the Guarantee.

(B) The Guarantor shall as soon as reasonably practicable after receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration by the Guarantor issued by SAFE), provide the Trustee with (1) 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; and (2) a copy of the relevant SAFE registration certificate or any document evidencing the completion of the registration with SAFE by the Guarantor (each certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor) (the items in (1) and (2) collectively, the "**Registration Documents**").

In addition, the Guarantor shall procure that within five PRC Business Days after the Registration Documents are delivered to the Trustee, the Issuer shall ensure that notice is given to the Bondholders (substantially in the form set out in the Trust Deed and in accordance with Condition 16) confirming the completion of the Cross-Border Security Registration.

The Trustee shall have no obligation or duty to monitor or ensure or in any way assist with the filing or registration of the Bonds or the Guarantee with SAFE or the NDRC Post-issue Filing (as defined below) 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 or the NDRC Post-issue Filing and/or the documents evidencing the Cross-Border Security Registration and the NDRC Post-issue Filing (if any) or to procure any documents not in English be translated into English or, if any English translation of any documents is provided or retained, to verify the accuracy of any English translation of any certificate, confirmation or document or to give notice to the Bondholders confirming the completion of the Cross-Border Security Registration and/or the NDRC Post-issue Filing, and shall not be liable to Bondholders or any other person for not doing so.

(c) **Undertakings in relation to NDRC:**

(A) The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents in relation to the issue of the Bonds within ten PRC Business Days after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- to Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(中華人民共和國國家發展和改革委員會令第56號)) (the "**NDRC Circular 56**") issued by the NDRC on 5 January 2023 which came into effect on 10 February 2023, and any implementation rules as issued by the NDRC from time to time (the "**NDRC Post-issue Filing**") and (ii) make other appropriate post-issuance disclosures, registrations and filings in connection with the Bonds from time to time as required by applicable laws and regulations of the PRC including but not limited to the NDRC Circular 56.

(B) The Guarantor shall complete the NDRC Post-issue Filing and provide such document(s) filed with the NDRC within the prescribed timeframe and shall comply with all applicable PRC laws and regulations in connection with the Bonds. The Guarantor shall within ten PRC Business Days after submission of such NDRC Post-issue Filing provide the Trustee with a certificate in English in substantially the form scheduled to the Trust Deed signed by any Authorised Signatory of the Guarantor confirming the submission of the NDRC Post-issue Filing (together with copies of the document(s) filed with the NDRC, each certified in English as a true and complete copy of the original by an Authorised Signatory of the Guarantor).

In addition, the Guarantor shall procure that within five PRC Business Days after confirming the submission of the NDRC Post-issue Filing is delivered to the Trustee, the Issuer shall ensure that notice is given to the Bondholders (substantially in the form set out in the Trust Deed and in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing.

(d) **In these Conditions:**

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Business Day**" means a day (other than a Saturday or a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in New York, London and Hong Kong;

"**Compliance Certificate**" means a certificate in English (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 has occurred, giving details of it; and

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

"**Guarantor Audited Financial Reports**" means, for a Relevant Period, the annual audited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cashflow statement and the consolidated statement of changes in owners' equity of the Guarantor together with the corresponding auditors' audit report and notes to the financial statements prepared in accordance with the PRC GAAP;

"**Guarantor Unaudited Financial Reports**" means the semi-annual unaudited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement and the consolidated cashflow statement of the Guarantor prepared on a basis consistent with the PRC GAAP;

"**Hong Kong**" means the Hong Kong 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;

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

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

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

"**Relevant Period**" means, in relation to the Guarantor 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, in relation to the Guarantor Unaudited Financial Reports, each period of six months ending on the last day of each six-month period of the financial year of the Guarantor (being 30 June of that financial year); and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.70 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$28.50 per Calculation Amount (as defined below) on 27 March and 27 September each year (each an "**Interest Payment Date**"), commencing on 27 March 2025.

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

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

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

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

6 REDEMPTION AND PURCHASE

(a) **Final Redemption:** Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 September 2027 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for Tax Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up 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) the Issuer (or, if the Guarantee were called, the Guarantor) has or would 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 (the "**BVI**") 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 (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 September 2024, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion of legal counsel or a tax consultant, in either case, of recognised standing with respect to taxation matters of the BVI or the PRC, as the case may be, addressed to and in form and substance satisfactory to the Trustee stating that the requirement to pay such Additional Tax Amounts arises as a result of such change or amendment referred to above in this Condition 6(b). The Trustee shall be entitled (but shall not be obliged to) to accept and rely conclusively upon such certificate and opinion as sufficient evidence (without further investigation or query and without liability to the Bondholders or any other person) of the satisfaction of the condition precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any Tax Redemption Notice is given under this Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b) in which event the same shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and shall have no liability to the Issuer, any Bondholder or any other person for so accepting and relying conclusively without investigation on such certificate or opinion.

Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 6(b) has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 6(b) or any Put Exercise Notice under Condition 6(c) and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.

(c) **Redemption for Change of Control:** At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 101 per cent. of their principal amount, together with interest accrued up to but excluding the Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with this Condition 6(c) and Condition 16. The "**Put Settlement Date**" shall be the fourteenth Business Day after the expiry of such period of 30 days as referred to above in this Condition 6(c).

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

The Issuer shall give notice to Bondholders (in accordance with Condition 16) and to the Trustee and the Principal Paying Agent in writing by not later than 14 PRC Business Days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

Neither the Trustee nor the Agents shall be required to monitor whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred or may occur and none of them shall be liable to Bondholders or any other person for not doing so. Each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. Neither the Trustee nor any of the Agents shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with a Change of Control and none of them shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing any of the foregoing.

For the purposes of these Conditions:

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

(A) (x) the Lianyungang Municipal Government, and (y) any other person directly or indirectly controlled by Jiangsu Provincial Government or the central government of the PRC, together cease to directly or indirectly hold or own 100 per cent. of the issued share capital of the Guarantor; or

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

(d) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

(e) **Purchase:** The Guarantor, the Issuer and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Guarantor, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

(f) **Cancellation:** All Certificates evidencing Bonds which are redeemed or purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) **Method of Payment:**

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

(ii) Interest on each Bond shall be paid, on the due date for payment, to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by transfer to the registered account of the Bondholder. For the purposes of this Condition 7(a), a Bondholder's "**registered account**" means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the Record Date.

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

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

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

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

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

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer (failing whom, the Guarantor) to the Bondholders.

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

(f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, "**Payment Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business in Hong Kong, London and New York City, the place in which the specified office of the Principal Paying Agent is located and (if presentation or surrender of the relevant Certificate is required) the relevant place of presentation.

8 TAXATION

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

Where such set-off, counterclaim, withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 25 September 2024 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such set-off, counterclaim, withholding or deduction been required.

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

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

(b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate evidencing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate evidencing such Bond for payment on the last day of such period of 30 days.

In these Conditions, "**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date which is fourteenth Business Days (as defined in Condition 4(d)) after that on which notice is duly given to the Bondholders that, upon further surrender of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such surrender.

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

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessment, governmental charge, withholding or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such taxes, duties, assessments, governmental charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

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

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

(b) **Breach of Other Obligations:** the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Bonds, the Guarantee, the Trust Deed, (other than those referred to in Condition 9(a)(i) or a Change of Control which gives rise to a right of redemption pursuant to Condition 6(c)) which default (i) in the opinion of the Trustee is incapable of remedy, or (ii) in the opinion of the Trustee being a default which is capable of remedy, remains unremedied for 30 days after written notice of such default is given to the Issuer and the Guarantor by the Trustee; or

(c) **Cross-Acceleration:** (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 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 9(c) have occurred equals or exceeds U.S.$40,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 9(c) operates); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against a material part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary and is not discharged or stayed for a period of 30 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 Principal Subsidiary in respect of all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person and is not discharged or stayed for a period of 30 days); or

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

(g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, (ii) in the case of any Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Subsidiaries, (iii) a disposal of or by a Principal Subsidiary at Fair Market Value and the net proceeds from such disposal shall be transferred to or otherwise vested in the Guarantor or any of its Subsidiaries, or (iv) on a solvent winding-up basis; 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 Principal Subsidiary which individually or in aggregate would have a material adverse impact on the ability of the Issuer and/or the Guarantor to perform and comply with their respective obligations under the Bonds, the Guarantee and the Trust Deed; or

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

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

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

(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 9(a) to 9(k), both inclusive.

In this Condition 9:

"**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by such seller; and

"**Principal Subsidiary**" means any Subsidiary of the Guarantor:

(a) whose operating revenue (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries), whose net profit (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has consolidated Subsidiaries) represent not less than five per cent. of the consolidated operating revenue, consolidated net profit or, as the case may be, the consolidated total assets of the Guarantor and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest Guarantor Audited Financial Reports, provided that:

   (i) in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Guarantor relate for the purpose of applying each of the foregoing tests, the reference to the Guarantor's latest audited consolidated financial statements shall be deemed to be a reference to such audited financial statements as if such Subsidiary had been shown therein by reference to its then latest relevant audited financial statements, adjusted as deemed appropriate by the auditor for the time being, after consultation with the Guarantor;

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

   (iii) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) 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 financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Guarantor; or

(b) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Principal Subsidiary, whereupon (i) in the case of a transfer by a Principal Subsidiary, the transferor Principal Subsidiary shall immediately cease to be a Principal Subsidiary; and (ii) the transferee Subsidiary shall immediately become a Principal Subsidiary, provided that on or after the date on which the relevant audited financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined pursuant to the provisions of sub-paragraph (a) above of this definition. A statement in writing by any Authorised Signatory of the Guarantor that in its opinion (making such adjustments (if any) as he or she shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Guarantor, the Trustee, the Agents and the Bondholders.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND ENTITLEMENTS

(a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all fees, costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the Maturity Date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to cancel or amend the Deed of Guarantee in a manner that is materially prejudicial to the interests of the Bondholders, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed and whether or not they voted in favour of such resolution).

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

*So long as the Global Certificate is held on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., or any other clearing system, a resolution may be passed by way of electronic consent through the electronic communication systems of the relevant clearing system in accordance with the Trust Deed on behalf of holders of not less than 90 per cent. in aggregate principal amount of the Bonds for the time being outstanding ("**Electronic Consent**"). An Electronic Consent shall take effect as an Extraordinary Resolution. An Electronic Consent will be binding on all Bondholders, whether or not they participated in such Electronic Consent and even if the relevant consent instruction proves defective.*

(b) **Modification of Agreements and Deeds:** The Trustee may, but shall not be obliged to, agree without the consent of the Bondholders to any modification to these Conditions, the Trust Deed, the Agency Agreement or the Deed of Guarantee which is, in its opinion, of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of law. The Trustee may also so agree without the consent of the Bondholders to any modification to, and any waiver or authorisation of any breach or proposed breach of, the Trust Deed, these Conditions, the Agency Agreement or the Deed of Guarantee which is in its opinion not materially prejudicial to the interests of the Bondholders, but such power does not extend to any such modification as is mentioned in the proviso to paragraph 3 of Schedule 3 of the Trust Deed. Any such modification, waiver or authorisation may be subject to such terms and conditions (if any) as the Trustee may determine and will be binding on the Bondholders and, unless the Trustee otherwise agrees, any such modification, waiver or authorisation will be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable thereafter in accordance with Condition 16. The Trustee may request, and may conclusively rely upon, any certificate signed by an Authorised Signatory of the Issuer or of the Guarantor and/or an opinion of counsel concerning the compliance with the above conditions in respect of any such modification, waiver, authorisation and/or amendment and shall not be liable to the Bondholders or any other person for such reliance.

(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 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders, and the Trustee shall not be entitled to require on behalf of any Bondholders, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

The Trustee may at its sole and absolute discretion and without further notice, take any steps and/or actions and/or initiate any proceedings and/or other steps as it may think fit against or in relation to the Issuer and/or the Guarantor to enforce payment of the Bonds after the Bonds have become due and payable or to declare the Bonds due and payable and enforce any of the terms under the Trust Deed, the Deed of Guarantee, the Agency Agreement and/or the Bonds, provided that the Trustee shall not be under any obligation to do any of the foregoing unless it shall have been so requested in writing by the holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution and unless, in any such case, it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any Applicable Law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power. The Trustee shall incur no liability to the Issuer, the Guarantor, the Bondholders or any other person for taking or refraining from taking such action in accordance with the instructions or any direction or request of the Bondholders. The Trustee shall be entitled to rely on any direction or instruction or request of Bondholders (whether given by Extraordinary Resolution or otherwise as contemplated or permitted by the Trust Deed and/or the Bonds). No Bondholder will be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking steps and/or actions and/or instituting proceedings its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds and/or the Guarantee, or take any steps and/or actions and/or instituting proceedings and payment or taking other actions, unless first indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to be paid or reimbursed its fees, costs, expenses and indemnity payments and for any liabilities incurred by it in priority to the claims of Bondholders. Each of the Trustee, the Agents and their respective affiliates is entitled to (i) 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, (ii) exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iii) retain any profit made or any other amount or benefit received thereby or in connection therewith without accounting for such profits.

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 or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed under the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions and, unless it has express 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 Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction or at the request of the Bondholders. The Trustee and the Agents shall be entitled to rely conclusively on any direction, request or resolution of Bondholders given by Bondholders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions to exercise any discretion or power, take or refrain from any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and neither the Trustee nor any of its Agents shall be under any obligation to ascertain whether any Event of Default, Potential Event of Default or Change of Control or any circumstance or event which could lead to the occurrence of any of the foregoing has occurred or to monitor compliance by the Issuer and/or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, and shall not be liable to the Bondholders or any other person for not doing so. Neither the Trustee nor any of its Agents is responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking or refraining from such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received.

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

The Trustee and the Agents may rely conclusively without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information, advice or opinion and, in such event, such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders and, to the extent provided or procured by the Issuer and/or the Guarantor, or the Issuer and/or the Guarantor expressly agreed to be bound by, on the Issuer and the Guarantor. The Trustee and the Agents shall not be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on any such report, confirmation, certificate, information, advice or opinion.

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

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first interest payment date, and the timing for completing the NDRC Post-issue Filing, and making the notifications thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. Any such further bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee or an additional deed of guarantee, as the case may be.

16 NOTICES

Notices to the holders of the Bonds shall be valid if 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, Sunday or public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the second day after being mailed or, as the case may be, on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made. Neither the Trustee nor the Agents have any duty to monitor or supervise any publication of notices of the Issuers on any stock exchange or other relevant authority on which the Bonds are for the time being listed.

So long as the Global Certificate is held in its entirety on behalf of Euroclear Bank SA/NV and Clearstream Banking S.A., any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank SA/NV and Clearstream Banking S.A. for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, except to the extent expressly provided for in these Conditions and in the Trust Deed and without prejudice to the rights of Bondholders as contemplated in Condition 13.

18 GOVERNING LAW AND JURISDICTION

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

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Agency Agreement and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Agency Agreement or the Trust Deed ("**Proceedings**") may be brought in the courts of Hong Kong. Each of the Issuer and the Guarantor has, in the Trust Deed, the Agency Agreement and the Deed of Guarantee, irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong and waive 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 an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee. If for any reason the Issuer or the Guarantor, as the case may be, ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and shall notify the Trustee of such replacement within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.

(d) **Waiver of Immunity:** Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents 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.

USE OF PROCEEDS

The gross proceeds from this offering will be U.S.$150,000,000. The Issuer intends to use the net proceeds from this offering, being the gross proceeds less commissions and other estimated expenses payable in connection with the offering, for refinancing its existing offshore debts in accordance with the Green Finance Framework.

GREEN FINANCE FRAMEWORK

INTRODUCTION

Being an enterprise directly and wholly owned by the Lianyungang Municipal Government, the Group has been mandated by the Lianyungang Municipal Government on an exclusive basis to implement the PRC Government's and Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District, a key state-level economic development zone in China. Over the years, the Company together with its subsidiaries not only have established a strong track record of infrastructure and ancillary facility development in Lianyungang Xuwei New District, but also proven to be a key force to enhance the commercial attractiveness and competitiveness of Lianyungang Xuwei New District by exploring and integrating local social, natural and industry resources.

As a major investment and financing platform of the Lianyungang Municipal Government to develop Lianyungang Xuwei New District, the Group engages in a wide range of business activities to carry out its mission, which primarily consist of (i) infrastructure and affordable housing construction, (ii) port logistics, (iii) public utility services, (iv) port industrial park supporting services and (v) miscellaneous.

GREEN FINANCE FRAMEWORK

The Company has prepared the Green Finance Framework, which is intended to provide overarching principles and guidelines for all green financing opportunities for the Company.

With respect to bonds, bonds issued under Green Finance Framework will be in alignment with the Green Bond Principles (GBP) 2021 released by International Capital Market Association or the Climate Bonds Standard V3.02 issued by Climate Bonds Initiative, or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission (CSRC) or as they may be subsequently amended.

With respect to loans, loans issued under Green Finance Framework will be in alignment with the Loan Market Association ("**LMA**") Green Loan Principles ("**GLP**") 2023 or as they may be subsequently amended.

Other forms of financing may conform to other green finance principles as may have been established at the time of such financing transaction being undertaken.

Green Finance Framework addresses the five pillars including use of proceeds, process for project evaluation and selection, management of proceeds, reporting, and external reviews.

USE OF PROCEEDS

The Group will allocate an amount at least equivalent to the net proceeds of the green financing instruments ("**Green Financing Instruments**") issued under the Green Finance Framework to finance and/or re-finance, in whole or in part, projects which meet the eligibility criteria of the following eligible green project categories ("**Eligible Green Projects**"), as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and the Group is committed to fully allocate the net proceeds of each issuance under the Green Finance Framework within 24 months from issuance/borrowing.

Eligible Green Project Categories	Qualified Green Projects
Green Buildings	Acquisition, construction, maintenance and renovation of building that have received the below recognized green building certifications: • Conform to Green Building Evaluation Standards (GB/T 50378) with one star or above or obtain U.S. Leadership in Energy and Environmental Design (LEED) — Gold grade or above; • Building and Construction Authority (BCA) Green Mark Gold or above; • Meet the requirements of the "Near-Zero Energy Building Technical Standards" (GB/T 51350); • A maximum 3-year timeframe would be required for properties/buildings to obtain the green certification under the Green Finance Framework. All eligible properties or buildings will have a pre-design green certification.
Renewable Energy	Investment, acquisition and expenditures related to design, manufacture, construction, installation, and operation of 1) renewable energy systems, including photovoltaic solar and wind power (onshore/offshore), 2) renewable electricity energy storage system (i.e. batteries, capacitor).
Energy Efficiency	Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to: • In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T 50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or • Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings" (GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or

- Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type TS, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or

- Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the "Statistical Standard for Civil Buildings" (GB 50352), the "Standard for Energy-Saving in Public Buildings" (GB 50189) and the "Standard for the Evaluation of Green Retrofit of Existing Buildings" (GBT 51141).

Sustainable Water and Wastewater Management

Investment, acquisition and expenditures related to construction, development, upgrade, installation, operation and maintenance the facilities of water supply infrastructure, wastewater treatment infrastructure, urban drainage systems, flood control and defenses, pumping stations, distribution network, water recycling systems (i.e. recycling or reuse water, rainwater collection) to save water, improve the water leakage performance and the efficiency.

Exclusion Criteria

The Group commits that any activities, assets and technologies related to the below will be excluded from Eligible Green Projects:

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

- production or trade in arms and ammunition;

- production or trade in alcoholic beverages (other than beer and wine);

- production or trade in tobacco;

- gambling, casinos and equivalent businesses;

- production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);

- production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

PROCESS FOR PROJECT EVALUATION AND SELECTION

The overall principle includes two parts as follows:

1) Select national and regional key green projects with a certain scale effect or demonstration effect.

2) Adhere to the principle of diversification in the selection of project types and regions.

Specific screening criteria: two-tier green project screening mechanism.

Eligible Green Projects will be selected according to above eligibility criteria.

Stage 1 Evaluation Procedure:

Review and select green projects preliminarily in accordance with the Green Bond Principles (GBP) 2021 released by International Capital Market Association, or the Climate Bonds Standard V3.0 issued by Climate Bonds Initiative, or the Green Bond Endorsed Projects Catalogue (2021 Edition) jointly announced by the People's Bank of China, the National Development and Reform Commission and the China Securities Regulatory Commission.

Stage 2 Evaluation Procedure:

Further review and confirm on the green projects based on the direct and indirect environmental key performance indicators ("**KPIs**").

1) Direct environmental KPIs: environmental KPIs disclosed in the supporting documents for the projects, which are expected to be quantitative.

2) Indirect environmental KPIs:

   i. According to the supporting documents for the projects, energy-saving technologies or producing methods have been adopted in the projects.

   ii. The projects are in line with the policies and initiatives on the sustainable development at low carbon emissions, energy-savings and emissions reduction in the national or international markets.

Accountability Mechanisms for the Group's Green Finance

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

- Finance and Capital Department

- Financing Management Department

- Project Management Department

The GFWG may be supplemented from time to time, or expanded, by the inclusion of representatives from other relevant teams.

The GFWG will:

- Meet at least two times each year to select and evaluate green projects to invest in for the current year and the next year

- Ratify Eligible Green Projects, which are initially proposed by the constituent team members

- Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's Green Finance Framework Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects

- Ensure that projects comply with the Group's Environmental Risk Management framework as well as applicable local governmental regulations and ensure that projects no longer meeting the selection criteria detailed in the Green Finance Framework will be removed and/or substituted on a best efforts basis throughout the life of the bond/loan

- Ensure that the proceeds of bonds/loans will be periodically adjusted to match allocation to eligible projects made during that period

- Facilitate regular reporting on any Green Finance Tool ("**GFT**") in alignment with our Reporting commitments

- Manage any future updates to the Green Finance Framework

- Ensure that the approval of Eligible Green Projects will follow the Group's existing credit/loan/investment approval processes

MANAGEMENT OF PROCEEDS

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

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

1. GFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.

2. Eligible Green Project Allocation List, information including:

    - The Eligible Green Projects List, including for each Eligible Green Project, the Eligible Green Project category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.

    - Amount of unallocated Proceeds.

Management of the unallocated proceeds

It is the Group's intention to deploy proceeds of each of the Group's GFT to Eligible Green Projects within a 2-year period. If part of the proceeds cannot be allocated to Eligible Green Projects at the moment, the Group can deposit the unallocated proceeds into the designated account for the green bond, or invest the unallocated proceeds into qualified money market products or debt instruments according to the relevant rules and regulations set out by the competent authorities.

REPORTING

The Group will provide information on the allocation of the net proceeds of its green financing instruments ("**Green Financing Instruments**") in a Green Finance Report. Such information will be provided on an annual basis until all the net proceeds have been allocated. According to the market needs, the information may contain the following details:

1) List of Eligible Green Projects

2) The amount of Proceeds allocated to each Eligible Green Project category

3) When possible, descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.

4) Selected examples of projects financed

5) Percentage of financing vs. refinancing

6) Amount of unallocated Proceeds

Furthermore, the Group will confirm that the use of proceeds of the GFT conforms to Green Finance Framework and that report on a timely basis if any material development until full allocation.

Impact Reporting

The Group will provide reporting on the environmental benefits of the Eligible Green Projects potentially with the following environmental impact indicators. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Project Categories	**Impact Indicators**
Green Buildings	• Level of certification by property • Energy efficiency gains in MWh or percentage vs baseline • Estimated avoided GHG emissions (tCO_2eq) • Annual energy savings (MWh pa) • Annual absolute (gross) water saving in m^3/a

Renewable Energy	•	The minimum of 85 per cent. of power generation from the facility is derived from solar energy sources;
	•	The energy storage system dedicated connection to a power production plant eligible under the low carbon power threshold of $100gCO_2/kWh$.
Energy Efficiency	•	Amount of energy saved (in MWh)
	•	Annual energy efficiency improvement in percentage
Sustainable Water and Wastewater Management	•	The waste water discharge standard will meet the national and/or regional discharge standard of pollutants for municipal wastewater treatment plant (i.e. GB 18918-2002); or
	•	The flood defenses and climate resilient projects that implement chronic and acute physical climate risks identification and vulnerability assessments, and the corresponding adaptation and resilience solutions can reduce the most water related physical climate risks.

The allocation and impact reporting mentioned above will be disclosed to the Group's stakeholders.

EXTERNAL REVIEWS

Pre-issuance

The Group has engaged Lianhe Green to provide a second party opinion on the Green Finance Framework to review and confirm its alignment with the GBP and GLP. Lianhe Green has reviewed the Green Finance Framework and on September 24, 2024 provided its Second Party Opinion. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer, the Guarantor, the Group and the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Bonds issued as Green Bonds. The Second-Party Opinion together with the Green Finance Framework will be published on the Group's website. Neither the Green Finance Framework nor the Second Party Opinion is incorporated into this Offering Circular and neither the Green Finance Framework nor the Second Party Opinion forms part of this Offering Circular.

Post-issuance

An independent third party may be engaged to review and verify the internal tracking and allocation of funds from the GFTs to Eligible Green Projects, as well as the Eligible Green Projects expected and actual impact that is disclosed in the annual reporting.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness and total capitalisation of the Guarantor as at 31 December 2023 on an actual basis and on an adjusted basis to give effect to the issue of the Bonds before deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering:

	As of 31 December 2023			
	Actual		As adjusted	
	(RMB'000) (audited)	(USD'000)[1] (unaudited)	(RMB'000) (audited)	(USD'000)[1] (unaudited)
Short-term indebtedness				
Short-term loans	6,734,684	948,560	6,734,684	948,560
Non-current liabilities due within one year	8,942,077	1,259,465	8,942,077	1,259,465
Other current liabilities	3,754,246	528,775	3,754,246	528,775
Total short-term indebtedness	**19,431,007**	**2,736,800**	**19,431,007**	**2,736,800**
Long-term indebtedness				
Long-term loans	34,953,022	4,923,030	34,953,022	4,923,030
Bonds payable	6,456,715	909,409	6,456,715	909,409
Lease liabilities	140,878	19,842	140,878	19,842
Bonds to be issued[2]	–	–	1,064,985	150,000
Total long-term indebtedness	**41,550,615**	**5,852,281**	**42,615,600**	**6,002,281**
Total indebtedness[3]	**60,981,622**	**8,589,081**	**62,046,607**	**8,739,081**
Total owners' equity	36,531,316	5,145,328	36,531,316	5,145,328
Total capitalisation[4]	**97,512,938**	**13,734,409**	**98,577,923**	**13,884,409**

Notes:

(1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB7.0999 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York on 29 December 2023.

(2) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the fees and commissions, offering discounts and other expenses payable by the Issuer in connection with the issuance of the Bonds.

(3) Total indebtedness equals the sum of short-term indebtedness and long-term indebtedness.

(4) Total capitalisation equals the sum of total indebtedness and total equity.

Since 31 December 2023, the Group has incurred indebtedness to replenish its working capital, to finance and refinance its business development and its construction projects and for other general corporate purposes. In particular, in February 2024, the Issuer issued credit enhanced guaranteed green bonds due 2027 in the aggregate principal amount of U.S.$150 million with an interest rate of 5.45 per cent. per annum. In February 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB450 million with an interest rate of 2.96 per cent. per annum. In March 2024, Fangyang Group issued short-term financing notes due 2025 in the aggregate principal amount of RMB500 million with an interest rate of 2.53 per cent. per annum, corporate bonds due 2027 in the aggregate principal amount of RMB600 million with an interest rate of 3.4 per cent. per annum and short-term financing notes due 2025 in the aggregate principal amount of RMB400 million with an interest of 2.48 per cent. per annum. In May 2024, Fangyang Group issued corporate bonds due 2027 in the aggregate principal amount of RMB900 million with an interest of 2.84 per cent. per annum. In July 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB600 million with an interest rate 2.4 per cent. per annum. In August 2024, Fangyang Group issued corporate bonds in the aggregate principal amount of RMB1 billion with an interest rate of 2.12 per cent. per annum. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Group since 31 December 2023.

DESCRIPTION OF THE ISSUER

Formation

The Issuer is a business company incorporated in the British Virgin Islands with limited liability on 1 June 2016. The Issuer is an indirect wholly-owned subsidiary of the Guarantor. Its registered office is at Maples Corporate Services (BVI) Limited, Kingston Chambers, PO Box 173, Road Town, Tortola, British Virgin Islands. As at the date of this Offering Circular, it is authorised to issue a maximum of 50,000 shares of a single class of no par value and has one share in issue.

Business Activities

The Issuer was established pursuant to the unrestricted objects and powers set out in its articles of association. The Issuer has not undertaken any business activities since the date of its incorporation, other than those incidental to its incorporation and establishment and those incidental to issuances of bonds including the Bonds, and any other activities reasonably incidental thereto.

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.

Director

The sole director of the Issuer is Sun Xiaoling. The sole director does not hold any shares or 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.

DESCRIPTION OF THE GROUP

Overview

Established in 2018, the Guarantor is a major industrial investment and operation entity in Lianyungang and plays an important role in supporting infrastructure investment and operation in Lianyungang Xuwei New District. Since its establishment, the Guarantor received various state-owned capital and resources in accordance with the regional initiative to optimise state-owned assets. In February 2024, Lianyungang XND Management Committee transferred 60 per cent. equity interest in Jiangsu Xianghe Agricultural Development Co., Ltd. (江蘇香河農業開發有限公司) to the Guarantor with nil consideration. In March 2024, pursuant to the Approval Reply of the Lianyungang Municipal Government on the Establishment of Jiangsu Fangyang Holdings Co., Ltd. (Lianzhengwen [2024] No. 10) (市政府關於同意組建江蘇方洋控股有限公司的批覆), 100 per cent. equity interest in Fangyang Group held by Lianyungang Municipal Government was transferred to the Guarantor with nil consideration. Since then, the Guarantor has become the controlling shareholder of Fangyang Group. Being an enterprise directly and wholly owned by the Lianyungang Municipal Government, the Guarantor has been mandated by the Lianyungang Municipal Government on an exclusive basis to implement the PRC Government's and Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District (連雲港徐圩新區), a key state-level economic development zone in China. Over the years, the Guarantor together with its subsidiaries not only have established a strong track record of infrastructure and ancillary facility development in Lianyungang Xuwei New District, but also proven to be a key force to enhance the commercial attractiveness and competitiveness of Lianyungang Xuwei New District by exploring and integrating local social, natural and industry resources.

Lianyungang Xuwei New District is a key component of, and a demonstration district in, the National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區), which was set up by the State Council in June 2011 as part of the implementation of its "Jiangsu Coastal Area Development Plan" released in June 2009. The National East-Central-West Regional Cooperation Demonstration Region forms an important part of the "Yangtze River Delta Regional Development Plan" approved by the State Council in May 2016 and is of significant strategic importance to achieving a balanced economic development in China. As an important district in Lianyungang, Lianyungang Xuwei New District undertakes the mission to develop port operations, marine transportation and logistics industries in Lianyungang and to promote the economic cooperation and the opening up of the central and western regions in China according to the Notice Issued by the National Development and Reform Commission of China Regarding the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (國家發展改革委員會關於印發國家東中西區域合作示範區建設總體方案的通知(發改地區[2011]第1185號)).

As a major investment and financing platform of the Lianyungang Municipal Government to develop Lianyungang Xuwei New District, the Group engages in a wide range of business activities to carry out its mission, which primarily consist of (i) infrastructure and affordable housing construction, (ii) port logistics, (iii) public utility services, (iv) port industrial park supporting services and (v) miscellaneous. Set forth below is a summary of each of the Group's business segments:

- **Infrastructure and affordable housing construction:** Infrastructure and affordable housing construction is the Group's core business and is conducted by Fangyang Group. The Group's infrastructure construction mainly includes the construction of ecological wetlands, industrial tourism projects, flood control projects, underground integrated pipelines, emergency backup water bases and water drainage systems. The Group is a major entity commissioned by the Lianyungang XND Management Committee (acting on behalf of the Lianyungang Municipal Government) to undertake infrastructure construction projects and develop affordable housing in Lianyungang Xuwei New District. The Group, through Fangyang Group, develops its infrastructure and affordable housing projects under the agent construction model under which the

Group is engaged as a general contractor for the development of the project for an agreed contracting fee payable according to the payment timetable. Fangyang Group was previously commissioned by the Lianyungang XND Management Committee to undertake primary land development in the Lianyungang Xuwei New District under an agency construction model. Fangyang Group has ceased to conduct its primary land development in 2015 but receives land development fee from the Lianyungang XND Management Committee on a non-routine basis according to its payment schedule. See "*Description of the Group's Businesses — Infrastructure and affordable housing construction*".

- **Port logistics:** The Group engages in the trading of stone, coal, steel, chemicals and other commodities, warehouse-logistics and combined transportation. The Group conducts its port logistics businesses through Fangyang Group. Leveraging the industry development within Xuwei Port as well as advantageous sea-rail transportation, the Group focuses on developing material processing business and transhipment logistics business in Xuwei Port. The Group believes that its operation of the port logistics business provides a stable supply of certain construction materials to companies in the industrial parks in Lianyungang Xuwei New District and is a strong complement to its infrastructure and affordable housing construction. See "*Description of the Group's Businesses — Port logistics*".

- **Public utility services:** The Group provides public utility services including recycling of waste, sales of raw water, sewage treatment and sales of steam and electricity in Lianyungang Xuwei New District. The Group conducts its public utility services business through Fangyang Group. The Group invests in public utility business in order to better complement the future development and to increase the commercial attractiveness of Lianyungang Xuwei New District. For example, Fangyang Group invested in the Hongyang Thermoelectricity Project (虹洋熱電項目) with a total estimated amount of RMB2 billion in 2011. Phase I of this project and its wastewater treatment plants No. 1, No. 2, No. 3 and No. 4 were completed and commenced operation in 2012, 2013, 2016 and 2020, respectively, and the construction of Phase II of this project has been commenced in 2019. See "*Description of the Group's Business — Public utility services*".

- **Port industrial park supporting services:** The Group operates several ancillary businesses to support the operation and development of the industrial parks located in Lianyungang Xuwei New District, including advertisement and exhibition, property management, catering service, consulting service, leasing business and sales of commercial housing. The Group conducts its port industrial park supporting services business through Fangyang Group. See "*Description of the Group's Businesses — Port industrial park supporting services*".

- **Miscellaneous:** The Group also engages in financial leasing business, loan services, supplying electric power, agricultural development, medical management and others.

Overview of Lianyungang and Lianyungang Xuwei New District

Lianyungang

Lianyungang is a coastal city located on the eastern coast of China in north-eastern Jiangsu Province and was the 10th largest port in China in terms of annual container throughput in 2022. It is well connected to other parts of China, Asia and Europe through the New Eurasian Continental Bridge (新亞歐大陸橋), which is a transnational railway running from Lianyungang to Rotterdam in Western Europe. Lianyungang is also an eastern harbour city on the Great Silk Road (絲綢之路), a core city of the Development of Jiangsu Coastal Area Strategy (江蘇沿海大開發戰略) promulgated by the State Council of China and a pilot city of National Innovation-oriented Cities (國家創新型城市) as approved by the Ministry of Science and Technology of the PRC. Lianyungang is a part of the Yangtze River Delta Development Plan and plays a key role in China's economic development.

With its advantageous position as a central city in an international harbour, Lianyungang will become a new open-ended economic area and an important coastal industrial base in the PRC. It is expected that it will be a core and pioneer area for the implementation of the Belt and Road Initiative across the Jiangsu Province. For example, Lianyungang is a demonstration region for the Belt and Road Initiative international cooperation of agricultural industry and it has held Lianyungang Silk Road International Logistics Expo for nine consecutive years since 2014.

The economy of Lianyungang heavily relies on the development of its port-related industries. In 2009, as the 210 million tonnes annual throughput of the main port areas of Lianyungang was unable to meet the increasing demand of transportation, the PRC Government decided to build a new port located in Lianyungang Xuwei New District. The Lianyungang Municipal Government has substantial investment in port construction since 2014. The 300,000-tonne navigation channel has been fully completed and the 300,000-tonne Shenghong Port has been put in use. The construction of a 400,000-tonne ore port intelligent container port has commenced.

The economy of Lianyungang experienced fast development in 2019 and 2020. According to the 2020 Government Work Report published by the Lianyungang Municipal Government, 383 key municipal industrial projects were carried out during 2019, among which there were seven projects with investment of more than RMB10 billion. Despite the impact of COVID-19 in 2020, the economy of Lianyungang achieved progress according to the 2021 Government Work Report published by the Lianyungang Municipal Government. According to the 2023 and 2024 Government Work Reports published by the Lianyungang Municipal Government, the economy of Lianyungang maintained stable growth during 2022 and 2023.

The following map shows the geographical location of Lianyungang:

According to the "13th Five-Year Plan" (2016-2020) of Lianyungang, the Lianyungang Municipal Government aimed to develop Lianyungang into a regional international shipping centre and an important integrated transportation hub in the PRC, and promote the development of National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區). The "14th Five-Year Plan" (2021-2035) of Lianyungang re-emphasised the importance of using Lianyungang's geographical advantage to turn itself into an active player for the development of the Yangtze River Delta Region and a trade hub for Belt and Road Initiative.

Port infrastructures, such as navigation channels, breakwaters and anchor stations will be further enhanced and the port transportation system will be improved to achieve greater efficiency. The Lianyungang Municipal Government will also attract renowned shipping enterprises, liner companies, shipping agencies and freight forwarders and develop offshore shipping and fleet to raise the value of the harbour logistics supply chain of Lianyungang.

To develop Lianyungang into an important integrated transportation hub in the PRC, the Lianyungang Municipal Government plans to continue to invest in the development of a transportation network that provides the city with efficient and convenient railways and highways, and a regional international airport for more international and domestic flights. The Lianyungang Municipal Government will also increase the loading capacity of its waterway transportation system. It further has plans to construct the Sinopec Lianyungang — Yizheng Crude Oil Pipeline (中石化連雲港 — 儀徵原油管道) that focuses on lowering shipping costs, reducing wear and tear, ensuring smooth logistics and safeguarding demand and supply.

Lianyungang Xuwei New District

Lianyungang Xuwei New District is situated to the southeast of Lianyungang, adjoining to the north bank of the Yangtze River, and the Bohai Bay. It is opposite to Japan and South Korea across Bohai Sea. Its geographical location allows it to be one of the most convenient sailing channels for regions along the Belt and Road Initiative area.

Lianyungang Xuwei New District is an important integral part in the overall urban planning of Lianyungang and is tasked to provide more adequate complementary facilities and enhanced logistics and industry chain support to the overall development of Lianyungang. In accordance with the "Development Plan for Coastal Regions of Jiangsu Province" approved in the executive meeting of the State Council in 2009, the central government planned to develop Lianyungang into a comprehensive port with a focus on the chemical industry as one of China's seven largest petrochemical industrial bases is located in Lianyungang. In November 2013, the planning and development of Lianyungang's petrochemical industrial bases was approved by the NDRC according to the Response Letter of the General Office of the National Development and Reform Commission on the Planning of Lianyungang Petrochemical Industrial Base and the Preliminary Work of Phase I Project (國家發展改革委辦公廳關於連雲港石化產業基地規劃編制和一期工程前期工作的覆函). In July 2017, the general planning and development of Lianyungang's petrochemical industrial bases were approved by the Jiangsu Provincial Government according to the Approval of the General Development Plan of Lianyungang Petrochemical Industrial Base (連雲港石化產業基地總體發展規劃).

Lianyungang Xuwei New District is equipped with well-developed industrial facilities, including one urban community and six industrial areas, namely the Xuwei port area, a national petrochemical industrial base, a central western region export products processing park, an energy saving and environmental protection industrial base, a modern port logistics base and a modern agricultural complexity. The following chart shows the master plan of the Lianyungang Xuwei New District as at the date of this Offering Circular:

A – urban community

B – the Xuwei port area

C – world-class petrochemical industrial base

D – advanced equipment manufacturing base

E – new material industrial base

F – port and logistics base

G – productive service area

Lianyungang Xuwei New District is a pioneer region of the National East-Central-West Regional Demonstration Region which is the only regional cooperation demonstration region approved by the State Council. According to the "13th Five-Year Plan" of Lianyungang Xuwei New District, the pioneer region of National East-Central-West Regional Cooperation Demonstration Region would be fully established by 2020. The "14th Five-Year Plan" (2021-2035) of Lianyungang re-emphasised the importance of using Lianyungang's geographical advantage to turn itself into an active player for the development of the Yangtze River Delta Region and a trade hub for Belt and Road Initiative. It is believed that this will enhance industrial cooperation among the east-central-west regions, and enhance Belt and Road Initiative cross-national economic and trade cooperation. It is also expected that there will be breakthrough developments in industry transformation and upgrade, making the Lianyungang Xuwei New District an important new coastal industrial base in China.

