

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

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 Notes (as defined below) are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. This announcement and the information contained herein are not for distribution, directly or indirectly, in or into the United States. No public offer of the securities referred to herein is being or will be made in the United States.

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.

Notice to Hong Kong investors: The Issuer and the Parent Guarantor (as defined below) confirm that the Notes 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 Parent Guarantor confirm that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

HAIMEN ZHONGNAN INVESTMENT DEVELOPMENT (INTERNATIONAL) CO., LTD.
(incorporated with limited liability in the British Virgin Islands)
(the “Issuer”)

US\$150,000,000 12.00% Guaranteed Senior Notes due 2022
(the “Notes”, Stock Code: 40714)

unconditionally and irrevocably guaranteed by



JIANGSU ZHONGNAN CONSTRUCTION GROUP CO., LTD.
(江蘇中南建設集團股份有限公司)

(incorporated with limited liability in the People's Republic of China and listed on the Shenzhen Stock Exchange under stock code 000961)
(the “Parent Guarantor”)

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

**Guotai Junan
International**

**Standard
Chartered Bank**

Barclays

**Haitong
International**

**BOCOM
International**

Joint Lead Managers and Joint Bookrunners

**CMBC
Capital**

**Orient Securities
(Hong Kong)**

**Admiralty
Harbour**

**CRIC
Securities**

JQ Securities

**Vision Capital
International**

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

Reference is made to the notice of listing of the Notes on The Stock Exchange of Hong Kong Limited dated June 9, 2021 published by the Issuer.

The offering memorandum dated June 3, 2021 in relation to the Notes is appended to this announcement.

Hong Kong, June 10, 2021

As at the date of this announcement, the sole director of Haimen Zhongnan Investment Development (International) Co., Ltd. is Mr. Xin Qi and the directors of Jiangsu Zhongnan Construction Group Co., Ltd. are Mr. Chen Jinshi, Ms. Chen Yuhan, Mr. Xin Qi, Mr. Bai Lizhong, Mr. Yao Ke, Mr. Tang Xiaodong and Mr. Hu Hongwei as directors and Mr. Huang Feng, Mr. Cao Yitang, Mr. Shi Jun and Mr. Hou Qicai as independent directors.

Appendix 1 – Offering Memorandum dated June 3, 2021

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES AND THE PARENT GUARANTEE DESCRIBED HEREIN 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, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING MEMORANDUM 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 THE OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation and your representation: In order to be eligible to view this Offering Memorandum or make an investment decision with respect to the securities described herein, investors must comply with the following provisions. By accepting the e-mail and accessing this Offering Memorandum, you shall be deemed to have represented to us that: (1) you and any customers you represent are outside the United States, that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States (within the meaning of Regulation S under the Securities Act), and to the extent you purchase the securities described in the attached Offering Memorandum, you will be doing so in an offshore transaction pursuant to and in compliance with Regulation S under the Securities Act; and (2) that you consent to delivery of such Offering Memorandum by electronic transmission.

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

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers (as defined herein) or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on our behalf in such jurisdiction.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and, consequently, none of the Issuer, the Company (as defined herein), the Initial Purchasers, the Trustee, the Agents or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

Actions That You May Not Take: 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.

STRICTLY CONFIDENTIAL

HAIMEN ZHONGNAN INVESTMENT DEVELOPMENT (INTERNATIONAL) CO., LTD.

(incorporated with limited liability in the British Virgin Islands)

US\$150,000,000 12.00% Guaranteed Senior Notes due 2022
unconditionally and irrevocably guaranteed by



中南集团·中南建设
ZHONGNAN GROUP · ZHONGNAN CONSTRUCTION
建 家 · 筑 城 · 启 未 来

JIANGSU ZHONGNAN CONSTRUCTION GROUP CO., LTD.

(江蘇中南建設集團股份有限公司)

(incorporated with limited liability in the People's Republic of China and listed
on the Shenzhen Stock Exchange under stock code 000961)

Issue Price: 99.773%

Haimen Zhongnan Investment Development (International) Co., Ltd. (the “**Issuer**”), a subsidiary of Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司)(the “**Company**” or “**Parent Guarantor**”), is offering US\$150,000,000 aggregate principal amount of its 12.00% Guaranteed Senior Notes due 2022 (the “**Notes**”). The Notes will mature on June 8, 2022 (the “**Maturity Date**”). The Issuer will pay interest on the Notes on December 9, 2021 and June 8, 2022.