The innovation ability of advantageous industries such as fine steel and petrochemicals will continue be enhanced, with the feature of cluster development becoming more obvious and its role of economic support becoming more prominent. Emerging industries (such as the energy-saving and environmental protection industry, new energy industry and new materials industry) will develop more rapidly, and there will be an apparent rise in the proportion of high and new technology industries. According to Lianyungang Xuwei New District Government, as at 4 November 2023, 36 major industry projects were constructed in Lianyungang petrochemical industrial base, with a total investment of more than RMB450 billion. Among these projects, Shenghong Refining and Chemical Integration Project (盛虹煉化一體化項目) primarily produces new chemical materials, special rubbers and high-end specialty chemicals including ethylene, propylene and aromatics. Sinochem Lianyungang Circular Economy Industrial Park (中化連雲港循環經濟產業園) focuses on producing basic chemicals, petrochemical downstream materials, fine chemicals (including accelerators and antioxidants) and electronic chemicals. Satellite Petrochemical Project (衛星石化項目) includes an ethylene production plant, a propylene production plant and other downstream supporting plants and equipment. Sierbang Petrochemical Industry Chain Project (斯爾邦丙烷產業鏈項目) primarily focuses on constructing production plant for propane dehydrogenation, acrylonitrile, methyl methacrylate, waste acid regeneration and other supporting facilities. In addition, enhanced transportation system will help attract more companies and other resources to Lianyungang Xuwei New District. As a result, its service coverage will continue to expand and the trading volume is expected to increase significantly.

Competitive Strengths

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

Well positioned to leverage the abundant port resources and associated industries

Lianyungang is a coastal city located on the eastern coast of China in north-eastern Jiangsu Province and is the 10th largest port in China in terms of annual container throughput in 2022 by the Ministry of Transport of the People's Republic of China. Since 2009, the Lianyungang Municipal Government has commenced the construction of Xuwei port (徐圩港) as an integral part of Lianyungang port (連雲港港). As at 31 December 2023, the 300,000-tonne waterway has been completed with a capacity of 300,000 tonnes. In the meantime, construction and renovation of terminal facilities will be undertaken. According to the "14th Five-Year Plan" (2021-2035) of Lianyungang, the Lianyungang Municipal Government plans to construct ten more berths with a capacity of 10,000 tonnes. As at 31 December 2023, the Group has completed the construction of six berths, three of which have a capacity of 100,000 tonnes, two of which have a capacity of 50,000 tonnes and one of which has a capacity of 30,000 tonnes. The annual throughput of the Group's port terminal project reached 25,000,000 tonnes as at the same time.

Lianyungang Xuwei New District has many advantages for the development of its port, including the vast hinterland, convenient transportation and diversified industrial layout. Lianyungang Xuwei New District has a total planning area of 467 square kilometres, with a port area of approximately 74 square kilometres and a port industrial park of approximately 141 square kilometres. The Railway Bureau of Shanghai Municipality has approved the special railway line for the National East-Central-West Regional Demonstration Region, which enables the goods within the region to be directly transported to various national main railway lines. According to the region's industrial layout, Xuwei port is mainly composed of six functional areas, namely a liquid bulk cargo berth area, a dry bulk cargo berth area, a general berth area, a container terminal reserved area, an equipment manufacturing wharf operation area and an intermodal area.

Meanwhile, Lianyungang Xuwei New District is equipped with well-developed industrial facilities, see "*Overview of Lianyungang and Lianyungang Xuwei New District — Lianyungang Xuwei New District*". For example, the national petrochemical industrial base, as one of the seven largest petrochemical industrial bases approved by State Council, mainly undertakes the transfer and upgrade of petrochemical industry in Jiangsu Province. The planned area is approximately 62.61 square kilometres with an estimated industrial scale of approximately 40 million tonnes of oil refining, approximately 3 million tonnes of ethylene, approximately 4 million tonnes aromatic hydrocarbons and other high-end petrochemical products.

The Group believes that it is well positioned to leverage the abundant port resources and well developed associated industries of Lianyungang Xuwei New District which will bring abundant business opportunities to the Group in terms of infrastructure construction and port industrial park supporting services.

Designated entity of the Lianyungang Municipal Government to implement the Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District, a key component of the National East-Central-West Regional Cooperation Demonstration Region promoted by the State Council

Established in 2018, the Guarantor is a major industrial investment and operation entity in Lianyungang and plays an important role in supporting infrastructure investment and operation in Lianyungang Xuwei New District. Being an enterprise directly and wholly owned by the Lianyungang Municipal Government, the Guarantor has been mandated by the Lianyungang Municipal Government on an exclusive basis to implement the PRC Government's and Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District, a key state-level economic development zone in China. Over the years, the Guarantor together with its subsidiaries not only have established a strong track record of infrastructure and ancillary facility development in Lianyungang Xuwei New District, but it has also proven to be a key force to enhance the commercial attractiveness and competitiveness of Lianyungang Xuwei New District by exploring and integrating local social, natural and industry resources. See "*Description of the Group's Business*".

Lianyungang Xuwei New District lies in the South-eastern region of Lianyungang on the east coast of China and has a proximity to the "Gansu (Lanzhou) — Jiangsu (Lianyungang)" railway (隴海鐵路), which connects China with middle Asia and Europe, and the Yellow Sea where China and Northeast Asia (i.e., Japan and South Korea) are connected through marine transportation. Due to its strategic location, Lianyungang Xuwei New District is believed to have a significant strategic importance to the economic development of Lianyungang and Jiangsu and the implementation of the PRC Government's Belt and Road Initiative strategy. In June 2011, Lianyungang Xuwei New District was designated as a key component of, and a demonstration district in, the National East-Central-West Regional Cooperation Demonstration Region set up by the State Council with an aim to develop port operations, marine transportation and logistics industries in Lianyungang and to promote the economic cooperation and opening up of the central and western regions in China. According to the master plan of the National East-Central-West Regional Cooperation Demonstration Region and the "14th Five-Year Plan" of Lianyungang Xuwei New District, Lianyungang Xuwei New District is expected to be developed into a new industrial base featuring high-technologies and environmental protection, a key sea port providing comprehensive infrastructure facilities for transportation and logistics sectors and an integrated platform facilitating and promoting commercial activities within the district. See "*Overview of Lianyungang and Lianyungang Xuwei New District — Lianyungang Xuwei New District*".

As a major investment and financing platform of the Lianyungang Municipal Government to develop the infrastructure in, and to promote the commercial attractiveness of, Lianyungang Xuwei New District, the Guarantor believes that it is in a position to leverage the strategic positioning of Lianyungang Xuwei New District to capture the business opportunities presented during the development of Lianyungang Xuwei New District and achieve sustainable growth in future.

Well-positioned to capitalise on large growth potential of Lianyungang Xuwei New District with a diversified business portfolio

Unlike many governmental investment and financing platforms in China that heavily focus on primary land development and infrastructure and affordable housing development, the Group has established a diversified business portfolio in a large number of areas that are key to the transformation and upgrade of the industry structure in Lianyungang Xuwei New District in future, such as public utilities, warehouse-logistics, port logistics and other businesses in Lianyungang Xuwei New District.

Since the establishment of the National East-Central-West Regional Cooperation Demonstration Region, the local governments in Jiangsu and Lianyungang have endeavoured to improve the investment conditions and living environment as well as to create synergies among different industries and businesses operated within Lianyungang Xuwei New District. In response to the master development plan of the National East-Central-West Regional Cooperation Demonstration Region, the Lianyungang Municipal Government has designated petroleum refinery, fine steel production, advanced equipment manufacturing, clean energy and modern port logistics as five pillar industries within Lianyungang Xuwei New District. In response to such planning, the Group also operates Donggang Sewage Treatment Plan (東港污水處理廠) with a daily processing capacity of 50,000 tonnes and another sewage treatment plant with a daily processing capacity of 30,000 tonnes. In addition, the Group has an industrial wastewater treatment plant with a daily treatment capacity of 13,000 tonnes and a high-salt wastewater treatment plant with a daily treatment capacity of 37,500 tonnes in trial operation. This diversified business portfolio places the Group in a position to expand its revenue base and capitalise the tremendous growth potential in the related sectors and industries as a result of the development of Lianyungang Xuwei New District in the future. The Guarantor believes that its diversified business portfolio aligns the Group's business interest with that of Lianyungang Xuwei New District, well placing the Group in a position to capitalise the large growth potential of Lianyungang Xuwei New District.

Support from PRC Central Government and the Lianyungang Municipal Government

The strong support from the PRC Government and local governments has been key for the Group to successfully carry out the development of capital-intensive and large-scale city construction projects. The Group has leveraged on different governmental support in the form of preferential policies and government subsidies to grow its business and financial strength.

Over the past years, the Group's business has benefited from a number of preferential policies which the PRC Government and Jiangsu Provincial Government released to support the development of the National East-Central-West Regional Cooperation Demonstration Region. For example, according to the Notice Issued by the National Development and Reform Commission of China Regarding the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (國家發展改革委員會關於印發國家東中西區域合作示範區建設總體方案的通知(發改地區[2011]第1185號)) released by the NDRC in 2011 and the Opinion Released by the Jiangsu Provincial Government Regarding the Implementation of the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (江蘇省人民政府關於貫徹落實國家東中西區域合作示範區建設總體方案的實施意見(蘇政發[2012]65號)) in May 2012, the PRC Government would consider prioritising the need for land relating to the development of the National East-Central-West Regional Cooperation Demonstration Region, especially for the construction of ports and ancillary facilities within the region; according to the Notice Issued by the National Development and Reform Commission of China Regarding the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (國家發展改革委員會關於印發國家東中西區域合作示範區建設總體方案的通知(發改地區[2011]第1185號)) released by the NDRC in 2011 and Opinion Released by the Jiangsu Provincial Government Regarding the Implementation of the Comprehensive Development Plan for the National East-Central-West Regional Cooperation Demonstration Region (江蘇省人民政府關於貫徹落實國家東中西區域合作示範區建設總體方案的實施意見(蘇政發[2012]65號)) in May 2012, the Lianyungang XND Management Committee is entitled to retain the land grant premium from land sales (after deduction of statutory taxes and charges) for the development of Lianyungang Xuwei New District and to retain the local tax income for the use of developing infrastructure within Lianyungang Xuwei New District.

In addition to the preferential governmental policies, the Group received governmental grants to support its development. For the years ended 31 December 2021, 2022 and 2023, government grants received by the Guarantor and its subsidiaries amounted to RMB49 million, RMB128 million and RMB49 million, respectively. The continued support from the PRC Central Government and the Lianyungang Municipal Government has been critical to the ability of the Group in operating and investing in capital-intensive and large-scale infrastructure construction and affordable housing construction projects, and further expanding its business operations to strengthen its competitive position.

Abundant land returns providing key resources for future project development and large potential growth in property valuation

The Guarantor believes that maintaining a sufficient land return is key for the development of comprehensive ancillary facilities in Lianyungang Xuwei New District. As at 31 December 2023, the Group owned the land use rights in respect of 24.0 million square metres of land parcels in Lianyungang Xuwei New District, all of which were under development and held for future development. These land resources, which were acquired at the early stage of the Group's development through statutory public tender and auction processes, provide the Group with flexibility to engage in the development of a variety of ancillary facilities that may enhance the commercial attractiveness of Lianyungang Xuwei New District, such as mixed-use urban complexes, hotels, office buildings and car parks. By participating in the development and operation of the ancillary facilities, the Group believes it will not only diversify its revenue base, but also help elevate the competitiveness of Lianyungang Xuwei New District which may in turn increase the value of the land use rights and properties held by the Group, providing gain on appreciation of property value.

Balanced capital structure supplemented with access to diverse sources of capital

The Group has access to diversified financing channels to fund its project development in Lianyungang Xuwei New District, such as bank loans and issuance of debt securities in the PRC capital markets. The Group maintains long-term relationships with more than 40 commercial banks and other financial institutions in the PRC, which have provided low-cost capital to the Group. As at 31 December 2023, the Group had credit facilities in a total amount of approximately RMB92.5 billion, of which approximately RMB33.0 billion had not been used. In addition, the Group has successfully raised capital by issuing corporate bonds, private bonds, short-term financing paper and medium-term notes and overseas bonds in the PRC and international capital market. The Guarantor believes that its strong financing capability will provide adequate funding sources to the repayment of its debt and expansion of its business. In recent years, the Group has been developing different types of innovative financing products, including but not limited to private bills, corporate bonds, industrial funds, financial leasing, trust products, medium-term notes and overseas bonds. The Group is also actively exploring strategic partnerships and opportunities which could help expand the business or create synergy. The Guarantor believes that through comprehensive budget management, scientific and prudent financial management, the Group would be able to effectively reduce financing costs.

The Group has maintained a balanced capital structure to avoid over leverage and ensure financial stability. As at 31 December 2021, 2022 and 2023, the leverage ratio (representing the ratio of total liabilities over total assets) was 67.4 per cent., 69.1 per cent. and 66.9 per cent., respectively. As at 31 December 2023, the Group's total indebtedness (comprising short-term loans, non-current liabilities due within one year, other current liabilities, long-term loans, bonds payable and lease liabilities) was RMB61.0 billion, of which RMB19.4 billion would become due within 12 months.

Sound and effective corporate governance and internal control

The Guarantor has instituted a sound corporate governance and internal control system which it believes distinguishes itself from many other state-owned enterprises. The Group's corporate governance is implemented by the board of directors (including an employee representative director), the board of supervisors and 16 departments undertaking different functions concerning the daily operations of the Group. The Group has an internal audit department which is responsible for internal audit, financial disclosure, review of the Group's internal control system and communication with external auditors. The Lianyungang XND Management Committee closely participates in the planning of the Group's annual budget and investment plan, monitors the decision-making process of key investment projects and has the authority to appoint directors, supervisors and senior management of the Guarantor and review their performance. In the meantime, the Group has established policies mainly covering fund management, investment and financing management, budget management, related party transaction management, human resources management and occupational safety management.

Dedicated senior management with extensive experience in corporate management

The Group's senior management team and key operating personnel have extensive experience in the businesses the Group conducts, with strong experience in project management, finance and accounting, construction, operations and human resources management in various industries. Furthermore, the Group's senior management team is highly experienced in collaborating with various levels of the PRC Government, particularly the Lianyungang Municipal Government and the Lianyungang XND Management Committee, in various projects which are of strategic value to the Group. 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 understanding of the regulatory framework and government policies allows the Group to play a significant role in development of the business. For further information, see "*Directors, Supervisors and Senior Management of the Guarantor*".

BUSINESS STRATEGIES

The Guarantor will continue to capitalise on the growth potential arising from the development of Lianyungang Xuwei New District and the National East-Central-West Regional Cooperation Demonstration Region, focusing on the provision of integrated services to support the construction, operation, and development of the industrial parks. The following key strategies have been adopted to achieve its goal:

Continue to leverage the preferential policies and geographical advantage of Lianyungang Xuwei New District and Lianyungang to carry on its mission to develop Lianyungang Xuwei New District and to enhance its commercial attractiveness

The Group intends to continue to lead the development of Lianyungang Xuwei New District by leveraging its relationship with local governmental authorities, the existing preferential policies and the geographical advantage of Lianyungang Xuwei New District and Lianyungang. As a demonstration district and a key component of the National East-Central-West Regional Cooperation Demonstration Region, Lianyungang Xuwei New District is expected to play an increasingly important role in promoting the development of local economy, marine transportation and logistics sector as well as improving the cooperation and connection of central and western regions in China, thereby promoting the economic development in those regions. The Group will leverage the opportunity on the construction and development of National East-Central-West Regional Cooperation Demonstration Region to develop its trading and logistics services, port industrial park supporting services and industrial investment. The Group aims to improve the coordination of its business segments and further diversify its business portfolio.

Furthermore, it is anticipated that the Lianyungang Municipal Government and the Lianyungang XND Management Committee will continue to place a heavy emphasis on the development of the infrastructure and ancillary facilities to enhance commercial attractiveness of and promote business activities in Lianyungang Xuwei New District. The Group will continue to carry on its mission to construct infrastructures in Lianyungang Xuwei New District, while it will increase its focus and operations in other business and sectors which the Guarantor believes will present great growth potential. By way of developing and managing quality ancillary facilities in Lianyungang Xuwei New District, the Guarantor believes that it will enjoy the benefit of the appreciation in the property value as a result of an increase in the commercial attractiveness of Lianyungang Xuwei New District.

Further improve the synergies among the Group's different business segments

The Group intends to further improve the synergies between its various business segments. The Group focuses on developing a comprehensive project construction and operation management system and enhancing the operational integration between the construction capabilities of the Group's relevant construction business and the trading activities of the Group's materials trading business. The Group intends to improve its overall management efficiency to improve the support from its core business segments to its other ancillary business segments, including fiscal support and market information sharing. The Group will also enhance the communications among its sales and marketing teams that are in charge of different business segments to ensure that its operations are kept abreast with the latest market trends and capture business opportunities.

Further explore innovative financing channels and expand the financing sources of the Group

The Group intends to take proactive measures to secure low-cost and stable funding and maintain balanced and healthy capital structure. The Group plans to raise funds through multi-channel financing and further develop innovative financing channels. In implementing this strategy, the Group aims to rely on a wide range of financing channels including equity and bond issuance in, offshore capital markets, project loans from banks and innovative financing mode like public-private partnership model, which helps to build a diversified financing structure for the Group. It seeks to control the cost of indirect financing below the benchmark interest rate as well as the cost of direct financing.

Furthermore, as a major investment and financing platform of the Lianyungang Municipal Government to carry out the development of Lianyungang Xuwei New District, the Guarantor operates and holds a large number of high quality assets, including but not limited to concession to operate sewage treatment, rights to develop and operate port facilities and mining rights. The Guarantor believes that these quality assets will be able to provide strong leverage for it to access sufficient low-cost capital in the market.

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 dividend policies to ensure stable distribution from its subsidiaries. In addition, the Group will continue to implement and enhance its prudent financial management system with well-defined policies and procedures, including the indebtedness and leverage management mechanism, capital management mechanism and interest rate management mechanism. Under the indebtedness and leverage management mechanism, the Group will raise its funds primarily through long-term loan and bond issuance, whilst maintaining the short-term loans at less than 15.0 per cent. of the Group's total indebtedness, to achieve a balanced indebtedness structure. Under the capital management mechanism, the Group's financial department will exercise consistent control and management upon the Group's funds, thereby effectively enhancing the Group's capital utilisation rate, accelerating the capital turnover and further securing the Group's liquidity. Under the interest rate management mechanism, the Group intends to closely monitor the fluctuation in foreign exchange market and implement necessary policies to manage financing costs, and the Group will continue to focus on broadening the Group's financing channels to further enhance its financing efficiency.

Strategically invest in high-quality companies

The Group will continue to invest in the high-quality companies which are in the key industries and sectors with large growth potential by means of a variety of financial instruments including shares, bonds, industry guidance funds and supply-chain financing. The Group anticipates further alignment of its business strategies and corporate interest with the Lianyungang Municipal Government's plans for industrial upgrading. It intends to focus on the investment in the projects that are implementing the Belt and Road Initiative strategy and those that may lower operating cost or create other synergies as a result of vertical integration. The Guarantor believes that this investment will give it the opportunity to integrate more social and industry resources in Lianyungang Xuwei New District. See "*Risk Factors — The Group is subject to joint venture risks*."

Recent Developments

Additional Indebtedness since 31 December 2023

Since 31 December 2023, the Group has incurred indebtedness to replenish its working capital, to finance and refinance its business development and its construction projects and for other general corporate purposes. In particular, in February 2024, the Issuer issued credit enhanced guaranteed green bonds due 2027 in the aggregate principal amount of U.S.$150 million with an interest rate of 5.45 per cent. per annum. In February 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB450 million with an interest rate of 2.96 per cent. per annum. In March 2024, Fangyang Group issued short-term financing notes due 2025 in the aggregate principal amount of RMB500 million with an interest rate of 2.53 per cent. per annum, corporate bonds due 2027 in the aggregate principal amount of RMB600 million with an interest rate of 3.4 per cent. per annum and short-term financing notes due 2025 in the aggregate principal amount of RMB400 million with an interest of 2.48 per cent. per annum. In May 2024, Fangyang Group issued corporate bonds due 2027 in the aggregate principal amount of RMB900 million with an interest of 2.84 per cent. per annum. In July 2024, Fangyang Group issued medium-term notes due 2027 in the aggregate principal amount of RMB600 million with an interest rate 2.4 per cent. per annum. In August 2024, Fangyang Group issued corporate bonds in the aggregate principal amount of RMB1 billion with an interest rate of 2.12 per cent. per annum. The Group will continue to seek external capital on favourable terms to fund its business operations and expansion and to optimise its debt structure.

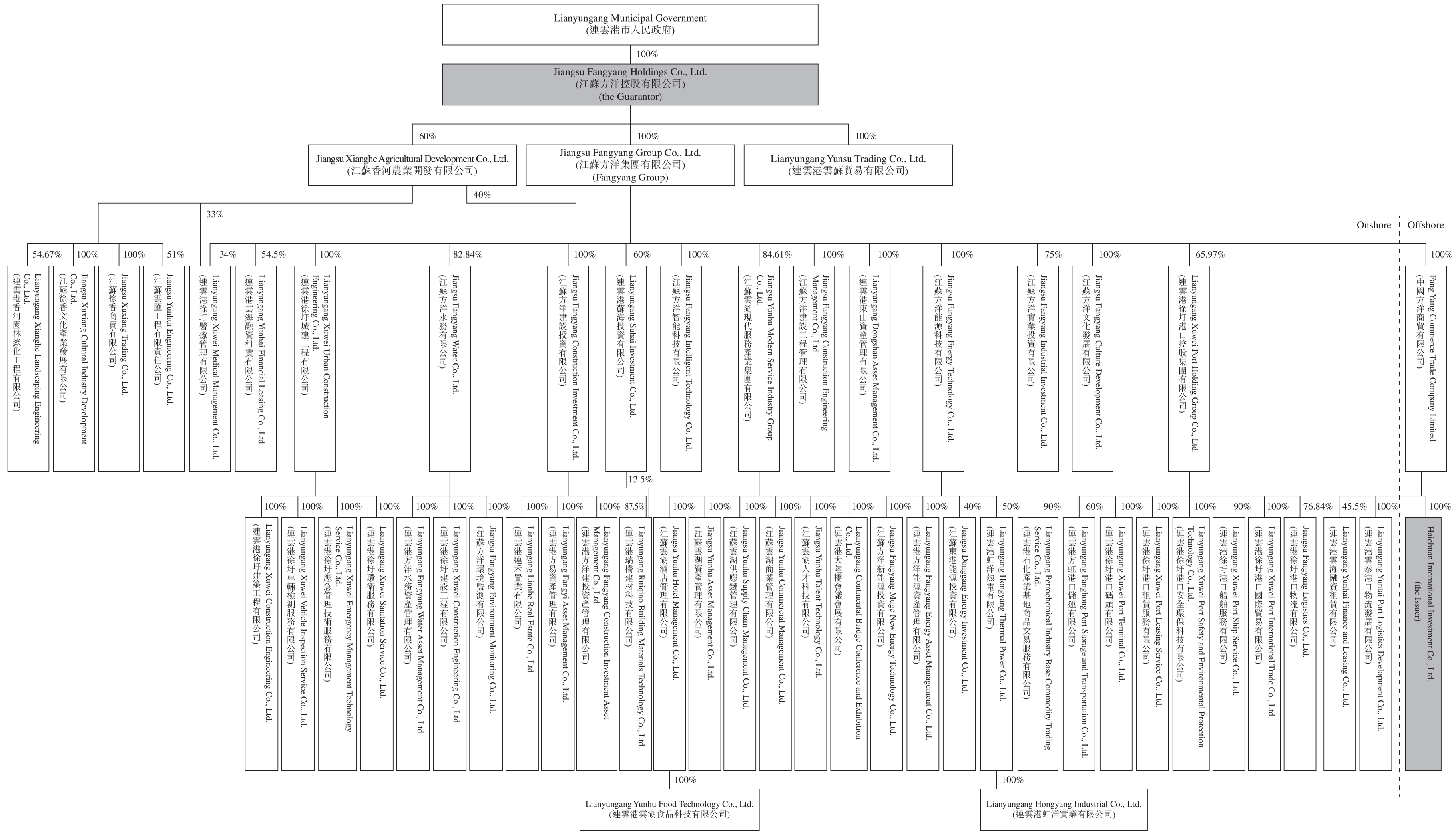
Financial performance of the Group as at and for the six months ended 30 June 2024

The Guarantor prepared the unaudited and unreviewed consolidated interim financial statements as at and for the six months ended 30 June 2024 ("**2024 Interim Financial Statements**"). The financial information in the 2024 Interim Financial Statements may differ from future audited or reviewed information and the 2024 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 2024 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 2024. The 2024 Interim Financial Statements have not been included in, and do not constitute part of, this Offering Circular. None of the Joint Lead Managers, the Trustee, the Agents, or any of their respective directors, affiliates, officers, advisers, employees or agents or any person who controls any of them makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to, the 2024 Interim Financial Statements. See "*Risk Factors — Risks Relating to the Group's 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 six months ended 30 June 2024, the Guarantor together with its subsidiaries recorded a decrease in its total operating income as compared to the same period in 2023 primarily due to the decrease in revenue from trading business because of the structural change of the trading business. The operating costs of the Guarantor together with its subsidiaries decreased due to reduced trading business costs, and other income increased compared to the same period in 2023 mainly due to the increase of government grants and subsidies, resulting an increase in net profit as compared to the same period in 2023. As at 30 June 2024, total assets of the Guarantor together with its subsidiaries increased as compared to the balance as at 31 December 2023, which was primarily attributable to increases in accounts receivable, long-term equity investments and construction in progress. As at 30 June 2024, total liabilities of the Guarantor together with its subsidiaries slightly increased as compared to the balance as at 31 December 2023, which was primarily attributable to increases in short-term loans, other payables and long-term loans incurred to meet the Group's increasing capital needs as it continued to expand and grow its businesses.

Group Structure

The following chart presents a simplified structure of the Group and the shareholding of the Guarantor as at 30 June 2024.



History and Development

The Guarantor was founded in April 2018 known as Lianyungang Zhangwei Enterprise Comprehensive Service Co., Ltd. (連雲港張圩企業綜合服務有限公司). As at the date of this Offering Circular, the Guarantor is 100 per cent. owned by the Lianyungang Municipal Government. As at 31 December 2023, the registered capital of the Guarantor is RMB11.0 billion.

The following table sets forth certain key corporate historical events and milestones of the Group's development over the years.

2018	In April 2018, the Guarantor was established by Lianyungang Municipal Government known as Lianyungang Zhangwei Enterprise Comprehensive Service Co., Ltd. (連雲港張圩企業綜合服務有限公司).
2020	In June 2020, Fangyang Group signed a strategic cooperation agreement with China Everbright Bank Nanjing Branch and China Agricultural Development Bank Lianyungang Branch and Export-Import Bank of China. According to the strategic cooperation agreement, Fangyang Group obtained a syndicated loan in amount of RMB1.95 billion, which represents the first domestic syndicated loan provided by three policy banks in China.
2021	In March 2021, Fangyang Group signed a strategic cooperation agreement with 12 financial institutions. According to the strategic cooperation agreement, Fangyang Group obtained a syndicated loan in the amount of RMB9.8 billion, which represents the largest financing amount the Group has ever obtained.
2024	In February 2024, the Guarantor changed its name to Jiangsu Fangyang Holding Co., Ltd. (江蘇方洋控股有限公司).
	In February 2024, Lianyungang XND Management Committee transferred 60 per cent. equity interest in Jiangsu Xianghe Agricultural Development Co., Ltd. (江蘇香河農業開發有限公司) to the Guarantor with nil consideration.
	In March 2024, pursuant to the Approval Reply of the Lianyungang Municipal Government on the Establishment of Jiangsu Fangyang Holdings Co., Ltd. (Lianzhengwen [2024] No. 10) (市政府關於同意組建江蘇方洋控股有限公司的批覆), 100 per cent. equity interest in Fangyang Group held by Lianyungang Municipal Government was transferred to the Guarantor with nil consideration. The Guarantor has become the controlling shareholder of Fangyang Group.

Description of the Group's Businesses

Established in 2018, the Guarantor is a major industrial investment and operation entity in Lianyungang and plays an important role in supporting infrastructure investment and operation in Lianyungang Xuwei New District. Being an enterprise directly and wholly owned by the Lianyungang Municipal Government, the Guarantor has been mandated by the Lianyungang Municipal Government on an exclusive basis to implement the PRC Government's and Jiangsu Provincial Government's plans to develop Lianyungang Xuwei New District, a key state-level economic development zone in China. Over the years, the Guarantor together with its subsidiaries not only have established a strong track record of infrastructure and ancillary facility development in Lianyungang Xuwei New District, but also proven to be a key force to enhance the commercial attractiveness and competitiveness of Lianyungang Xuwei New District by exploring and integrating local social, natural and industry resources.

As a major investment and financing platform of the Lianyungang Municipal Government to develop Lianyungang Xuwei New District, the Group engages in a wide range of business activities to carry out its mission, which primarily consist of (i) infrastructure and affordable housing construction, (ii) port logistics, (iii) public utility services, (iv) port industrial park supporting services and (v) miscellaneous.

Infrastructure and Affordable Housing Construction

Overview

Infrastructure and affordable housing construction is the Group's core business and is conducted by Fangyang Group. Infrastructure construction has been Fangyang Group's core business since its establishment. The Group's infrastructure construction mainly includes the construction of ecological wetlands, industrial tourism projects, flood control projects, underground integrated pipelines, emergency backup water bases and water drainage systems. The Group is a major entity commissioned by the Lianyungang XND Management Committee (acting on behalf of the Lianyungang Municipal Government) to undertake the infrastructure construction projects in Lianyungang Xuwei New District including the construction of municipal roads, tunnels, transportation hubs, bridges, parks and other public facilities, and certain environmental improvement works. The Group mainly conducts its infrastructure construction business through its subsidiaries, Jiangsu Fangyang Construction Management Co., Ltd. (江蘇方洋建設工程管理有限公司) and Lianyungang Xuwei City Construction Engineering Co., Ltd. (連雲港徐圩城建工程有限公司). As at the date of this Offering Circular, the Group has obtained several construction qualifications, including but not limited to the first class qualification for general contracting of housing construction (房屋建築工程施工總承包壹級資質), the second class qualification for municipal construction general contracting (市政公用工程施工總承包貳級資質), the second class qualification for harbour and waterway construction general contracting (港口與航道工程施工總承包貳級資質) and the first class qualification for foundation engineering professional contracting (地基基礎工程專業承包壹級資質).

The Group is also commissioned by the Lianyungang XND Management Committee to undertake the construction and development of affordable housing (保障性住房), including relocation housing (拆遷安置房), public-rental housing (公租房) and subsidised housing (經濟適用房), in Lianyungang Xuwei New District. The Group mainly conducts its affordable housing construction through its indirect subsidiary, Jiangsu Fangyang Construction Investment Co., Ltd. (江蘇方洋建設投資有限公司). The Group is engaged by the Lianyungang XND Management Committee to undertake the construction and development of affordable housing in accordance with the affordable housing construction plan issued by the Lianyungang Municipal Government. In November 2011, the Lianyungang Development and Reform Commission issued the Reply on Project Proposal of Public-rental Housing Construction in Xuwei New District by Lianyungang Development and Reform Commission (Lianyun Fagai Toufa [2011] No. 598) (市發展改革委關於徐圩新區公共租賃房工程項目建議書的批覆(連雲發改投發[2011]598號)), pursuant to which the Lianyungang Xuwei New District was designated as the primary district in Lianyungang's affordable housing construction plan. A number of affordable housing projects were launched in Lianyungang Xuwei New District thereafter. Fangyang Group was designated by the Lianyungang XND Management Committee to conduct the construction for those affordable housing projects since 2012 and has completed and delivered the construction of many important affordable housing projects in Lianyungang Xuwei New District since then.

Fangyang Group was previously commissioned by the Lianyungang XND Management Committee to undertake primary land development in the Lianyungang Xuwei New District under an agency construction model. Fangyang Group has ceased to conduct its primary land development in 2015 but receives land development fee from the Lianyungang XND Management Committee on a non-routine basis according to its payment schedule. For the year ended 31 December 2023, Fangyang Group received land development fee totalling approximately RMB31.6 million. The Group expects to receive the outstanding payments of land development fee in the amount of approximately RMB500.0 million in three years according to the relevant payment arrangement.

As at 31 December 2023, the Group had completed 11 main infrastructure projects with an aggregate investment amount of RMB5,922 million. As at 31 December 2023, the Group had 15 ongoing infrastructure and affordable housing construction projects with estimated investment totalling approximately RMB8,134 million and cost incurred totalling approximately RMB7,500 million. For the years ended 31 December 2021, 2022 and 2023, operating revenue generated from Fangyang Group's infrastructure and affordable housing construction business was RMB1,855.3 million, RMB2,413.7 million and RMB2,265.1 million, respectively.

Business Model

Infrastructure Construction

The Group conducts its infrastructure construction business under an agency construction model whereby the Group is contracted to carry out the project construction work but the ownership of the relevant projects remains with the Lianyungang XND Management Committee. Details of the infrastructure projects to be developed by the Group (such as the scope of work, estimated investment amount and financing arrangement) are normally set out in an agency construction agreement (the "**Agency Agreement**") between the Group and the Lianyungang XND Management Committee. The Group finances its infrastructure construction projects with start-up capital provided by the Lianyungang XND Management Committee and through self-financing methods. The Lianyungang XND Management Committee normally provides the Group with start-up capital for its infrastructure projects by way of capital injection. The remaining construction cost is normally funded by the Group with its internal cash and external funding, such as bank borrowings or bonds issuance.

In each infrastructure construction project, the Group mainly undertakes the financing and construction management functions under the supervision of the Lianyungang XND Management Committee. The Group supervises and controls the quality, timetable and cost of the projects through various methods such as establishing a project manager system, supervising the project construction throughout its lifetime and conducting cost audit upon at each project milestone and upon project completion.

Upon reaching each project milestone, the Group's internal construction department will first conduct a project inspection, the result of which will be confirmed by the Lianyungang Xuwei New District Planning and Construction Bureau. Upon completion of inspection, the Group will first conduct an internal audit, after which the Lianyungang Xuwei New District Audit Bureau will conduct an audit of the actual construction cost of the relevant period. The Lianyungang XND Management Committee will then confirm the interim or final construction fees payable by it based on the audit result of the actual construction cost plus a certain percentage of profit margin, whereupon the Group will recognise account receivables and construction cost according to its accounting policies. Upon receiving the relevant construction fees, the Group will recognise operating income and reduce the account receivables accordingly. Depending on the Agency Agreement of the relevant project, payment of the balance of the construction fees is normally made in full in the same year or within two to three years, upon project completion, inspection and acceptance of the completed infrastructure project and completion of the final audit. The Lianyungang XND Management Committee regularly reviews the project progress and designs construction plans in consideration of factors including number, scale, and payment schedule of the construction projects in the current year and previous years.

Affordable Housing Construction

The Group conducts its affordable housing construction business under an agency construction model as well. Details of the affordable housing projects to be developed by the Group (such as the scope of work, estimated investment amount and financing arrangement) are normally set out in an Agency Agreement between the Group and the Lianyungang XND Management Committee. The Group mainly funds its affordable housing construction with its internal cash and external funding, such as bank borrowings or bonds issuance.

Upon reaching each project milestone, the Group's internal construction department will first conduct a project inspection, the result of which will be confirmed by the Lianyungang Xuwei New District Planning and Construction Bureau. Upon completion of inspection, the Group will first conduct an internal audit, after which the Lianyungang Xuwei New District Audit Bureau will conduct an audit of the actual construction cost of the relevant period. The Lianyungang XND Management Committee will then confirm the interim or final construction fees payable by it based on the audit result of the actual construction cost plus a certain percentage of profit margin. Depending on the Agency Agreement of the relevant project, payment of the balance of the construction fees is normally made in full in the same year or within two to three years, upon project completion, inspection and acceptance of the completed housing units and completion of the final audit. The Group is not obliged to assist with the sales of the completed housing units.

The Group engages third-party construction companies to carry out the construction of its infrastructure and affordable housing construction projects through its standardised public tender process in accordance with applicable PRC laws and regulations. When selecting contractors, the Group considers a number of factors such as the reputation of the contractors, track records in similar projects, creditworthiness, technical capabilities, proposed construction plan and price. The Group makes payment to the contractors according to the construction progress of the project and upon the payment of the Lianyungang XND Management Committee. The Group normally retains five per cent. of the contractual fees from the contractors to cover the costs of any maintenance works to be undertaken for a term of one or two years.

Project Description

Completed projects

Over the years, the Group has undertaken and completed a large number of projects of strategic importance to Lianyungang Xuwei New District. The Group's signature completed projects include the Underground Integrated Pipeline Project (地下綜合管廊項目), which spans approximately 24.8 kilometres with total investment of approximately RMB1.9 billion, and aims to enhance the utilisation of the underground space of urban roads and save the above-ground road space. The Group's Haibin Avenue Xuwei New Area Section Project (海濱大道徐圩新區段項目), which has a total length of approximately 21.8 kilometres and a roadbed width of approximately 36.0 metres, serves as the major connection between Lianyungang Xuwei New District, Lianyungang District, Lianyun District and Ganyu District. As at 31 December 2023, 11 of the Group's completed infrastructure and affordable housing construction projects have not been fully paid. The aggregate investment of those 11 infrastructure construction and affordable housing projects amounted to RMB5,922 million. As at 31 December 2023, the Group had received payments for these 11 infrastructure and affordable housing construction projects totalling approximately RMB5,457 million, which represented approximately 76.8 per cent. of the total amount receivable for those projects. The Group expects to receive the outstanding payments according to the relevant payment arrangement. The particulars of those 11 infrastructure projects are set forth below as at 31 December 2023:

	Project	**Aggregate Investment**	**Total Amount Receivable**	**Total Amount Received**
			(RMB in million)	
1	Xuwei New District Road Network and Ancillary Facilities Construction Project (徐圩新區路網管線及配套設施建設工程項目)	1,584	1,901	1,729
2	Xuwei New District Promenade Project (海濱大道徐圩新區段項目)	1,569	1,884	1,151
3	Xu Xin Road (徐新公路)	758	910	819
4	Provincial Highway 226 (Including Zhangwei Interchange) (226省道(含張圩互通))	735	882	701
5	Middle Passageway (中通道)	192	230	217
6	Xuwei New District Experimental School (徐圩新區實驗學校)	299	359	169
7	Vertical Road No.5 (縱五路)	193	232	213
8	Xuwei New District Surrounding Roads of Housing Construction (徐圩新區房建周邊道路)	95	114	117
9	Xuwei New District Water Supply Construction Project (徐圩新區送水工程)	169	203	105
10	Zhangwei Port Pump Gate Project (張圩港泵閘工程)	95	114	35
11	Phase II of Ancillary Road Network Construction Project for the Exports Production and Processing Base (出口產品生產加工基地配套路網二期工程)	233	280	201
	Total	**5,922**	**7,109**	**5,457**

Projects under construction

As at 31 December 2023, the Group had 15 ongoing infrastructure and affordable housing construction projects with estimated investment totalling approximately RMB8,134 million and cost incurred totalling approximately RMB7,500 million. The particulars of those projects are set forth below as at 31 December 2023:

	Project	Year of Commencement	Estimated Total Investment	Cost Incurred	Total Amount Receivable	Total Amount Received
				(RMB in million)		
1	Xuwei New District Main Road and Ancillary Network Construction Project (徐圩新區主幹道及配套管網工程建設項目)	June 2010	4,290	4,245	5,094	2,581
2	Shihua 4th Road (Banxu Road to Shihua 9th Road) (石化四道(板徐路–石化九路))	April 2017	143	134	161	42
3	Lianyungang Xuwei Port Area Second Port Basin 50,000-ton Channel Preparation Project (連雲港徐圩港區二港池5萬噸級航道準備工程)	June 2016	458	425	510	193
4	Lianyungang Xuwei Port Area Second Port Basin 50,000-ton Channel Construction Project (連雲港港徐圩港區二港池5萬噸級航道工程建設工程)	August 2016	237	231	277	56
5	Energy Saving 1st Road (Environmental Protection 2nd Road to 10th Road (節能一路(環保二路–環保十路))	November 2016	217	173	208	54
6	Middle Passageway Western Section (S242 to Shaoxiang Branch River Bridge) (中通道西延段(S242-燒香支河大橋))	October 2015	116	115	138	61
7	Xuwei New District Medical Rescue Centre (徐圩新區醫療救援中心)	November 2016	1,273	973	1,168	162
8	Xuwei New District Fire and Rescue Emergency Centre (徐圩新區滅火救援應急中心)	April 2016	216	216	259	93
9	Xigang Watergate Construction Project (西港閘新建工程)	June 2016	115	101	121	55
10	Solid and Hazardous Waste Treatment and Disposal Centre Project Off-Site Municipal Infrastructure Construction — Construction of Xi'an Road (Zoushan Road-Jiangsu Avenue) (固危廢處理處置中心項目廠外市政基礎設施–西安路(陬山路–江蘇大道)新建工程)	December 2018	282	195	234	61
11	Xuwei New District River-Lake Connection Project (徐圩新區河湖連通工程)	August 2018	195	171	205	43
12	Emergency Water Source Pumping Station and Supporting Pipelines (應急備用水源輸水泵站及配套管綫)	December 2018	170	148	178	18
13	Donggang Sewage Treatment Plant Compliance Tail Water Purification Project (東港汙水處理廠達標尾水淨化工程)	July 2018	215	199	239	12
14	Xuwei Port District Closed Management Project (徐圩港區封閉管理工程)	December 2019	66	48	58	29
15	Lianyungang Xuwei New District Zhangwei Port Pump Gate Downstream Drainage Channel Dredging project (連雲港市徐圩新區張圩港泵閘下游排水通道疏浚工程)	December 2019	141	126	151	12
	Total		**8,134**	**7,500**	**9,000**	**3,472**

Port Logistics

Overview

The Group's port logistics business includes warehouse-logistics, loading and unloading, storage and stockpiling, port administration, logistics transportation and the trading of stone, coal, steel, chemicals and other commodities. The Group conducts its port logistics businesses through Fangyang Group. The Guarantor believes that its operation of the port logistics business provides a stable supply of certain construction materials to the companies of the industrial parks in Lianyungang Xuwei New District and is a strong complement to its infrastructure construction and port industrial park supporting services. Aside from its trading business, the Group is actively undertaking port-related construction projects in Lianyungang Xuwei New District, which provide well-rounded support for carrying out trading activities in Lianyungang Xuwei New District. For the years ended 31 December 2021, 2022 and 2023, operating income generated from Fangyang Group's port logistics business was RMB4,597.3 million, RMB4,631.4 million and RMB2,085.2 million, respectively.

The Group conducts its port logistics business mainly through indirect subsidiaries, Lianyungang Xuwei Port Logistics Co., Ltd. (連雲港徐圩港口物流有限公司) and Lianyungang Xuwei Port Holding Group Co., Ltd. (連雲港徐圩港口控股集團有限公司). As Lianyungang Xuwei New District is experiencing rapid development, there is a strong demand of stone, concrete, steal and other construction materials. For example, Lianyungang Xuwei New District's construction work demands more than 20 million tonnes of stone in each year.

There is also a strong demand of coal and steel by manufacturing enterprises of the industrial parks in Lianyungang Xuwei New District. The Group is well positioned to conduct the relevant port logistics business by leveraging its governmental background to meet the demand of the companies of the industrial parks in Lianyungang Xuwei New District.

Business Description

The following table sets forth a breakdown of the operating income from each sub-business segment of Fangyang Group's port logistics business for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB in million, except for percentages)					
Sales of stone	75.4	1.6	23.4	0.5	12.7	0.6
Sales of coal and steel	267.5	5.8	204.2	4.4	463.8	22.2
Sales of chemicals	4,000.8	86.7	4,075.6	87.5	1,502.0	72.0
Sales of construction material	141.8	3.1	88.3	1.9	149.1	7.2
Sales of other commodities	357.1	7.7	293.4	6.3	232.6	11.2
Other port logistics business	77.9	1.7	82.9	1.8	66.0	3.2
Internal offsetting[(1)]	(323.2)	(7.0)	(136.4)	(2.9)	(341.0)	16.4
Total	**4,597.3**	**100.0**	**4,631.4**	**100.0**	**2,085.2**	**100.0**

Note:

(1) This amount represents the internal adjustments made to the consolidated financial statements for transactions among consolidated subsidiaries within the Group, as reported in the Group's financial statements of the respective periods.

Sales of stone

The Group mainly conducts its sales of stone by purchasing stone from third-party suppliers outside of Lianyungang Xuwei New District and on-selling the same to its customers. The Group employs two settlement methods with its customers, namely, (1) payment-before-delivery and (2) payment-after-delivery. For the sales of stone purchased from suppliers, the Group normally settles with the suppliers on a payment-after-delivery basis with a credit period of three to six months. When on-selling stone to the customers, the Group normally settles with the customers on a payment-after-delivery basis with a credit period of around three to six months. The Group also conducts its sales of stone with the stone provided by Lianyungang Xuwei Port Logistics Co., Ltd., which stockpiled a batch of stone before the expiration of its quarrying rights. For the sales of stone produced by the Group, the Group normally settles its stone sale contracts on a payment-before-delivery basis and the stone materials will be picked up by the customers themselves at the relevant mining area.

Sales of coal and sales of steel

The Group's sales of coal and steel involve purchase of materials from suppliers before on-selling them to customers of industrial parks in Lianyungang Xuwei New District, and most of the coal is provided for Hongyang Thermoelectricity Project. For these transactions, the Group normally settles with the suppliers on a payment-after-delivery basis with a credit period of three to 10 days. When on-selling the materials to the customers, the Group normally settles with the customers on a payment-after-delivery basis with a credit period of around 20 days for the customers of its coal trading and a much longer credit period of around 90 days for the customers of its steel trading.

Sales of chemicals

The Group's sales of chemicals mainly involve sales of methanol, paraxylene and purified terephthalic acid. Fangyang Group's sales of chemicals started in 2017 when the alcohol-based poly generation project of Jiangsu Shenghong Petrochemical Co., Ltd. (江蘇盛虹石化有限公司), an enterprise in the industrial park, was put into operation and generated large demand of chemicals. Sales of chemicals have a relatively high gross profit margin and have made significant contribution to the operating profit of the group's port logistics business.

Warehouse-Logistics

The Group's warehouse-logistics is coordinated with sales of specific goods. The Group purchases commodities according to the production plan of enterprises in the industrial park and enterprises make use of these commodities according to their manufacturing progress. The Group generates income from enterprises by providing logistics within the industrial park and warehouses for commodities that are temporarily not in use.

Projects under construction

The Group is actively undertaking construction projects in Xuwei port, including but not limited to the construction of port terminal and logistics parks, which provide well-rounded support for carrying out trading activities of its port logistics business in Lianyungang Xuwei New District. As at 31 December 2023, the Group has completed its construction of Port Terminal Project (港口碼頭項目) including six berths, three of which have a capacity of 100,000 tonnes, two of which have a capacity of 50,000 tonnes and one of which has a capacity of 30,000 tonnes. The annual throughput of the Group's port terminal project reached 25,000,000 tonnes as at the same time. Below is a summary of the Group's construction projects in Xuwei port under construction as at 31 December 2023:

- The Belt and Road Initiative Integrated Logistics Park Project (一帶一路綜合物流園項目) covers an area of 961,832 square metres, with an estimated total investment of approximately RMB2.6 billion. It serves as a major transportation hub in Xuwei port for railways, highways, maritime and river transportation, as well as a regional modern logistics storage base in line with the Belt and Road Initiative.

- The Lianyungang Comprehensive Bonded Zone (Xuwei Area) Project (連雲港綜合保稅區(徐圩片區)項目) was approved to be established in May 2018 by the State Council. Its Xuwei area covers 0.5 square kilometre and it primarily includes the bonded warehouse (phase I), bonded warehouse factory (phase II), supervised warehouses and storage yards to support the industry development in Xuwei port.

- Dry Bulk Transportation Trestle Bridge (Phase I) (乾散貨輸送棧橋一期工程) aims to minimise logistics costs and reduce environmental pollution caused by long-distance bulk cargo transportation in Xuwei port. The estimated total investment of this project is approximately RMB347 million.

- The Industrial Zone Dedicated Railway Project (產業區專用鐵道項目) has a dedicated railway with a length of about 13.6 kilometres with an estimated total investment of approximately RMB1.1 billion. It is constructed to increase the railway transportation volume in Lianyungang Xuwei New District as an important logistics transportation junction among petrochemical industrial bases in Lianyungang.

Public Utility Services

Overview

The Group provides public utility services including sales of raw water, sewage treatment and sales of steam and electricity in Lianyungang Xuwei New District. The Group conducts its public utility services business through Fangyang Group. In addition, the Group has been engaged by the Lianyungang Municipal Government to construct urban underground utility tunnels which serve multiple purposes, including electricity, telecommunications, radio and television, water supply, drainage, heating and gas, in response to the initiative of promoting the construction of urban underground utility tunnels by the Ministry of Housing and Urban-Rural Development of the People's Republic of China. This project is one of the two pilot projects in Jiangsu Province. The Group commenced tunnels construction in June 2016 through its subsidiary, Jiangsu Fangyang Logistics Co., Ltd. (連雲港徐圩港口物流有限公司, previously named as 江蘇方洋物流有限公司) and Jiangsu Fangyang Water Co., Ltd. (江蘇方洋水務有限公司), and has completed the construction. In November 2018, Fangyang Group obtained the Electric Power Business Licenses (電力業務經營許可證) issued by the National Energy Administration (國家能源局), and commenced its construction of the electricity distribution project in December 2018 through its subsidiary, Jiangsu Donggang Energy Investment Co., Ltd. (江蘇東港能源投資有限公司). The Group has increased its investment to grow this business in order to better complement the future development and to increase the commercial attractiveness of Lianyungang Xuwei New District. For the years ended 31 December 2021, 2022 and 2023, operating income generated from Fangyang Group's public utility services was RMB2,133.4 million, RMB6,133.3 million and RMB11,848.2 million, respectively.

Business Description

The following table sets forth a breakdown of the operating income by sub-segment of Fangyang Group's public utility services business for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	Amount (audited)	Per cent. of total	Amount (audited)	Per cent. of total	Amount (audited)	Per cent. of total
	(RMB in million, except for percentages)					
Raw water sales	22.0	1.0	7.6	0.1	1.3	0.0
Industrial sewage treatment	255.3	12.0	371.3	6.1	635.3	5.4
Tap water sales	35.2	1.7	39.3	0.6	35.2	0.3
Industrial water sales	70.6	3.3	105.5	1.7	174.4	1.5
Steam sales	987.4	46.3	3,532.4	57.6	5,813.1	49.1
Electricity sales	762.5	35.7	2,069.9	33.8	5,181.7	43.7
Power operation and maintenance	0.3	0.0	7.3	0.1	7.3	0.1
Total	**2,133.4**	**100.0**	**6,133.3**	**100.0**	**11,848.2**	**100.0**

Sales of steam and electricity

The Group's operating income of its public utility services is mainly generated from the sales of steam and electricity. During the three years ended 31 December 2023, the Group's operating income of its sales of steam business was mainly generated from the sales of steam, produced by the Hongyang Thermoelectricity Project (虹洋熱電項目), to the companies of the industrial parks in Lianyungang Xuwei New District. In 2011, due to the lack of heating power generating industries in the industrial parks of Lianyungang Xuwei New District, Lianyungang Hongyang Thermal Power Co., Ltd. (連雲港虹洋熱電有限公司), a joint venture company in which the Group controls 50 per cent. equity interest, commenced the construction of the Hongyang Thermoelectricity Project (虹洋熱電項目) to meet the demand of heating power of the companies of the industrial parks.

The Hongyang Thermoelectricity Project is located at the Thermoelectricity Centre of the Lianyungang Xuwei New District and has a total estimated investment amount of RMB2 billion with an estimated annual steam production capacity of 8 million tonnes. It is targeted to generate revenue of RMB2.1 billion per year upon completion and full operation. Its wastewater treatment plants No. 1, No. 2, No. 3 and No. 4 were completed and commenced operation in 2012, 2013, 2016 and 2020, respectively. For the years ended 31 December 2021, 2022 and 2023, the Hongyang Thermoelectricity Project had provided steam to the companies of the industrial parks in Lianyungang Xuwei New District in the amount of approximately 5,000,000 tonnes, 15,030,000 tonnes and 24,300,000 tonnes, respectively.

In addition to the Hongyang Thermoelectricity Project, Fangyang Group completed the Kongqiao Substation and Shenzhen-Hong Kong Substation Project Station (孔橋變電站和深港變電站項目) in 2020 with two 220kV substations, an operation and maintenance building, a warehouse for spare parts and other supporting facilities. The Group also completed Tianwan Nuclear Power Plant Steam Supply Pipeline Project (田灣核電站蒸汽供能管道項目), which extends from Tianwan Nuclear Power Plant (田灣核電站) to Lianyungang Petrochemical Industry Base (連雲港石化產業基地).

Sales of raw water and sewage treatment

The Group generates operating income from its sales of raw water business through providing industrial raw water to companies in the industrial parks in Lianyungang Xuwei New District and generates operating income from its sewage treatment through providing wastewater treatment services for those companies. The Group carries out its sales of raw water and sewage treatment business through a subsidiary of the Guarantor, Jiangsu Fangyang Water Co., Ltd. (江蘇方洋水務有限公司).

In 2012, phase I of Fangyang Group's water supply plant project was completed and commenced operation. Fangyang Group's wastewater treatment plant project was completed and commenced operation in 2013. East Port Wastewater Treatment Plant (東港汙水處理廠) is currently in charge of wastewater treatment in the industrial park. It has a sewage treatment capacity of 50,000 tonnes per day. In addition, as at the date of this Offering Circular, the Group has several raw water and sewage treatment projects under construction, such as the phase II of Water Supply and Treatment Plant and Supporting Pipeline Network (給水處理廠及廠外配套管網二期工程), which has a pumping station with the water supply capacity of 300,000 tonnes per day and a pumping house with the water supply capacity of 450,000 tonnes per day currently in operation. The Group's No. 2 Water Supply Plant (第二水廠) primarily targets to supply industrial production water for enterprises in the petrochemical industry park in Xuwei New District. No. 2 Water Supply Plant occupies an area of approximately 50,000 square metres with an industry water plant with an estimated water supply capacity of 100,000 tonnes per day upon completion and full operation. Furthermore, the Group is constructing the phase I of Petrochemical Base Industrial Wastewater Third Party Treatment Project (石化基地工業廢水治理一期工程), a sewage pretreatment project with an estimated sewage treatment capacity of 12,000 tonnes per day upon completion and full operation. In its Xuwei New District Recycled Water Plant (徐圩新區再生水廠), the Group is currently constructing a recycled water plant with an estimated water treatment capacity of 50,000 tonnes per day and an estimated water production capacity of 35,000 tonnes per day upon completion and full operation. In its Xuwei New District Solid and Hazardous Waste Treatment and Disposal Centre Project (徐圩新區固危廢處理處置中心項目), the Group is currently constructing four landfill areas with a total of 338 landfill cells and the landfill capacity of 10,700 tonnes per year.

Port Industrial Park Supporting Services

Overview

The Group provides ancillary services to support the operation and development of the industrial parks in Lianyungang Xuwei New District, including advertisement and exhibition, property management, catering service, consulting service, leasing business and sales of commercial housing. The Group conducts its port industrial park supporting services business through Fangyang Group. For example, the Industrial Neighbourhood Centre Project (工業鄰里中心項目), which has been completed as at the date of this Offering Circular, occupies an area of approximately 328,666.7 square metres. This comprehensive commercial and residential area is able to meet demands for business, accommodation, leisure and daily consumption for approximately 11,000 industrial workers and visitors in Xuwei New District. For the years ended 31 December 2021, 2022 and 2023, operating income generated from Fangyang Group's port industrial park supporting services was RMB2,515.7 million, RMB2,316.2 million and RMB1,343.6 million, respectively.

Business Description

The following table sets forth a breakdown of the operating income by sub-segment of Fangyang Group's port industrial park supporting services business for the periods indicated:

	Year ended 31 December					
	2021		2022		2023	
	Amount (audited)	Per cent. of total	Amount (audited)	Per cent. of total	Amount (audited)	Per cent. of total
	(RMB in million, except for percentages)					
Charter business	143.8	5.7	161.7	7.0	134.8	10.0
Advertisement and exhibition	4.6	0.2	9.7	0.4	4.1	0.3
Property management.	76.3	3.0	137.0	5.9	171.7	12.8
Catering service	54.6	2.2	62.4	2.7	67.8	5.1
Supermarket retail	33.1	1.3	5.5	0.2	39.2	2.9
Consulting service	26.2	1.0	18.2	0.8	46.1	3.4
Event planning	1.3	0.1	2.2	0.1	4.5	0.3
Commercial housing sales.	17.3	0.7	241.2	10.4	93.2	6.9
Loan service business	–	–	–	–	–	–
Land reclamation	2,158.5	85.8	1,678.3	72.5	782.2	58.2
Total	**2,515.7**	**100.0**	**2,316.2**	**100.0**	**1,343.6**	**100.0**

Advertisement and exhibition

The Group carries out its advertisement and exhibition business through a subsidiary of the Guarantor, Jiangsu Fangyang Culture and Art Troupe Co., Ltd. (江蘇方洋文化藝術團有限公司). Jiangsu Fangyang Culture Communication Co., Ltd. is currently the only professional advertising company in the Xuwei New District, and is mainly responsible for the advertising business, including exhibitions and billboard production. With the development of the newly established industrial park and the enterprises entering the industrial park, the advertising business has a great growth potential.

Property management

The Group carries out its property management business through a subsidiary of the Guarantor, Jiangsu Yunhu Asset Management Co., Ltd. (江蘇雲湖資產管理有限公司). Its property management business mainly includes property management, road lamp management and maintenance and municipal maintenance. It is expected that the Group's property management business will generate stable operating cash flow for the Group along with the increase of the number of enterprises of the industrial parks in Lianyungang Xuwei New District.

Catering service

The Group conducts its catering service business through its subsidiary, Jiangsu Fangyang Modern Service Industry Group Co., Ltd. (江蘇雲湖現代服務產業集團有限公司) (previously named as Jiangsu Fangyang Modern Service Group Co., Ltd. (江蘇方洋現代服務產業集團有限公司)).

Consulting

The consulting business mainly includes business management consulting, economic information consulting, corporate planning, market research, technology development, technology transfer, technical consultation and technical service.

Land reclamation

Fangyang Group ceased to conduct primary land development since 2015. Fangyang Group returns the land use rights of its idle land or the land which are not fully developed to the land department of the Lianyungang XND Management Committee who will purchase the land use rights at a price determined by the assets evaluation organisation appointed by the land department of the Lianyungang XND Management Committee.

Miscellaneous

The Group also undertakes other business operations, financial leasing business, loan services, supplying electric power, agricultural development and medical management and others. For the years ended 31 December 2021, 2022 and 2023, operating income generated from the miscellaneous business conducted by the Guarantor's subsidiaries was RMB948.3 million, RMB862.3 million and RMB437.7 million, respectively.

Operational Process

The Group's operational process primarily involves project identification, financing, design management, on-site management, project monitoring, quality control and project completion.

Project Identification

The Group relies on the Lianyungang XND Management Committee to identify and propose new projects for the Group to undertake. The Group will then evaluate the project feasibility and investment budget, taking into the account the scale and costs of such project.

Financing

The financing arrangements for each project are arranged by the Group's financing department. For each project, the Group will discuss with banks and determine a proper financing arrangement with the relevant bank. All proposals for any financing arrangements will be reviewed and approved by the Group's senior management. The Group's sources of financing include financial support from the Lianyungang XND Management Committee, the Lianyungang Municipal Government, the Jiangsu Provincial Government and the State Council, bonds issuances and bank loans.

Design Management

The Group's general office is primarily responsible for managing project designs. For each project, the Group will typically engage a professional design company to prepare the feasibility study, design the project and supervise the execution of such design. The selection of the professional design company is based on a tendering and bidding process whereby the Group takes into consideration various factors such as the reputation and track record of the design company, the timeframe and quality requirements for the project as well as the price and design plan proposed by the design company.

On-site Management

The Group appoints a project manager to facilitate communication and coordinate the relationships between designers, contractors, supervision companies and the government. The project manager prepares and submits a monthly progress report to a manager in charge of the project.

Monitoring of Project Construction

The Group typically supervises the construction work performed by the contractors by on-site examination on a regular basis. The Lianyungang Xuwei New District Planning and Construction Bureau will perform the final assessment and inspection of the project to determine whether the project could be accepted.

The actual progress of each project is monitored based on a monthly construction report. Contractors are required to complete their work according to the agreed schedule. No incentives are provided to contractors for completing their work prior to the agreed schedule. However, contractors who fail to meet the schedule may be liable for damages to the Group.

Quality Control

The Group provides a project quality assurance certificate whenever they enter into a project agreement. The quality management of a project is monitored by an independent third party who will provide project reports to the Group which will include information on a project's construction quality and progress.

Completion

Upon project completion, the government will inspect the project and check the quality of the completed works. The Group will retain five per cent. of the contractual fees from the contractors to cover the costs of any maintenance works to be undertaken during the maintenance period.

Risk Management

The Group has established a risk management committee to ensure compliance with regulatory requirements and to implement risk control measures to lower operational and investment risks. The risk management system covers different aspects of the Group's operations, including budget management, guarantee management, remuneration management, safety production, subsidiaries management, investment and financing management, and connected transaction, information disclosure and incidents management. Each level and department of the Group is well informed of the Group's internal control and risk management policies. The systematic approach adopted by the Group has helped the Group to manage its business in a disciplined manner.

Occupational Safety and Environmental Protection

The Group has adopted a comprehensive work safety system 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 objectives 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 is in compliance 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 the governmental authorities in the PRC. The Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

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, with regard to its infrastructure and affordable housing construction business, the Group generally purchases insurance for its fixed assets, such as its key equipment, stock and office buildings. The Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Group maintains insurance coverage in amounts that it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurances are not mandatory under the laws and regulations of the PRC, and such insurances are either unavailable in the PRC or requires substantial cost.

Employees

As at 30 June 2024, the Group had approximately 1,500 employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses and supplemental commercial insurance policies to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

Legal Proceedings

The Group is from time to time involved in disputes and legal proceedings arising in the ordinary course of its business. See "*Risk Factors — Risks Relating to the Group's Business — The Group may be subject to disputes, legal, regulatory or other proceedings*".

To the best of its knowledge, there are no current litigation or arbitration proceedings against the Group or any of its directors as at the date of this Offering Circular that could have a material adverse effect on its financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

The board of directors of the Guarantor (the "**Board**") consists of seven members, including the chairman and five other directors who are appointed by the Lianyungang XND Management Committee and one employee director who is elected by and amongst the employees. The board of directors determines major matters of the Guarantor (such as operating plans, investment proposals and annual budget) and is primarily responsible for implementing the decisions of and reporting to the Lianyungang XND Management Committee.

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

Name	Year of birth	Position
Mr. Yan Hongmin (閆紅民)	1970	Chairman of the Board, Secretary of the Party Committee, Legal representative
Mr. An Tao (安濤)	1976	Director, President
Mr. Cao Hongtao (曹泓濤)	1977	Director
Mr. Lin Hongjun (林洪軍)	1988	Director
Mr. Zhao Jiandong (趙建東)	1981	External Director
Mr. Song Chunfei (宋春飛)	1984	External Director
Mr. Liu Kai (劉凱)	1985	Employee Director

Mr. Yan Hongmin (閆紅民) is the chairman of the board, the secretary of the Party Committee and the legal representative of the Guarantor. Mr. Yan previously served as a designer of Mine Design Institute of the Ministry of Chemical Industry (化工礦山設計院), a mid-level manager of Huadong Electronics Engineering Co., Ltd. (華東電子工程公司), a deputy head of the Shangqiu Huaiyang District Construction Bureau (商丘市睢陽區建設局), a deputy chief engineer of the Lianyungang Municipal Planning and Design Institute (連雲港市規劃市政設計院), a deputy director and the director of the Chief Engineers' Office of the Lianyungang XND Management Committee (連雲港市徐圩新區管委會總工辦) and the Chief Engineers' Office of the Lianyungang High-tech Industrial Development Zone Management Committee (連雲港市高新技術產業開發區管委會總工辦), and an assistant to the president, a vice president and a director of the Guarantor. Mr. Yan holds a bachelor's degree.

Mr. An Tao (安濤) is a director of the Guarantor and the president of the Guarantor. Mr. An previously served as a clerk of the Finance Working Office of the Lianyungang Municipal Government (連雲港市政府金融工作辦公室), a clerk and a deputy director clerk of the Xuwei New District Finance Bureau (徐圩新區財政局), a deputy director clerk and a deputy head of the National East-Central-West Regional Cooperation Demonstration Region Finance Bureau (國家東中西區域合作示範區財政局) and the head of the Regional Cooperation Bureau of the National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區區域合作局). Mr. An holds a master's degree.

Mr. Cao Hongtao (曹泓濤) is a director of the Guarantor. Mr. Cao previously served as a clerk of the Inspectors' Office of the Lianyungang Municipal Government (連雲港市政府辦公室督察處), a clerk and a deputy director clerk of the Xuwei New District Investment Service Centre (徐圩新區投資服務中心), a deputy director clerk and the director clerk of the National East-Central-West Regional Cooperation Demonstration Region Investment Service Centre (國家東中西區域合作示範區投資服務中心). Mr. Cao holds a master's degree.

Mr. Lin Hongjun (林洪軍) is a director of the Guarantor. Mr. Lin is also the chairman of the board of directors of Jiangsu Xianghe Agricultural Development Co., Ltd. (江蘇香河農業開發有限公司). He previously served as an administrative assistant to the Corporate Planning Department and Party Committee Department, an assistant to the general manager, a deputy general manager and the general manager of the Human Resources Department of the Guarantor, an administrative assistant to the Party and Government Office of the Lianyungang XND District Management Committee (連雲港徐圩新區管委會黨政辦公室) and the project director of Xuwei Lake Petrochemical Base Service Area (徐圩湖石化基地服務區). Mr. Lin holds a master's degree.

Mr. Zhao Jiandong (趙建東) is an external director of the Guarantor. Mr. Zhao previously served as an assistant accountant to Jiangsu Shenghong Chemical Fiber Co., Ltd. (江蘇盛虹化纖有限公司), an accountant in charge of Suzhou Suzhen Thermal Power Co., Ltd. (蘇州蘇震熱電有限公司), a finance manager of Jiangsu Zhonglu Technology Development Co., Ltd. (江蘇中鱸科技發展股份有限公司) and a vice president of Shenghong Petrochemical Group Co., Ltd. (盛虹石化集團有限公司). Mr. Zhao holds a bachelor's degree.

Mr. Song Chunfei (宋春飛) is a director of the Guarantor. Mr. Song is also an assistant to the president of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司). He previously served as a finance manager of Lianyungang SINOTRANS Bonded Logistics Co., Ltd. (連雲港中外運保稅物流有限公司) and the booking centre of SINOTRANS Landbridge Transportation Co., Ltd. (中國外運陸橋運輸有限公司), a project manager of the finance department of Jiangsu Fangyang Logistics Co., Ltd. (連雲港徐圩港口物流有限公司), the chairman of the board of directors of Lianyungang Yunhai Financial Leasing Co., Ltd. (連雲港雲海融資租賃有限公司) and the general manager of the Investment and Operation Department of the Guarantor. Mr. Song holds a bachelor's degree.

Mr. Liu Kai (劉凱) is an employee director of the Guarantor. Mr. Liu is also the office director of Fangyang Group. Mr. Liu previously served as an administrative assistant to the Lianyungang XND Management Committee, an assistant to the director and a deputy director of the Investment Promotion Bureau of the National East-Central-West Regional Cooperation Demonstration Region (國家東中西區域合作示範區投資促進局), a deputy director of the Party and Government Office of the National East-Central-West Regional Cooperation Demonstration Region and a director of the Letters and Visits Office of the National East-Central-West Regional Cooperation Demonstration Region. Mr. Liu holds a bachelor's degree.

Supervisors

The board of supervisors consists of five members, including three supervisors who are appointed by the Lianyungang XND Management Committee and two employee supervisors who are elected by and amongst the employees. The term lasts three years, which is renewable upon re-election and reappointment. The Lianyungang XND Management Committee also appoints one member of the board of supervisors to be the chairman.

The board of supervisors is responsible for (1) monitoring the Guarantor's financial matters; (2) overseeing the actions of the board of directors and the senior management of the Guarantor; (3) moving to dismiss directors or senior managers who have failed to meet the standards of behaviour required by relevant PRC laws; and (4) claiming for compensation when a director or a senior manager acts against the best interest of the Guarantor.

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

Name	Year of birth	Position
Zhang Yonghui (張永慧)	1975	Chairman of the board of supervisors
Zhao Bailu (趙白露)	1985	Supervisor
Chen Haiping (陳海萍)	1974	Supervisor
Xia Ruichen (夏瑞辰)	1978	Employee Supervisor
Zhao Liyuan (趙莉媛)	1984	Employee Supervisor

Ms. Zhang Yonghui (張永慧) is the chairman of the board of supervisors. Ms. Zhang previously worked at the Heilongjiang Province Fourth Highway Engineering Section (黑龍江省第四公路工程處) and served as a budgeter of Jiangsu Haitong Construction Engineering Co., Ltd. (江蘇海通建設工程有限公司) and a budgeter and the director of the engineering department of Lianyungang Municipal Engineering Co., Ltd. (連雲港市市政工程有限公司). Ms. Zhang holds a bachelor's degree.

Ms. Zhao Bailu (趙白露) is a supervisor of the Guarantor. Ms. Zhao is also the director of the supervision and audit department of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司). She previously served as an accountant and a financing specialist of the finance department of Yihai (Lianyungang) Grain and Oil Industry Co., Ltd. (益海(連雲港)糧油工業有限公司), a senior administrative assistant to the Audit Office of the Lianyungang XND Management Committee (連雲港徐圩新區管委會審計辦公室) and a deputy general manager of the Supervision and Audit Department and the Finance Department of the Guarantor. Ms. Zhao holds a master's degree.

Ms. Chen Haiping (陳海萍) is a supervisor of the Guarantor. Ms. Chen is also the head of the National East-Central-West Regional Cooperation Demonstration Region Finance Bureau (國家東中西區域合作示範區財政局). She previously served as the chief accountant of the finance department of Lianyungang Water Supply Co., Ltd. (連雲港市自來水公司), a finance manager of the Lianyungang Branch of Bohai Property Insurance Co., Ltd. (渤海財產保險股份有限公司連雲港分公司), a senior manager of the finance department of Xuwei Development and Construction Co., Ltd. (徐圩開發建設有限公司), a deputy general manager and the general manager of the Finance Department and a deputy secretary to the supervision committee of the Guarantor and the chairman of the board of directors of Jiangsu Fangyang Energy Technology Co., Ltd. (江蘇方洋能源科技有限公司). Ms. Chen holds a bachelor's degree.

Mr. Xia Ruichen (夏瑞辰) is an employee supervisor of the Guarantor. Mr. Xia previously served as an administrative assistant of the Lianyungang Xuwei New District Social Affairs Bureau (連雲港徐圩新區社會事業局) and Investment Promotion Bureau I (連雲港徐圩新區招商一局), a manager of the Lianyungang Xuwei New District Community Workstation (連雲港徐圩新區社區工作站) and a deputy manager of the Lianyungang Xuwei New District Party and Group Work Department (連雲港徐圩新區黨群工作部). Mr. Xia holds a bachelor's degree.

Ms. Zhao Liyuan (趙莉媛) is an employee supervisor of the Guarantor. Ms. Zhao is also the deputy director of the Union Committee of the Guarantor. She previously worked at the Party Committee Department, the Supervision and Audit Department and the Office of the Guarantor. Ms. Zhao holds a bachelor's degree.

Senior Management

The Guarantor currently has one president. The president is appointed by and reported to the board of directors. The president is primarily responsible for (1) implementing the decision of the board of directors regarding the management and operation of the Guarantor; (2) implementing the Guarantor's annual business and investment plans; (3) setting up the corporate governance structure of the Guarantor and drafting detailed corporate regulations; and (4) appointing and dismissing other senior management.

The following table sets forth the Guarantor's senior management as at the date of this Offering circular:

Name	Year of birth	Position
He Feng (何烽)	1982	Vice President
Yu Fuzhong (于富忠)	1984	Vice President
Zhang Guitang (張貴堂)	1977	Vice President
Jia Junyan (賈俊豔)	1985	Secretary of the Discipline Inspection Commission
Li Dong (李棟)	1983	Vice President
Zheng Dashuang (鄭大雙)	1982	Assistant to the president
Pu Changqing (浦長青)	1982	Assistant to the president

Mr. He Feng (何烽) is a vice president of the Guarantor. Mr. He previously served as the chief designer of Lianyungang Port Engineering Design and Research Institute (連雲港港口工程設計研究院), the general manager of the engineering department of Lianyungang Suhai Investment Co., Ltd. (連雲港蘇海投資有限公司), a deputy general manager of Jiangsu Fangyang Construction Investment Co., Ltd. (江蘇方洋建設投資有限公司), the general manger of the Contract Management Department of the Guarantor, a deputy general manager of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司) and the chairman of the board of directors of Lianyungang Xuwei Port Investment Group Co., Ltd. (連雲港徐圩港口投資集團有限公司). Mr. He holds a bachelor's degree.

Mr. Yu Fuzhong (于富忠) is a vice president of the Guarantor. Mr. Yu previously served as a staff member of Lianyungang Municipal Government Beijing Office (連雲港市府駐京辦), a senior assistant to the Development and Construction Department of Lianyungang Xuwei New District (連雲港徐圩新區開發建設指揮部), a deputy director and the director of the Reception Office of the Lianyungang XND Management Committee (連雲港徐圩新區管委會接待辦), the director of the Innovation Centre of the Guarantor, the director of the Party Committee Department and an assistant to the president of the Guarantor and a deputy general manager of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司). Mr. Yu holds a bachelor's degree.

Mr. Zhang Guitang (張貴堂) is a vice president of the Guarantor. Mr. Zhang previously served as the secretary of the youth league committee, the deputy director and the director of the Human Resource Department of Lianyungang Water Supply Co., Ltd. (連雲港市自來水有限公司), an assistant to the director and a deputy director of Xuwei New District Party and Mass Work Department (徐圩新區黨群工作部), a deputy director of Xuwei New District Party and Government Office (徐圩新區黨政辦公室), the director of Xuwei New District Economic Development Bureau (徐圩新區經濟發展局) and a vice president of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司). Mr. Zhang holds a bachelor's degree.

Ms. Jia Junyan (賈俊豔) is the secretary of the discipline inspection commission of the Guarantor. Ms. Jia previously served as a manager of the Financial Management Department of Jiangsu Yangjing Petrochemical Group Co., Ltd. (江蘇洋井石化集團有限公司), a director of Lianyungang Xinggang Environmental Protection New Materials Co., Ltd. (連雲港興港環保新材料有限公司), a director of Jiangsu Yangjing Packaging Technology Co., Ltd. (江蘇洋井包材科技有限公司) and an external director of the Guarantor. Ms. Jia holds a master's degree.

Mr. Li Dong (李棟) is a vice president of the Guarantor. Mr. Li previously worked at Zhenjiang Yangzhong Branch of Agricultural Bank of China (中國農業銀行鎮江市揚中支行) and Jiangsu Tianhua Dapeng Accountants' Office (江蘇天華大彭會計師事務所) and served as the director of the Xuwei New District Finance Bureau (徐圩新區財政局) and a supervisor of the Guarantor. Mr. Li holds a bachelor's degree.

Mr. Zheng Dashuang (鄭大雙) is an assistant to the president. Mr. Zheng previously served as an operation director of China Sports Industry Group Co., Ltd. (中體產業集團股份有限公司), a project manager of Zhongchengxin Group Co., Ltd. (中誠信集團), the general manager of Beijing Fangyang

Management Consulting Co., Ltd. (北京方洋管理諮詢有限公司), a deputy general manager of Jiangsu Fangyang Technology Investment Development Co., Ltd. (江蘇方洋科技投資發展有限公司) and the chairman of the board of directors of Lianyungang Fangyang Intelligent Technology Co., Ltd. (連雲港方洋智能科技有限公司) and Lianyungang Xuwei Urban Construction Engineering Co., Ltd. (連雲港徐圩城建工程有限公司). Mr. Zheng holds a bachelor's degree.

Mr. Pu Changqing (浦長青) is an assistant to the president. Mr. Pu previously served as a staff member of the Human Resources Department of China State Shipbuilding Corporation (中國船舶工業集團公司), a senior manager of Jiangsu Fangyang Human Resources Management Co., Ltd. (江蘇方洋人力資源管理有限公司), a general manager of the Human Resources Department of the Guarantor, a director of Jiangsu Fangyang Logistics Co., Ltd (江蘇方洋物流有限公司) and a deputy general manager of Lianyungang Xuwei Port Holding Group Co., Ltd. (連雲港徐圩港口控股集團有限公司). Mr. Pu holds a master's degree.

Corporate Governance

The Guarantor has established and implemented a corporate governance structure, comprising sixteen departments and offices, reporting directly to the president and the board of directors, respectively. They are the Auditing Committee, the Investment Decision Committee, the Board of Directors' Office, the Party Committee Department, the Group Office, the Finance Department, the Engineering Department, the Investment and Operation Department, the Contract Management Department, the Human Resources Department, the Asset Management Department, the Corporate Planning Department, the Safety and Environmental Protection Department, Fangyang Management College, the Supervision and Audit Department and the Union Committee. The primary duties of these sixteen departments and offices are set forth as follows:

- Auditing Committee is primarily responsible for supervising and implementing the Guarantor's internal auditing policies, auditing the Guarantor's financial information, fulfilling disclosure requirements, communicating with outside auditors and dealing with any complaints relating to financial improprieties.

- Investment Decision Committee is primarily responsible for reviewing the annual investment plan of material projects and the fixed asset investment projects of the Guarantor.

- Board of Directors' Office is primarily responsible for coordinating between different departments and offices of the Guarantor, overseeing the proper execution of the resolutions and decisions of the board of directors, summarising industry insights and managerial updates for the board's reference, liaising with the subsidiaries with respect to their reporting duties to the Guarantor, administering the board meetings and communicating with the directors and supervisors on behalf of the board.

- Party Committee Department is primarily responsible for Party building, organizing activities for Party members, constructing Party organization, supervising and assessment.

- Group Office is primarily responsible for coordinating and supervising daily administrative work, assisting the management in an event of materiality or emergency, drafting, undertaking secretarial works, organizing Group events and meetings, managing public relations and media coverage and arranging reception, logistics, security and attendance matters.

- Finance Department is primarily responsible for establishing and implementing the financial plans and policies of the Guarantor, establishing and improving the Guarantor's financial management system, preparing financial reports, assisting other departments in assessing and evaluating projects, securing the safe and effective application of funds and overseeing the financial matters of the subsidiaries.

- Engineering Department is primarily responsible for managing key annual construction projects, pre-screening applicant contractors, supervising the tendering process, previewing the construction contracts, applying for subsidies, undertaking preliminary evaluation of completed projects and budgets and final accounts and submitting periodic reports to the management of the Guarantor.

- Investment and Operation Department is primarily responsible for maintaining and expanding financing channels of the Guarantor, controlling financing costs, establishing financing plans according to market conditions and the strategic plans of the Guarantor and conducting research.

- Contract Management Department is primarily responsible for establishing a standardised contract management and tendering process, overseeing the sale and purchase agreements of key equipment and raw materials and managing the negotiation of material commercial terms.

- Human Resources Department is primarily responsible for undertaking recruitment, internal trainings and appraisals and establishing and implementing the Guarantor's human resources policies.

- Asset Management Department is primarily responsible for managing the tangible assets of the Guarantor including office appliances and equipment, making relevant rules and maintaining relevant records.

- Corporate Planning Department is primarily responsible for internal and external communications and policy research on state-owned enterprise reform and industry development.

- Safety and Environmental Protection Department is primarily responsible for implementing and enforcing safety and environmental protection regulations, inspecting the safety protection materials and facilities, providing training to staffs on safety measures and promoting safe and environmental protection with other departments.

- Fangyang Management College is primarily responsible for training company employees, research on business development and cultivating innovation talents.

- Supervision and Audit Department is primarily responsible for disciplinary supervision, improving Party conduct and upholding integrity, and internal audit.

- Union Committee is primarily responsible for representing workers and organising meetings for the workers in the Group, coordinating and participating in the mediation of labour disputes, supervising the implementation of the labour law and collecting, managing and utilising funds and properties of the union.

In addition, the Guarantor has established several effective internal control systems, including cash and cash equivalents management system, financing management system, budget management system, internal control system, connected transactions management system, investment management system, guarantee management system, human resources system, safety production system, information disclosure system, emergency response system, finance management system and short-term capital emergency system.

PRC LAWS AND REGULATION

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

Main Regulatory Authorities and Contents of Supervision

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

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

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

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

- Ministry of Ecology and Environment of the People's Republic of China (formerly State Environmental Protection Administration, "**SEPA**") and the competent local departments of environmental protection at various levels are responsible for the environmental protection management of construction projects.

Major Laws and Regulations

Safe Registration in relation to Cross-Border Security

Pursuant to the current applicable foreign exchange regulations, provision of cross-border security (including the provision of security interests by way of mortgage or pledge and the provision of guarantee) as defined in the relevant PRC regulations by PRC non-financial institutions, is subject to registration, reports and other regulatory requirements of SAFE.