The Notes are senior obligations of the Issuer, guaranteed by the Parent Guarantor. We refer to the guarantee by the Parent Guarantor as the “**Parent Guarantee**”.

The Issuer may at its option redeem the Notes, in whole but not in part, at any time prior to June 8, 2022, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined in the “*Description of the Notes*”) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to June 8, 2022, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds (as defined in the “*Description of the Notes*”) of one or more sales of the Common Stock (as defined in the “*Description of the Notes*”) of the Parent Guarantor in an Equity Offering (as defined in the “*Description of the Notes*”) at a redemption price of 112.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (as defined below) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Not later than 30 days following a Change of Control Triggering Event (as defined in the indenture governing the Notes (the “**Indenture**”)), the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a “**Change of Control Offer**”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. If, on the date that is 150 Nantong Business Days after the Original Issue Date (as defined below), the SAFE Completion Event (as defined in the “*Description of the Notes*”) shall not have occurred, the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes offered for repurchase, plus accrued and unpaid interest on the principal amount of the Notes being repurchased to but excluding the date of repurchase.

The Notes will be (1) at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness (as defined in the “*Description of the Notes*”) of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; (3) effectively subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and (4) effectively subordinated to all existing and future obligations of the Parent Guarantor's Subsidiaries (as defined in the “*Description of the Notes*”) other than the Issuer. In addition, applicable law may limit the enforceability of the Parent Guarantee. See “*Risk Factors – Risks Relating to the Notes and the Parent Guarantee.*”

Investing in the Notes involves risks. See “*Risk Factors*” beginning on page 15.

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

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

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

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

The Parent Guarantor will be required to register the Parent Guarantee with the Nantong Branch (the “**Nantong Branch**”) of the State Administration of Foreign Exchange of the PRC (“**SAFE**”) in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定)(“**Cross-border Security Registration**”) promulgated by SAFE on May 12, 2014 which came into effect on June 1, 2014. The Parent Guarantor intends to complete the Cross-border Security Registration and deliver an Officer's Certificate (as defined in the Indenture) attaching a copy of the relevant certificate of registration from the Nantong Branch on or before 150 Nantong Business Days after the Original Issue Date (as defined below).

The Notes will not be rated. The Company has been assigned a long-term corporate credit rating of “B1” with a stable outlook by Moody's Investors Service, Inc. (“**Moody's**”) and a long-term issuer credit rating of “B+” with a stable outlook by S&P Global Ratings (“**S&P**”). A suspension, reduction or withdrawal of the rating assigned to the Company may adversely affect the market price of its debt securities. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant. These ratings do not constitute a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time by Moody's and S&P.

The Notes and the Parent Guarantee 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 other jurisdiction. The Notes and the Parent Guarantee 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 Notes and the Parent Guarantee may be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act. For a description of certain restrictions on resales and transfers, see “*Plan of Distribution*” and “*Transfer Restrictions.*”

The Notes will initially be represented by beneficial interests in a global note (the “**Global Note**”) in registered form, without interest coupons attached, which will be registered in the name of a nominee of, and shall be deposited on or about June 9, 2021 (the “**Original Issue Date**”) with a common depositary for, Euroclear Bank SA/ NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”).