On 12 May 2014, SAFE issued the Provisions on Foreign Exchange Administration of Cross-border Security (跨境擔保外匯管理規定) and the Implementation Guidelines for the Foreign Exchange Administration of Cross-border Security (跨境擔保外匯管理操作指引) (collectively the "**SAFE Circular 29**"), which became effective on 1 June 2014. According to the SAFE Circular 29: (i) cross-border security refers to the security provided by a security provider to a creditor under a written and legally binding agreement or instrument under which the security provider undertakes to fulfil relevant payment obligations in accordance with the security agreement, which may result in cross-border receipt and payment of funds or cross-border transfer of asset ownership and other transactions of international receipt and payment. Based on the places of registration of the parties to the cross-border security transactions, cross-border security shall be divided into three types, namely "Neibaowaidai" (內保外貸), "Waibaoneidai" (外保內貸) and "Other forms of cross-border security" (其他形式的跨境擔保). In particular, Neibaowaidai refers to the cross-border security transaction under which the security provider is registered in the PRC, while both the debtor and the creditor are registered outside the PRC; (ii) provision of guarantees by PRC non-financial institution for offshore bond issuance by offshore entities constitutes transaction of "Neibaowaidai", and the PRC non-financial institution as the guarantor shall, register such cross-border security with SAFE within 15 working days after the execution of the guarantee; (iii) the proceeds of loans or bonds under the "Neibaowaidai" structure shall be used for the relevant expenses in the normal course of business of the foreign debtor, and shall not be used to support the foreign debtor to engage in transactions other than the normal course of business, to arbitrage any trade with fictitious transaction background, to carry out other forms of speculative transactions, or to directly or indirectly remit proceeds back to PRC by way of security investment; (iv) the proceeds of loans or bonds under the "Neibaowaidai" structure shall not be repatriated onshore and used in the PRC; (v) where "Neibaowaidai" is provided to secure the repayment obligations of an offshore entity under its offshore bond issuance, the offshore issuer shall be directly or indirectly owned by the PRC domestic institutions and the proceeds from the offshore bond issuance shall be applied to the overseas investment projects which are associated with the PRC domestic institutions in terms of equity interest and the relevant overseas institutions or projects shall have obtained or completed approvals, registrations, records or confirmations from or with the relevant PRC domestic authorities in charge of administration of overseas investment; and (vi) in case of performance of the "Neibaowaidai" which has been duly registered with SAFE, the PRC non-financial institution as the guarantor, may make the payment in relation to the performance of the "Neibaowaidai" under the registered "Neibaowaidai" at its own discretion, and shall de-register the "Neibaowaidai" and perform registration formalities in relation to its creditor rights against the offshore debtor arising out of the performance of the "Neibaowaidai". On 26 January 2017, SAFE issued the Circular on Further Promoting the Reform of Foreign Exchange Administration and Improving the Genuineness and Compliance Review and Verification Process (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) ("**SAFE Circular 3**"), which eases certain restrictions on the use of proceeds raised under a "Neibaowaidai" structure and generally allows the proceeds raised under a "Neibaowaidai" structure to be repatriated onshore and used in the PRC by way of loans and equity investments. The second series of the Policy Q&As in relation to the SAFE Circular 3 ((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(匯發[2017]3號)政策問答(第二期)) ("**Policy Q&As in relation to the Circular 3**") published by SAFE on its official website on 27 April 2017 further clarified that, for offshore bond issuance by offshore entities which is secured by PRC onshore guarantees, the restrictions on the use of proceeds as mentioned in sub-paragraph (iii) and sub-paragraph (v) above still apply despite of SAFE Circular 3. However, in practice, application or exemption of such restrictions on the use of proceeds as mentioned in sub-paragraph (v) above to certain extent remains subject to SAFE' discretion on a case by case basis.

The SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3 will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices within their authorisations in applying the SAFE Circular 3 and Policy Q&As in relation to the SAFE Circular 3.

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening the Administration of Local Government Financing Vehicles (國務院關於加強地方政府融資平台公司管理有關問題的通知) ("**Circular 19**") and the Notice on Further Regulating Issuance of Bonds by Local Government Financing Vehicles (關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) ("**Circular 2881**") were promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platforms. In accordance with Circular 2881, the level of indebtedness of local governments will impact a financing platform's issuance of enterprise bonds.

On 21 September 2014, the State Council released Circular 43. Circular 43 aims at regulating the financing system of local government. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. In accordance with the old Budget Law which took effect in 1995 (the "**Old Budget Law**"), local governments shall not issue bonds directly. On 31 August 2014, National People's Congress adopted the newly amended Budget Law of the PRC (the "**New Budget Law**"), which became effective on 1 January 2015 and was further amended on 29 December 2018. Public interest projects may be funded by the government through issuing government bonds, since the New Budget Law empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

Regulation on the Issuance of Foreign Bonds

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) ("**NDRC Circular 2044**"), which became effective on the same date. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolishes the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises.

From 10 February 2023, the NDRC Circular 2044 was superseded by the NDRC Circular 56. Similar to the requirement under the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity term of one year or longer with the NDRC prior to the issue of the securities and obtain a certificate of review and registration of enterprise borrowing of foreign debts (企業借用外債審核登記證明) (the "**review and registration certificate**"). According to the NDRC Circular 56, the enterprises are required to file with NDRC the requisite information and documents of the relevant issues through the NDRC Online Reporting System within ten PRC working days after the completion of the issue of the securities and to report the foreign debts borrowing information of the securities through the NDRC Online Reporting System within ten PRC working days after the expiration of the validity of the review and registration certificate obtained from the NDRC. In addition, so long as any of such securities issued remain outstanding, such enterprise should report through the NDRC Online Reporting System the information on the use of proceeds, plan and arrangement of payment of interest and principal and key operating and financial indicators, among other matters within five PRC working days before the end of January and the end of July during each year. In case of any material circumstance which may adversely affect the enterprises' due performance of its debts, the enterprises are required to report to the NDRC and take proper measures to control risks.

Regulation on the Agency Construction

On 16 November 2004, the Ministry of Construction published the "Pilot Measures for the Administration of Construction Projects" (建設工程項目管理試行辦法) (the "**Pilot Measures**"), which became effective on 1 December 2004. The Pilot Measures provides for stipulations with regard to the carrying out of management activities for construction projects in the PRC. According to the Pilot Measures, project management enterprises shall possess one or more qualifications such as project inspection, design, construction, supervision, cost consultancy, invitation for tender agency, etc. The owner of construction projects can choose project management enterprises by public tender or other methods, and shall sign agency contract with the chosen project management enterprise in writing. Where project inspection enterprises, design enterprises and supervision enterprises, etc., undertake the roles of management as well as project inspection, design and supervision (within its scope of qualification) for the same construction project at the same time, those enterprises shall be chosen through public tender if required by the relevant laws and regulations. Construction enterprises shall not engage in both project management and project construction for the same project.

The Jiangsu Provincial Development and Reform Commission, the Jiangsu Provincial Department of Finance and the Jiangsu Provincial Department of Construction jointly published and implemented the "Provisional Stipulations on the Agency Construction Model for Provincial Government-Invested Projects of Jiangsu Province" (江蘇省省級政府投資項目代建制暫行規定) on 28 December 2006. The stipulations are formulated in accordance with "The State Council's Decision Regarding Reforms to the Investment System" (國務院關於投資體制改革的決定) for the purpose of establishing a restraint mechanism for investment liability for government-invested projects, to achieve segregation of project construction and project management, and lower investment costs. The agency construction model for government-invested projects is implemented on a pilot and step-by-step basis. The agency construction model refers to the system whereby the government selects specialised project management enterprises (the "**Agency Construction Enterprises**") through methods such as public tender, who shall be responsible for the investment and management of the project and the management of the construction of the project, and the project shall be delivered to the relevant entity for use after completion. During the construction period, the Agency Construction Enterprises shall carry out agency construction according to the stipulations of the contract by financing the construction of the project. In Jiangsu Province, the agency construction model shall be adopted for non-profit generating projects with a total investment of more than RMB10 million with provincial fiscal budget or projects with more than 30 per cent. of total investment funded by governmental financing funds, or projects with more than RMB5 million of provincial fiscal budget or governmental financing funds, save for those where national security or state secrets are involved. The agency construction projects can adopt two different models including whole-process agency construction and construction-stage agency construction.

Agency Construction Enterprises shall have:

(a) separate legal person status;

(b) the organisational structure, management capability, technical personnel and management personnel necessary for the management of project construction;

(c) one or more qualifications in the areas of design, supervision, project consultancy, overall construction contracting, real estate development that are necessary based on the size of the agency construction project.

Pursuant to the "Provisional Measures for the Administration of Lianyungang Municipal-level Government-invested Projects" (市政府關於印發連雲港市市本級政府投資項目管理暫行辦法) promulgated on 30 March 2009, the Lianyungang Development and Reform Commission shall be the overall management authority for government-invested projects, and shall be responsible for arranging the backlog and planning of government-invested projects. It shall carry out whole-process management over the construction of government-invested projects; monitor the execution of government-invested plans according to law; and report to the Lianyungang Municipal Government. The project construction entity or Agency Construction Enterprise (collectively, the "**Project Entity**") shall report to relevant authorities such as the Lianyungang Development and Reform Commission, in a timely and accurate manner, on the construction status and execution problem of the project. Based on the approved annual government investment plan, the municipal finance authorities shall be responsible for preparing and issuing the budget for government-invested projects, managing the budget, capital and financial activities of government-invested projects, examining the budget and final accounting of government-invested projects, and reviewing and approving the final auditing results of the completed projects. It shall also be responsible for participating in the early-stage verification of the project, participating in the public tender and tendering work of the project, and carrying out whole-process tracking, examination, supervision and management over the construction project. The municipal audit authorities shall carry out audit and supervision over the government-invested projects according to law, in the areas of the execution of estimates, execution of the annual budget and annual final accounting, and final accounting upon project completion. As for other competent industry authorities, they shall carry out management and supervision over government-invested projects in accordance with their own duties. With respect to government-invested projects, the Lianyungang Development and Reform Commission shall state expressly when approving the project proposal or feasibility report that whether the relevant project shall adopt the agency construction model, and the Agency Construction Enterprise shall be selected and determined by methods such as public tender.

Qualification of Construction Enterprises

In accordance with the Construction Law of the People's Republic of China (中華人民共和國建築法) amended by Standing Committee of the National People's Congress (the "**SCNPC**") on 23 April 2019 and became effective on the same date, Regulations on Qualification Management of Construction Enterprises (建築業企業資質管理規定) amended by MOHURD on 22 December 2018 and became effective on the same day. Detailed Rules of Regulations on Qualification Management and Implementing Opinions of Qualification Standard of Construction Enterprises (建築業企業資質管理規定和資質標準實施意見) amended by MOHURD on 16 January 2020 and became effective on the same date, Criterion for Qualification of Construction Enterprises (建築業企業資質標準) amended by MOHURD on 14 October 2016 which became effective on 1 November 2016, and Criterion for Premium Qualification of Construction General Contracting Enterprises (施工總承包企業特級資質標準) issued by MOC on 13 March 2007 and became effective on the same date, Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理規定) amended by MOHURD on 22 December 2018 which became effective on the same day, Detailed Rules of Provisions on the Management of Survey and Design Qualification of Construction Projects (建設工程勘察設計資質管理

規定實施意見) amended by MOC on 16 June 2016 and became effective on the same date, Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定) amended by MOC on 22 December 2018 and became effective on the same date, Detailed Rules of Provisions on Qualification Management of Project Supervision Enterprises (工程監理企業資質管理規定實施意見) amended by MOC on 16 June 2016 and became effective on the same date, as well as other relevant laws and regulations, enterprises engaging in the business of construction, survey, design and supervision of construction projects may only carry out construction activities within the scope of their qualification grade certificates.

In accordance with the Regulations on Qualification Management of Construction Enterprises, construction enterprises shall apply for their qualifications according to their assets, professionals, projects completed, and technical equipment. Qualifications of construction enterprises include the qualification of general contractor, the qualification of professional contractor and the qualification of construction labour service.

Any enterprise that has obtained the qualification of a general contractor may enter into a contract to undertake general contracting work for the whole project or main works. The enterprise undertaking the general contracting work may carry out the whole construction project by itself or subcontract the work other than the main work or the labour service to other construction enterprises that have requisite qualifications.

Any enterprise that has obtained the qualification of a professional contractor may undertake the professional work subcontracted by the general contractor or the professional work contracted by a construction unit. A professional contracting enterprise may carry out construction by itself or subcontract the labour service work to a labour service enterprise that has the corresponding qualification.

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) amended by the SCNPC on 27 December 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012 and was amended on 1 March 2017, 19 March 2018 and 2 March 2019, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly amended by NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China on 1 May 2013 which became effective on the same date, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) amended by MOC on 24 January 2017 and became effective 1 May 2017 and Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) amened on 28 September 2018 and further amended on 13 March 2019.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of not less than 5% but not more than 10% of the project contract amount. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects I (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 25 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the People's Republic of China, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) amended by the State Council on 7 October 2017 and further amended on 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOHURD on 1 April 2021 and became effective on the same date, Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程品質保證金管理辦法) amended jointly by MOHURD and MOF on 20 June 2017 and became effective on 1 July 2017, Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and became effective on 1 October 2004, and its Implement which is promulgated on 1 May 2010.

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

Work Safety Management

Major laws and regulations on work safety during the project contracting process include Work Safety Law of the People's Republic of China (中華人民共和國安全生產法) promulgated by the SCNPC on 29 June 2002 which became effective on 1 November 2002, and amended on 10 June 2021 whose amendment became effective on 1 September 2021, Regulation on Work Safety Management of Construction Projects (建設工程安全生產管理條例) promulgated by State Council on 24 November 2003 which became effective on 1 February 2004, Regulation on Work Safety Licences (安全生產許可證條例) by State Council on 13 January 2004 and became effective on the same date, and amended on 29 July 2014 which amendment became effective on the same date. Interim Regulation of Penalty and Fine on Regulation on

Work Safety Accident Report and Investigation (生產安全事故罰款處罰規定(試行)) promulgated by State Council on 12 July 2007 which became effective on the same date, and amended on 2 April 2015 which amendment became effective on 1 May 2015, and Administrative Provisions on Work Safety Licences of Construction Enterprises (建築施工企業安全生產許可證管理規定) issued by MOC on 5 July 2004 and became effective on the same date and amended on 22 January 2015.

In accordance with the Work Safety Law of the People's Republic of China, Regulation on Work Safety Licences and other related regulations, the state implements the work safety license system to construction enterprises. Any enterprise failing to obtain the work safety license shall not carry out production activity. In accordance with the Regulation on Work Safety Management of Construction Projects, all the building, surveying, designing, construction and supervision units shall be responsible for the work safety of construction projects. For general contracting projects, the general contractor shall assume full responsibility for the work safety of the construction site, and the subcontractor shall be jointly liable for the work safety of the subcontracted portions of work.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 and lastly amended on 29 September 2018 and became effective on the same date, and Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and amended by State Council on 16 July 2017 and became effective on 1 October 2017.

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

Qualification of a Real Estate Developer

Under the Provisions on Administration of Qualifications of Real Estate Developers (房地產開發企業資質管理規定) promulgated by MOC on 16 November 1993 and amended on 2 March 2022 whose amendment became effective on the same date, a real estate developer must apply for a qualification classification certificate. An enterprise may not engage in the development and operation of properties without a qualification classification certificate for real estate development. MOHURD is in charge of monitoring the qualifications of all real estate developers within the PRC, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers.

Engaging in real estate development and operation by a developer without obtaining the required provisional or formal qualification certificate, or by overstepping its qualification class, may result in a fine ranging from RMB50,000 to RMB100,000. If the developer fails to rectify within the specified time limit, the authorities shall revoke the qualification certificate, and submit the matters to administrative authorities for industry and commerce for the revocation of the business license. Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be annually inspected.

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the SCNPC on 28 October 2010 and amended on 29 December 2018 whose amendment became effective on the same date, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999 and amended on 24 March 2019 whose amendment became effective on the same date, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulations Regarding Overseas Investment, Financing and Acquisition Activities

NDRC Supervision

Pursuant to the Measures for the Administration of Overseas Investment of Enterprises (No. 11 of NDRC) (企業境外投資管理辦法) issued by the NDRC on 26 December 2017 and effective as of 1 March 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ, the same below); (ii) NDRC, if the investor is a local enterprise and the amount of Chinese investment is USD0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than USD0.3 billion.

Pursuant to NDRC Circular 56, which was promulgated by the NDRC and became effective on 10 February 2023, where domestic enterprises, overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year of tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept it or not within five working days upon the receipt of the application and provide the Examination and Registration Certification of Issuance of Foreign Debts by Enterprises within three months after acceptance. In accordance with the NDRC Circular 56, such enterprises shall (a) within 10 working days after the completion of the issue of the securities, file with NDRC the requisite information and documents about issuing foreign debts through the network system; (b) within 10 working days after the expiration date of the examination registration certificate (企業借用外債審核登記證明) obtained from the NDRC, file with NDRC the requisite information and documents about issuing foreign debts through the network system; (c) so long as any of the securities issued remains outstanding, within five working days before the end of January and July in each year, file with NDRC the requisite information and documents through the network system; and (d) so long as any of the securities issued remains outstanding, file the requisite information and documents and take measures in accordance with the NDRC Circular 56 upon the occurrence of any material event that may affect the enterprises' due performance of its obligations under any of the securities issued. As the NDRC Circular 56 is newly published, certain detailed aspects of its interpretation and application remain subject to further clarification.

MOFCOM Supervision

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

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

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing procedure. The investing enterprise shall complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business licence, for filing at MOFCOM (for a central enterprise（中央企業）) or the provincial department of commerce (for a local enterprise) respectively.

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

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

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

Foreign Exchange Administration

On 19 May 2014, the SAFE promulgated the Cross-Border Security Registration which took effect on 1 June 2014 and superseded a series of regulations previously issued by the SAFE and brought substantial changes to the current cross-border security regime.

The Cross-Border Security Registration requires post-event registration of the cross-border security with a local SAFE branch, and subject to the exceptions set out in its Appendix 1, the enforcement of any properly registered cross-border security no longer requires prior verification by the SAFE. Also, the registration of cross-border security with a local SAFE branch is no longer a “perfection” requirement, i.e., the Cross-Border Security Registration has clarified that failure to carry out any approval, registration or filing will not impact the validity of the security.

The Cross-Border Security Registration also allows the cross-border security to be used for securing an offshore bond issuance, provided that (a) the offshore issuer shall be directly or indirectly owned by the onshore security provider; (b) the proceeds obtained from the offshore bond issuance shall be used for certain offshore projects which are related to the onshore security provider from a shareholding perspective; and (c) the issuer and such offshore projects have been duly approved by, registered and filed with, the relevant authorities in charge of outbound investment in PRC.

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

EXCHANGE RATE INFORMATION

The People's Bank of China sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi with reference to a basket of currencies in the market during the prior day. On 21 July 2005, the PRC Government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. The PRC Government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the interbank foreign exchange spot market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. On 20 June 2010, the PBOC announced that it intended to further reform the Renminbi exchange rate regime by allowing greater flexibility in the Renminbi exchange rate and on 16 April 2012, the band was expanded to 1.0 per cent. The band was further expanded to 2.0 per cent. on 14 March 2014. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre (the "**CFETS**") daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. From 1 January 2017, according to the sampling rule of "CNY versus FX currency pair listed on CFETS", CFETS will add 11 currencies newly listed on CFETS in 2016 and the number of basket currencies will increase from 13 to 24. Following the gradual appreciation against U.S. dollar in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar followed by a fluctuation in 2018 and early 2019. On 5 August 2019, the PBOC set the Renminbi's daily reference rate above RMB7 per U.S. dollar for the first time in over a decade amidst an uncertain trade and global economic climate. The PRC Government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future.

The following table sets forth the exchange rate of the Renminbi against the U.S. dollar for the periods presented.

	Noon Buying Rate[(1)]			
	Period End	**Average[(2)]**	**High**	**Low**
	(RMB per U.S.$1.00)			
2019	6.9618	6.9014	7.1786	6.6822
2020	6.5250	6.8878	7.1681	6.5208
2021	6.3726	6.4382	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0896	7.3430	6.7010
2024				
March	7.2203	7.2015	7.2289	7.1804
April	7.2401	7.2374	7.2464	7.2305
May	7.2410	7.2327	7.2494	7.2071
June	7.2672	7.2225	7.2688	7.2393
July	7.2193	7.2629	7.2758	7.2310
August	7.0900	7.1475	7.2441	7.0900
September (through 20 September)	7.0505	7.0976	7.1209	7.0505

Notes:

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

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

TAXATION

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

Hong Kong

Withholding Tax

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

Profits Tax

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

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

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

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

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

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

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

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

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

Stamp Duty

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

PRC

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

EIT and IIT

Pursuant to the EIT Law lastly amended and effective on 29 December 2018 and the Individual Income Tax Law of the PRC lastly amended and effective on 1 January 2019 ("**IIT Law**"), and their implementation rules respectively, an income tax is imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest. However, the tax so charged on interests paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between the PRC and Hong Kong for Purpose of the Avoidance of Double Taxation will be 7 per cent. of the gross amount of the interest pursuant to the arrangement between the PRC and Hong Kong and relevant interpretation of the arrangement formulated by the SAT.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a "non-resident enterprise" means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by enterprise holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, under the IIT Law, any individual who has no domicile and does not live within the territory of the PRC or who has no domicile but has lived within the territory of China for less than 183 days cumulatively within a tax year shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

In addition, in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Bonds, the Guarantor will be obliged to withhold PRC enterprise income tax at the rate of 10 per cent. in respect of payments to non-PRC resident enterprise Bondholders and at a rate of 20 per cent. In respect of payments to non-PRC resident individual Bondholders, subject to the application of any relevant income tax treaty that the PRC has entered into, on the payments of interest made by it under the Guarantee of the Bonds to non-PRC resident enterprise Bondholders as such interest payment obligations will be regarded as being derived from sources within the PRC. To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders. Nevertheless, repayment of the principal will not be subject to PRC withholding tax.

VAT

On 23 March 2016, the MOF and the State Administration of Taxation (the "**SAT**") issued Circular 36, whose first amendment effective on 11 July 2017 and whose second amendment effective on 1 April 2019, which confirms that business tax will be completely replaced by VAT from 1 May 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by and be subject to VAT.

According to Circular 36, entities and individuals providing services within the PRC are subject to VAT. The services potentially subject to VAT include the provision of financial services such as the provision of loans. Although the issuance of the Bonds is likely to be treated as financial services for VAT purposes, Circular 36 stipulates that services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. In connection with the issue of the Bonds, none of the Issuer and/or the Bondholders is located in the PRC.

Further, the payments of the interest and other interest like earnings may be subject to VAT at the rate of 6 per cent. in the event that the Guarantor is required to discharge its obligations under the Guarantee of the Bonds. In addition, under such an interpretation Bondholders could become subject to local levies at approximately 12 per cent. of the VAT payment and consequently, the combined rate of VAT and local levies payable on interest due to Bondholders could be up to 6.72 per cent.

However, Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties, and the above statement may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Stamp Duty

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Hong Kong and the PRC) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Bonds, no person will be required to pay additional amounts as a result of the withholding.

British Virgin Islands Taxation

Payments of interest and principal on the Bonds 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 Bonds nor will gains derived from the disposal of the Bonds 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 Bonds.

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 Bonds or on an instrument of transfer in respect of the Bonds.

There are currently no withholding taxes or exchange control regulations in the British Virgin Islands applicable to the Issuer.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. Terms defined in the Terms and Conditions of the Bonds have the same meaning in the paragraphs below. The following is a summary of those provisions:

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

Under the Global Certificate, the Issuer, for value received, will promise to pay to the holder of the Bonds represented by the Global Certificate on the Maturity Date the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions, save that the calculation of interest will be made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

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

Notices

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

Transfers

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

Cancellation

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer, the Guarantor or any of their respective Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of the Bondholders.

Meetings

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

Bondholder's Redemption

The Bondholder's redemption option in Condition 6(c) of the Terms and Conditions may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions.

Issuer's Redemption

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

Trustee's Powers

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

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Audited Pro Forma Financial Statements have been prepared in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect China's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. The differences identified below are limited to those differences that are appropriate to the Guarantor's consolidated financial statements. Since the summary is not meant to be exhaustive, there is no assurance that the summary below is complete. The Guarantor has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

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

Accounting Year

Under the PRC GAAP, the accounting year shall run from 1 January to 31 December.

IFRS requires financial statements to be presented at least annually. However, it does not specify the start or end of the financial reporting period and permits an entity to change its reporting date.

Government Grant

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation are transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit or loss.

Reversal of an Impairment Loss

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including fixed assets, intangible assets and goodwill, etc.) it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Classification of Expenses in the Income Statement/Statement of Comprehensive Income Under the 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.

Related Party Disclosures

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

Under IFRS, government-related entities are still treated as related parties.

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.

Available-for-sale Financial Assets

Under PRC GAAP, an enterprise shall measure available-for-sale financial assets at their fair values. If the available-for-sale financial assets do not have a quoted market price in an active market, and their fair value cannot be reliably measured, cost model shall be applied.

Under IFRS, available-for-sale financial assets are measured at fair value.

SUBSCRIPTION AND SALE

The Issuer and Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 25 September 2024 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to, severally but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds indicated in the following table.

	Principal amount of the Bonds to be subscribed
	U.S.$
Haitong International Securities Company Limited	24,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	18,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	18,000,000
CMBC Securities Company Limited	18,000,000
CNCB (Hong Kong) Capital Limited	18,000,000
Guoyuan Securities Brokerage (Hong Kong) Limited	18,000,000
China Industrial Securities International Brokerage Limited	18,000,000
China International Capital Corporation Hong Kong Securities Limited	18,000,000
Total	**150,000,000**

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

In connection with the issue of the Bonds, any of the Joint Lead Managers appointed and acting in its capacity as a Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the Bonds is made and, if begun, may be ended at any time, but must end after a limited period. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Stabilisation Manager.

The Joint Lead Managers and certain of their respective subsidiaries or affiliates may perform certain investment banking and advisory services for, and enter into certain commercial banking transactions with the Issuer and the Guarantor from time to time, for which they may receive customary fees and expenses. The Joint Lead Managers and their respective subsidiaries or affiliates may, from time to time, engage in transactions with and perform services for the Issuer and the Guarantor in the ordinary course of business.

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

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

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct — Important Notice to CMIs (including private banks): This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor, or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information should be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks that do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private Banks should be aware that placing an order on a "principal" basis may require the Joint Lead Managers to apply the "proprietary orders" requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- the name of each underlying investor;
- a unique identification number for each investor;
- whether an underlying investor has any "Associations" (as used in the SFC Code);
- whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: project.haichuan.vi@htisec.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the OCs; (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OCs, each CMI (including private bank) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager(s) with such evidence within the timeline requested.

General

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

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

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside the United States in reliance on Regulation S.

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

United Kingdom

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

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

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

Hong Kong

Each of the Joint Lead Managers has represented, warranted and undertaken that

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

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

The People's Republic of China

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

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Joint Lead Managers has represented, warranted and undertaken that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

British Virgin Islands

Each of the Joint lead Managers has represented, warranted and agreed that no invitation has been or will be made directly or indirectly to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Bonds and the Bonds 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.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 290616921, the ISIN XS2906169219 and the Legal Entity Identifier 3003006OCTRJFKKI9E83.

2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the sole director of the Issuer passed on 24 September 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the entry into and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 10 April 2024 and a resolution of the shareholder of the Guarantor passed on 10 April 2024.

3. **No Material and Adverse Change:** There has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer, the Guarantor or the Group since 31 December 2023.

4. **Litigation:** As at the date of this Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending. To the best knowledge of the Issuer or the Guarantor (after due and careful enquiry), no such litigation or arbitration proceedings are threatened.

5. **Available Documents:** So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection (free of charge to the Bondholders and at the Issuer's expense) from the Issue Date during usual business hours at the registered office of the Issuer and, in the case of last three documents mentioned below, at all reasonable times during normal business hours (being 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal place of business of the Trustee (being at the date of this Offering Circular at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office of the Principal Paying Agent from time to time, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee of, as the case may be, the Principal Paying Agent:

   - the Trust Deed;
   - the Deed of Guarantee; and
   - the Agency Agreement.

6. **Financial Statements:** The Audited Pro Forma Financial Statements have been audited by Suya Jincheng which are included elsewhere in this Offering Circular, as stated in its reports appearing herein.

7. **Listing of Bonds:** Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on or about 30 September 2024.

INDEX TO FINANCIAL STATEMENTS

AUDITED CONSOLIDATED PRO FORMA FINANCIAL STATEMENTS OF THE GUARANTOR AS AT AND FOR THE THREE YEARS ENDED 31 DECEMBER 2023

Note: Page F-81 of the Audited Pro Forma Financial Statements attached hereto has not been translated into English and is set out only in Chinese text. The page sets out the business license of Suya Jincheng Certified Public Accountants LLP.

Jiangsu Fangyang Holdings Co., Ltd.

Auditor's Report

SYJCCPA Z(2024) AUDITING No.203

CPA Firm： Lianyungang branch, Suyajincheng Certified Public Accountants LLP

Address：7 Floor, Guotou Building,

Tongguan South Road,Lianyungang

Postcode：222004

FAX：0518-85484089

TEL：0518-85414819

C · P · A
苏亚金诚

Suya Jincheng Certified Public Accountants LLP
7 Floor, Guotou Building,
Tongguan South Road 69#, Lianyungang, China
Tel: 86 518 85488979 Fax: 86 518 85484089

Translation of a report originally issued in Chinese based on our work performed in accordance with the audit regulations in force in China. In the event of a discrepancy, the Chinese-language version prevails.

AUDITOR'S REPORT

To the shareholders of Directors of Jiangsu Fangyang Holdings Co., Ltd.:

Opinion

We have audited the financial statements of Jiangsu Fangyang Holdings Co., Ltd. (hereinafter referred to as the "Fangyang Holdings"), which comprise the consolidated simulated balance sheet as at December 31, 2021, December 31, 2022, December 31, 2023, consolidated simulated income statement, consolidated simulated cash flow statement, consolidated simulated statement of changes in owners' equity in 2021， 2022， 2023; and notes to the financial statements.

In our opinion, the attached financial statements are prepared, in all material respects, in accordance with Accounting Standards for Business Enterprises, present fairly the financial position of Fangyang Holdings as at December 31, 2021, December 31, 2022, December 31, 2023 and its operating results and cash flow in 2021， 2022， 2023.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing（"CSAs"） for Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Fangyang Holdings in accordance with the Code of Professional Ethics for Certified Public Accountants in China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors of Fangyang Holdings are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other informations, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and those Charged with Governance for the Financial Statements

The directors of Fangyang Holdings are responsible for the preparation of the financial statements that give a true and fair view in accordance with the disclosure requirements of Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to ensure the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing Fangyang Holdings'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 Fangyang Holdings or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Fangyang Holdings's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fangyang Holdings's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Fangyang Holdings'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 Fangyang Holdings to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within Fangyang Holdings to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of Fangyang

Holdings audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Suya Jincheng Certified Public Accountants LLP

Lianyungang, China

Certified Public Accountant of China

Certified Public Accountant of China

Date: April 24, 2024

Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Balance Sheet

As at December 31, 2023

Monetary Unit: RMB

Assets	Note	Balance as at December 31, 2023	Balance as at December 31, 2022	Balance as at December 31, 2021
Current assets:				
Cash and cash equivalents	1	8,201,836,259.58	10,813,158,410.34	12,871,356,689.35
Financial assets held for trading				
Derivative financial assets				
Notes receivable	2	5,878,004.09	9,269,676.17	39,090,011.15
Accounts receivable	3	24,270,097,447.12	22,319,763,859.50	17,487,066,341.70
Accounts receivable financing	4	35,567,712.64	88,668,095.99	35,188,539.65
Prepayment	5	96,922,075.10	235,730,929.10	165,074,276.74
Other receivables	6	1,839,337,351.64	1,698,336,536.26	1,707,726,832.13
Inventories	7	3,167,677,462.47	3,122,113,927.30	3,100,766,240.45
Contract assets	8	62,808,173.10	35,731,864.84	1,049,868.62
Assets held for sale				
Non-current assets due within one year	9	62,066,825.20		
Other current assets	10	279,498,914.93	148,881,320.61	308,535,595.28
Total current assets		38,021,690,225.87	38,471,654,620.11	35,715,854,395.07
Non-current assets:				
Investment in debt instruments	11		62,066,825.20	31,033,412.60
Investment in other debt instruments				
Long-term receivables	12	2,286,379,500.24	2,285,801,583.57	3,378,727,000.26
Long-term equity investments	13	3,373,935,981.38	4,686,282,339.17	4,574,819,061.88
Investment in other equity instruments				
Other non-current financial assets	14	4,853,833,692.82	3,525,156,315.00	3,335,536,015.00
Investment property	15	22,197,623,800.00	23,242,240,000.00	21,004,368,200.00
Fixed assets	16	18,679,068,920.73	10,796,979,821.09	10,605,510,257.89
Construction in progress	17	17,004,301,748.60	18,786,806,088.17	14,466,888,356.78
Productive biological assets				
Oil and gas assets				
Right of use assets	18	151,441,941.53	116,941,569.10	139,091,908.37
Intangible assets	19	2,894,506,736.44	2,038,432,916.33	1,839,208,241.82
Development expenditure				
Goodwill	20	773,395.99		
Long-term deferred expenses	21	69,497,465.78	66,555,399.82	53,223,337.27
Deferred tax assets	22	29,382,061.48	31,530,186.55	18,718,464.07
Other non-current assets	23	758,000,451.37	240,102,697.05	583,776,879.87
Total non-current assets		72,298,745,696.36	65,878,895,741.05	60,030,901,135.81
Total assets		110,320,435,922.23	104,350,550,361.16	95,746,755,530.88

Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Balance Sheet (Cont.)

As at December 31, 2023

Monetary Unit: RMB

Liabilities and owners' equity	Note	Balance as at December 31, 2023	Balance as at December 31, 2022	Balance as at December 31, 2021
Current liabilities:				
Short-term loans	24	6,734,683,813.70	6,260,122,840.75	6,037,349,182.95
Financial liabilities held for trading				
Derivative financial liabilities				
Notes payables	25	2,355,015,710.91	3,853,326,711.29	5,083,380,523.27
Accounts payables	26	3,127,537,749.87	2,202,982,972.65	1,653,654,847.49
Receipts in advance	27	1,748,474.43	1,335,106.39	1,529,051.98
Contract liabilities	28	278,751,967.38	264,546,140.54	217,178,747.72
Employee benefits payable	29	11,665,288.25	16,814,322.88	23,813,292.24
Taxes payable	30	71,586,411.54	39,106,231.90	17,430,907.04
Other payables	31	1,378,103,048.99	1,280,904,121.45	1,092,582,576.77
Liabilities held for sale				
Non-current liabilities due within one year	32	8,942,076,595.15	5,602,610,698.55	4,329,670,917.56
Other current liabilities	33	3,754,246,380.73	4,206,371,346.19	2,130,883,014.95
Total current liabilities		26,655,415,440.95	23,728,120,492.59	20,587,473,061.97
Non-current liabilities:				
Long-term loans	34	34,953,022,048.05	32,983,165,509.78	30,880,957,834.54
Bonds payable	35	6,456,714,580.17	9,201,363,102.04	7,425,702,270.71
Including: preferred stock				
sustainable debt				
Lease liabilities	36	140,877,628.16	116,469,905.99	130,773,254.29
Long-term payables	37	1,251,043,099.44	2,044,434,123.89	1,857,432,486.56
Provision				
Deferred revenue	38	611,610,883.54	608,254,748.23	569,930,596.58
Deferred tax liabilities	22	3,720,436,329.83	3,466,688,612.90	3,072,120,716.70
Other non-current liabilities				
Total non-current liabilities		47,133,704,569.19	48,420,376,002.83	43,936,917,159.38
Total liabilities		73,789,120,010.14	72,148,496,495.42	64,524,390,221.35
Owners' equity (or shareholders' equity)				
Share capital				
Other equity instruments	39	2,097,877,358.49		
Including: preferred stock				
sustainable debt		2,097,877,358.49		
Capital reserves	40	14,323,472,731.97	12,888,632,285.57	12,457,701,706.07
Less: Treasury shares				
Other comprehensive income	41	2,837,111,056.61	2,907,673,725.92	3,018,879,351.71
Special reserves	42	347,276.43	205,565.42	
Surplus reserves				
General risk preparedness				
Undistributed profits	43	7,268,434,305.90	6,831,445,927.51	5,592,642,410.23
Total equity attributable to owners of the parent company		26,527,242,729.40	22,627,957,504.42	21,069,223,468.01
Non-controlling interests		10,004,073,182.69	9,574,096,361.32	10,153,141,841.52
Total owners' equity (or shareholders' equity)		36,531,315,912.09	32,202,053,865.74	31,222,365,309.53
Total liabilities and owners' equity		110,320,435,922.23	104,350,550,361.16	95,746,755,530.88

Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Income Statement
For the year ended December 31, 2023

Monetary Unit: RMB

Item	Note	2023（Jan-Dec）	2022（Jan-Dec）	2021（Jan-Dec）
1. Total operating income	44	17,979,780,468.19	16,356,947,368.94	12,050,008,398.57
Less: Operating costs	44	15,535,252,416.73	14,268,462,712.49	10,478,132,277.83
Taxes and surcharge	45	113,714,696.66	78,325,686.22	87,557,874.55
Selling and distribution expenses		34,349,007.23	27,879,189.49	35,448,662.32
Administrative expenses		671,398,272.08	557,842,602.42	512,522,474.59
Research and development expenses		327,511,359.18	144,459,438.10	65,068,972.51
Financial expenses	46	984,849,627.01	949,498,744.17	649,985,404.13
Including:interest expense		1,168,820,244.43	974,328,022.70	833,526,919.97
interest income		361,705,697.97	283,741,354.71	228,288,171.42
Add: Other income	47	52,013,169.55	131,097,215.05	48,824,195.88
Investment income ("-" for losses)		-55,393,076.35	99,832,624.89	238,574,423.18
Including: income from investment in associates and joint ventures	48	-980,958.20	83,324,460.83	18,164,749.27
Income from derecognition of financial assets measured at amortized cost ("-" for losses)		3,537,893.11	2,677,477.57	51,060,027.47
Net exposure to hedging gains("-"for loss)				
Gains from changes in fair value ("-" for losses)	49	1,082,305,800.00	1,648,057,250.78	1,724,943,700.00
Credit impairment loss ("-" for losses)	50	38,978,413.34	-8,725,719.26	-8,830,339.06
Impairment loss of assets	51	-8,256,467.06		
Gains from disposal of assets ("-" for losses)	52	7,808,038.94	422,021.19	4,968,637.70
2. Operating profits ("-" for losses)		1,430,160,967.72	2,201,162,388.70	2,229,773,350.34
Add: Non-operating income	53	28,217,372.39	2,136,982.55	4,334,460.49
Less:Non-operating expenses	54	22,230,176.98	8,093,402.42	1,027,570.23
3. Total profits before tax ("-"for total losses)		1,436,148,163.13	2,195,205,968.83	2,233,080,240.60
Less:Income tax expenses	55	354,466,294.23	451,630,795.21	441,793,532.99
4. Net profit ("-" for net loss)		1,081,681,868.90	1,743,575,173.62	1,791,286,707.61
Classification by operating continuity:				
Net profit from continuing operation ("-" for losses)		1,081,681,868.90	1,743,575,173.62	1,791,286,707.61
Net profit from discontinued operation ("-" for losses)				
Classification by owners:				
Attributable to owners of the parent company		879,988,378.39	1,703,354,929.63	1,810,807,141.14
Attributable to non-controlling interests		201,693,490.51	40,220,243.99	-19,520,433.53
5. Net of income tax effect of other comprehensive income		-71,376,649.34	-79,875,919.22	-154,657,342.15
(1)Net of income tax effect of other comprehensive income attributable to owners of the parent company		-70,562,669.31	-111,205,625.79	-154,657,342.15
A.Other comprehensive income items which will not be reclassified subsequently to profit or loss				
a.Remeasurement of changes in defined benefit plans				
b.Other comprehensive income that cannot be transferred to profit or loss under the equity method				
c.Changes in fair value of other equity instrument investments				
d.Changes in fair value of enterprise's own credit risk				
B.Other comprehensive income items which will be reclassified subsequently to profit or loss		-70,562,669.31	-111,205,625.79	-154,657,342.15
a.Share of the other comprehensive income of the investee accounted for using equity method which will be reclassified subsequently to profit and loss				
b.Changes in fair value of other debt investments				
c.Amount of financial assets reclassified into other comprehensive income				
d.Provision for credit impairment of other debt investments				
e.The effective hedging portion of gains or losses arising from cash flow hedging instruments				
f.Translation differences arising on translation of foreign currency financial statements				
g.Others		-70,562,669.31	-111,205,625.79	-154,657,342.15
(2)Net of income tax effect of other comprehensive income attributable to non-controlling interests		-813,980.03	31,329,706.57	
6.Total comprehensive income		1,010,305,219.56	1,663,699,254.40	1,636,629,365.46
Total comprehensive income attributable to owners of the parent company		809,425,709.08	1,592,149,303.84	1,656,149,798.99
Total comprehensive income attributable to non-controlling interests		200,879,510.48	71,549,950.56	-19,520,433.53
7. Earnings per share				
(1)Basic earnings per share				
(2)Diluted earnings per share				

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Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Cash Flows Statement

For the year ended December 31, 2023

Monetary Unit: RMB

Item	Note	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
1. Cash flows from operating activities				
Cash received from sale of goods and rendering of services		18,638,868,417.57	12,535,481,759.69	8,067,935,457.49
Refunds of taxes and surcharges		301,637,588.37	900,905,977.00	92,260,682.28
Cash received from other operating activities		3,122,634,664.46	2,979,069,513.60	2,093,868,437.88
Sub-total of cash inflows from operating activities		22,063,140,670.40	16,415,457,250.29	10,254,064,577.65
Cash paid for goods purchased and services received		15,645,583,002.30	14,339,198,971.36	8,817,096,768.06
Cash paid to and on behalf of employees		834,939,739.71	686,927,097.29	535,040,458.40
Cash paid for taxes and surcharges		387,424,877.08	205,159,215.92	152,718,572.18
Cash paid for other operating activities		3,523,413,679.95	695,299,625.11	1,039,821,832.15
Sub-total of cash outflows from operating activities		20,391,361,299.04	15,926,584,909.68	10,544,677,630.79
Net cash flows from operating activities		1,671,779,371.36	488,872,340.61	-290,613,053.14
2. Cash flows from investing activities				
Cash received from disposal of investments		6,185,954,002.85	5,322,491,686.48	1,499,437,207.07
Cash received from returns on investments		6,872,106.52	3,656,325.62	42,788,296.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		103,437,033.61	11,746,958.01	19,667,940.84
Net cash received from disposal of subsidiaries and other business units				
Cash received from other investing activities				
Sub-total of cash inflows from investing activities		6,296,263,142.98	5,337,894,970.11	1,561,893,444.42
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		4,262,275,808.41	6,260,387,255.81	6,915,935,737.20
Cash paid for investments		6,323,479,262.62	5,564,653,712.60	2,461,932,425.20
Net cash paid to acquire subsidiaries and other business units				
Cash paid for other investing activities		470,723,713.91	596,880.53	
Sub-total of cash outflows from investing activities		11,056,478,784.94	11,825,637,848.94	9,377,868,162.40
Net cash flows from investing activities		-4,760,215,641.96	-6,487,742,878.83	-7,815,974,717.98
3. Cash flows from financing activities				
Cash received from investors		1,747,313,600.00	751,970,300.00	3,784,262,200.00
Including: cash received by subsidiaries from investments by non-controlling shareholders		300,333,300.00	11,340,000.00	2,000,000,000.00
Cash received from borrowings		24,181,900,000.00	23,773,699,490.46	24,120,857,245.00
Cash received from bonds issue		2,160,000,000.00	3,095,800,000.00	4,018,295,431.50
Cash received from other financing activities		2,468,148,391.63	486,722,370.70	794,500,000.00
Sub-total of cash inflows from financing activities		30,557,361,991.63	28,108,192,161.16	32,717,914,876.50
Cash repayments of borrowings		24,456,987,558.28	19,848,524,681.42	19,840,501,195.41
Cash paid for distribution of dividends and profits or payment of interest		3,335,343,914.27	3,167,505,115.91	2,656,510,880.74
Including: dividends and profits paid to non-controlling shareholders by subsidiaries				
Cash paid for other financing activities		408,077,304.62	1,007,756,783.48	1,906,697,155.07
Sub-total of cash outflows from financing activities		28,200,408,777.17	24,023,786,580.81	24,403,709,231.22
Net cash flows from financing activities		2,356,953,214.46	4,084,405,580.35	8,314,205,645.28
4. Effect of foreign exchange rate changes on cash and cash equivalents		-1,550,328.70		-23,619,915.43
5. Net increase/(decrease) in cash and cash equivalents		-733,033,384.84	-1,914,464,957.87	183,997,958.73
Add: balance of cash and cash equivalents at the beginning of the period		5,724,427,464.49	7,638,892,422.36	7,454,894,463.63
6. Balance of cash and cash equivalents at the end of the period		4,991,394,079.65	5,724,427,464.49	7,638,892,422.36

Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity

For the year ended December 31, 2023

Monetary Unit: RMB

Item	2023（Jan-Dec）												
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred stock	Sustainable debt	Others									
1. Balance as at the end of last year					12,853,032,285.57		2,907,673,725.92	205,565.42			6,831,445,927.51	9,574,096,361.32	32,166,453,865.74
Add: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Merger of enterprises under the same control													
Others					35,600,000.00								35,600,000.00
2. Balance as at the beginning of the current year					12,888,632,285.57		2,907,673,725.92	205,565.42			6,831,445,927.51	9,574,096,361.32	32,202,053,865.74
3. Increases/decreases in equity for the year ("-" for decreases)			2,097,877,358.49		1,434,840,446.40		-70,562,669.31	141,711.01			436,988,378.39	429,976,821.37	4,329,262,046.35
(1)Total comprehensive income							-70,562,669.31				879,988,378.39	200,879,510.48	1,010,305,219.56
(2)Capital contributed or decreased by owners			2,097,877,358.49		1,434,840,446.40							229,097,310.89	3,761,815,115.78
a. Capital contributions by owners					1,439,630,300.00							300,333,300.00	1,739,963,600.00
b. Capital contributions by other equity instruments holders			2,097,877,358.49										2,097,877,358.49
c. Amounts of share-based payments recognized in owners' equity													
d. Others					-4,789,853.60							-71,235,989.11	-76,025,842.71
(3)Profit distribution											-443,000,000.00		-443,000,000.00
a. Appropriation of surplus reserves													
b. Appropriation of general risk reserve													
c. Profit distributed to owners (or shareholders)											-443,000,000.00		-443,000,000.00
d. Others													
(4) Internal carry-forward of owners' equity													
a. Conversion of capital reserves into paid-in capital (or share capital)													
b. Conversion of surplus reserves into paid-in capital (or share capital)													
c. Surplus reserves offsetting losses													
d .Change of Defined Benefit Plan transferred to retained earnings													
e. Other comprehensive income carried forward to retained earnings													
f. Others													
(5) General risk reserve								141,711.01					141,711.01
a. Appropriation for the period								24,313,379.26					24,313,379.26
b. Use for the period								24,171,668.25					24,171,668.25
4.Balance as at the end of the current year			2,097,877,358.49		14,323,472,731.97		2,837,111,056.61	347,276.43			7,268,434,305.90	10,004,073,182.69	36,531,315,912.09

Jiangsu Fangyang Holdings Co., Ltd.
Consolidated Statement of Changes in Shareholders' Equity
For the year ended December 31, 2023

Monetary Unit: RMB

Item	2022 (Jan-Dec)												
	Equity attributable to owners of the parent company											Minority equity	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Minus: treasury stock	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed profit		
		Preferred stock	Sustainable debt	Others									
1. Balance as at the end of last year					12,422,101,706.07		3,018,879,351.71				5,592,642,410.23	10,153,141,841.52	31,186,765,309.53
Add: adjustments for changes in accounting policies													
Adjustments for correction of accounting errors in prior year													
Merger of enterprises under the same control													
Others											23,448,587.65		23,448,587.65
2. Balance as at the beginning of the current year					12,422,101,706.07		3,018,879,351.71				5,616,090,997.88	10,153,141,841.52	31,210,213,897.18
3. Increases/decreases in equity for the year ("-" for decreases)					430,930,579.50		-111,205,625.79	205,565.42			1,215,354,929.63	-579,045,480.20	956,239,968.56
(1)Total comprehensive income							-111,205,625.79				1,703,354,929.63	71,549,950.56	1,663,699,254.40
(2)Capital contributed or decreased by owners					430,930,579.50							-650,595,430.76	-219,664,851.26
a. Capital contributions by owners					740,630,300.00							11,340,000.00	751,970,300.00
b. Capital contributions by other equity instruments holders													-
c. Amounts of share-based payments recognized in owners' equity													
d. Others					-309,699,720.50							-661,935,430.76	-971,635,151.26
(3)Profit distribution											-488,000,000.00		-488,000,000.00
a. Appropriation of surplus reserves													
b. Appropriation of general risk reserve													
c. Profit distributed to owners (or shareholders)											-488,000,000.00		-488,000,000.00
d. Others													
(4) Internal carry-forward of owners' equity													
a. Conversion of capital reserves into paid-in capital (or share capital)													
b. Conversion of surplus reserves into paid-in capital (or share capital)													
c. Surplus reserves offsetting losses													
d .Change of Defined Benefit Plan transferred to retained earnings													
e. Other comprehensive income carried forward to retained earnings													
f. Others													
(5) General risk reserve								205,565.42					205,565.42
a. Appropriation for the period								321,120.00					321,120.00
b. Use for the period								115,554.58					115,554.58
4.Balance as at the end of the current year					12,853,032,285.57		2,907,673,725.92	205,565.42			6,831,445,927.51	9,574,096,361.32	32,166,453,865.74

JIANGSU FANGYANG HOLDINGS CO., LTD.

NOTES TO FINANCIAL STATEMENTS FROM 2021 TO 2023

(All amounts are expressed in CNY unless otherwise stated)

I. Company Profile

1. Company Overview

Jiangsu Fangyang Holdings Co., Ltd. (hereinafter referred to as the Company) was founded by the People's Government of Lianyungang City on April 2, 2018, formerly known as Lianyungang Zhangwei Enterprise Comprehensive Service Co., Ltd. It has obtained the unified social credit code 91320703MA1WAJBX49 "Business License" issued by the Market Supervision and Administration Bureau of the National East, Central and Western Regional Cooperation Demonstration Zone (Xuwei New District, Lianyungang City), and its registered address is Room 635, Industrial Service Center, No. 66 Xuwei Avenue, Xuwei New District, Lianyungang City; Legal representative: Yan Hongmin; Registered capital: 11.0 billion yuan.

Business scope of the Company:

Licensed project: Port operation; Residential interior decoration and renovation; Construction project construction (for projects that require approval according to law, business activities can only be carried out after approval by relevant departments, and specific business projects are subject to the approval results)

General project: Engaging in investment activities with self-owned funds; Engineering management services; Municipal facility management; Construction of landscaping and greening projects; Construction of earthwork engineering; Import and export of goods; Technology import and export; Import and export agency; General cargo warehousing services (excluding projects requiring permits and approvals such as hazardous chemicals); Housing rental; Non-residential real estate leasing; Rental services (excluding licensed rental services); Sales of building materials; Sales of metal materials; Non financing guarantee services; Financing consulting services; Sales agent; Trade brokers; Technical services, technology development, technology consulting, technology exchange, technology transfer, and technology promotion; Software development; Information consulting services (excluding licensed information consulting services); Financial consulting (except for projects that require approval according to law, conducting business activities independently based on the business license in accordance with the law).

2. Scope of Consolidated Simulated Financial Statements

The consolidation scope of the company's simulated financial statements is determined based on control, and all controlled subsidiaries are included in the consolidation scope of the simulated financial statements. The changes in the scope of the consolidated simulated financial statements are listed as follows:

2.1 There are no newly merged subsidiaries, structured entities, or other operating entities that have formed control in this period

II. Basis of preparation of simulated financial statements

1. Base preparation

The Company prepares its simulated financial statements on a going concern basis, and recognizes and measures its accounting items in compliance with the Accounting Standards for Business Enterprises—Basic Standards and various concrete accounting standards, and other relevant provisions on the basis of actual transactions and events.

This merger simulates the accounting statements of Jiangsu Fangyang Holdings Co., Ltd., which holds 100%

of the shares of Jiangsu Fangyang Group Co., Ltd., 60% of the shares of Jiangsu Xianghe Agricultural Development Co., Ltd., and 67% of the shares of Lianyungang Xuwei Medical Management Co., Ltd. from 2021 to 2023. The financial information presented in this consolidated simulated financial statement is based on audit reports, financial statements, and other financial information provided by Jiangsu Fangyang Group Co., Ltd., Jiangsu Xianghe Agricultural Development Co., Ltd., and Lianyungang Xuwei Medical Management Co., Ltd.

2. Continuous operation

The company's management believes that the company has the ability to continue to operate at least 12 months since the end of the final period.

III. Significant Accounting Policies, Accounting Estimates

1. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises and truly and completely reflect the Company's simulated financial position, simulated operating results, simulated cash flows and other related information for the reporting period.

2. Accounting period

The accounting year of the Company is from January 1 to December 31 in calendar year.

3. Business cycle

The company's business cycle is 12 months.

4. Functional currency

The Company adopts CNY as functional currency.

5. Accounting treatment methods for business combination under and not under common control

5.1 Accounting treatment method for business combination under common control

Business combination under common control is accounted for under pooling of interest method.

Assets and liabilities obtained by the Company through business combination under common control shall be measured at the book value as stated in the consolidated financial statements of the ultimate controlling party at combination date; the initial investment cost of long-term equity investments in the individual financial statements shall be the absorbing party's share of the carrying amount of the owners' equity of the party being absorbed in the consolidated financial statements of the ultimate controlling party. The differences between initial investment cost of long-term equity investments and consideration of the combination(including cash paid, non-cash assets transferred, the liabilities incurred or assumed or the aggregate face value of the share issued) shall be adjusted to capital reserve(stock premium or capital premium). If the capital reserve (stock premium or capital premium) is insufficient to offset, offset surplus reserve and undistributed profit in turn.

5.2 Accounting treatment method for business combination not under common control

The Company accounts for business combination not under common control under purchase method.

a) All the net identifiable assets, liabilities or contingent liabilities obtained by the Company through business combination not under common control shall be measured based on the fair values of assets paid, liabilities incurred or assumed and the equity securities issued as consideration for combination on the acquisition date, and differences between their fair values and book values shall be included in the current profit and loss.

b) The cost of acquisition shall be respectively determined for the following conditions;

   i. Business combination of a transaction implementation, the combination cost shall be the sum of the fair values of the assets given, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquisition date, and contingent considerations meeting the recognition conditions. The combination cost is the initial investment costs of long-term equity investments in individual financial statements.

ii. Business combination through multiple transactions step by step to realized, the combination cost shall be the sum of the fair value measurement on the acquisition of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Long-term equity investment cost in individual financial statements shall be the sum of the book value of the equity investment that holding before the acquisition date and cost of all the new investment on the acquisition date. Except for a single transaction.

c) The Company, on the acquisition date, allocates the combination costs between the identifiable assets and liabilities acquired

i. All assets of the acquiree obtained by the Company through business combination(not limited to those that have been recognized by the acquiree), other than intangible assets, shall be separately recognized and measured at fair value when the future economic benefits arising thereafter are expected to flow into the Company and the fair value can be reliably measured.

ii. Intangible assets of the acquiree obtained by the Company through business combination shall be separately recognized and measured at fair value when their fair values can be reliably measured.

iii. All liabilities of the acquiree obtained by the Company through business combination, other than contingent liabilities, shall be separately recognized and measured at fair value when fulfillment of relevant obligations are expected to bring future economic benefits to the Company and the fair value can be reliably measured.

iv. Contingent liabilities of the acquiree obtained by the Company through business combination shall be separately recognized as liabilities and measured at fair value when their fair values can be reliably measured.

v. When the Company allocates the cost of business combination and recognizes the identifiable assets and liabilities acquired through combination, it shall not include any goodwill and deferred income taxes that have been recognized by the acquiree before the business combination.

d) Treatment of the difference between the business combination costs and the fair value of net identifiable asset acquired from the acquiree through combination

i. The Company shall recognize the difference of the combination costs in excess of the fair value of the net identifiable asset acquired from the acquiree through combination as goodwill.

ii. The Company shall recognize the difference of the combination costs in short of the fair value of the net identifiable asset acquired from the acquiree through combination according to the following provisions:

1) Review the measurement of fair values of all the identifiable assets, liabilities and contingent liabilities acquired from the acquiree and the combination costs;

2) After the review, if the combination costs are still in short of the fair value of the net identifiable asset acquired from the acquiree through combination, include the difference in the current profit and loss.

4.3. Treatment of relevant expenses arising from the Company's business combination

a) Relevant expenses directly arising from the business combination of the Company (including the expenses for audit, legal services, evaluation and consultation or other intermediary costs for business combination) shall be included in the current profit and loss when they are incurred.

b) Commissions, fees and other expenses paid on issuance of bonds and undertaking of other debts for the business combination shall be included in the initial measurement amount of debt securities.

i. Where the bonds are issued at discount or par value, that part of expenses will increase the amount of the discount;

ii. Where the bonds are issued at premium, that part of expenses will decrease the amount of the premium.

c) Fees, commissions, and other transaction expenses paid on issuance of equity securities as combination consideration in the business combination shall be included in the initial measurement amount of equity securities.

i. Where the equity securities are issued at premium, that part of expenses shall be deducted from capital reserves (stock premium);

ii. Where the equity securities are issued at par value or discount, that part of expenses shall be deducted from the retained earnings.

6. Preparation basis for consolidated financial statements

6.1 Consistency of accounting policies and accounting period

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company.

6.2 Preparation method of consolidated financial statements

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries, and are prepared by the parent company according to other relevant information after the adjustment to long-term equity investments in subsidiaries under the equity method and the elimination of effects of the internal transactions between the Company and its subsidiaries and between the subsidiaries on the consolidated financial statement.

6.3 Reflection of excess losses incurred to a subsidiary in the consolidated financial statements

In the consolidated financial statements, where the current losses undertaken by the parent company are in excess of its share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the owners' equity (retained earnings) of the parent company; where the current losses undertaken by a subsidiary's non-controlling interests excess their share of owners' equity in the subsidiary at the beginning of the period, the balance shall reduce the non-controlling interests.

6.4 Changes in number of subsidiaries during the reporting period

a) Acquisition of subsidiaries during the reporting period

i. Treatment of acquiring subsidiaries from business combination under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination under common control, the beginning balance in the consolidated balance sheet shall be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows.

ii. Treatment of acquiring subsidiaries from business combination not under common control during the reporting period

During the reporting period, if the Company acquires subsidiaries from the business combination not under common control, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated income statement. The cash flows of the newly acquired subsidiaries from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

b) Treatment of disposing subsidiaries during the reporting period

During the reporting period, if the Company disposes subsidiaries, the beginning balance in the consolidated balance sheet shall not be adjusted. The income, expenses and profits of the newly disposed sub diaries from the beginning to the disposal date shall be included in the consolidated income statement. The cash flows from the beginning to the disposal date shall be included in the consolidated statement of cash flows.

7. Cash and cash equivalents

The term “cash” refers to cash on hand and unrestricted bank deposit and other cash and cash equivalents.

The term “cash equivalents” refers to short-term (maturing within three months from acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

8. Foreign currency transactions and translation of foreign currency statements

8.1 Accounting method of foreign currency transactions

a) Initial recognition of foreign currency transactions

For foreign currency transactions incurred, the Company converts the amount in foreign currency into the amount in functional currency at the spot exchange rate (middle rate) announced by the People's Bank of China on the transaction date. Among them, for foreign currency exchange occurred or transaction involving foreign currency exchange, the Company converts at the exchange rate actually adopted on the transaction date.

b) Adjustment or settlement on the balance sheet date or settlement date

On the balance sheet date or the settlement date, the Company handles foreign currency monetary items and foreign currency non-monetary items separately in accordance with the following methods:

i. Accounting principles for handling foreign currency monetary items

For foreign currency monetary items, on the balance sheet date or the settlement date, the Company converts them by using the spot exchange rate (middle rate) prevailing on the balance sheet date or settlement date, and adjusts the amount in functional currency of foreign currency monetary items in respect of the difference arising from exchange rate fluctuations, which shall be treated as exchange difference at the same time. Among them, the exchange differences arising from foreign currency borrowings relating to the acquisition, construction or production of assets eligible for capitalization shall be included in the costs of assets eligible for capitalization; other exchange differences shall be included in the current financial expenses.

ii. Accounting principles for handling foreign currency non-monetary items

1) For foreign currency non-monetary items measured at historical cost, the Company shall convert them at the spot exchange rate (middle rate) prevailing on the transaction date, with their amounts in functional currency remaining unchanged and no exchange differences incurred.

2) For an inventory that is measured at the lower of its costs or its net realizable values, if the net realizable value is determined in foreign currency, the Company, when determining the value of the inventory at the end of the period, shall firstly convert the net realizable value into functional currency and then compare it with the inventory cost reflected in functional currency.

3) Non-monetary items measured at fair value that is reflected in foreign currency at the end of the period, the Company shall firstly translate the foreign currency into the amount in functional currency at the spot exchange rate on the date when the fair value is determined, and then compare it with the original functional currency amount. Difference between the translated functional currency amount and the original functional currency amount is treated as profit or loss from changes in fair value (including changes in exchange rate) and is recognized in current profit and loss.

9. Financial instruments

Financial instruments are the financial asset, financial liability or (equity) instrument will be recognised when the Company became one of the parties under a contract.

9.1 Classification of financial instruments

a) Classification of financial assets

According to the company's business model of managing financial assets and the characteristics of contract cash flow of financial assets, financial assets are classified into the following three categories: financial assets measured at amortised cost; financial assets measured at fair value through other comprehensive income (including financial assets directly designated to be measured at fair value through other comprehensive income)("FVOCI"); and financial assets measured at fair value through the current profit or loss("FVTPL").

b) Classification of financial liabilities

The Company classifies the financial liabilities into the following two categories: financial liabilities measured at FVTPL (including financial liabilities held for trading and financial liabilities directly designated to be at FVTPL); and financial liabilities measured at amortized cost.

9.2 Recognition basis and measurement method of financial instruments

a) Recognition basis of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

b) Measurement method of financial instruments

i. Financial assets

Financial assets are measured at fair value upon initial recognition. For financial assets at FVTPL, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable or notes receivable arising from sales of goods or rendering services and without significant financing component or the company decided not to consider financing elements for less than one year are initially recognised based on the amount of consideration expected to be entitled to receive.

1) Financial assets measured at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method after initial recognition. Gains/losses on financial assets that are measured at amortised cost and are not a part of any hedging relationship shall be recognised in profit or loss when the financial asset is derecognised or reclassification or amortised using the effective interest method or recognized the impairment allowance.

2) Financial assets at FVOCI

These assets are subsequently measured at fair value after initial recognition. Except impairment, foreign exchange gains and losses, interest income calculated using the effective interest method are recognised in profit or loss; other gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are transferred to profit or loss.

In addition, the company designated some non-tradable equity instruments as financial assets at FVOCI; the company shall recognise the relevant dividend income of such financial assets into the current profit and loss, and recognise the change of fair value in other comprehensive income. On derecognition, the accumulated gains/losses previously recognized in other comprehensive income shall be transferred to retained earnings and not be recognised in current profit and loss.

3) Financial assets at FVTPL

The Company classifies the financial assets into financial assets at FVTPL except for financial assets measured at amortized cost or financial assets at FVOCI as mentioned above. In addition, the company may designate some financial assets as financial assets at FVTPL upon the initial recognition to eliminate or significantly reduce accounting mismatch. For such financial assets, the company adopts the fair value for subsequent measurement, and changes in fair value are recognized in the profit or loss for the current period.

ii. Financial liabilities

Financial liabilities shall be classified into financial liabilities measured at FVTPL upon initial recognition and other financial liabilities. For financial liabilities measured at FVTPL, relevant transaction costs are directly recognized in the current profit and loss, and the relevant transaction costs of other financial liabilities are recognized in the initial recognition amount.

1）Financial liabilities measured at FVTPL

Financial liabilities held for trading (including derivatives of financial liabilities) shall be subsequently measured at the fair value. Except for those related to hedge accounting, changes in the fair value shall be recognized in the profit or loss of the current period. For financial liabilities designated to be at FVTPL, fair value changes caused by the Company's own credit risk changes which is recognised in other comprehensive income, when the liability is derecognition, the accumulated change in its fair value caused by the change in its own credit risk recognized in other comprehensive income is transferred to retained earnings, the remaining changes of fair value is record in profit of loss. If the above treatment of the impact of the change in the credit risk of such financial liabilities will cause or expand the accounting mismatch in the profit and loss, the company will record all the gains/losses of such financial liabilities (including the amount affected by fair value changes in enterprise's own credit risk) into the current profit and loss.

2）Financial liabilities measured at amortized cost

Except financial liabilities that arise when a transfer of a financial assets does not qualify for derecognition or when the continuing involvement approach applies security contract are classified as financial liabilities measured by amortized cost, or financial subsequently measurement at amortized cost, and record the profits or losses guarantee contracts recognition or amortization into the current profit and loss.

9.3 Financial assets transfer

If the Company transfers substantially all the risks and rewards of ownership of the financial asset to the transferee, the Company derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; if the Company retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the transferred financial assets. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it is accounted for as follows: if the Company has not retained control, it derecognises the financial asset, the rights and obligations arising or retained in the transfer shall be separately recognized as its assets or liabilities; and if the Company has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes the relevant liability.

Where transfer of financial assets qualify for derecognition entirety, the difference between the following two amounts will be included into current profit or loss: The book value measured at the date of derecognition; and The sum of the consideration for the derecognition part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in OCI (involving the situation where the financial asset transferred is a debt instrument investment measured at fair value and recognized in other comprehensive income). The Company transferred the partial transfer of financial assets which qualify for derecognition, the overall carrying amount of the transferred financial asset shall be apportioned according to their respective relative fair value between the portion of derecognition and the remaining.

9.4 Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the company shall remove financial liability (or part thereof), and the company shall recognize the difference between its book value and the consideration paid (including any non-cash assets transferred or liabilities assumed) in the current profit and loss.

9.5 Offsetting of financial assets and liabilities

Financial assets and financial liabilities shall be shown separately in the balance sheet and shall not be offset against each other. If the following conditions are met at the same time, the net value offset each other after amount listed in the balance sheet:

The company has offset the confirmed amount of legal rights of financial assets and financial liabilities, and this kind of legal rights is the executable; and

The company plans to net or cash at the same time when the financial assets and liquidation of the financial liability.

If the transfer of financial assets does not meet the conditions for derecognition, the transferor shall not offset the transferred financial assets and related liabilities.

9.6 Equity instruments

Equity instruments are contracts that prove ownership of the residual interest in the company's assets after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of the equity instruments of the company shall be treated as changes in the equity. The company does not recognize changes in the fair value of equity instruments, and the transaction fees related to the equity transactions shall be deducted from the equity. Where the equity instrument of the company distributes dividends during the term of its existence, it shall be treated as profit distribution, and the total amount of shareholders' equity will not be affected by the stock dividends issued.

9.7 Method for determining the fair value of financial assets and financial liabilities

Where there is an active market for a financial instrument, the company shall determine its fair value by quoting in the active market. Where there is no active market for the financial instrument, the company shall determine its fair value by means of valuation technology. In valuation, the company uses valuation techniques applicable in the current situation and supported by sufficient available data and other information to select input values consistent with the characteristics of assets or liabilities considered by market participants in transactions of related assets or liabilities, and gives priority to relevant observable input values as far as possible. Use unobservable inputs only when relevant observable inputs cannot be obtained or are impracticable to obtain.

Upon initial recognition, the fair value of financial assets or financial liabilities is determined by the quoted price of the same assets or liabilities in the active market or other valuation technology that only uses observable market data, the Company defers the difference between the fair value and the transaction price. After initial recognition, the Company recognizes the deferred difference as gain or loss in the corresponding accounting period according to the changes of a certain factor in the corresponding accounting period.

9.8 Impairment of Financial Assets

Based on the expected credit losses ("ECL"), the Company shall recognise the impairment loss on financial assets measured at amortized cost, debt instrument investment at FVOCI.

a) The approach of recognition loss allowance for ECL

Considering the reasonable and valid information such as past events, current conditions and forecast of future economic conditions, and weighted by the risk of default, the Company calculates the probability weighted amount of the present value of the difference between the cash flow receivable under the contract and the expected cash flow to be received, and recognise the ECL.

i. General approach

The Company assess whether the credit risk of financial instruments in different stages at each reporting date has increased significantly. If the financial instruments' credit risk have not increased significantly after initial recognition, it will be included in phase 1, and the Company measures the loss allowance for those instruments at an amount equal to 12-month ECL; if the financial instruments' credit risk have increased significantly but without objective evidence for impairment after initial recognition, it will be included in phase 2, and the Company measures the loss allowance of those instruments at an amount equal to lifetime ECL; if the financial asset that is evidently credit-impaired after initial recognition, it will be included in phase 3, and the Company measures the loss allowance of those financial instruments at an amount equal to lifetime ECL. For financial instruments with low credit risk on the balance sheet date (e.g.fixed deposits in commercial banks with higher credit rating, financial instruments with external credit rating above "investment grade"), the Company assumes that the credit risk has not increased significantly since the initial recognition and chooses to measure the loss allowance according to the ECL in the next 12 months.

ii. Simplified approach

For accounts receivable, contract assets and notes receivable related to revenues, the Company does not include the significant financing component or does not consider the financing components in contracts less than one year, it will measure the loss allowance according to the ECL of the whole duration.

b) Criteria for determining whether credit risk has increased significantly subsequent to the initial recognition

If the probability of default of a financial asset in lifetime as determined on the balance sheet date is significantly higher than the probability of default in lifetime as determined at the initial recognition, the credit risk of the financial asset increases significantly.

No matter what method the Company is applied to evaluate whether credit risk has increased significantly, it usually inferred that the credit risk of the financial instrument has increased significantly if the contract payments are more than 30 days past due, unless the Company can get the reasonable and valid information at reasonable cost to evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

Except in special cases, the Company shall use the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in lifetime to determine whether the credit risk has increased significantly to the initial recognition

c) Approach of assessing expected credit risk on a portfolio basis and determine basis

The company evaluates credit risk individually for the credit risk of significantly different notes receivable, accounts receivable and other receivables with the following characteristics. Such as: accounts receivable in dispute with the other party or involving litigation or arbitration; notes receivable, accounts receivable that have shown clear signs that the debtor is likely to be unable to meet repayment obligations.

When it is impossible to evaluate the ECL information of an individual financial asset at a reasonable cost, the Company divides the receivables into several portfolio according to the credit risk characteristics, and calculates the ECL on collective basis. The basis for determining the portfolio is as following:

Account name	Portfolio Name	Approach of assessing expected credit risk
notes receivable	Portfolio 1: Bank acceptance bill Portfolio	The management evaluates that such funds has low credit risk, and does not provision for bad debts.
	Portfolio 2: Commercial acceptance bill Portfolio	The Company referees to the historical credit loss experience, and combines the current situation and the forecast of the future situation, through the default risk exposure and the expected credit loss rate throughout the duration to estimate ECL.
Account receivable	Portfolio 1：non-related party	For accounts receivable classified as a combination of non-related party customers, the company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and prepares a comparison table between the overdue aging of accounts receivable and the expected credit loss rate for the entire existence period to calculate the expected credit loss.
	Portfolio 2：Government parties	
	Portfolio 3：Related parties	
Other receivables	Portfolio 1：non related party	For other receivables classified as a combination of non-related party customers, the company refers to historical credit loss experience, combines current conditions with predictions of future economic conditions, and prepares a comparison table between the overdue aging of accounts receivable and the expected credit loss rate for the entire existence period to calculate the expected credit loss.
	Portfolio 2：Government parties	
	Portfolio 3：guarantee	
	Portfolio4：Related parties	

The Company shall take the provision or transfer the loss into the current profit and loss. For the debt instrument investment measured at fair value through other comprehensive income, the Company shall adjust other comprehensive income while recording the impairment loss or gain into the current profit and loss.

10. Inventories

Inventories are classified as: raw materials, products in process, goods in stock, engineering construction, contract performance costs, turnover materials, development products and development costs in the process of development, etc.

10.1 Measurement method of dispatched inventories

Materials and stock commodities are accounted for by using the weighted average method.

10.2 Basis to determine net realizable values of inventories and method of provision for diminution in value of inventories

a) Determination basis of net realizable values of inventories

i. In normal operation process, for merchandise inventories held directly for sale, including stock commodities (finished goods) and materials for sale, their net realizable values are determined at their estimated selling prices minus their estimated selling expenses and relevant taxes and surcharges.

ii. For the inventory of processed materials, in the normal production and operation process, the estimated price of the finished product is subtracted from the estimated cost, estimated sales cost and the amount of related taxes and fees to be incurred at the time of completion, and the net realizable value is determined.

iii. For inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories specified in the sales contracts are less than the quantities held by the Company, the net realizable value of the excess portion of inventories shall be based on general selling prices.

iv. The materials held for production shall be measured at cost if the net realizable value of the finished products is higher than the cost. If a decline in the value of materials shows that the net realizable value of the finished products is lower than the cost, the materials shall be measured at the net realizable value.

b) Provision for diminution in value of inventory

i. Provisions for diminution in value of inventory are made at the lower of costs or net realizable values on a single basis.

ii. For inventories that have large quantities but low value, the Company provides for diminution in value of inventory on a category basis.

10.3 Inventory system

The Company adopts perpetual inventory system and takes physical inventory counts on a regular basis.

10.4 Amortization method of revolving materials

a) Amortization method of low-cost consumables:

Low-cost consumables are amortized in full at once.

b) Amortization method of packaging materials

Packing materials are amortized in full at once when fetched for use by the Company.

11. Contract assets

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer that is conditional on something other than the passage of time. Contract assets main include guarantee and unsettled portion of finished project. A contract asset and a contract liability relating to the same contract are represented on a net basis after offsetting, while that relating to different contract should not be offset.

The measurement and assessment ECL of contract assets refer to Note8.8.

12. Assets held for sale and discontinued operations

12.1 Assets held for sale

a) Scope of held for sale

Held for sale include individual asset and disposal group.

Disposal group is a group of assets that are disposed as a whole through sales or other ways in one transaction and liabilities directly related to these assets delivered in the transaction.

b) Recognition criteria of held for sale

The Company recognizes its component (or non-current asset) that satisfies the following conditions as assets held for sale:

i. The assets (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); and

ii. Its sale must be highly probable. The Company has already made a decision to dispose the component and has a commitment from the purchaser, the transfer will be completed within one year. If it requires shareholders' approval or supervisors' approval according to regulations, it has already received approval from the general meeting of stockholders or relative authority institution.

c) Accounting treatment and presentation of assets held-for-sale

The non-current asset (or disposal group) is first classified as held for sale, the Company should measure the non-current assets or assets and liabilities made up of disposal group in accordance with relevant accounting standards.

When the Company measure a non-current asset (or disposal group) held for sale initially or re-measure at balance sheet date subsequently, the impairment loss should be recognized if the book value is higher than fair value lee costs to sell at the amount of the difference of these two in profit and loss, the provision for assets held for sale need to be recognized at the same time. For the impairment of disposal group, should write off goodwill if existing, and then write down the related assets proportionally. Depreciation or amortization should cease for the non-current asset held for sale.

No matter the asset is classified as individual asset held for sale or asset belonging to disposal group, the asset is presented as current assets under "assets held for sale" item; liabilities related to the asset transferred in the disposal group held for sale is presented as current liabilities under "liabilities held for sale" item in the balance sheet.

The company is committed to a sale plan involving loss of control of subsidiary shall classify all the assets and liabilities of that subsidiary held for sale in consolidated balance sheets when the above criteria are met, regardless of whether the Company retain a non–controlling interests in its former subsidiary after the sale. In the balance sheets of parent company the investment should be classified as held for sale in full.

12.2 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and meets one of the follow conditions:

a) It represents either a separate major line of business or a geographical area of operations;

b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) It is a subsidiary acquired exclusively with aim to resale

13. Long-term equity investments

13.1 Recognition of the initial investment costs of long-term equity investments

a) For long-term equity investments from business combinations, the initial investment cost shall be recognized in accordance with accounting treatment methods for business combination under and not under common control which are in the item 3 of the note 4.

b) Except for the long-term equity investments arising from business combinations, those obtained by other means shall recognize their initial investment costs in accordance with the following provisions:

i. For the long-term equity investments acquired by cash paid, the initial investment cost shall be the actual purchase price has been paid. Initial investment cost also includes those costs, taxes and other necessary expenditures directly attributable to the acquisition of the long-term equity investment.

ii. For the long-term equity investments acquired by the issue of equity securities, the initial investment cost shall be the fair value of the equity securities issued. If the fair value of the long-term equity investment obtained is more reliable than equity securities issued, the initial investment cost shall be the fair value of the long-term equity investment made by the investors. The cost directly attributable to the issue of equity securities, including fees, commissions, etc., write-downs premium price of the issue, if premium price of the issue is insufficient, write-downs surplus reserve and undistributed profit in turn. For the long-term equity investments acquired by the issue of debt securities, reference through the issuance of equity securities..

iii. For long-term equity investments obtained by debt restructuring, the Company recognizes the fair value of shares of debt-for-equity swap as the initial investment costs.

iv. For long-term equity investments obtained by non-monetary assets exchange, under the condition that an exchange of non-monetary assets is of commerce nature and the fair value of assets exchanged can be reliably measured, non-monetary assets traded in is initially stated at the fair value of the assets traded out, unless there is conclusive evidence indicating that the fair value of the assets traded in is more reliable; if the above conditions are not satisfied, initial investment costs of long-term equity investments traded in shall be recognized at the book value of the assets traded out and the relevant taxes and surcharges payable.

Expenses, taxes and other necessary expenses incurred to the Company and that are directly related to the obtainment of long-term equity investments shall be recognized as the initial investment costs of long-term equity investments.

For long-term equity investments obtained by the Company by any means, cash dividends or profits declared but not yet distributed in the actual payments or the consideration actually paid for the investment shall be separately accounted as dividends receivable and shall not constitute the costs of long-term equity investments.

13.2 Subsequent measurement and recognition of gains and losses of long-term equity investments

a) Long-term equity investments measured under the cost method

i. Long-term equity investments that can control the investee, which are long-term equity investments in subsidiaries, are measured under the cost method.

ii. For long-term equity investments accounted at the cost method, except cash dividends or profits declared but not yet distributed which are included in the actual payments or the consideration actually paid for the investment, the cash dividends or profits declared by the investee shall be recognized as the investment income irrespective of net profits realized by the investee before investment or after investment.

b) Long-term equity investments measured under the equity method

i. For the long-term equity investment which has joint control or significant influence over the investee, the equity method is adopted for accounting.

ii. For long-term equity investments measured at the equity method, if the initial investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the initial costs of the long-term equity investments; if the initial investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the difference shall be recognized in current profit and loss and at the same time the adjustment will be made to the initial costs of the long-term equity investments.

iii. After obtaining the long-term equity investments, the Company shall, according to the shares of net profits and losses realized by the investee that shall be enjoyed or borne by the Company, recognize the profit and loss on the investments and adjust the book value of the long-term equity investments. When recognizing the net profits and losses of the investee that the Company shall enjoy or bear, the Company shall make a recognition and calculation based on the net book profits and losses of the investee after appropriate adjustments. However, where the Company is unable to obtain the relevant information due to failure to reasonably determine the fair value of the investee's identifiable assets, minor difference between the investee's identifiable assets and the book value thereof or other reasons, the profits or losses on the investments shall be directly calculated and recognized based on the net book profits and losses of the investee. The Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments.

When recognizing the income from investments in associates and joint ventures, the Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company and recognize the profit and loss on investments on such basis. Where the losses on internal transactions between the Company and the investee fall into the scope of losses on assets impairment, full amounts of such losses shall be recognized. Profit and loss from internal unrealized transactions between the Company's subsidiaries included into the combination scope and associates and joint ventures shall be written off according to the above principles and the profit and loss on investments there from shall be recognized on such basis.

When the share of net loss of the investee attributable to the Company is recognized, it is treated in the following sequence: Firstly, write off the book value of the long-term equity investments; where the book value of the long-term equity investments is insufficient to cover the loss, investment losses are recognized to the extent that book value of long-term equity which form net investment in the investee in other substances and the book value of long-term receivables shall be written off; after all the above treatments, if the Company still assumes additional obligation according to investment contracts or agreements, the obligation expected to be assumed should be recognized as provision and included into the investment loss in the current period. If the investee is profitable in subsequent accounting periods, the Company shall treat the loss in reverse order against that described above after deducting unrecognized share of loss: i.e. write down the book value of the recognized provision, then restore the book value of long-term interests which substantially form net investments in the investee, then restore the book value of long-term investments, and recognize investment income at the same time.

13.3 Basis for judgment of common control or significant influence over the investee

a) Basis for judgment of common control over investee

Common control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities of an arrangement usually include selling and purchasing of goods or services, managing financial assets, acquiring or disposing of assets, researching and developing activities and financing activities. A joint venture is a joint arrangement whereby the joint ventures have rights to the net assets of the arrangement. The parties have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is a joint operation, but not a joint venture.

b) Basis for judgment of significant influence over investee

The term ‘significant influence’ refers to the power to participate in decision-making on the financial and operating policies of the investee, but with no control or joint control over the formulation of these policies. Where the Company is able to exert significant influence over the investee, the investee is its associate.

14. Fixed assets

14.1 Recognition and measurement of fixed assets

Fixed assets refer to tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful life exceeding one accounting year. Fixed assets are recognized when the following criteria are satisfied simultaneously:

a) It is probable that the economic benefits relating to the fixed assets will flow into the Company;

b) The cost of the fixed assets can be measured reliably.

14.2 Depreciation of all fixed assets

a) Except for the fixed assets that have been fully depreciated but are still in use and the land, the Company makes provisions for depreciation of all fixed assets.

b) Depreciation of fixed assets of the Company is provided for on a straight-line basis from the month immediately following the month when they reach the working condition for their intended use. The depreciation amount and depreciation rate shall be calculated and recognized according to the category, estimated useful lives and estimated net residual value rate of fixed assets and respectively included into the costs of the relevant assets or the current profit and loss by purpose.

c) Category, estimated useful lives, estimated net residual value rate and annual depreciation rate of fixed assets are listed as follows:

Category of fixed assets	Estimated useful lives (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	20-40	5	2.37-4.75
Machinery and equipment 1	10	5	9.50
Machinery and equipment 1	12	5	15.83
Vehicle	4	5	23.75
Office and electronic equipment	3	5	31.67
Pipe gallery pipe network	20	5	4.75
Other equipment	5-50	5	1.90-19.00

Machine equipment 2 adopts the double declining balance method, annual depreciation rate = 2 ÷ estimated depreciation period x 100%.

Machine Equipment 2: According to the resolution of the board of directors of Jiangsu Donggang Energy Investment Co., Ltd. (Su Donggang Energy Director [2023] No. 1), the straight-line method has been changed to the double declining balance method for transmission and distribution lines and equipment, and the depreciation period has been adjusted from 20 years to 12 years.

When making provision for impairment on fixed assets, the Company shall recalculate the depreciation rate and depreciation amount according to the book value, the estimated net residual value rate and useful lives of the fixed assets.