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

**Guotai Junan
International**

**Standard
Chartered Bank**

Barclays

**Haitong
International**

**BOCOM
International**

Joint Lead Managers and Joint Bookrunners

CMBC Capital

**Orient Securities
(Hong Kong)**

Admiralty Harbour

CRIC Securities

JQ Securities

**Vision Capital
International**

The date of this Offering Memorandum is June 3, 2021

TABLE OF CONTENTS

CERTAIN DEFINITIONS, CONVENTIONS		BUSINESS	72
AND CURRENCY PRESENTATION	v	REGULATIONS	138
FORWARD-LOOKING STATEMENTS	vii	MANAGEMENT	184
ENFORCEMENT OF CIVIL LIABILITIES ..	ix	PRINCIPAL SHAREHOLDERS	189
PRESENTATION OF FINANCIAL		RELATED PARTY TRANSACTIONS	190
INFORMATION	xi	DESCRIPTION OF MATERIAL	
GLOSSARY OF TECHNICAL TERMS	xiii	INDEBTEDNESS AND	
SUMMARY	1	OTHER OBLIGATIONS	191
THE OFFERING	6	DESCRIPTION OF THE NOTES	195
SUMMARY CONSOLIDATED FINANCIAL		TAXATION	261
AND OTHER DATA	11	PLAN OF DISTRIBUTION	265
RISK FACTORS	15	TRANSFER RESTRICTIONS	271
USE OF PROCEEDS	61	SUMMARY OF CERTAIN DIFFERENCES	
EXCHANGE RATE INFORMATION	62	BETWEEN PRC GAAP AND IFRS	273
CAPITALIZATION AND INDEBTEDNESS ..	64	RATINGS	275
SELECTED CONSOLIDATED FINANCIAL		LEGAL MATTERS	276
AND OTHER DATA	66	INDEPENDENT AUDITOR	277
CORPORATE STRUCTURE	70	GENERAL INFORMATION	278
DESCRIPTION OF THE ISSUER	71	INDEX TO CONSOLIDATED FINANCIAL	
		STATEMENTS OF THE GROUP	F-1

IMPORTANT NOTICE

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates, or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. In addition, there may be legal restrictions on the distribution of this Offering Memorandum and the offering of the Notes in certain jurisdictions. If you come into possession of this Offering Memorandum, the Company and its subsidiaries (collectively, the “Group”), Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Barclays Bank PLC, Haitong International Securities Company Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Orient Securities (Hong Kong) Limited, Admiralty Harbour Capital Limited, CRIC Securities Company Limited, JQ Securities (Hong Kong) Limited and Vision Capital International Holdings Limited (each an “Initial Purchaser”, together, the “Initial Purchasers”) require that you inform yourself about and observe any such restrictions. See “*Plan of Distribution*” and “*Transfer Restrictions*.”

Neither the United States Securities and Exchange Commission nor any state securities commission or regulatory authority in the United States has approved or disapproved these securities or determined if this Offering Memorandum is truthful, complete or adequate. Any representation to the contrary is a criminal offense.

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes as “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).

This Offering Memorandum is strictly confidential. This Offering Memorandum is furnished to you solely for the purpose of enabling you to consider the purchase of the Notes. If you have any doubt about this Offering Memorandum, you should consult your bank manager, legal counsel, professional accountant or other professional advisor. Each person receiving this Offering Memorandum acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers or Citicorp International Limited (the “**Trustee**”) or Citibank, N.A., London Branch (the “**Paying Agent**”, the “**Transfer Agent**” and the “**Registrar**”, together, the “**Agents**”) or any person who controls any of them, or any person affiliated with the Initial Purchasers or the Trustee or the Agents in connection with any investigation of the accuracy of **such** information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning the Group, the Notes or the Parent Guarantee other than as contained herein.

In making an investment decision, each prospective investor must rely on its own examination of the Group and the terms of the Notes, including, without limitation, the merits and risks involved. Each person receiving this Offering Memorandum is advised to read and understand the contents of this Offering Memorandum, including the financial statements and the related notes thereto, before investing in the Notes. We have provided the information contained in this Offering Memorandum and has also relied on other identified sources. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgments, representation and agreements as set forth in the section entitled “*Transfer Restrictions*” below.

We, having made all reasonable inquiries, confirm that: (i) this Offering Memorandum contains all information with respect to us referred to in this Offering Memorandum and the Notes and the Parent Guarantee that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this Offering Memorandum relating to us are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Memorandum with regard to us 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 us, the Notes and the Parent Guarantee, the omission of which would, in the context of the issue and offering of the Notes, make this Offering Memorandum, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept full responsibility for the accuracy of the information contained in this Offering Memorandum.

Neither the Initial Purchasers, the Trustee or the Agents or each person who controls any of them or each of their respective directors, officers, employees, representatives, agents, advisers and affiliates has independently verified any of the information contained in this Offering Memorandum and they make no representation or warranty, express or implied, as to the accuracy, sufficiency or completeness of such information, and you should not rely on anything contained in this Offering Memorandum as a promise or representation by the Initial Purchasers, the Trustee or the Agents or any person who controls any of them. To the fullest extent permitted by law, none of the Initial Purchasers, the Trustee or the Agents or any person who controls any of them or any of their respective directors, officers and affiliates accept any responsibility or liability in relation to information contained in this Offering Memorandum, statement made or purported to be made by any of the Initial Purchasers, the Trustee or the Agents or any person who controls any of them or on its behalf, or any other information provided by us in connection with the Issuer, the Notes, the Parent Guarantee or the issue and offering of the Notes. This Offering Memorandum is not intended to provide the basis of any credit or other evaluation, nor should it be considered as a recommendation by the Issuer, the Parent Guarantor, the Initial Purchasers, the Trustee or the Agents or any person who controls any of them that any recipient of this Offering Memorandum should purchase the Notes.