On the balance sheet date, the Company reviews the estimated useful life, estimated net residual value rate and depreciation method of the fixed assets. If there is any change, they shall be treated as changes in accounting estimate.

d) Fixed assets renovation costs eligible for capitalization in fixed assets during the two renovations or remaining useful life, whichever is the shorter period, is depreciated separately using the straight line method.

e) For fixed assets leased through financial leasing, if it can be reasonably determined that ownership of the leased asset will be acquired upon the expiration of the lease term, depreciation shall be accrued over the remaining useful life of the leased asset; If it cannot be reasonably determined that ownership of the leased asset will be obtained upon expiration of the lease term, depreciation shall be accrued during the shorter of the lease term and the remaining useful life of the leased asset.

15. Construction in progress

15.1 Category

Construction in progress is accounted on individual project basis.

15.2 Criteria of conversion of construction in progress into fixed assets

The book entry values of the fixed assets are stated at total expenditures incurred before construction in progress reaches the working condition for their intended use. For self-operating projects, total expenditures are measured according to the expenditures of direct materials, direct labor, direct measurement mechanical construction costs and other expenditures; for contracting projects, total expenditures are measured according to project costs payable and other expenditures. Borrowing costs incurred before the projects that are undertaking with borrowing costs reach working condition for their intended use and meeting the condition for capitalization shall be capitalized and included into the costs of construction in progress.

For construction in progress that has reached working condition for intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working condition for intended use and the fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation; adjustment shall be made to the estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

16. Borrowing costs

16.1 Scope

The Company's borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred from foreign currency borrowings, etc.

16.2 Recognition principles of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit and loss.

Assets eligible for capitalization include fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale by acquisition and construction or production activities for quite long time.

16.3 Recognition of capitalization period of borrowing costs

a) Recognition of commencement of capitalization of borrowing costs

Borrowing costs may be capitalized when asset disbursements have already been incurred, borrowing costs have already been incurred and the acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started. Among which, asset disbursements include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization.

b) Recognition of period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are interrupted abnormally and this condition lasts for more than three months, the capitalization of borrowing costs should be suspended. The borrowing costs incurred during interruption are charged to profit or loss for the current period, and the capitalization of borrowing costs continues when the acquisition and construction or production activities of the asset resume. If the interruption is necessary for the acquisition and construction or production to prepare the assets for their intended use or sale, the capitalization of borrowing costs should continue.

c) Recognition of period of capitalization cessation of borrowing costs

Capitalization of borrowing costs should cease when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale. Borrowing costs incurred after the assets eligible for capitalization have reached the working condition for their intended use or sale should be recognized as the current profit and loss when they incur.

If all parts of the acquired and constructed or produced assets are completed, each part may be used or sold externally in the process of continuous construction of other parts and the necessary acquisition or production activities have been substantially completed to make the part of assets reach the working condition for their intended use or sale, the capitalization of borrowing costs related to the part of assets should be ceased; if all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should cease at the time of overall completion of the said assets.

16.4 Recognition of capitalized amounts of borrowing costs

a) Recognition of capitalized amounts of interest on borrowing costs

During the period of capitalization, capitalized amount of the interest of each accounting period (including amortization of discounts or premiums) shall be recognized according to the following provisions:

i. As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the loans unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

ii. As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the interest of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements in excess of special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

iii. Where there are discounts or premiums on borrowings, the amounts of interest for each accounting period should be adjusted taking account of amortizable discount or premium amounts for the period by effective interest method.

iv. During the period of capitalization, the capitalized amount of interest of each accounting period shall not exceed the current actual interest of the relevant borrowings.

b) Recognition of capitalized amounts of auxiliary expenses of borrowings

i. Auxiliary expenses incurred from special borrowings before the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be capitalized when they incur and charged to the costs of assets eligible for capitalization; those incurred after the acquired or constructed assets eligible for capitalization reach the working condition for their intended use or sale should be recognized as costs according to the amounts incurred when they incur and charged to the current profit or loss.

ii. Auxiliary expenses incurred from general borrowings shall be recognized as costs according to the amounts incurred when they occur and included in the current profit and loss.

c) Recognition of capitalized amount of exchange differences

During the period of capitalization, exchange differences incurred from the principal and interest of special foreign currency borrowings should be capitalized and included in the costs of the assets eligible for capitalization.

17. Intangible assets

17.1 Initial measurement

a) Initial measurement of intangible assets purchased

Costs of intangible assets purchased include purchase price, related tax and expenses and other expenditure that can be distributed to the asset directly to reach its expected use. If payment of the purchase price of intangible assets can be deferred and exceeds normal credit conditions, the purchase has the nature of finance in fact and cost of the intangible asset shall be determined on the basis of present value of the purchase price. The difference between the amount actually paid and the present value of the purchase price should be recorded into current profit or loss other than those should be capitalized during the credit period.

b) Initial measurement of internally researched and developed intangible assets

Costs of internally researched and developed intangible assets shall be recognized according to the total expenses during the period after the assets are eligible for capitalization and before they reach the intended purpose and the expenses that have been included in the previous periods shall no longer be adjusted.

Expenses on the research phase of internally researched and developed intangible assets shall be included in the current profit and loss when they incur; those on the development phase ineligible for capitalization shall be included in the current profit and loss; those eligible for capitalization shall be recognized as intangible assets. If it is unable to distinguish expenditure on the research phase and expenditure on development phase, the research and development expenditures shall be all included in the current profit and loss.

17.2 Subsequent measurement of intangible assets

The useful lives of intangible assets are analyzed on acquisition. Intangible assets obtained by the Company are divided into intangible assets with limited useful lives and intangible assets with indefinite useful lives.

a) Subsequent measurement of intangible assets with limited useful lives

The intangible assets with limited useful lives are amortized on a straight-line basis when they reach intended use over their useful lives with no residual value reserved. Amortizations of intangible assets are usually recorded into the current profit and loss; where the economic benefits of an intangible asset are realized by the products or other assets produced there from, the amortizations are recorded into the costs of the relevant assets.

Category, estimated useful life, estimated net residual value rate and annual amortization rate of intangible assets are shown below:

Category of intangible assets	Estimated useful life (years)	Estimated net residual value rate (%)	Annual amortization rate (%)
Land use right	30-70	0	1.43-3.33
Right to use sea area	50	0	2
Software	3-10	0	10-33.33
Coal equivalent index			Amortization according to consumption after use
Others	10-16	0	0.06-0.10

The useful lives and amortization methods of intangible assets at the end of the current year are not different from previous estimates after review.

b) Subsequent measurement of intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are not amortized in the holding period.

17.3 Estimates of useful lives of intangible assets

a) For intangible assets from any contractual right or other statutory rights, their useful lives shall be recognized according to the period no more than that of the contractual or other statutory rights; when the contractual right or other statutory rights contract is extended due to renewal of contracts and there is evidence that the renewal of the Company does not need large costs, the renewal period shall be included into the useful lives.

b) Where the contract or the law fails to specify the useful lives, the Company integrates situations in all aspects and determine the period of intangible assets that can bring economic benefits for the Company by hiring the relevant experts to demonstrate or comparing with the situation of the industry as well as referring to the Company's historical experience or otherwise.

c) If it is still unable to reasonably determine that intangible assets may bring economic benefits for the Company according to the above methods, the intangible assets are taken as intangible assets with indefinite useful lives.

17.4 Specific criteria for classifying the research phase and the development phase of an internal research and development project

According to the actual situation of the research and development, the Company classifies the research and development project into that on the research phase and that on the development phase.

a) Research stage

Research stage is the stage when creative and planned investigations and research activities are conducted to acquire and understand new scientific or technological knowledge.

b) Development stage

Development stage is the stage when the research achievements or other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Expenditure of an internal research and development project on the research phase shall be included in current profit and loss when it occurs.

17.5 Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditure on the development phase of an internal research and development project shall be recognized as intangible assets only when the following conditions are simultaneously satisfied:

a) It is technically feasible to finish intangible assets for use or sale;
b) It is intended to finish and use or sell the intangible assets;
c) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets themselves or the intangible assets will be used internally;
d) It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
e) The expenditure attributable to the intangible asset during its development phase can be measured reliably.

17.6 Handling of Land Use Rights

a) The land use rights obtained by the company are usually recognized as intangible assets, but if the land use rights are changed for the purpose of earning rent or capital appreciation, they will be converted into investment real estate.
b) The company independently develops and constructs buildings such as factories, and the relevant land use rights and buildings are treated separately.

The payment for the purchase of land and buildings shall be distributed between the buildings and the land use rights; all assets that are difficult to allocate reasonably shall be treated as fixed assets.

18. Non-current assets impairment

If there are impairment indicators of long-term equity investment, fixed assets, construction in progress, intangible assets with indefinite useful lives and other long-term assets at balance sheet date, impairment test should be performed. If the result of impairment test shows that recoverable amount is less than its book value, the difference should be provided for impairment and recorded into impairment loss. The recoverable amount is the higher of fair values less costs of disposal and the present values of the future cash flows expected to be derived from the asset. Provision for impairment is calculated and recognized on the basis of individual asset. If recoverable amount of individual asset is difficult to be estimated, the Company should recognize the recoverable amount of the asset group which the individual asset belongs to. Asset group is the minimum asset group which can generate cash inflow separately.

The Company should perform impairment test with indefinite life at least at each year end, no matter whether there is impairment indicator.

Once the impairment loss of the above-mentioned assets is recognized, it shall not be reversed in future accounting periods.

19. Long-term deferred expenses

19.1 Scope

Long-term deferred expenses refer to various expenses which have been already incurred but will be born in this period and in the future with an amortization period of over 1 year (exclusive).

19.2 Initial measurement of long-term deferred expenses

Long-term deferred expenses shall be initially measured according to the actual costs incurred.

19.3 Amortization of long-term deferred expenses

Long-term deferred expenses are amortized using the straight-line method over the beneficial period.

20. Contract liabilities

Contractual liabilities refer to the obligations of the company to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the company has obtained the unconditional collection right before the company transfers the goods to the customer, the company will list the received or receivable as contract liabilities at the earlier of the actual payment and due payment by the customer. The contract assets and contract liabilities under the same contract are presented in net amount, and the contract assets and contract liabilities under different contracts are not offset.

21. Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

21.1 Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that fall due within 12 months from the end of the period in which the employees provide their services.

Short-term benefits including: wages, bonuses, allowances and subsidies, welfare, medical insurance, work injury insurance, maternity insurance and other social insurance, housing funds, labor union funds, employee education funds, short-term compensated absences, short-term profit-sharing plan, non-monetary benefits and other short-term remuneration.

Short-term benefits should be recognized as an employee provides his services to the entity. The benefit will normally be treated as an expense, and a liability should be recognized for any unpaid balance at the year-end.

21.2 Post-employment benefits - defined contribution plans

Contributions such as the basic pension insurance, unemployment insurance, annuity payment and so on are paid by the entity for workers according to the relevant regulations. The entity should recognize contributions payable as an expense or associated costs of assets in the period in which the employee provides services. A liability should be recognized where contributions arise in relation to an employee’s service, but remain unpaid at the period end.

21.3 Termination benefits

Termination benefits, are employee benefits payable on the termination of employment, through voluntary redundancy or as a result of a decision made by the employer to terminate employment before the normal retirement date. Termination benefits are recognized as an expense when the entity is committed to either:

a) When companies cannot unilaterally withdraw termination benefits due to termination of employment or layoff proposal provided.

b) Enterprise recognizes termination benefits involving the restructuring payment of costs or expenses related to the time.

21.4 Other long-term employee benefits

Other long-term employee benefits, are defined as employee benefits except short-term employee benefits, post-employment benefits and termination benefits etc. During the reporting period, costs of other long-term employee benefits are recognized as an integral part of the following:

a) The service costs.

b) Net interest of net liabilities or net assets of other long-term employee benefits.

c) Changes arising from remeasured net liabilities or net assets of other long-term employee benefits.

To simplify the related accounting treatment, the total net amount is recognized into profit or loss or associated costs of assets.

22. Estimated liabilities

22.1 Recognition of estimated liabilities

When the obligations related with external security matters, pending litigation or arbitration, product quality assurance, loss of contracts, restructuring and other meet the following three conditions are confirmed as estimated liabilities:

a) The obligation is a present obligation of the company

b) The fulfillment of this obligation is likely to lead to outflow of economic benefits

c) The amount of the obligation can be reliably measured

22.2 Measurement

Amount of estimated liabilities are measured at the best estimate of the expenditure for contingent liabilities.

a) There is a continuous range of expenditure required and the likelihood of various outcomes within the same possibility, the best estimate is determined according to the median within the range.

b) In other cases, the best estimate is treated separately in the following situations:

i. Contingent matters relating to individual projects, confirmed with the amount most likely to be.

ii. Contingent matters involve several items, calculated in accordance with all possible outcomes and associated probabilities.

23. Recognition of revenue

23.1 The principal of revenue recognition and measurement

a) The principal of revenue recognition.

The Company recognizes revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. At the inception of the contract, the Company should assess the goods or services that have been promised to the customer, and identify as a performance obligation, and then judge the performance obligation is satisfied over time or at a point in time, and then recognize the revenue when each performance obligation is satisfied by transferring a promised good or services to a customer .

b) The principle of measurement of revenue

Where a contract has multiple performance obligations, the Company allocates the transaction price to the performance obligations in the contract reference to their relative stand-alone selling prices of each distinct goods or service at the inception of the contract, and then measures the revenue with the transaction price allocated. When determine the transaction price, the Company may consider variable amount, existing of significant financing component, non-monetary amount and due to customer amount etc., and assume that goods or service will be transferred to a customer as promised in the existing contract and the contract will not be canceled, renewed or changed.

23.2 Specific revenue recognition policies

The company's operating income mainly includes revenue from selling goods, providing services, transferring asset use rights, and construction contracts. The recognition principles are as follows:

a) Recognition principle for revenue from selling goods

The recognition of sales revenue from company products must meet the following conditions: the company has delivered the products to customers in accordance with the contract, the customers have obtained control of the relevant goods, the payment has been collected or receipts have been obtained, and the related economic benefits are likely to flow in.

b) Recognition principle for income from providing labor services

If the results of providing services on the balance sheet date can be reliably estimated, and the amount of revenue can be reliably measured, the relevant economic benefits are likely to flow into the company, the progress of the transaction can be reliably determined, and the costs incurred and to be incurred in the transaction can be reliably measured, the revenue from providing services is recognized.

c) Recognition principle for revenue from the transfer of asset use rights

When the economic benefits related to the transaction are likely to flow into the company and the amount of revenue can be reliably measured, the realization of revenue from the transfer of asset use rights is recognized.

d) Recognition of revenue from construction contracts

i. The company recognizes contract revenue and contract expenses upon completion of construction contracts that commence and are completed within the same accounting year.

ii. If the commencement and completion of a construction contract belong to different accounting years and the results of the construction contract can be reliably estimated on the balance sheet date, the company recognizes contract revenue and contract expenses on the balance sheet date using the percentage of completion method.

iii. The reliable estimation of the results of a fixed cost contract refers to the simultaneous fulfillment of the following conditions:

① The total contract revenue can be reliably measured;

② The economic benefits related to the contract are likely to flow into the company;

③ The actual contract costs incurred can be clearly distinguished and reliably measured;

④ The completion progress of the contract and the costs that still need to be incurred to complete the contract can be reliably determined.

iv. The reliable estimation of the result of a cost plus contract refers to the simultaneous fulfillment of the following conditions:

① The economic benefits related to the contract are likely to flow into the company;

② The actual contract costs incurred can be clearly distinguished and reliably measured.

v. If the commencement and completion of a construction contract belong to different accounting years, but the outcome of the construction contract cannot be reliably estimated, the company shall recognize contract revenue and contract expenses as follows:

i. If the contract cost can be recovered, the contract revenue is recognized based on the actual contract cost that can be recovered, and the contract cost is recognized as a contract expense in the current period in which it is incurred.

ii. If the contract cost cannot be recovered, it shall be recognized as a contract expense immediately upon occurrence, and no contract revenue shall be recognized.

If the expected total cost of the contract exceeds the expected total revenue of the contract, the company will recognize the expected loss as a current expense.

24. Contract cost

Contract cost is divided into contract performance cost and contract acquisition cost.

24.1 The cost incurred by the company for the performance of the contract is recognized as an asset when the following conditions are met:

a) The cost is directly related to a current or expected contract.

b) The cost increases the resources used by the company to fulfill its performance obligations in the future.

c) The cost is expected to be recovered.

24.2 If the incremental cost incurred by the company to obtain the contract is expected to be recovered, it shall be recognized as the contract acquisition cost as an asset.

The assets related to the contract cost are amortized on the same basis as the recognition of the income from goods or services related to the assets; However, if the amortization period of contract acquisition cost does not exceed one year, the company will record it into the current profit and loss when it occurs.

If the book value of the assets related to the contract cost is higher than the difference between the following two items, the company will withdraw the impairment provision for the excess part and recognize it as asset impairment loss:

a) The residual consideration expected to be obtained due to the transfer of goods or services related to the asset;

b) The estimated cost to be incurred for the transfer of the relevant goods or services.

In case of subsequent reversal of the above asset impairment provision, the book value of the asset after reversal shall not exceed the book value of the asset on the reversal date assuming that the impairment provision is not withdrawn.

25. Government grants

25.1 Types of government grants

Government grants are monetary assets and non-monetary assets acquired free of charge by the Company from the government, including government grants related to assets and government grants related to income.

Government subsidies related to assets refer to government subsidies obtained by enterprises for the purpose of purchasing, constructing, or otherwise forming long-term assets.

Government subsidies related to income refer to government subsidies other than those related to assets.

25.2 Recognition principles of government grants

Government grants are recognized when all the following conditions are met:

a) The Company can meet the attached conditions for the government grants;

b) The Company can receive the grants.

25.3 Measurement of government grants

a) If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount.

b) If a government grant is a non-monetary asset, it shall be measured at its fair value; and if its fair value cannot be obtained in a reliable way, it shall be measured at a nominal amount (a nominal amount is CNY 1).

25.4 Accounting treatment method of government grants

a) The government grants related to assets shall be written off the book value of the related assets at the time of acquisition, or recognized as deferred income. Government grants measured as deferred income, allocated evenly over the useful lives of the relevant assets, and included in the current profit or loss. Government grants measured at the nominal amount shall be directly included in current profit and loss.

b) Government grants related to income shall be separately handled according to the following circumstances:

  i. If government grants related to income are used to compensate the Company's relevant expenses or losses in future periods, such government grants should be recognized as deferred income on acquisition and be included into the current profit and loss during the period of recognition of the relevant expenses or written off the related costs.

  ii. If government grants related to income are used to compensate the Company's relevant expenses or losses incurred, such government grants are directly included into the current profit and loss on acquisition or written off the related costs.

c) For the government grants which include the assets related part and the income related part at the same time, if it can be divided into different parts to carry on the accounting treatment separately; if it is difficult to distinguish, the whole is classified as the government grants related to the income.

d) Government grants related to the daily operation of the company, in accordance with the economic nature of the business, shall be accounted for other income or written off related costs. Government grants which have nothing to do with the daily activities of the enterprise shall be included in the non-operating income. If the department of finance dispenses the interest fund directly to the company, the interest fund shall be offset related borrowing costs.

e) Recognized government grants required to be refunded shall be handled according to the following circumstances:

  i. If there is related deferred income, the book value of relevant deferred income is written down and the exceeding part is recorded in the current profit and loss.

  ii. If there is no related deferred income, the exceeding part is directly included in the current profit and loss.

26. Deferred tax assets and deferred tax liabilities

The Company adopts the balance sheet liability method to account for income tax.

26.1 Recognition of deferred tax assets or deferred tax liabilities

a) The Company recognizes its tax base on acquisition of assets and liabilities. On the balance sheet date, the Company analyzes and compares the book value of the assets and liabilities and the tax base. If there are temporary differences in book value of the assets and liabilities and the tax base, under the circumstance that the temporary differences incur in the current period and meet the recognition criteria, the Company shall respectively recognize taxable temporary differences or deductible temporary differences as deferred tax liability or deferred tax assets.

b) Recognition basis of deferred tax assets

i. Deferred tax assets incurred from deductible temporary differences are recognized to the extent that they shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. In determining the taxable income probably obtained in future periods, including the taxable income from normal production and operation activities in future periods and the increase of taxable income due to the reversal of taxable temporary differences during the period of reversal of deductible temporary differences.

ii. For deductible losses and tax credits that can be carried forward to the next years, the Company is likely to recognize the corresponding deferred tax assets to the extent that the assets shall not exceed the taxable income in the future for deducting deductible losses and tax credits and that are probably obtained by the Company.

iii. On the balance sheet date, the Company reviews the book value of deferred tax assets. If it is probably unable to obtain sufficient taxable income in the future period to offset the benefits of the deferred tax assets, the Company shall write down the book value of the deferred tax assets; when it is probable to obtain sufficient taxable income, the write-downs shall be reversed.

c) Recognition basis of deferred tax liabilities

The Company recognizes the current and previous taxable temporary differences payable but unpaid as deferred tax liabilities. But they exclude temporary differences arising from goodwill, transactions which are formed other than from business combinations and neither affect the accounting profits nor affect taxable income at the time of occurrence.

26.2 Measurement of deferred tax assets or deferred tax liabilities

a) On the balance sheet date, the deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period of expected recovery of the assets or liquidation of the liabilities in accordance with the provisions of the tax law.

b) Where the applicable tax rate changes, the Company remeasures deferred tax assets and deferred tax liabilities recognized, except for those incurred in transactions or events directly recognized in the owner's equity, of which the effect shall be included in the income tax expenses in the current period when the rate changes.

c) When the Company measures the deferred tax assets and deferred tax liabilities, the tax rate and tax base in consistent with the expected recovery of assets or liquidation of liabilities shall be adopted.

Deferred tax assets and deferred tax liabilities of the Company shall not be discounted.

27. Leasing

27.1 The classification criteria and accounting treatment methods for leasing by lessors

a) Operating lease

The company includes assets used for operating leases in the relevant items of the balance sheet according to the nature of the assets. The company capitalizes the initial direct expenses related to operating leases to the cost of the leased asset, and recognizes them in the current period's profit and loss on the same recognition basis as rental income over the lease term. During each period of the lease term, the company adopts the straight-line method or other systematic and reasonable methods to recognize the rental income from operating leases. For fixed assets in operating lease assets, the company adopts a depreciation policy similar to that of assets to calculate depreciation; For other operating lease assets, adopt a systematic and reasonable method for amortization. The variable lease payments obtained by the company related to operating leases that are not included in the lease income are recognized in the current period's profit and loss when actually incurred.

If there is a change in the operating lease, the company will treat it as a new lease for accounting treatment starting from the effective date of the change. The advance or receivable lease payments related to the lease before the change are considered as the new lease payments.

b) Financial leasing

On the commencement date of the lease term, the company recognizes the receivable financing lease payments based on the net lease investment (the sum of the present value of the unguaranteed residual value and the lease receipts not yet received on the commencement date of the lease term discounted at the implicit interest rate of the lease) and terminates the recognition of financing lease assets. During each period of the lease term, the company calculates and recognizes interest income at a fixed periodic interest rate. The variable lease payments obtained by the company that are not included in the measurement of net lease investments, if linked to the future performance or use of assets, are recognized in the current period's profit or loss when actually incurred.

If there is a change in financing lease and the following conditions are met simultaneously, the company will treat the change as a separate lease for accounting treatment: ① The change expands the lease scope by adding the right to use one or more leased assets; ② The increased consideration is equivalent to the individual price for the expansion of the lease scope, adjusted according to the situation of the contract.

28. Other major accounting policies and accounting estimates

28.1 Adjustments for changes in major accounting policies

No.

28.2 Adjustments for changes in major accounting estimates

No.

IV. Taxation

1. Major tax types and tax rates

Tax type	Taxation Basis	Tax rate
Value-added tax	Output tax - deductible input tax	Confirm the corresponding tax rate according to taxable items
City construction tax	taxable flow tax	7%,
Education fee additional tax	taxable flow tax	3%
Local education fee additional tax	taxable flow tax	2%
Income tax	taxable flow tax	25%

There are taxpayers implementing different enterprise income tax rates, the tax rates are as follows:

Name of tax payer	Income tax rate
Lianyungang Hongyang Thermal Power Co., Ltd	15%
Jiangsu Fangyang Energy Technology Co., Ltd	15%
Jiangsu Fangyang Water Co., Ltd.	15%

2. Tax incentives and approvals:

a) According to the notice issued by the Ministry of Finance and the State Administration of Taxation on the issuance of the "Catalogue of VAT Preferential Catalogues for Comprehensive Utilization of Resources and Labor Services" (Cai Shui [2015] No. 78), the subsidiary of Jiangsu Fangyang Water Co., Ltd. Revenue that meets the technical requirements stipulated in the Pollutant Discharge Standards of Urban Sewage Treatment Plants (GB18918-2002) or meets the direct discharge limits in the corresponding national or local water pollutant discharge standards is subject to VAT and is refunded by 70% Tax incentives.

b) The holding subsidiary Jiangsu Fangyang Water Co., Ltd.，in accordance with Article 27 of the "Enterprise Income Tax Law of the People's Republic of China"(Decree of the President of the People's Republic of China [2007] No. 63),"Regulations on the lmplementation of the Enterprise lncome Tax Law of the People's Republic of China"(Decree of the State Council of the People 's Republic of China [2007] No.512) Article 88,"Notice of the National Development and Reform Commission of the State Administration of Taxation of the Ministry of Finance on Promulgating the Catalogue of Preferential Corporate Income Tax for Environmental Protection, Energy Conservation and Water Saving ltems (Trial)" [2009] No.166), "Notice of the State Administration of Taxation of the Ministry of Finance on Issues Concerning Preferential Policies on Corporate Income Tax on Public Infrastructure ltems and Environmental Protection, Energy Saving and Water Saving ltems"(Cai shui [2012] No. 10) The income specified in Water ltem is exempted from corporate income tax from the first year to the third year, and the corporate income tax is halved from the fourth to sixth years from the tax year of the first production and operation income of the ltem.

c) Lianyungang Hongyang Thermal Power Co., Ltd, a subsidiary of the Company, was granted a High-tech Enterprise Certificate (Certificate No. GR202132009740) by the Department of Science &Technology of Jiangsu Province, Department of Finance of Jiangsu Province, the State Taxation Bureau of Jiangsu Province on 30 November 2021. The certificate is valid for three years. Enjoy the preferential tax policies for high-tech enterprises such as levying enterprise income tax at the tax rate of 15%, plus deduction of R & D expenses, accelerated depreciation of fixed assets, exemption of qualified technology transfer income and reduction of enterprise income tax.

d) Jiangsu Fangyang Energy Technology Co., Ltd, a subsidiary of the Company, was granted a High-tech Enterprise Certificate (Certificate No.GR202232003308) by the Department of Science &Technology of Jiangsu Province, Department of Finance of Jiangsu Province, the State Taxation Bureau of Jiangsu Province on 12 October 2022. The certificate is valid for three years. Enjoy the preferential tax policies for high-tech enterprises such as levying enterprise income tax at the tax rate of 15%, plus deduction of R & D expenses, accelerated depreciation of fixed assets, exemption of qualified technology transfer income and reduction of enterprise income tax.

e) Jiangsu Fangyang Water Co., Ltd. a subsidiary of the Company, was granted a High-tech Enterprise Certificate (Certificate No.GR202232000799) by the Department of Science &Technology of Jiangsu Province, Department of Finance of Jiangsu Province, the State Taxation Bureau of Jiangsu Province on 12 October 2022. The certificate is valid for three years. Enjoy the preferential tax policies for high-tech enterprises such as levying enterprise income tax at the tax rate of 15%, plus deduction of R & D expenses, accelerated depreciation of fixed assets, exemption of qualified technology transfer income and reduction of enterprise income tax.

V. Notes to the Main Items of the Financial Statements (All amounts are stated in CNY unless otherwise stated)

1. Cash

Items	12/31/2023	12/31/2022	12/31/2021
Cash on hand	50,009.28	73,550.61	51,803.38
Cash in bank	6,871,282,504.99	8,442,581,792.79	10,128,989,423.67
Other monetary funds	1,330,503,745.31	2,370,503,066.94	2,742,315,462.30
Total	8,201,836,259.58	10,813,158,410.34	12,871,356,689.35

Restrictions on monetary funds at the end of the period:

Items	12/31/2023	12/31/2022	12/31/2021
Deposit for Bank acceptance bill	1,233,363,835.50	2,355,696,159.23	2,738,822,402.10
L / C deposit	1,740,428.00	13,469,895.75	3,436,185.20
Performance bond	95,340,994.00	1,305,000.00	
Others	58,487.81	32,011.96	56,875.00
Total	1,330,503,745.31	2,370,503,066.94	2,742,315,462.30

2. Notes receivable

Items	12/31/2023	12/31/2022	12/31/2021
Bank acceptance bill	5,878,004.09	9,269,676.17	39,090,011.15
Commercial acceptance bill			
Total	5,878,004.09	9,269,676.17	39,090,011.15

3. Accounts receivable

3.1 Analysis by aging

Aging	12/31/2023	12/31/2022	12/31/2021
Within 1 year	7,082,756,145.81	7,748,610,561.09	7,743,164,121.44
1-2 year	3,521,858,097.56	4,851,069,389.93	2,058,718,484.73
2-3 year	3,986,947,651.86	2,055,660,541.99	2,012,619,489.97
3-4 year	2,027,242,133.52	2,011,931,556.65	1,592,666,091.51
4-5 year	2,015,510,124.84	1,592,181,024.47	1,591,683,454.90
Over 5 years	5,650,781,258.15	4,086,616,219.19	2,517,697,061.69
Book balance sub-total	24,285,095,411.74	22,346,069,293.32	17,516,548,704.24
Less：Bad debt provision	14,997,964.62	26,305,433.82	29,482,362.54
Net value	24,270,097,447.12	22,319,763,859.50	17,487,066,341.70

3.2 Top five entities with the largest balances of the accounts receivable

Company name	12/31/2023	Proportion in the total (%)	Bad debt provision
Management Committee of National East, West, central and Regional Cooperation Demonstration Zone	22,912,832,422.06	94.35	
Shenghong Refining and Chemical (Lianyungang) Co., Ltd	464,338,213.96	1.91	
Jiangsu Silbon Petrochemical Co., Ltd	127,374,735.26	0.52	
China Energy Construction Group Jiangsu Electric Power Design Institute Co., Ltd	71,498,616.42	0.29	
State Grid Jiangsu Electric Power Company	58,845,360.00	0.24	
Total	23,634,889,347.70	97.31	

(Continued)

Company name	12/31/2022	Proportion in the total (%)	Bad debt provision
Management Committee of National East, West, central and Regional Cooperation Demonstration Zone	19,758,217,525.09	88.42	
Shenghong Petrochemical Group Co., Ltd	1,123,838,358.65	5.03	
Shenghong Refining and Chemical (Lianyungang) Co., Ltd	579,599,704.32	2.59	

Company name	12/31/2022	Proportion in the total (%)	Bad debt provision
Jiangsu Silbon Petrochemical Co., Ltd	131,767,079.22	0.59	
Lianyungang Pengchen Special New Materials Co., Ltd	84,881,022.01	0.38	
Total	21,678,303,689.29	97.01	

4. Accounts receivable financing

Items	12/31/2023	12/31/2022	12/31/2021
Bank acceptance	35,567,712.64	88,668,095.99	35,188,539.65
Total	35,567,712.64	88,668,095.99	35,188,539.65

5. Advances to suppliers

5.1 Aging analysis

Aging	12/31/2023		12/31/2022		12/31/2021	
	Amount	%	Amount	%	Amount	%
Within 1 year	89,692,975.77	92.54	207,852,804.83	88.17	128,194,953.26	77.66
1-2 year	3,595,564.90	3.71	7,118,101.55	3.02	14,762,010.20	8.94
2-3 year	3,014,574.84	3.11	1,784,992.95	0.76	2,047,968.10	1.24
Over 3 year	618,959.59	0.64	18,975,029.77	8.05	20,069,345.18	12.16
Total	96,922,075.10	100.00	235,730,929.10	100.00	165,074,276.74	100.00

5.2 Top five entities with the largest balances of prepayments

Company name	12/31/2023	Proportion in the total (%)
Lianyungang power supply branch of State Grid Jiangsu Electric Power Co., Ltd	60,711,322.05	62.64
Jiangsu Jinju Logistics Investment Co., Ltd	5,295,764.46	5.46
Lianyungang Changqing Industrial Technology Co., Ltd	4,363,338.45	4.50
Jintong Lingke Group Co., Ltd	2,336,400.00	2.41
Shanghai Fuzishang Construction Engineering Co., Ltd	1,517,560.96	1.57
Total	74,224,385.92	76.58

(Continued)

Company name	12/31/2022	Proportion in the total (%)
Lianyungang power supply branch of State Grid Jiangsu Electric Power Co., Ltd	47,807,605.16	20.28
Wuxi Transportation Construction Engineering Group Co., Ltd	17,621,843.34	7.48
China Energy Engineering Group Jiangsu Electric Power Design Institute Co., Ltd	10,420,719.76	4.42
China Chemical Engineering 14th Construction Co., Ltd	6,208,656.99	2.63
Nantong Suyuan Hengxuan Electric Co., Ltd	5,768,672.56	2.45
Total	87,827,497.81	37.26

6. Other receivables

Items	12/31/2023	12/31/2022	12/31/2021
Interests receivable			
Dividends receivable			
Other receivables	1,839,337,351.64	1,698,336,536.26	1,707,726,832.13
Total	1,839,337,351.64	1,698,336,536.26	1,707,726,832.13

6.1 Other receivables

a) Analysis by aging

Aging	12/31/2023	12/31/2022	12/31/2021
Within 1 year	350,284,506.15	277,274,174.61	96,804,168.67
1-2 year	108,380,209.10	64,149,742.53	1,099,237,004.00
2-3 year	45,751,613.48	990,738,377.38	142,453,140.97
3-4 year	987,055,134.06	59,352,685.47	90,645,735.85
4-5 year	48,219,003.75	50,604,472.98	222,853,245.30
Over 5 years	330,972,652.58	313,703,570.90	101,317,376.97
Book balance sub-total	1,870,663,119.12	1,755,823,023.87	1,753,310,671.76
Less：Bad debt provision	31,325,767.48	57,486,487.61	45,583,839.63
Net value	1,839,337,351.64	1,698,336,536.26	1,707,726,832.13

b) Top five entities with the largest balances of the account receivables

Company name	Business content	12/31/2023 Amount	Aging	Proportion in the total (%)
Suzhou Suzhen Thermal Power Co., Ltd	Loan	978,566,600.00	3-4 year	52.31
Water Affairs Bureau of Xuwei New District, Lianyungang	Government receivables	244,719,732.00	4-5 year 32,296,920.00, Over 5 years 212,422,812.00	13.08
Lianyungang Property Management Center	Guarantee	124,681,738.69	Within 1 year 67,413,946.43，1-2 year 57,267,792.26	6.67
Lianyungang City Lianyungang District Government	Government receivables	28,949,977.82	Within 1 year	1.55
Huarong Financial Leasing Co., Ltd	Guarantee	27,480,000.00	Over 5 years	1.47
Total		1,404,398,048.51		75.08

(Continued)

Company name	Business content	12/31/2022 Amount	Aging	Proportion in the total (%)
Suzhou Suzhen Thermal Power Co., Ltd	Loan	978,566,600.00	2-3 year	55.73

Company name	Business content	12/31/2022 Amount	Aging	Proportion in the total (%)
Water Affairs Bureau of Xuwei New District, Lianyungang	Government receivables	244,719,732.00	3-4 year 32,296,920.00, Over 5 years 212,422,812.00	13.94
Lianyungang Property Management Center	Guarantee	57,267,792.26	Within 1 year	3.26
Huarong Financial Leasing Co., Ltd	Guarantee	27,480,000.00	Within 1 year	1.57
Puying Financial Leasing Co., Ltd	Loan	25,000,000.00	Over 5 years	1.42
Total		1,333,034,124.26		75.92

7. Inventories

Items	12/31/2023	12/31/2022	12/31/2021
Materials in transit			4,011,733.73
Raw materials	184,942,264.83	336,999,570.51	126,434,003.76
Finished goods	70,607,990.04	64,142,828.78	69,025,758.71
Circulation material	1,194,033.25	1,999,631.82	1,126,052.46
Contract performance cost	602,071,123.37	533,441,267.69	530,814,235.92
Development cost	2,261,012,443.87	2,153,588,184.33	2,335,333,048.93
Consumable biological assets	35,177,378.06	28,343,674.19	34,021,406.94
production costs	12,672,229.05	3,598,769.98	
Total	3,167,677,462.47	3,122,113,927.30	3,100,766,240.45

8. Contract assets

Items	12/31/2023	12/31/2022	12/31/2021
Engineering construction	62,808,173.10	35,731,864.84	1,049,868.62
Total	62,808,173.10	35,731,864.84	1,049,868.62

9. Non-current assets due within one year

Item	12/31/2023	12/31/2022	12/31/2021
Debt investment within one year	62,066,825.20		
Total	62,066,825.20		

10. Other current assets

Items	12/31/2023	12/31/2022	12/31/2021
Input VAT allowances	198,858,953.00	148,129,019.61	308,410,717.92
Prepaid corporate income tax	80,639,961.93	752,301.00	
Contract acquisition cost			124,877.36
Total	279,498,914.93	148,881,320.61	308,535,595.28

11. Investment in debt instruments

Items	12/31/2023	12/31/2022	12/31/2021
JQ Securities (Hong Kong) Limited	62,066,825.20	62,066,825.20	31,033,412.60
Less: Transfer of non-current assets due	62,066,825.20		

Items	12/31/2023	12/31/2022	12/31/2021
within one year			
Total		62,066,825.20	31,033,412.60

12. Long-term receivables

12.1 Categories of Long-term receivables

Item	12/31/2023	12/31/2022	12/31/2021
Financing lease payments			75,000,000.00
Others	2,286,379,500.24	2,285,801,583.57	3,303,727,000.26
Total	2,286,379,500.24	2,285,801,583.57	3,378,727,000.26

12.2 Details of Long-term receivables

Items	12/31/2023	12/31/2022	12/31/2021
Inferior funds of industrial fund collective fund trust plan of AVIC Trust Co., Ltd	440,000,000.00	440,000,000.00	440,000,000.00
Subordinate funds of structured collective fund trust plan of AVIC Trust Co., Ltd			185,055,037.28
Tianqi (2016) No. 356 Fangyang Group Industrial Fund collective fund trust plan	1,846,379,500.24	1,845,801,583.57	1,835,168,629.62
Tianqi (2016) No. 7 Fangyang Group Structured Collective Fund Trust Plan			843,503,333.36
Jiangsu Yangjing Petrochemical Group Co., Ltd			75,000,000.00
Total	2,286,379,500.24	2,285,801,583.57	3,378,727,000.26

13. Long-term equity investment

Investee	12/31/2022	Changes in Current Period								12/31/2023	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
(1) Joint Venture											
(2) Associated Enterprise											
Jiangsu Fangyang Energy Investment Co., Ltd	16,166,547.60			1,038,781.59			-381,736.56			16,823,592.63	
China Energy Conservation (Lianyungang) clean technology development Co., Ltd	75,835,065.90			-12,623,372.91						63,211,692.99	
Jiangsu Yangjing Petrochemical Group Co., Ltd	2,297,988,111.78								-2,297,988,111.78		
Lianyungang Jiuyang Environmental Technology Co., Ltd	57,906,351.78			10,884,806.77						68,791,158.55	
Lianyungang Milkwei Chemical Supply Chain Co., Ltd	22,200,737.05			-299,404.79						21,901,332.26	
Jiangsu fangyang Muge New Energy Technology Co., Ltd	17,556,597.20								-17,556,597.20		
Jiangsu Fanghua Real Estate Development Co., Ltd	2717733.96			94,824.53						2,812,558.49	
Lianyungang Hongyang port storage and Transportation Co., Ltd	46,194,433.39			-1,845,750.68						44,348,682.71	
Jiangsu Yangjing Industrial Investment Co., Ltd	2,149,716,760.51	1,004,561,045.95		1,769,157.29						3,156,046,963.75	
Subtotal	4,686,282,339.17	1,004,561,045.95		-980,958.20			-381,736.56		-2,315,544,708.98	3,373,935,981.38	
Total	4,686,282,339.17	1,004,561,045.95		-980,958.20			-381,736.56		-2,315,544,708.98	3,373,935,981.38	

(Continued)

Investee	12/31/2022	Changes in Current Period								12/31/2023	Closing Balance of provision for impairment
		Increase	Decrease	Profit or loss recognized under equity method	Adjustments of other comprehensive income	Other changes in equity	Cash divided or profit declared	Provision for impairment	Other		
(1) Joint Venture											
(2) Associated Enterprise											
Jiangsu Fangyang Energy Investment Co., Ltd	17,145,409.84			424,151.73			-1,403,013.97			16,166,547.60	
China Energy Conservation (Lianyungang) clean technology development Co., Ltd	78,897,683.84			-3,062,617.94						75,835,065.90	
Jiangsu Yangjing Petrochemical Group Co., Ltd	2,162,947,199.86			135,040,911.92						2,297,988,111.78	
Lianyungang Jiuyang Environmental Technology Co., Ltd	57,597,420.54			308,931.24						57,906,351.78	
Lianyungang Milkwei Chemical Supply Chain Co., Ltd	22,500,000.00			-299,262.95						22,200,737.05	
Jiangsu fangyang Muge New Energy Technology Co., Ltd	16,731,347.80			825,249.40						17,556,597.20	
Jiangsu Fanghua Real Estate Development Co., Ltd	49,000,000.00		-44,100,000.00	-2,182,266.04						2,717,733.96	
Lianyungang Hongyang port storage and Transportation Co., Ltd	20,000,000.00	34,000,000.00		-7,805,566.61						46,194,433.39	
Jiangsu Yangjing Industrial Investment Co., Ltd	2,150,000,000.00			-283,239.49						2,149,716,760.51	
Subtotal	4,574,819,061.88	34,000,000.00	-44,100,000.00	122,966,291.26			-1,403,013.97			4,686,282,339.17	
Total	4,574,819,061.88	34,000,000.00	-44,100,000.00	122,966,291.26			-1,403,013.97			4,686,282,339.17	

14. Other non-current financial assets

Items	12/31/2023	12/31/2022	12/31/2021
Financial assets classified as financial assets measured at fair value and whose changes are included in current profits and losses	4,853,833,692.82	3,525,156,315.00	3,335,536,015.00
Including: Debt instrument investment			
Equity instrument investment	4,853,833,692.82	3,525,156,315.00	3,335,536,015.00
Total	4,853,833,692.82	3,525,156,315.00	3,335,536,015.00

15. Investment properties

15.1 Investment property using fair value model

Item	Properties and buildings	Land use rights	Total
1. 12/31/2022	1,554,433,700.00	21,687,806,300.00	23,242,240,000.00
2.Changes the current period			
Add: Purchase		859,192.20	859,192.20
Transfer from inventory/fixed assets/ construction in progress		37,267,100.00	37,267,100.00
Income from changes in fair value	-1,547,700.00	1,221,036,500.00	1,219,488,800.00
Less: Disposal		712,207,100.00	712,207,100.00
Other transfer out	1,103,064,000.00	486,960,192.20	1,590,024,192.20
3. 12/31/2023	449,822,000.00	21,747,801,800.00	22,197,623,800.00

(Continued)

Item	Properties and buildings	Land use rights	Total
1. 12/31/2021		21,004,368,200.00	21,004,368,200.00
2.Changes the current period			
Add: Purchase			
Transfer from inventory/fixed assets/ construction in progress	1,554,433,700.00	180,978,600.00	1,735,412,300.00
Income from changes in fair value		2,096,896,200.00	2,096,896,200.00
Less: Disposal		1,257,649,800.00	1,257,649,800.00
Other transfer out		336,786,900.00	336,786,900.00
3. 12/31/2022	1,554,433,700.00	21,687,806,300.00	23,242,240,000.00

16. Fixed assets

16.1 Category

Items	12/31/2023	12/31/2022	12/31/2021
Fixed Assets	18,679,068,920.73	10,796,979,821.09	10,605,510,257.89
Disposal of fixed assets			
Total	18,679,068,920.73	10,796,979,821.09	10,605,510,257.89

16.2 Details of Fixed Assets

Item	Buildings	Machinery and equipment	Vehicle	Office and electronic equipment	Pipe gallery pipe network	Others	Total
I. Original cost of fixed assets							
1.Opening Balance12/31/2022	5,157,846,676.67	3,558,821,962.76	127,565,299.77	261,745,901.89	775,094,369.73	2,783,819,336.05	12,664,893,546.87
2.Increase in current period	4,339,061,728.32	4,771,484,036.71	20,188,739.33	66,544,790.53	64,796,948.02	10,353,612.03	9,272,429,854.94
(1)External purchase	3,555,610.97	635,332,916.08	19,535,384.98	53,067,075.04	2,899,563.69	6,457,438.92	720,847,989.68
(2)Transfer from construction in progress	3,157,042,244.21	4,130,149,583.48		11,903,691.84	61,897,384.33		7,360,992,903.86
(3)Others	1,178,463,873.14	6,001,537.15	653,354.35	1,574,023.65		3,896,173.11	1,190,588,961.40
3.Decrease in current period	114,525,826.32	31,029,584.46	8,869,957.86	13,414,125.87	2,324,573.21	30,254,127.90	200,418,195.62
(1)Disposal or scrap	86,583,001.34	16,907,747.36	3,851,435.85	11,879,534.84		788,734.70	120,010,454.09
(2)Others	27,942,824.98	14,121,837.10	5,018,522.01	1,534,591.03	2,324,573.21	29,465,393.20	80,407,741.53
4.Closing Balance12/31/2023	9,382,382,578.67	8,299,276,415.01	138,884,081.24	314,876,566.55	837,566,744.54	2,763,918,820.18	21,736,905,206.19
II. Accumulated depreciation							
1.Opening Balance12/31/2022	580,754,067.71	848,284,081.43	60,739,679.44	128,023,322.89	64,316,172.15	185,796,402.16	1,867,913,725.78
2.Increase in current period	683,809,193.82	362,260,121.82	28,369,556.72	49,511,673.81	38,687,520.53	67,189,106.71	1,229,827,173.41
(1)Provision	394,956,300.71	460,234,589.10	27,760,410.04	48,021,763.50	38,687,520.53	64,187,169.15	1,033,847,753.03
(2)Others	288,852,893.11	-97,974,467.28	609,146.68	1,489,910.31		3,001,937.56	195,979,420.38
3.Decrease in current period	2,256,175.10	6,198,387.66	4,589,146.18	9,177,499.02		17,683,405.77	39,904,613.73
(1)Disposal or scrap	12,489.07	6,105,483.87	2,904,432.54	8,025,527.33		502,652.26	17,550,585.07
(2)Others	2,243,686.03	92,903.79	1,684,713.64	1,151,971.69		17,180,753.51	22,354,028.66
4.Closing Balance12/31/2023	1,262,307,086.43	1,204,345,815.59	84,520,089.98	168,357,497.68	103,003,692.68	235,302,103.10	3,057,836,285.46
III. Impairment provision							
IV. Carrying Amount							
1.Closing carrying amount12/31/2023	8,120,075,492.24	7,094,930,599.42	54,363,991.26	146,519,068.87	734,563,051.86	2,528,616,717.08	18,679,068,920.73
2.Opening carrying amount12/31/2022	4,577,092,608.96	2,710,537,881.33	66,825,620.33	133,722,579.00	710,778,197.58	2,598,022,933.89	10,796,979,821.09

(Continued)

Item	Buildings	Machinery and equipment	Vehicle	Office and electronic equipment	Pipe gallery pipe network	Others	Total
I. Original cost of fixed assets							
1.Opening Balance12/31/2021	5,610,890,641.49	2,885,878,726.94	111,488,285.99	226,938,421.14	498,331,438.34	2,773,276,912.85	12,106,804,426.75
2.Increase in current period	997,675,583.03	684,911,511.03	39,692,266.04	35,728,738.92	276,762,931.39	10,542,423.20	2,045,313,453.61
(1)External purchase	73,419,871.80	11,968,873.61	39,015,028.86	31,361,942.30		10,288,970.42	166,054,686.99
(2)Transfer from construction in progress	924,189,156.18	672,942,637.42	677,237.18	4,366,796.62	276,762,931.39	242,591.14	1,879,181,349.93
(3)Others	66,555.05					10,861.64	77,416.69
3.Decrease in current period	1,450,719,547.85	11,968,275.21	23,615,252.26	921,258.17			1,487,224,333.49
(1)Disposal or scrap		188,454.62	23,608,438.09	921,258.17			24,718,150.88
(2)Others	1,450,719,547.85	11,779,820.59	6,814.17				1,462,506,182.61
4.Closing Balance12/31/2022	5,157,846,676.67	3,558,821,962.76	127,565,299.77	261,745,901.89	775,094,369.73	2,783,819,336.05	12,664,893,546.87
II. Accumulated depreciation							
1.Opening Balance12/31/2021	545,417,957.20	657,721,272.10	51,199,220.41	89,466,429.27	34,100,749.24	123,388,540.64	1,501,294,168.86
2.Increase in current period	249,340,710.97	192,623,568.85	22,453,593.48	39,430,418.33	30,215,422.91	62,407,861.52	596,471,576.06
(1)Provision	249,334,124.79	192,623,568.85	22,453,593.48	39,430,418.33	30,215,422.91	62,407,861.52	596,464,989.88
(2)Others	6,586.18						6,586.18
3.Decrease in current period	214,004,600.46	2,060,759.52	12,913,134.45	873,524.71			229,852,019.14
(1)Disposal or scrap		35,739.68	12,913,134.45	873,524.71			13,822,398.84
(2)Others	214,004,600.46	2,025,019.84					216,029,620.30
4.Closing Balance12/31/2022	580,754,067.71	848,284,081.43	60,739,679.44	128,023,322.89	64,316,172.15	185,796,402.16	1,867,913,725.78
III. Impairment provision							
IV. Carrying Amount							
1.Closing carrying amount12/31/2022	4,577,092,608.96	2,710,537,881.33	66,825,620.33	133,722,579.00	710,778,197.58	2,598,022,933.89	10,796,979,821.09
2.Opening carrying amount12/31/2021	5,065,472,684.29	2,228,157,454.84	60,289,065.58	137,471,991.87	464,230,689.10	2,649,888,372.21	10,605,510,257.89

17. Construction in progress

17.1 Category

Items	12/31/2023	12/31/2022	12/31/2021
construction in progress	16,989,023,746.87	18,777,326,576.83	14,460,157,406.70
Construction supplies	15,278,001.73	9,479,511.34	6,730,950.08
Total	17,004,301,748.60	18,786,806,088.17	14,466,888,356.78

17.2 Main construction in progress

Name of project	12/31/2022	Increase	Decrease		12/31/2023
			Transferred to fixed assets	Others	
port engineering	3,635,109,633.44	694,952,166.10			4,330,061,799.54
Service Supporting Area of Industrial Neighborhood Center in Energy Conservation and Environmental Protection Technology Park	367,967,165.67		1,282,575.00		366,684,590.67
Standard Factory Building of Energy Conservation and Environmental Protection Technology Park (Phase I)	9,030,850.76	5,239,964.79			14,270,815.55
Yunhu Community Neighborhood Center (Phase I) [Talent Apartment]	463,052,724.23	5,464,662.60		48,027,371.39	420,490,015.44
Xuwei Water Treatment Plant and External Supporting Water Supply Pipeline Network Phase I Project [Water Plant, Sewage Plant]	247,235,111.86				247,235,111.86
Public rental housing phase II	127,962,925.11	-21,795,130.04			106,167,795.07
Xuwei Port Area First Harbor Basin Phase II Project	419,197,836.36				419,197,836.36
Xuwei Port Area Second Harbor Pool Phase I Project	453,953,345.55	84,676.45			454,038,022.00
Yunhu Community Neighborhood Center (Phase II)	461,140,553.94	89,637,668.97		21,803,368.64	528,974,854.27
Xuwei New Area Sewage Treatment Plant and External Supporting Pipeline Network Phase I Project	72,402,542.29				72,402,542.29
Public rental housing phase III	612,459,740.58	51,132,786.58	408,307,423.64		255,285,103.52
Yunhu Community Service Center [S226 Provincial Road Service Area]	54,638,770.43	4,998,730.26			59,637,500.69
Petrochemical Temporary Project Department [Petrochemical Industrial Park]	27,228,986.02				27,228,986.02
Xuwei New Area Zhihui Bay Lakeside Park (Zone A)	34,018,727.24	27,750.46			34,046,477.70
Resource Procurement Center	459,466,102.56	-6,982,297.12			452,483,805.44
Xuwei New Area Underground Comprehensive Pipe Gallery	1,359,545,941.29	87,630,152.24			1,447,176,093.53
Upgrading, Transformation, and Ecological Purification Project of Xuwei Sewage Treatment Plant	3,610,118.29	33,126,986.54	36,737,104.83		
Multimodal Transport Center	178,569,556.01	3,420,262.80			181,989,818.81
Yunhu Business Center	10,898,177.25	4,048.80			10,902,226.05
Hongyang cogeneration project	4,263,512,244.72	1,395,518,222.81	5,488,588,186.24		170,442,281.29

Name of project	12/31/2022	Increase	Decrease		12/31/2023
			Transferred to fixed assets	Others	
Xuwei New Area Special Railway Project and Port Area Tudi Road Special Line	23,911,592.69	197,432,555.05			221,344,147.74
Xuwei New Area Second Water Plant and Supporting Pipeline Network Phase I Project	1,273,221.34	109,193,545.61	94,273,588.86		16,193,178.09
High salt wastewater treatment project in Xuwei New Area	39,610.02	5,362,186.04	5,401,796.06		
Third Party Treatment Project for Industrial Wastewater in Lianyungang Petrochemical Base	2,736,636.98		2,736,636.98		
Demonstration Zone Comprehensive Bonded Zone	147,527,080.84	637,872.97			148,164,953.81
220kV Kongqiao Transmission and Transformation Project	47,167,750.43	23,837,958.76	58,917,010.66		12,088,698.53
Yunhu Restaurant Project Engineering	32,106,399.38	67,094.99			32,173,494.37
Xuwei New Area Environmental Sanitation Operation Management Center	77,588,398.44	5,585,794.76	83,174,193.20		
Xuwei New Area Zhihui Bay Business Center (Phase I Project) Project	116,474,889.24	20,035,329.97			136,510,219.21
220KVdeepwater port Power Transmission and Transformation Project	31,230,170.18	31,201,193.33	62,431,363.51		
Xuwei New Area Emergency Isolation Dormitory and Supporting Engineering Project	152,008,554.58	18,082,319.90	76,097,916.04		93,992,958.44
Xuwei New Area 1 # Renewable Energy Station	21,477,015.04				21,477,015.04
Industrial Neighborhood Center Service Supporting Area	264,002,561.51	-20,451,562.39	220,309,734.34		23,241,264.78
G3 floor of public rental housing	35,439,586.69	16,940,375.86	28,472,447.48		23,907,515.07
Dry bulk cargo transportation trestle	534,893,662.94	65,353,267.24			600,246,930.18
Xuwei New Area Coal Logistics Reserve Base	655,047,363.21	342,095,481.20			997,142,844.41
Lianyungang Comprehensive Bonded Zone (Xuwei Area) Phase II Project	133,430,218.24	22,114,304.47			155,544,522.71
Multimodal Transport Center (Phase II)	110,990,182.41	11,495,650.93			122,485,833.34
Lianyungang Port Xuwei New Area Phase I Project 2 # Finished Product Storage Yard	21,343,121.33				21,343,121.33
Emergency Rescue Command Center	78,329,821.65	11,312,956.66			89,642,778.31
Pier Berth - Phase I Project of Multipurpose Berth in Xuwei Port Area Second Harbor Basin	206,859,164.51	35,344,746.01			242,203,910.52
Yunhu Business Core Area Plot 16 Project	278,667,986.48	90,637,805.43			369,305,791.91
Xuwei New Area Port Business Service Center Project	273,758,613.13	220,743,570.32			494,502,183.45
Emergency Rescue Training Base Project	151,164,462.71	8,218,533.61	137,757,062.99	17,173,159.29	4,452,774.04
Xuwei New Area Second Water Plant Phase III and Advanced Treatment Project	80,784,664.68	75,108,846.93	142,214,450.38		13,679,061.23

Name of project	12/31/2022	Increase	Decrease		12/31/2023
			Transferred to fixed assets	Others	
Lianyungang Petrochemical Base Chemical High Salt Wastewater Treatment Project (Phase I)	21,187,110.17	31,116,761.54	52,303,871.71		
Petrochemical Base Construction Workers' Living Camp (Phase I and Phase II) Project	8,545,822.86	20,393,460.51			28,939,283.37
Xuwei New Area Smart Kitchen Food R&D Technology Park Project	65,498,023.34	12,514,528.91			78,012,552.25
Sea area usage fee for the 2 # storage yard project of Xuwei Port Area's first port general cargo	13,109,366.68				13,109,366.68
Ruiqiao Concrete Mixing Plant (Phase II) Project	6,060,457.88	-1,251,580.19			4,808,877.69
Block 1, Cultural and Creative Street, Zhihui Bay, Phase I of Residential Plot 60	9,249,072.00	14,820,022.82			24,069,094.82
Xuwei New Area Reclaimed Water Plant Phase II Project	52,754,165.01	78,184,913.62			130,939,078.63
Xuwei New Area Petrochemical Base Tank Farm Fire Pipeline Project	64,570,116.49	5,567,934.38			70,138,050.87
Xuwei New Area Agricultural Products Traceability Cold Chain Logistics Service Demonstration Base Project	84,684,865.63	127,957,409.59			212,642,275.22
Dongxianghu Commercial Street Project	43,764,987.96	43,076,530.51			86,841,518.47
Third party treatment project for industrial wastewater in Lianyungang Petrochemical Base (Phase II)	19,770,182.41	150,599,952.99			170,370,135.40
Deep Treatment Desalination and Regional Water Supply Improvement Project in Xuxu Water Plant		63,690,529.67			63,690,529.67
Xuwei New Area Second Water Plant Phase III and Advanced Treatment Project (Phase II)		87,684,959.85			87,684,959.85
Xuwei New Area Second Water Plant Phase III and Advanced Treatment Project (Phase III)		29,007,719.28			29,007,719.28
Xuwei New Area Second Water Plant Phase III and Advanced Treatment Project (Phase IV)		40,920,124.50			40,920,124.50
Newly added western heating network		151,311,277.75			151,311,277.75
Green Energy Demonstration Project of Incremental Distribution Network in Xuwei New Area	135,405,490.80	86,491,659.35	221,897,150.15		
Green Energy Supply Pipeline Project of Lianyungang Petrochemical Industry Base	146,762,993.53	471,058,472.72	41,008,082.55		576,813,383.70
Xianghe Ecological Park	454,558,499.24	161,194,751.00			615,753,250.24
Other sporadic projects	912,151,640.58	543,693,676.27	199,082,309.24	91,149,611.74	1,165,613,395.87
Total	18,777,326,576.83	5,750,843,584.96	7,360,992,903.86	178,153,511.06	16,989,023,746.87

(Continued)

Name of project	12/31/2021	Increase	Decrease		12/31/2022
			Transferred to fixed assets	Others	
port engineering	2,684,289,809.25	950,819,824.19			3,635,109,633.44
Ruiqiao Concrete Mixing Plant (Phase II) Project	4,849,314.22	1,211,143.66			6,060,457.88
Service Supporting Area of Industrial Neighborhood Center in Energy Conservation and Environmental Protection Technology Park	337,800,930.52	30,166,235.15			367,967,165.67
Standard Factory Building of Energy Conservation and Environmental Protection Technology Park (Phase I)	9,540,192.52	-509,341.76			9,030,850.76
Yunhu Community Neighborhood Center (Phase I) [Talent Apartment]	584,226,762.10	36,824,778.22		157,998,816.09	463,052,724.23
Xuwei Water Treatment Plant and External Supporting Water Supply Pipeline Network Phase I Project [Water Plant, Sewage Plant]	358,524,849.29	-111,289,737.43			247,235,111.86
Public rental housing phase II	444,454,332.61	77,606,060.82	394,097,468.32		127,962,925.11
Xuwei Port Area First Harbor Basin Phase II Project	347,770,666.66	71,427,169.70			419,197,836.36
Xuwei Port Area Second Harbor Pool Phase I Project	412,934,219.61	41,019,125.94			453,953,345.55
Yunhu Community Neighborhood Center (Phase II)	299,367,915.11	198,101,956.04		36,329,317.21	461,140,553.94
Xuwei New Area Sewage Treatment Plant and External Supporting Pipeline Network Phase I Project	26,177,993.06	46,224,549.23			72,402,542.29
Public rental housing phase III	393,255,171.50	219,204,569.08			612,459,740.58
Yunhu Community Service Center [S226 Provincial Road Service Area]	54,638,770.43				54,638,770.43
Petrochemical Temporary Project Department [Petrochemical Industrial Park]	27,228,986.02				27,228,986.02
Xuwei New Area Zhihui Bay Lakeside Park (Zone A)	29,273,050.43	4,745,676.81			34,018,727.24
Resource Procurement Center	362,798,233.23	96,667,869.33			459,466,102.56
Xuwei New Area Underground Comprehensive Pipe Gallery	1,177,446,408.56	182,099,532.73			1,359,545,941.29
Upgrading, Transformation, and Ecological Purification Project of Xuwei Sewage Treatment Plant	356,949,765.59	13,564,030.21	366,903,677.51		3,610,118.29
Multimodal Transport Center	172,055,097.54	6,514,458.47			178,569,556.01
Yunhu Business Center	10,850,177.25	48,000.00			10,898,177.25
Hongyang cogeneration project	2,790,904,602.17	1,577,417,428.17	104,809,785.62		4,263,512,244.72
Xuwei New Area Special Railway Project and Port Area Tudi Road Special Line	19,627,322.81	4,284,269.88			23,911,592.69
Xuwei New Area Second Water Plant and Supporting Pipeline Network Phase I Project	65,453,311.97	67,577,516.72	131,757,607.35		1,273,221.34
High salt wastewater treatment project in Xuwei New Area	9,600,968.19	92,195,089.17	101,756,447.34		39,610.02
Third Party Treatment Project for Industrial Wastewater in	2,682,097.59	83,088.45	28,549.06		2,736,636.98

Name of project	12/31/2021	Increase	Decrease		12/31/2022
			Transferred to fixed assets	Others	
Lianyungang Petrochemical Base					
Demonstration Zone Comprehensive Bonded Zone	115,044,408.47	32,482,672.37			147,527,080.84
220kV Kongqiao Transmission and Transformation Project	43,265,384.02	3,902,366.41			47,167,750.43
Yunhu Restaurant Project Engineering	32,082,755.30	23,644.08			32,106,399.38
Xuwei New Area Environmental Sanitation Operation Management Center	64,632,602.07	12,955,796.37			77,588,398.44
Xuwei New Area Zhihui Bay Business Center (Phase I Project) Project	101,716,994.27	14,757,894.97			116,474,889.24
220KVdeepwater port Power Transmission and Transformation Project	142,614,347.39	45,981,322.79	157,365,500.00		31,230,170.18
Xuwei New Area Emergency Isolation Dormitory and Supporting Engineering Project	112,165,319.85	39,843,234.73			152,008,554.58
Xuwei New Area 1 # Renewable Energy Station	12,893,942.68	8,583,072.36			21,477,015.04
Industrial Neighborhood Center Service Supporting Area	233,564,248.09	30,438,313.42			264,002,561.51
G3 floor of public rental housing	34,577,274.54	862,312.15			35,439,586.69
Dry bulk cargo transportation trestle	321,287,573.09	213,606,089.85			534,893,662.94
Xuwei New Area Coal Logistics Reserve Base	317,776,339.29	337,271,023.92			655,047,363.21
Lianyungang Comprehensive Bonded Zone (Xuwei Area) Phase II Project	92,027,743.85	41,402,474.39			133,430,218.24
Multimodal Transport Center (Phase II)	75,680,925.16	35,309,257.25			110,990,182.41
Lianyungang Port Xuwei New Area Phase I Project 2 # Finished Product Storage Yard	18,675,230.59	2,667,890.74			21,343,121.33
Emergency Rescue Command Center	42,147,999.53	36,181,822.12			78,329,821.65
Pier Berth - Phase I Project of Multipurpose Berth in Xuwei Port Area Second Harbor Basin	87,755,766.87	119,103,397.64			206,859,164.51
Yunhu Business Core Area Plot 16 Project	125,107,470.78	153,560,515.70			278,667,986.48
Xuwei New Area Port Business Service Center Project	31,089,451.44	242,669,161.69			273,758,613.13
Emergency Rescue Training Base Project	95,604,091.03	55,560,371.68			151,164,462.71
Xuwei New Area Second Water Plant Phase III and Advanced Treatment Project	113,417,966.49	86,650,983.67	119,284,285.48		80,784,664.68
Lianyungang Petrochemical Base Chemical High Salt Wastewater Treatment Project (Phase I)	118,263,496.49	60,737,236.87	157,813,623.19		21,187,110.17
Petrochemical Base Construction Workers' Living Camp (Phase I and Phase II) Project	44,495,542.44	69,554,867.58	105,504,587.16		8,545,822.86
Xuwei New Area Smart Kitchen Food R&D Technology Park Project	37,961,708.71	27,536,314.63			65,498,023.34

Name of project	12/31/2021	Increase	Decrease		12/31/2022
			Transferred to fixed assets	Others	
Sea area usage fee for the 2 # storage yard project of Xuwei Port Area's first port general cargo		13,109,366.68			13,109,366.68
Block 1, Cultural and Creative Street, Zhihui Bay, Phase I of Residential Plot 60		9,249,072.00			9,249,072.00
Xuwei New Area Reclaimed Water Plant Phase II Project		52,754,165.01			52,754,165.01
Xuwei New Area Petrochemical Base Tank Farm Fire Pipeline Project	38,405,373.38	26,164,743.11			64,570,116.49
Xuwei New Area Agricultural Products Traceability Cold Chain Logistics Service Demonstration Base Project	398,867.93	84,285,997.70			84,684,865.63
Xianghe Ecological Park	306,111,440.81	148,518,818.96		71,760.53	454,558,499.24
Other sporadic projects	718,692,193.91	792,292,579.54	239,859,818.90	13,269,659.27	1,257,855,295.28
Total	14,460,157,406.70	6,404,020,073.16	1,879,181,349.93	207,669,553.10	18,777,326,576.83

18. Right of use assets

Item	Buildings	Machinery and equipment	Total
I. Original book value of intangible assets			
1.Opening Balance12/31/2022	81,802,740.40	78,535,219.31	160,337,959.71
2.Increase in current period	56,429,981.45	224,103.02	56,654,084.47
(1) New leasing	56,429,981.45	224,103.02	56,654,084.47
3.Decrease in current period			
4.Closing Balance12/31/2023	138,232,721.85	78,759,322.33	216,992,044.18
II. Accumulated amortization of intangible assets			
1.Opening Balance12/31/2022	19,564,180.23	23,832,210.38	43,396,390.61
2.Increase in current period	10,349,071.52	11,804,640.52	22,153,712.04
(1)Provision	10,349,071.52	11,804,640.52	22,153,712.04
3.Decrease in current period			
Closing Balance12/31/2023	29,913,251.75	35,636,850.90	65,550,102.65
III. Provision for fixed asset impairment			
IV.Net value of intangible assets			
Closing Book Value12/31/2023	108,319,470.10	43,122,471.43	151,441,941.53
Opening Book Value12/31/2022	62,238,560.17	54,703,008.93	116,941,569.10

(Continued)

Item	Buildings	Machinery and equipment	Total
I. Original book value of intangible assets			
1.Opening Balance12/31/2021	81,762,287.60	78,535,219.31	160,297,506.91
2.Increase in current period	40,452.80		40,452.80
(1) New leasing	40,452.80		40,452.80
3.Decrease in current period			
4.Closing Balance12/31/2022	81,802,740.40	78,535,219.31	160,337,959.71
II. Accumulated amortization of intangible assets			

Item	Buildings	Machinery and equipment	Total
1.Opening Balance12/31/2021	9,683,575.03	11,522,023.51	21,205,598.54
2.Increase in current period	9,880,605.20	12,310,186.87	22,190,792.07
(1)Provision	9,880,605.20	12,310,186.87	22,190,792.07
3.Decrease in current period			
Closing Balance12/31/2022	19,564,180.23	23,832,210.38	43,396,390.61
III. Provision for fixed asset impairment			
IV.Net value of intangible assets			
Closing Book Value12/31/2022	62,238,560.17	54,703,008.93	116,941,569.10
Opening Book Value12/31/2021	72,078,712.57	67,013,195.80	139,091,908.37

19. Intangible asset

Item	Land use rights	Right to use sea areas	Software	Coal equivalent index	Others	Total
I. Original book value of intangible assets						
1.Opening Balance12/31/2022	1,888,378,487.69	149,335,133.00	94,567,209.28	24,611,377.15	1,648,077.70	2,158,540,284.82
2.Increase in current period	634,537,543.31	326,195,363.12	283,018.87	23,099,356.35	556,649.22	984,671,930.87
(1)External purchase	313,677,315.31	39,449,070.92	283,018.87	5,926,197.03	508,789.20	359,844,391.33
(2) Increase in business merger					47,860.02	47,860.02
(3)Other	320,860,228.00	286,746,292.20		17,173,159.32		624,779,679.52
3.Decrease in current period	54,514,633.71			55,302.51		54,569,936.22
(1)Disposal	6,079,950.00					6,079,950.00
(2)Other	48,434,683.71			55,302.51		48,489,986.22
4.Closing Balance12/31/2023	2,468,401,397.29	475,530,496.12	94,850,228.15	47,655,430.99	2,204,726.92	3,088,642,279.47
II. Accumulated amortization of intangible assets						
1.Opening Balance12/31/2022	86,680,541.38	23,290,849.09		9,911,389.89	224,588.13	120,107,368.49
2.Increase in current period	66,623,962.50	3,966,176.06		4,239,548.33	257,246.18	75,086,933.07
(1)Provision	39,227,192.11	3,966,176.06		4,239,548.33	246,610.66	47,679,527.16
(2) Increase in business merger					10,635.52	10,635.52
(3)Other	27,396,770.39					27,396,770.39
3.Decrease in current period	1,056,581.13			2,177.40		1,058,758.53
(1)Disposal	1,056,581.13					1,056,581.13
(2)Other				2,177.40		2,177.40
Closing Balance12/31/2023	152,247,922.75	27,257,025.15		14,148,760.82	481,834.31	194,135,543.03
III. Provision for fixed asset impairment						
IV.Net value of intangible assets						
Closing Book Value12/31/2023	2,316,153,474.54	448,273,470.97	94,850,228.15	33,506,670.17	1,722,892.61	2,894,506,736.44
Opening Book Value12/31/2022	1,801,697,946.31	126,044,283.91	94,567,209.28	14,699,987.26	1,423,489.57	2,038,432,916.33

(Continued)

Item	Land use rights	Right to use sea areas	Software	Coal equivalent index	Others	Total
I. Original book value of intangible assets						
1.Opening Balance12/31/2021	1,694,990,756.52	148,735,994.00	108,609,618.00	23,257,465.12	94,875,076.10	2,070,468,909.74
2.Increase in current period	558,809,179.73	599,139.00		3,566,301.41	1,340,210.88	564,314,831.02
(1)External purchase	322,315,579.73	599,139.00		3,566,301.41	1,340,210.88	327,821,231.02
(2)Other	236,493,600.00					236,493,600.00
3.Decrease in current period	365,421,448.56		108,609,618.00	2,212,389.38		476,243,455.94
(1)Disposal				2,212,389.38		2,212,389.38
(2)Other	365,421,448.56		108,609,618.00			474,031,066.56
4.Closing Balance12/31/2022	1,888,378,487.69	149,335,133.00		24,611,377.15	96,215,286.98	2,158,540,284.82
II. Accumulated amortization of intangible assets						
1.Opening Balance12/31/2021	93,810,988.72	21,497,436.73	108,609,618.00	7,264,776.96	77,847.51	231,260,667.92
2.Increase in current period	29,522,295.50	1,793,412.36		2,646,612.93	146,740.62	34,109,061.41
(1)Provision	29,522,295.50	1,793,412.36		2,646,612.93	146,740.62	34,109,061.41
3.Decrease in current period	36,652,742.84		108,609,618.00			145,262,360.84
(2)Other	36,652,742.84		108,609,618.00			145,262,360.84
Closing Balance12/31/2022	86,680,541.38	23,290,849.09		9,911,389.89	224,588.13	120,107,368.49
III. Provision for fixed asset impairment						
IV.Net value of intangible assets						
Closing Book Value12/31/2022	1,801,697,946.31	126,044,283.91		14,699,987.26	95,990,698.85	2,038,432,916.33
Opening Book Value12/31/2021	1,601,179,767.80	127,238,557.27		15,992,688.16	94,797,228.59	1,839,208,241.82

20. Goodwill

Name of the invested company or matters forming goodwill	12/31/2022	Increase	Decrease	12/31/2023
		Increase in business merger	Disposal	
Goodwill formed by the merger of Lianyungang Lianhe Real Estate company		773,395.99		773,395.99
Total		773,395.99		773,395.99

21. Long-term prepaid assets

Item	12/31/2022	Increase	Decrease		12/31/2023
			Amortization	Others	
Decoration fee	17,407,741.17	7,573,805.29	9,328,972.15	1,918,101.79	13,734,472.52
Water stable mixing plant project	7,648,666.41			7,648,666.41	
Bathroom renovation cost	42,952.69		25,771.65		17,181.04
Service fee for Class B design qualification in the construction industry	880,503.12		352,201.32		528,301.80

Item	12/31/2022	Increase	Decrease		12/31/2023
			Amortization	Others	
Financing service fees	11,657,008.83		1,203,287.67		10,453,721.16
Decoration and Renovation Project of Building B # in the Auxiliary Construction Area of Phase III of Xuwei Port Area, Lianyungang		6,933,081.60			6,933,081.60
Maintenance and renovation costs for talent apartments and public rental housing projects in 2023		2,886,086.75	80,169.06		2,805,917.69
Temporary parking lot for freight transportation on Provincial Highway 226		2,265,917.43	504,601.12		1,761,316.31
Rental expenses for mobile machinery(2023.4.17-2024.4.16)		1,373,549.43	915,699.61		457,849.82
Maintenance engineering of Construction Investment Company		1,525,948.79			1,525,948.79
Sporadic maintenance and rescue projects of Port Investment Corporation		786,446.88			786,446.88
Qualification change fee		408,888.89	213,333.32		195,555.57
Water meter renovation in Xuwei Port area (water balance test)		392,438.86	109,010.70		283,428.16
Outdoor Billboard Maintenance Project in Xuxu New Area		152,961.88	114,721.42		38,240.46
Agricultural agent construction -financial Xintiandi reconstruction project		435,202.68	217,601.34		217,601.34
Agricultural agent construction -inancial Xintiandi reconstruction project 2		76,793.45	6,399.45		70,394.00
Industrial Service Center First Floor Supermarket Upgrade and Renovation Project		60,739.82	5,061.65		55,678.17
Nanjing Road Commercial Street Phase I Tobacco and Tea Shop Renovation Project		537,981.65	134,495.41		403,486.24
Decoration and renovation of seafood stalls in Nanjing Road Commercial Street		246,972.48	61,743.12		185,229.36
Subscription fees for Youzan software services; Hangzhou Youzan Technology Co., Ltd		54,297.70	7,541.35		46,756.35
Other	28,918,527.60	11,346,324.18	9,111,283.70	2,156,709.56	28,996,858.52
Total	66,555,399.82	37,057,437.76	22,391,894.04	11,723,477.76	69,497,465.78

(Continued)

Item	12/31/2021	Increase	Decrease		12/31/2022
			Amortization	Others	
Decoration fee	15,584,937.53	13,167,627.00	11,344,823.36		17,407,741.17
Water stable mixing plant project	5,738,498.09	6,395,027.15	4,484,858.83		7,648,666.41
First level qualification in Electronic and Intelligent Engineering	633,333.35		633,333.35		
Bathroom renovation cost	56,697.55		13,744.86		42,952.69
Service fee for Class B design qualification in the construction industry		1,056,603.78	176,100.66		880,503.12
Financing service fees		12,000,000.00	342,991.17		11,657,008.83

Item	12/31/2021	Increase	Decrease		12/31/2022
			Amortization	Others	
Other	31,209,870.75	4,390,716.12	6,682,059.27		28,918,527.60
Total	53,223,337.27	37,009,974.05	23,677,911.50		66,555,399.82

22. Deferred income tax assets

22.1 Details of recognized deferred income tax assets

Items	12/31/2023		12/31/2022		12/31/2021	
	Temporary differences	Deferred income tax assets	Temporary differences	Deferred income tax assets	Temporary differences	Deferred income tax assets
Bad debt provision	54,809,301.70	13,664,461.08	83,791,921.43	20,903,749.47	74,918,326.57	18,718,464.07
Lease liabilities	104,784,002.67	15,717,600.40	70,842,913.91	10,626,437.08		
Total	159,593,304.37	29,382,061.48	154,634,835.34	31,530,186.55	74,918,326.57	18,718,464.07

22.2 Details of recognized deferred income tax liabilities

Items	12/31/2023		12/31/2022		12/31/2021	
	Temporary differences	Deferred income tax liabilities	Temporary differences	Deferred income tax liabilities	Temporary differences	Deferred income tax liabilities
Changes in fair value of Investment property	14,817,175,826.24	3,704,293,956.53	13,830,038,892.03	3,457,509,722.99	12,288,482,866.87	3,072,120,716.70
Right of use assets	107,615,822.02	16,142,373.30	61,192,599.42	9,178,889.91		
Total	14,924,791,648.26	3,720,436,329.83	13,891,231,491.45	3,466,688,612.90	12,288,482,866.87	3,072,120,716.70

23. Other non-current assets

Items	12/31/2023	12/31/2022	12/31/2021
Prepaid VAT			17,988,220.00
Prepaid equity investment funds	439,458,828.37		
Prepayment for house and equipment	135,675,587.00	240,102,697.05	565,788,659.87
Prepaid land transfer fee	182,866,036.00		
Total	758,000,451.37	240,102,697.05	583,776,879.87

24. Short-term loan

Items	12/31/2023	12/31/2022	12/31/2021
Credit loans	457,000,000.00	547,649,181.57	601,000,000.00
Mortgage loan	1,388,000,000.00	1,530,000,000.00	2,195,336,740.00
Guaranteed loans	4,631,900,000.00	3,721,800,000.00	2,824,600,000.00
Pledge loan	255,000,000.00	456,500,000.00	399,000,000.00
Accrued interest	2,783,813.70	4,173,659.18	17,412,442.95
Total	6,734,683,813.70	6,260,122,840.75	6,037,349,182.95

25. Notes payable

Category	12/31/2023	12/31/2022	12/31/2021
Bank acceptances	2,355,015,710.91	3,803,326,711.29	4,583,380,523.27
Commercial acceptance bill		50,000,000.00	500,000,000.00
Total	2,355,015,710.91	3,853,326,711.29	5,083,380,523.27

26. Accounts payable

26.1 Aging presentation of accounts payable

Aging	12/31/2023		12/31/2022		12/31/2021	
	Amount	%	Amount	%	Amount	%
Within 1 year	2,453,415,256.90	78.45	1,524,770,025.58	69.21	1,174,606,725.81	71.03
1-2 year	293,219,316.97	9.38	400,207,400.91	18.17	435,454,843.34	26.33
2-3 year	203,254,799.39	6.50	262,538,683.53	11.92	4,413,067.02	0.27
Over 3 year	177,648,376.61	5.67	15,466,862.63	0.70	39,180,211.32	2.37
Total	3,127,537,749.87	100.00	2,202,982,972.65	100.00	1,653,654,847.49	100.00

26.2 Top five entities with the largest balances of accounts payable

Company name	Relationship with the Company	12/31/2023 Amount	Aging	Proportion in the total (%)
China Energy Construction Group Jiangsu Electric Power Design and Research Institute Co., Ltd	Non related party	663,211,283.01	Within 1 year	21.21
Shenghong Refining and Chemical (Lianyungang) Co., Ltd	Non related party	227,770,726.64	Within 1 year	7.28
Zhejiang Wuchan Environmental Protection Energy Co., Ltd	Non related party	154,674,194.13	Within 1 year	4.95
China Energy Construction Group Jiangsu Electric Power Construction First Engineering Co., Ltd	Non related party	117,808,743.26	Within 1 year	3.77
Zhejiang Hongshi Energy Co., Ltd	Non related party	88,924,236.81	Within 1 year	2.84
Total		1,252,389,183.85		40.05

(Continued)

Company name	Relationship with the Company	12/31/2022 Amount	Aging	Proportion in the total (%)
Hongwei (Lianyungang) Fine Chemicals Co., Ltd	Non related party	278,283,350.46	Within 1 year	12.63
Zhejiang Chunfeng Group Co., Ltd	Non related party	106,639,530.77	Within 1 year	4.84
Zhejiang Wuchang Environmental Protection Energy Co., Ltd	Non related party	84,377,762.39	Within 1 year	3.83
Zhejiang Fuyang Materials Fuel Co., Ltd	Non related party	74,133,809.39	Within 1 year	3.37
Nantong Hongya Construction Engineering Co., Ltd	Non related party	72,053,130.00	Within 1 year	3.27
Total		615,487,583.01		27.94

27. Prepayment

27.1 Aging presentation

Aging	12/31/2023		12/31/2022		12/31/2021	
	Amount	%	Amount	%	Amount	%
Within 1 year	893,486.94	51.10	480,118.90	35.96	1,529,051.98	100.00
1-2 year			854,987.49	64.04		
2-3 year	854,987.49	48.90				
Total	1,748,474.43	100.00	1,335,106.39	100.00	1,529,051.98	100.00

27.2 Top five entities with the largest balances of prepayment

Company name	Relationship with the Company	12/31/2022 Amount	Aging	Proportion in the total (%)
Jiangsu Zhengda Suken Pig Industry Co., Ltd	Non-related parties	1,529,052.03	Within 1 year 674,064.54; 2-3 year 854,987.49	87.45
Fanghui Biotechnology (Taizhou) Co., Ltd	Non-related parties	152,842.36	Within 1 year	8.74
Retail customers	Non-related parties	66,580.04	Within 1 year	3.81
Total		1,748,474.43		100.00

(Continued)