You should not reproduce or distribute this Offering Memorandum, in whole or in part, and should not disclose any contents or use any information in this Offering Memorandum for any purpose other than considering an investment in the Notes. None of the Initial Purchasers or any of their respective affiliates undertakes to review the financial condition or affairs of the Group for so long as the Notes remain outstanding, nor to advise any investor or potential investor of the Notes of any information coming to the attention of any of the Initial Purchasers or their respective affiliates. By accepting delivery of this Offering Memorandum, you agree to these terms.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes or possesses or distributes this Offering Memorandum and must obtain any consents, approvals or permissions required for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and none of the Issuer, the Parent Guarantor and the Initial Purchasers shall have any responsibility therefor.

We reserve the right to withdraw the offering of Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

IN CONNECTION WITH THIS OFFERING, ANY OF THE INITIAL PURCHASERS, APPOINTED AS THE STABILIZATION MANAGER OR ANY PERSON(S) ACTING FOR IT, MAY ENGAGE IN STABILIZING TRANSACTIONS, OVER-ALLOCATION TRANSACTIONS, SYNDICATE COVERING TRANSACTIONS AND PENALTY BIDS IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATORY REQUIREMENTS. THESE STABILIZING TRANSACTIONS, OVER-ALLOTMENT TRANSACTIONS, SYNDICATE COVERING TRANSACTIONS AND PENALTY BIDS MAY HAVE THE EFFECT OF RAISING OR MAINTAINING THE MARKET PRICE OF THE NOTES OR PREVENTING OR RETARDING A DECLINE IN THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT MIGHT OTHERWISE EXIST IN THE

OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED AT ANY TIME. SUCH STABILIZATION MANAGER (INCLUDING ITS AFFILIATES OR ANY PERSON ACTING FOR THEM) IS NOT REQUIRED TO ENGAGE IN THESE ACTIVITIES, AND, IF IT DOES COMMENCE THESE ACTIVITIES, IT MAY END THESE ACTIVITIES AT ANY TIME.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

This Offering Memorandum is prepared using a number of conventions, which you should consider when reading the information contained herein.

In this Offering Memorandum, references to “we”, “us”, “our,” and words of similar import, and “the Company,” “the Parent Guarantor” and “the Group” are to Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司) itself, or to Jiangsu Zhongnan Construction Group Co., Ltd. together with its consolidated subsidiaries, or to its predecessors, as the context requires. References to “the Issuer” are to Haimen Zhongnan Investment Development (International) Co., Ltd., a company incorporated with limited liability in the British Virgin Islands.

Market data, industry forecast and PRC and relevant industry statistics in this Offering Memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe these sources to be reliable, neither the sources nor the information extracted from any of those sources has been independently verified by us or the Initial Purchasers or ours or their respective directors, officers or advisors, and neither we, the Initial Purchasers nor ours or their respective directors, officers and advisors make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly different collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and PRC and relevant industry statistics.

We prepare and publish our consolidated financial statements in Renminbi. Unless otherwise stated in this Offering Memorandum, all translations from Renminbi to U.S. dollars and from Hong Kong dollars to U.S. dollars have been made at the rates of RMB6.5250 to US\$1.00 and HK\$7.7534 to US\$1.00, respectively, the noon buying rate in effect on December 31, 2020 set forth in the H.10 statistical release of the Federal Reserve Board. All such translations in this Offering Memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or Hong Kong dollar amounts, as the case may be, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “*Exchange Rate Information.*”

References to “PRC” and “China,” in the context of statistical information and description of laws and regulations in this Offering Memorandum, except where the context otherwise requires, do not include Hong Kong, Macau Special Administrative Region of the People’s Republic of China (“**Macau**”), or Taiwan. References to “PRC government” or “State” means the central government of the PRC, together with all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them. References to the “BVI” are to the British Virgin Islands.

References to “U.S. dollars,” “US\$” or “USD” are to United States dollars, the official currency of the United States of America (the “**United States**” or “**U.S.**”). References to “Renminbi” or “RMB” are to Renminbi, the official currency of the People’s Republic of China (“**China**” or the “**PRC**”). References to “Hong Kong dollars” or “HK\$” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”).