Company name	Relationship with the Company	12/31/2022 Amount	Aging	Proportion in the total (%)
Jiangsu Zhengda Suken Pig Industry Co., Ltd	Non-related parties	854,987.49	1-2 year	64.04
Lianyungang Qingxiang Orchard Fruit and Vegetable Planting Professional Cooperative	Non-related parties	440,118.90	Within 1 year	32.96
Retail customers	Non-related parties	40,000.00	Within 1 year	3.00
Total		1,335,106.39		100.00

28. Contract liabilities

Category	12/31/2023	12/31/2022	12/31/2021
Payment for goods and engineering	278,751,967.38	264,546,140.54	217,178,747.72
Total	278,751,967.38	264,546,140.54	217,178,747.72

29. Employee benefits payable

29.1 General situation

Items	12/31/2022	Increase	Decrease	12/31/2023
Short-term employee benefits	16,498,716.48	753,590,089.70	758,491,542.24	11,597,263.94
Post-employment benefits	315,606.40	81,783,112.38	82,030,694.47	68,024.31
Termination benefits				
Other benefits due in 1 year				
Total	16,814,322.88	835,373,202.08	840,522,236.71	11,665,288.25

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Short-term employee benefits	20,737,874.71	610,158,197.81	614,397,356.04	16,498,716.48
Post-employment benefits	3,075,417.53	71,980,694.10	74,740,505.23	315,606.40
Termination benefits				
Other benefits due in 1 year				
Total	23,813,292.24	682,138,891.91	689,137,861.27	16,814,322.88

29.2 Short-term employee benefits

Item	12/31/2022	Increase	Decrease	12/31/2023
Wages,bonuses, allowances and subsidies	14,566,340.66	579,405,929.82	585,505,361.43	8,466,909.05
Employees' welfare	435.00	61,699,654.02	61,700,089.02	
Social insurance premiums	16,947.36	31,105,101.86	31,115,517.10	6,532.12
including: Medical insurance premium	15,943.68	26,532,629.34	26,542,187.22	6,385.80

Item	12/31/2022	Increase	Decrease	12/31/2023
Work-related injury insurance premium	2,701.77	1,749,391.42	1,750,248.78	1,844.41
Maternity insurance premium	-1,698.09	2,823,081.10	2,823,081.10	-1,698.09
Housing funds	624,170.58	68,328,738.24	67,987,867.30	965,041.52
Trade union expenditures and employee education funds	1,295,120.40	12,201,878.23	11,333,919.86	2,163,078.77
Short-term paid absences				
Short-term paid absences profit-sharing plan				
Other short-term employee benefits	-4,297.52	848,787.53	848,787.53	-4,297.52
Total	16,498,716.48	753,590,089.70	758,491,542.24	11,597,263.94

(Continued)

Item	12/31/2021	Increase	Decrease	12/31/2022
Wages,bonuses, allowances and subsidies	19,304,305.86	467,718,743.32	472,456,708.52	14,566,340.66
Employees' welfare	-	40,411,780.96	40,411,345.96	435.00
Social insurance premiums	27,182.84	28,110,958.67	28,121,194.15	16,947.36
including: Medical insurance premium	26,117.50	23,787,434.72	23,797,608.54	15,943.68
Work-related injury insurance premium	3,131.24	1,803,737.57	1,804,167.04	2,701.77
Maternity insurance premium	-2,065.90	2,519,786.38	2,519,418.57	-1,698.09
Housing funds	537,734.52	61,063,466.17	60,977,030.11	624,170.58
Trade union expenditures and employee education funds	868,651.49	12,314,742.38	11,888,273.47	1,295,120.40
Short-term paid absences				
Short-term paid absences profit-sharing plan				
Other short-term employee benefits		538,506.31	542,803.83	-4,297.52
Total	20,737,874.71	610,158,197.81	614,397,356.04	16,498,716.48

29.3 Defined contribution plans

Defined contribution plans item	12/31/2022	Increase	Decrease	12/31/2023
Basic endowment insurance premium	45,214.16	69,780,914.95	69,816,830.01	9,299.10
Unemployment insurance premium	11,608.24	2,866,843.53	2,869,226.56	9,225.21
Payment of annuity	258,784.00	9,135,353.90	9,344,637.90	49,500.00
Total	315,606.40	81,783,112.38	82,030,694.47	68,024.31

(Continued)

Defined contribution plans item	12/31/2021	Increase	Decrease	12/31/2022
Basic endowment insurance premium	91,816.00	59,194,757.59	59,241,359.43	45,214.16
Unemployment insurance premium	3,124.45	2,514,194.67	2,505,710.88	11,608.24
Payment of annuity	2,980,477.08	10,271,741.84	12,993,434.92	258,784.00
Total	3,075,417.53	71,980,694.10	74,740,505.23	315,606.40

30. Taxes and dues payable

Items	12/31/2023	12/31/2022	12/31/2021
Value added tax	32,889,408.66	12,522,878.70	3,234,588.12
City construction tax	419,233.78	1,046,416.94	323,494.90
Education fee additional tax	179,671.45	448,464.34	138,640.67

Items	12/31/2023	12/31/2022	12/31/2021
Local education fee additional tax	119,781.04	337,204.11	104,031.63
Land use tax	702,515.24	754,689.61	1,180,422.91
Urban real estate tax	4,969,540.80	2,304,899.44	3,749,421.41
Income tax	23,470,306.39	19,088,058.09	5,715,126.43
Stamp tax	674,165.75	836,646.12	1,616,844.33
Individual income tax	1,340,864.03	1,139,750.38	684,280.11
Others	1,320,000.00	627,224.17	684,056.53
Total	71,586,411.54	39,106,231.90	17,430,907.04

31. Other payables

31.1 Category

Items	12/31/2023	12/31/2022	12/31/2021
Interests payable			
Dividends payable			
Other payables	1,378,103,048.99	1,280,904,121.45	1,092,582,576.77
Total	1,378,103,048.99	1,280,904,121.45	1,092,582,576.77

31.1 Other payables

a) Aging presentation of other payables

Aging	12/31/2023		12/31/2022		12/31/2021	
	Amount	%	Amount	%	Amount	%
Within 1 year	350,844,899.12	25.46	158,034,557.66	12.33	117,847,281.43	10.79
1-2 year	100,646,342.24	7.30	219,257,706.55	17.12	463,289,079.22	42.40
2-3 year	33,161,163.71	2.41	399,865,837.51	31.22	112,499,966.15	10.30
Over 3 year	893,450,643.92	64.83	503,746,019.73	39.33	398,946,249.97	36.51
Total	1,378,103,048.99	100.00	1,280,904,121.45	100.00	1,092,582,576.77	100.00

b) Top five entities with the largest balances of other payables

Company name	Relationship with the Company	12/31/2023 Amount	Aging	Proportion in the total (%)
Lianyungang Port Group Co., Ltd	Non related party	777,879,751.15	Over 3 year	56.45
Lianyungang Port Holding Group Xuwei Co., Ltd	Non related party	56,630,766.21	Over 3 year	4.11
Jiangsu Changyuan Supply Chain Co., Ltd	Non related party	8,000,000.00	Within 1 year	0.58
Zhejiang Wuchan Environmental Protection Energy Co., Ltd	Non related party	4,000,000.00	Within 1 year	0.29
Zhejiang Hongshi Energy Co., Ltd	Non related party	4,000,000.00	Within 1 year	0.29
Total		850,510,517.36		61.72

(Continued)

Company name	Relationship with the Company	12/31/2022 Amount	Aging	Proportion in the total (%)
Lianyungang Port Group Co., Ltd	Non related party	777,879,751.15	2-3 year 381,801,326.65, Over 3 year 396,078,424.5	60.73
Lianyungang Port Holding Group Xuwei Co., Ltd	Non related party	58,970,766.21	Over 3 year	4.60
Jiangsu Yangjing Petrochemical	Non related	10,000,000.00	2-3 year	0.78

Company name	Relationship with the Company	12/31/2022 Amount	Aging	Proportion in the total (%)
Group Co., Ltd	party			
Jiangsu Changyuan Supply Chain Co., Ltd	Non related party	6,000,000.00	Within 1 year	0.47
Lianyungang Pengchen Special New Materials Co., Ltd	Non related party	5,000,000.00	Within 1 year	0.39
Total		857,850,517.36		66.97

32. Non-current liabilities due within one year

Item	12/31/2023	12/31/2022	12/31/2021
Long-term loans due within one year	3,826,930,387.09	3,489,222,922.22	1,217,917,500.00
Bond payable due within one year	4,329,158,587.51	1,209,410,437.51	2,000,793,651.47
Lease liabilities due within one year	10,471,038.73	14,148,456.00	9,156,652.36
Long-term payable due within one year	775,516,581.82	889,828,882.82	1,101,803,113.73
Total	8,942,076,595.15	5,602,610,698.55	4,329,670,917.56

33. Other current liabilities

Items	12/31/2023	12/31/2022	12/31/2021
Output tax to be transferred	16,114,783.51	12,995,937.97	8,991,848.28
Jiangsu Fangyang Group Co., Ltd. 2021 First Phase Targeted Debt Financing Plan (Construction Bank)			700,000,000.00
Jiangsu Fangyang Group Co., Ltd. 2021 First Debt Financing Plan (Bank of China)			72,000,000.00
Jiangsu Fangyang Group Co., Ltd. 2021 Second Debt Financing Plan (Bank of China)			228,000,000.00
Jiangsu Fangyang Group Co., Ltd. 2021 Second Phase Ultra Short Term Financing Bonds (Nanjing Bank)			400,000,000.00
Jiangsu Fangyang Group Co., Ltd. 2021 Third Phase Ultra Short Term Financing Bonds (Ningbo Bank)			500,000,000.00
2021 Lianxin E-Rongzi No. 00011			219,000,000.00
Phase III Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2022		1,000,000,000.00	
Phase IV Ultra Short-term financing bonds of Jiangsu Fangyang Group Co., Ltd. in 2022		520,000,000.00	
Phase II Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2022		1,000,000,000.00	
Trust plan		300,000,000.00	
Trust plan		300,000,000.00	
Phase I Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2022		500,000,000.00	
Phase I Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2022		500,000,000.00	
Phase I Ultra Short-Term Financing Bonds of Jiangsu Fangyang Group Co., Ltd. in 2023	550,000,000.00		
Phase IV Ultra Short Term Financing Bonds of Jiangsu Fangyang Group Co., Ltd. in 2023	700,000,000.00		
Phase I Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2023	1,000,000,000.00		
Phase II Short Term Corporate Bond of Jiangsu Fangyang Group Co., Ltd. in 2023	1,000,000,000.00		
Phase II Short-term financing bonds of Jiangsu Fangyang Group Co., Ltd. in 2023	450,000,000.00		

Items	12/31/2023	12/31/2022	12/31/2021
Accrued interest	38,131,597.22	73,375,408.22	2,891,166.67
Total	3,754,246,380.73	4,206,371,346.19	2,130,883,014.95

34. Long-term loan

Items	12/31/2023	12/31/2022	12/31/2022
Credit loans	10,219,862,000.00	3,985,817,000.00	4,777,497,000.00
Mortgage loan	17,106,270,000.00	19,020,673,000.00	16,676,301,000.00
Guaranteed loans	10,798,418,600.00	12,273,061,140.00	9,837,100,000.00
Pledge loan	630,038,372.00	1,168,000,000.00	792,224,500.50
Accrued interest	25,363,463.14	24,837,292.00	15,752,834.04
Sub-total	38,778,952,435.14	36,472,388,432.00	32,098,875,334.54
Less: long term loans due within one year	3,826,930,387.09	3,489,222,922.22	1,217,917,500.00
Total	34,953,022,048.05	32,983,165,509.78	30,880,957,834.54

35. Bonds payable

35.1 Bonds payable exhibit by item

Items	12/31/2023	12/31/2022	12/31/2021
Jiangsu Fangyang Group Co., Ltd. 2019 Second Debt Financing Plan (Nanjing Bank)			501,806,136.10
Jiangsu Fangyang Group Co., Ltd.'s first non-public issuance of corporate bonds in 2019 (Orient Securities)			799,264,470.66
Jiangsu Fangyang Group Co., Ltd. 2019 First Debt Financing Plan (Jiangnan Bank)			199,579,215.38
2020 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd. (Huishang bank)	993,160,214.63	991,535,774.70	1,002,755,136.38
2020 Special bond of Jiangsu Fangyang Group Co., Ltd. for the construction of phase I urban underground comprehensive pipe gallery (Orient Securities)	638,493,936.99	797,979,135.59	797,198,909.40
Jiangsu Fangyang Group Co., Ltd.'s first non-public targeted debt financing instrument in 2020 (Jiangsu Bank)			500,143,829.33
Jiangsu Fangyang Group Co., Ltd.'s first non-public issuance of corporate bonds in 2020 (Oriental Citibank Securities)			350,172,824.53
2020 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)		499,464,781.76	498,626,441.18
2020 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)		547,268,334.06	550,079,653.55
2021 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)	499,819,658.70	499,381,419.77	498,887,648.24
2021 Phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (Bank of Jiangsu)		499,945,655.75	500,797,111.85
2021 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)	493,860,130.44	497,736,905.15	500,000,000.00
2021 phase II non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (China CITIC Bank)	598,372,617.82	597,040,843.86	600,399,689.16
2022 Phase I non-public issuance of corporate bonds of Jiangsu Fangyang Group Co., Ltd. (Orient Securities)	997,564,512.70	996,785,555.75	

Items	12/31/2023	12/31/2022	12/31/2021
2022 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd.	497,861,978.49	500,222,291.27	
2022 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd.	549,127,790.04	550,207,365.82	
2022 phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd.	597,093,979.47	600,151,260.11	
2023 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Jiangsu)	498,840,486.40		
2023 Phase I Green Corporate Bond of Jiangsu Fangyang Group Co., Ltd.	698,850,483.96		
2023 Phase II Green Corporate Bond of Jiangsu Fangyang Group Co., Ltd.	298,804,308.38		
Special corporate bonds of Jiangsu Fangyang Group Co., Ltd. on the Belt and Road in 2023	658,958,780.69		
2021 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd. (Bank of Nanjing)		50,000,000.00	50,000,000.00
2021 Phase I overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	1,058,592,503.66	1,039,957,888.05	950,356,884.57
2021 Phase II overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	1,060,566,083.85	1,041,374,315.79	951,307,610.11
2022 Phase I financial direct financing tool of Jiangsu Fangyang Water Service Co., Ltd. (Everbright BanK)	200,000,000.00	200,000,000.00	
2022 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	50,000,000.00	50,000,000.00	
2022 Phase II financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	50,000,000.00	50,000,000.00	
2022 PhaseⅢ financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	50,000,000.00	50,000,000.00	
2022 Phase Ⅴ financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	100,000,000.00	100,000,000.00	
Accrued interest	195,905,701.46	251,722,012.12	175,120,361.74
Subtotal	10,787,673,167.68	10,410,773,539.55	9,426,495,922.18
Less: Bond payable due within one year	4,329,158,587.51	1,209,410,437.51	2,000,793,651.47
Total	6,456,714,580.17	9,201,363,102.04	7,425,702,270.71

35.2 Changes in payable bonds

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2022 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2023 Balance
2020 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd. (Huishang bank)	10	20201218	5year	10	991,535,774.70		59,000,000.00	-1,624,439.93			993,160,214.63
2020 Special bond of Jiangsu Fangyang Group Co., Ltd. for the construction of phase I urban underground comprehensive pipe gallery (Orient Securities)	8	20200908	7year	8	797,979,135.59		39,920,000.00	-514,801.40	160,000,000.00		638,493,936.99
2020 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)	5	20200317	3year	5	499,464,781.76		32,500,000.00	-535,218.24	500,000,000.00		
2020 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)	5.50	20200527	5year	5.50	547,268,334.06		33,000,000.00	-2,731,665.94	550,000,000.00		
2021 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)	5.00	202100304	3year	5.00	499,381,419.77		34,000,000.00	-438,238.93			499,819,658.70
2021 Phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (Bank of Jiangsu)	5.00	20210406	2year	5.00	499,945,655.75		34,000,000.00	-54,344.25	500,000,000.00		
2021 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)	5.00	20211008	3year	5.00	497,736,905.15		19,750,000.00	3,876,774.71			493,860,130.44

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2022 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2023 Balance
2021 phase II non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (China CITIC Bank)	6.00	20210108	3year	6.00	597,040,843.86		26,820,000.00	-1,331,773.96			598,372,617.82
2022 Phase I non-public issuance of corporate bonds of Jiangsu Fangyang Group Co., Ltd. (Orient Securities)	10.00	20220690	3year	10.00	996,785,555.75		30,476,712.33	-778,956.95			997,564,512.70
2022 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd.	5.00	20220715	3year	5.00	500,222,291.27		13,087,671.23	2,360,312.78			497,861,978.49
2022 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd.	5.50	202280101	3year	5.50	550,207,365.82		9,912,054.79	1,079,575.78			549,127,790.04
2022 phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd.	6.00	20229027	3year	6.00	600,151,260.11		8,048,219.18	3,057,280.64			597,093,979.47
2023 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Jiangsu)	5.00	20230307	3year	5.00		500,000,000.00		1,159,513.60			498,840,486.40
2023 Phase I Green Corporate Bond of Jiangsu Fangyang Group Co., Ltd.	7.00	20230330	2year	7.00		700,000,000.00		1,149,516.04			698,850,483.96

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2022 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2023 Balance
2023 Phase II Green Corporate Bond of Jiangsu Fangyang Group Co., Ltd.	3.00	20230621	2year	3.00		300,000,000.00		1,195,691.62			298,804,308.38
Special corporate bonds of Jiangsu Fangyang Group Co., Ltd. on the Belt and Road in 2023	6.60	20230727	2year	6.60		660,000,000.00		1,041,219.31			658,958,780.69
2021 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd. (Bank of Nanjing)	0.50	20211216	2year	0.50	50,000,000.00				50,000,000.00		
2021 Phase I overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	USD1.5	20210322	3year	USD1.5	1,039,957,888.05			-919,615.61		17,715,000.00	1,058,592,503.66
2021 Phase II overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	USD1.5	20211110	3year	USD1.5	1,041,374,315.79			-1,476,768.06		17,715,000.00	1,060,566,083.85
2022 Phase I financial direct financing tool of Jiangsu Fangyang Water Service Co., Ltd. (Everbright BanK)	2.00	202200325	2year	0.50	200,000,000.00						200,000,000.00
2022 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.50	20221007	2year	0.50	50,000,000.00						50,000,000.00

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2022 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2023 Balance
2022 Phase II financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.50	20221206	2year	0.50	50,000,000.00						50,000,000.00
2022 PhaseIII financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.50	20221208	2year	0.50	50,000,000.00						50,000,000.00
2022 Phase V financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	1.00	20220426	2year	1.00	100,000,000.00						100,000,000.00
Accrued interest					251,722,012.12						195,905,701.46
Subtotal					10,410,773,539.55	2,160,000,000.00	340,514,657.53	4,514,061.21	1,760,000,000.00	35,430,000.00	10,785,873,167.68
Less: Bond payable due within one year					1,209,410,437.51						4,329,158,587.51
Total					9,201,363,102.04	2,160,000,000.00	340,514,657.53	4,514,061.21	1,760,000,000.00	35,430,000.00	6,456,714,580.17

(Continued)

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2021 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2022 Balance
Jiangsu Fangyang Group Co., Ltd. 2019 Second Debt Financing Plan (Nanjing Bank)	5	2019-8-30	3year	5	501,806,136.10		21,128,767.12	1,806,136.10	500,000,000.00		

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2021 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2022 Balance
Jiangsu Fangyang Group Co., Ltd.'s first non-public issuance of corporate bonds in 2019 (Orient Securities)	8	2019-11-19	3year	8	799,264,470.66		25,406,326.44	-735,529.34	800,000,000.00		
Jiangsu Fangyang Group Co., Ltd. 2019 First Debt Financing Plan (Jiangnan Bank)	2	2019-6-14	3year	2	199,579,215.38			-420,784.62	200,000,000.00		
2020 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd. (Huishang bank)	10	2020-12-18	5year	10	1,002,755,136.38		59,000,000.00	11,219,361.68			991,535,774.70
2020 Special bond of Jiangsu Fangyang Group Co., Ltd. for the construction of phase I urban underground comprehensive pipe gallery (Orient Securities)	8	2020-9-8	7year	8	797,198,909.40		39,920,000.00	-780,226.19			797,979,135.59
Jiangsu Fangyang Group Co., Ltd.'s first non-public targeted debt financing instrument in 2020 (Jiangsu Bank)	5	2020-10-29	2year	5	500,143,829.33		15,261,770.07	143,829.33	500,000,000.00		
Jiangsu Fangyang Group Co., Ltd.'s first non-public issuance of corporate bonds in 2020 (Oriental Citibank Securities)	3.5	2020-3-6	5year	3.5	350,172,824.53			172,824.53	350,000,000.00		
2020 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)	5	2020-3-17	3year	5	498,626,441.18		32,500,000.00	-838,340.58			499,464,781.76

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2021 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2022 Balance
2020 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)	5.5	2020-5-27	5year	5.5	550,079,653.55		33,000,000.00	2,811,319.49			547,268,334.06
2021 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd. (Bank of Nanjing)	5	2021-3-4	3year	5	498,887,648.24		34,000,000.00	-493,771.53			499,381,419.77
2021 Phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (Bank of Jiangsu)	5	2021-4-6	2year	5	500,797,111.85		34,000,000.00	851,456.10			499,945,655.75
2021 Phase II medium term note of Jiangsu Fangyang Group Co., Ltd. (Minsheng Bank)	5	2021-10-8	3year	5	500,000,000.00		19,750,000.00		2,263,094.85		497,736,905.15
2021 phase II non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd. (China CITIC Bank)	6	2021-10-8	3year	6	600,399,689.16		26,820,000.00	3,358,845.30			597,040,843.86
2022 Phase I non-public issuance of corporate bonds of Jiangsu Fangyang Group Co., Ltd. (Orient Securities)	10	2022-6-9	3year	10		1,000,000,000.00	30,476,712.33		3,214,444.25		996,785,555.75
2022 Phase I debt financing plan of Jiangsu Fangyang Group Co., Ltd.	5	2022-7-15	3year	5		500,000,000.00	13,087,671.23	-222,291.27			500,222,291.27

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2021 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2022 Balance
2022 Phase I medium term note of Jiangsu Fangyang Group Co., Ltd.	5.5	2022-8-11	3year	5.5		550,000,000.00	9,912,054.79	-207,365.82			550,207,365.82
2022 phase I non-public directional debt financing instrument of Jiangsu Fangyang Group Co., Ltd.	6	2022-9-27	3year	6		600,000,000.00	8,048,219.18	-151,260.11			600,151,260.11
2021 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd. (Bank of Nanjing)	0.5	2021-12-16	2year	0.5	50,000,000.00						50,000,000.00
2021 Phase I overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	USD1.5	2021-3-22	3year	USD1.5	950,356,884.57			-1,266,003.48		88,335,000.00	1,039,957,888.05
2021 Phase II overseas USD bond of China Fangyang Trading Co., Ltd. (Haitong international securities)	USD1.5	2021-11-10	3year	USD1.5	951,307,610.11			-1,731,705.68		88,335,000.00	1,041,374,315.79
2022 Phase I financial direct financing tool of Jiangsu Fangyang Water Service Co., Ltd. (Everbright Bank)	2	2022-3-25	2year	0.5		200,000,000.00					200,000,000.00
2022 Phase I financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.5	2022-1-7	2year	0.5		50,000,000.00					50,000,000.00

Items	Face value (100 million yuan)	Issue date	Bond duration	Issue amount (100 million yuan)	12/31/2021 Balance	Current issue	Accruing interest at face value	Amortization of excess discount	Current repayment	Other	12/31/2022 Balance
2022 Phase II financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.5	2022-1-26	2year	0.5		50,000,000.00					50,000,000.00
2022 PhaseIII financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	0.5	2022-1-28	2year	0.5		50,000,000.00					50,000,000.00
2022 PhaseV financial direct financing tool of Lianyungang Xuwei Port Investment Group Co., Ltd.. (Nanjing Bank)	1	2022-4-26	2year	1		100,000,000.00					100,000,000.00
Accrued interest					175,120,361.74						251,722,012.12
Subtotal					9,426,495,922.18	3,100,000,000.00	402,311,521.16	13,516,493.91	2,355,477,539.10	176,670,000.00	10,410,773,539.55
Less: Bond payable due within one year					2,000,793,651.47						1,209,410,437.51
Total					7,425,702,270.71	3,100,000,000.00	402,311,521.16	13,516,493.91	2,355,477,539.10	176,670,000.00	9,201,363,102.04

36. Lease liabilities

Items	12/31/2022	Increase	Decrease	12/31/2023
Lease payments	139,369,853.76	60,786,566.51	37,027,274.51	163,129,145.76
Less: Unconfirmed financing costs	22,899,947.77	4,175,332.04	4,823,762.21	22,251,517.60
Total	116,469,905.99	56,611,234.47	32,203,512.30	140,877,628.16

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Lease payments	154,984,727.67	12,881,494.67	28,496,368.58	139,369,853.76
Less: Unconfirmed financing costs	24,211,473.38	2,228,454.45	3,539,980.06	22,899,947.77
Total	130,773,254.29	10,653,040.22	24,956,388.52	116,469,905.99

37. Long-term payable

37.1 Category

Items	12/31/2023	12/31/2022	12/31/2021
Long-term payable	1,175,832,610.21	1,959,031,024.12	1,733,768,518.99
Special payable	75,210,489.23	85,403,099.77	123,663,967.57
Total	1,251,043,099.44	2,044,434,123.89	1,857,432,486.56

37.2 Long-term payable

Items	12/31/2023	12/31/2022	12/31/2021
Finance lease payable	1,993,436,092.32	3,015,677,317.54	3,072,405,790.62
Financial leasing - unrecognized financing costs	-42,086,900.29	-166,817,410.60	-236,834,157.90
Subtotal	1,951,349,192.03	2,848,859,906.94	2,835,571,632.72
Less: long term accounts payable due within one year	775,516,581.82	889,828,882.82	1,101,803,113.73
Total	1,175,832,610.21	1,959,031,024.12	1,733,768,518.99

37.3 Special payable

Items	12/31/2022	Increase	Decrease	12/31/2023
Special fund for mining environment control of xizoushan phase II project	56,473,208.40		143,588.85	56,329,619.55
Special funds for Comprehensive Bonded Zone	28,479,891.37		11,241,905.54	17,237,985.83
Special funds for port informatization	450,000.00	1,100,000.00		1,550,000.00
Research and development of key technologies for reducing pollution, reducing carbon emissions, and enhancing efficiency in the sewage treatment industry, as well as comprehensive demonstration of dual carbon funding		301,207.00	208,323.15	92,883.85
Total	85,403,099.77	1,401,207.00	11,593,817.54	75,210,489.23

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Special fund for mining environment control of xizoushan phase II project	56,743,208.40		270,000.00	56,473,208.40
Special funds for Comprehensive	64,920,759.17		36,440,867.80	28,479,891.37

Items	12/31/2021	Increase	Decrease	12/31/2022
Bonded Zone				
Coastal ecological restoration	2,000,000.00		2,000,000.00	
Special funds for port informatization		450,000.00		450,000.00
Total	123,663,967.57	450,000.00	38,710,867.80	85,403,099.77

38. Deferred Incomes

Items	12/31/2022	Increase	Decrease	12/31/2023
Government subsidy	608,254,748.23	16,160,000.00	12,803,864.69	611,610,883.54
Total	608,254,748.23	16,160,000.00	12,803,864.69	611,610,883.54

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Government subsidy	569,930,596.58	51,398,898.66	13,074,747.01	608,254,748.23
Total	569,930,596.58	51,398,898.66	13,074,747.01	608,254,748.23

39. Other equity instruments

Financial instruments issue the public	12/31/2022	Increase	Decrease	12/31/2023e
	Book value	Book value	Book value	Book value
Perpetual bond		2,097,877,358.49		2,097,877,358.49
Total		2,097,877,358.49		2,097,877,358.49

40. Capital surplus

Items	12/31/2022	Increase	Decrease	12/31/2023
Transfer of funds	3,572,275,113.91	1,439,630,300.00	31,200,000.00	4,980,705,413.91
Other capital surplus	9,316,357,171.66	67,421,660.86	41,011,514.46	9,342,767,318.06
total	12,888,632,285.57	1,507,051,960.86	72,211,514.46	14,323,472,731.97

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Transfer of funds	2,831,644,813.91	740,630,300.00		3,572,275,113.91
Other capital surplus	9,626,056,892.16	500,131.98	310,199,852.48	9,316,357,171.66
total	12,457,701,706.07	741,130,431.98	310,199,852.48	12,888,632,285.57

41. Other Comprehensive Incomes

Item	12/31/2022 Opening Balance	Current Period					12/31/2023 Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit and loss							
2.Other consolidate incomes that will be reclassified into profit and loss	2,907,673,725.92	111,471.29	95,280,337.08	-23,792,216.45	-813,980.03	-70,562,669.31	2,837,111,056.61
Include: share of profit or loss that under the equity method investees will reclassify into profit and loss							
Changes in initial fair value of investment real estate	2,907,673,725.92	111,471.29	95,280,337.08	-23,792,216.45	-813,980.03	-70,562,669.31	2,837,111,056.61
Other comprehensive Income Total	2,907,673,725.92	111,471.29	95,280,337.08	-23,792,216.45	-813,980.03	-70,562,669.31	2,837,111,056.61

(Continued)

Item	12/31/2021 Opening Balance	Current Period					12/31/2022 Closing Balance
		Amount in current period before income tax	Less: Previously recognized in other comprehensive income transferred to profit or loss	Less: income tax	Amount attribute to parent company after tax	Amount attribute to non-controlling shareholders after tax	
1. Other comprehensive incomes that cannot be reclassified into the profit and loss							
2.Other consolidate incomes that will be reclassified into profit and loss	3,018,879,351.71	64,789,979.41	171,291,205.03	-26,625,306.40	-111,205,625.79	31,329,706.57	2,907,673,725.92
Include: share of profit or loss that under the equity method investees will reclassify into profit and loss							
Changes in initial fair value of investment real estate	3,018,879,351.71	64,789,979.41	171,291,205.03	-26,625,306.40	-111,205,625.79	31,329,706.57	2,907,673,725.92
Other comprehensive Income Total	3,018,879,351.71	64,789,979.41	171,291,205.03	-26,625,306.40	-111,205,625.79	31,329,706.57	2,907,673,725.92

42. Special reserves

Items	12/31/2022	Increase	Decrease	12/31/2023
Safety production cost	205,565.42	24,313,379.26	24,171,668.25	347,276.43
Total	205,565.42	24,313,379.26	24,171,668.25	347,276.43

(Continued)

Items	12/31/2021	Increase	Decrease	12/31/2022
Safety production cost		321,120.00	115,554.58	205,565.42
Total		321,120.00	115,554.58	205,565.42

43. Undistributed profit

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Beginning balance before adjustment	6,831,445,927.51	5,592,642,410.23	3,781,835,269.09
Adjustment for beginning balance(increase+,decrease-)		23,448,587.65	
Beginning balance after adjustment	6,831,445,927.51	5,616,090,997.88	3,781,835,269.09
Plus: net profit attributable to owners of the parent company for the current period	879,988,378.39	1,703,354,929.63	1,810,807,141.14
Less: Withdrawal of statutory surplus reserves			
Common Stock dividends payable	443,000,000.00	488,000,000.00	
Ending balance	7,268,434,305.90	6,831,445,927.51	5,592,642,410.23

44. Operating revenue

44.1 Sales and other operating income

Items	2023（Jan-Dec)		2022（Jan-Dec)		2021（Jan-Dec)	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
Main operations	17,779,721,467.14	15,352,631,401.80	15,865,022,608.28	13,810,303,070.63	11,295,402,577.14	9,765,201,049.38
Other operations	200,059,001.05	182,621,014.93	491,924,760.66	458,159,641.86	754,605,821.43	712,931,228.45
Total	17,979,780,468.19	15,535,252,416.73	16,356,947,368.94	14,268,462,712.49	12,050,008,398.57	10,478,132,277.83

45. Taxes and surcharge

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Resource tax	703,033.52	1,972,311.27	2,163,228.29
Land Value Increment Tax	8,426,012.98	1,438,826.54	1,302,989.25
Urban real estate tax	48,034,457.66	24,345,616.41	32,471,336.51
Vehicle and vessel usage tax	80,400.95	98,443.99	69,443.25
Land use tax	29,572,804.12	30,155,762.63	29,395,286.68
Stamp tax	15,061,988.00	10,435,101.69	10,578,995.82
City construction tax	3,356,583.98	4,106,935.00	3,123,488.25
Education fee additional tax	1,439,083.29	1,709,609.20	1,379,342.14
Local education fee additional tax	957,980.64	1,139,836.31	905,154.06
Environmental protection tax	6,012,722.72	2,923,243.18	6,168,610.30
Others	69,628.80		
Total	113,714,696.66	78,325,686.22	87,557,874.55

46. Financial expenses

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Interest expenses	1,168,820,244.43	974,328,022.70	833,526,919.97
Including: interest expense of lease liabilities	2,854,078.17	3,901,019.83	3,838,610.20
Less: Interest income	361,705,697.97	283,741,354.71	228,288,171.42
Add: Exchange loss	38,045,414.10	211,017,932.54	-9,380,481.15
Add: Commission	76,756,275.01	28,752,931.37	37,215,031.68
Add:Bill discount expense	45,375.01		
Add:Others	62,888,016.43	19,141,212.27	16,912,105.05
Total	984,849,627.01	949,498,744.17	649,985,404.13

47. Other income

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Government subsidy	49,247,281.68	128,940,170.13	48,690,109.26
Value added tax deduction	2,496,207.44	1,868,918.87	
Refund of handling charges for withholding individual income tax	269,680.43	288,126.05	134,086.62
Total	52,013,169.55	131,097,215.05	48,824,195.88

48. Investment income

Sources of investment income	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Long term equity investment income accounted for by equity method	-980,958.20	83,324,460.83	18,164,749.27
Investment income from disposal of long-term equity investments	-65,262,334.59		179,495,112.98
Investment income obtained from the disposal of trading financial assets	5,159,328.99		
Income from derecognition of financial assets measured at amortized cost	3,537,893.11	2,677,477.57	-161,638.88
Investment income of other non current financial assets during the holding period		1,008,000.00	
Investment returns of wealth management products	2,151,311.76	12,822,686.49	41,076,199.81
Other investment income	1,682.58		
Total	-55,393,076.35	99,832,624.89	238,574,423.18

49. Gains from changes in fair value

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Investment real estate measured by fair value	1,082,305,800.00	1,648,057,250.78	1,724,943,700.00
Total	1,082,305,800.00	1,648,057,250.78	1,724,943,700.00

50. Credit impairment loss ("-" for losses)

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Bad debt loss of accounts receivable	11,307,469.20	3,176,928.72	-6,630,428.02
Bad debt loss of other receivables	27,670,944.14	-11,902,647.98	-2,199,911.04
Total	38,978,413.34	-8,725,719.26	-8,830,339.06

51. Impairment loss of assets

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Provision for inventory write-down	-8,256,467.06		
Total	-8,256,467.06		

52. Gains from disposal of assets

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Gains or losses from disposal of fixed assets	7,808,038.94	422,021.19	4,923,157.61
Gains or losses from disposal of intangible assets			45,480.09
Total	7,808,038.94	422,021.19	4,968,637.70

53. Non-operating income

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Accept donations	300,575.00		98,800.00
Government subsidies unrelated to daily activities of enterprises	53,960.00	174,110.49	119,074.14
Profit from inventory surplus	282,516.80		
Net income from fines	9,657,151.23	1,006,117.14	1,910,882.65
Income from breach of contract compensation	876,025.51	1,868.91	
Compensation income for demolition and relocation			245,734.17
Insurance claim income	17,000.00		122,000.10
Unpaid payables	4,809,903.59	111,616.26	212,995.98
Others	12,220,240.26	843,269.75	1,624,973.45
Total	28,217,372.39	2,136,982.55	4,334,460.49

54. Non-operating expenses

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Loss on disposal of non-current assets	14,100,656.98	25,581.93	41,309.43
Donation expenses	597,733.09	3,272,974.13	281,769.05
Inventory loss	5,866.89		
Fine expenditure	36,603.16	1,037,987.07	380,215.37
Compensation expenses for breach of contract	29,389.67		
Unrecoverable accounts receivable	1,957,160.00		
Others	5,502,767.19	3,756,859.29	324,276.38
Total	22,230,176.98	8,093,402.42	1,027,570.23

55. Income tax

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Current income tax according to the Income Tax Law	74,388,235.78	43,249,315.09	11,304,950.49
Deferred income tax adjustment	280,078,058.45	408,381,480.12	430,488,582.50
Total	354,466,294.23	451,630,795.21	441,793,532.99

56. Supplementary Information to Consolidated Statement of Cash Flow

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
1.Reconciliation of net profit to cash flow from operating activities			
Net Profit	1,081,681,868.90	1,743,575,173.62	1,791,286,707.61
Add: Provision for asset impairment	-38,978,413.34	8,725,719.26	8,830,339.06
Credit impairment loss	8,256,467.06		
Depreciation of fixed asset, oil &gas assets and productive biological assets	1,056,001,465.07	618,655,781.95	441,862,714.67

Items	2023（Jan-Dec)	2022（Jan-Dec)	2021（Jan-Dec)
Amortization of intangible assets	47,679,527.16	34,109,061.41	33,074,227.62
Amortization of long-term deferred expenses	22,391,894.04	23,677,911.50	20,375,390.06
Losses from disposal of fixed assets, intangible assets and other long-term assets	-7,808,038.94	-422,021.19	-4,968,637.70
Losses on write-off of fixed assets	14,100,656.98	25,581.93	40,570.12
Losses from changes in fair value	-1,082,305,800.00	-1,648,057,250.78	-1,724,943,700.00
Financial expenses	1,168,929,107.24	1,185,345,955.24	1,130,267,602.55
Losses on investments	55,393,076.35	-99,832,624.89	-238,574,423.18
Decrease in deferred tax asset	-4,521,060.18	-2,185,285.40	-574,622.08
Increase in deferred tax liabilities	277,539,933.38	495,087,912.44	351,816,091.81
Decrease in inventory	-53,820,002.23	174,632,429.89	330,830,075.66
Decrease in operation receivables	-2,218,512,928.98	-5,849,596,234.09	-5,860,176,984.26
Increase in operation payables	1,345,751,618.85	3,805,130,229.72	3,386,742,695.07
Other			43,498,899.85
Net cash flow from operating activities	1,671,779,371.36	488,872,340.61	-290,613,053.14
2.Significant Investing and Financing Activities not Involving Cash Flow:			
Conversion of debt into capital			
Convertible bonds maturing within 1 year			
Fixed assets acquired under financial lease			
3.Net Change in Cash & Cash Equivalents			
Closing balance of cash	4,991,394,079.65	5,724,427,464.49	7,638,892,422.36
Less：Opening balance of cash	5,724,427,464.49	7,638,892,422.36	7,454,894,463.63
Add：Closing balance of cash equivalent			
Less：Opening balance of cash equivalents			
Net change in cash and cash equivalents	-733,033,384.84	-1,914,464,957.87	183,997,958.73

营业执照

（副　本）

编号 320100000202312120059

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91320000085046285W　　(1/10)

名　　称　苏亚金诚会计师事务所（特殊普通合伙）

类　　型　特殊普通合伙企业

执行事务合伙人　詹从才　于龙斌

经营范围　审查企业会计报表，出具审计报告；验证企业资本，出具验证报告；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（不含国家统一认可的职业证书类的培训）；法律、法规规定的其他业务。会计用品、计算机软件的销售。（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）

出资额　1425万元整

成立日期　2013年12月02日

主要经营场所　南京市建邺区泰山路159号正太中心大厦A座14－16层

登记机关

2023年　12月　12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

ISSUER

Haichuan International Investment Co., Ltd.
Kingston Chambers, PO Box 173
Road Town, Tortola
British Virgin Islands

GUARANTOR

Jiangsu Fangyang Holdings Co., Ltd. (江蘇方洋控股有限公司)
Industrial Service Center
No. 66 Xuwei Avenue
Xuwei New District, Lianyungang
Jiangsu, China

TRUSTEE

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central,
Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central,
Hong Kong

LEGAL ADVISERS

To the Issuer and the Guarantor as to English law and Hong Kong law

King & Wood Mallesons
13/F Gloucester Tower,
The Landmark,
15 Queen's Road Central
Hong Kong

To the Issuer and the Guarantor as to PRC law

Allbright Law Offices
9th, 11th and 12th Floor,
Shanghai Tower,
501 Yincheng Middle Road,
Pudong New Area
Shanghai, China

To the Issuer as to British Virgin Islands law

Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza,
18 Harbour Road,
Wanchai, Hong Kong

To the Joint Lead Managers and the Trustee as to English law and Hong Kong law

Morgan Lewis & Bockius
19th Floor, Edinburgh Tower, the Landmark
15 Queen's Road Central
Hong Kong

To the Joint Lead Managers as to PRC law

Hylands Law Firm
3F, 11F and 12F, FFC
Fortune Financial Center
No. 5 Dongsanhuan Zhong Road, Chaoyang District
Beijing, China

AUDITORS OF THE GUARANTOR

Suya Jincheng Certified Public Accountants LLP
7 Floor, Guotou Building
Tongguan South Road 69#,
Lianyungang, China