In this Offering Memorandum, where information has been presented in thousands, millions or billions 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 actual totals of the individual items and actual numbers may differ from those contained herein due to such rounding.

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 name prevails.

Unless the context otherwise requires, references to “2018”, “2019” and “2020” in this Offering Memorandum are to the years ended December 31, 2018, 2019 and 2020, respectively.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, among other things, statements relating to:

- our business and operating strategies;
- our capital expenditure and acquisition plans;
- the nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- the prospective financial information regarding our businesses;
- availability and costs of bank loans and other forms of financing;
- future developments in and the performance of the property and construction markets in Jiangsu Province and other areas of the PRC;
- the regulatory environment of our industry in general, including but not limited to the interpretation and implementation of the existing rules and regulations and its future changes in enactment, interpretation or enforcement;
- changes in political, economic, legal and social conditions in China, including the specific policies of the PRC central and local governments affecting the regions where we operate, particularly government policies affecting land supply, availability and cost of financing, constructions qualifications, and pre-sale, pricing and volume of our property development projects;
- changes in competitive conditions of the property development industry and construction industry in China and our ability to compete under these conditions;
- the performance of the obligations and undertakings of the third-party contractors under various construction contracts;
- changes in currency exchange rates;
- proper legal titles or approvals for our properties under development or held for future development; and
- other factors beyond our control.

In some cases, you can identify forward-looking statements by such terminology as “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such statements reflect the current views of our management with respect to future events, operations, results, liquidity and capital resources and are not a guarantee of future performance and may not materialize or may change. Although we believe that the expectations reflected in these forward-looking statements are reasonable, there can be no assurance that those expectations will prove to be correct, and you are cautioned not to place undue reliance on such statements. In addition, unanticipated events may adversely affect the actual results we achieve. Important factors that could cause actual results to differ materially from our

expectations are disclosed under “*Risk Factors*” in this Offering Memorandum. Except as required by law, we undertake no obligation to update or otherwise revise any forward-looking statements contained in this Offering Memorandum, whether as a result of new information, future events or otherwise after the date of this Offering Memorandum. All forward-looking statements contained in this Offering Memorandum are qualified by reference to the cautionary statements set forth in this section.

ENFORCEMENT OF CIVIL LIABILITIES

We are a joint stock company incorporated in the PRC with limited liability. The Issuer is a limited liability company incorporated in the BVI. The PRC and the BVI have different bodies of securities laws from the United States and protections for investors may differ.

A substantial portion of our assets and all assets of the Issuer are located outside the United States. In addition, substantially all of our directors and officers and all of the Issuer's directors and officers are nationals or residents of countries other than the United States (principally, the PRC), and all or a substantial portion of such persons' assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us, the Issuer or such persons or to enforce against us, the Issuer or such persons judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof.

The Notes and the Indenture are each governed by the laws of the State of New York. Under the Notes and the Indenture, we and the Issuer will irrevocably submit to the non-exclusive jurisdiction of any United States federal court or New York State Court located in the Borough of Manhattan, the City of New York, New York in any suit, action or proceeding arising out of or relating to the Notes, the Parent Guarantee and the Indenture.

We and the Issuer expect to appoint Cogency Global Inc. as the agent to receive service of process with respect to any action brought against us or the Issuer in the United States federal courts located in the Borough of Manhattan, the City of New York under the federal securities laws of the United States or of any state of the United States or any action brought against us or the Issuer in the courts of the State of New York in the Borough of Manhattan, the City of New York under the securities laws of the State of New York.

We have been advised by our BVI legal counsel, Walkers (Hong Kong) that any final and conclusive judgment obtained against the Issuer in the New York state or United States federal court sitting in the Borough of Manhattan in the City of New York (the "**Foreign Court**"), for a liquidated sum, may be treated by the courts of the BVI as a cause of action in itself so that no retrial of the issues would be necessary provided that in respect of the foreign judgment:

- (a) the judgment had not been wholly satisfied;
- (b) the Foreign Court issuing the judgment had jurisdiction in the matter and the Issuer either submitted to such jurisdiction or was resident or carrying on business within such jurisdiction and was duly served with process;
- (c) the judgment given by the Foreign Court was not in respect of penalties, taxes, fines or similar fiscal or revenue obligations of the Issuer;
- (d) in obtaining judgment there was no fraud on the part of the person in whose favor judgment was given or on the part of the court;
- (e) recognition or enforcement of the judgment in the British Virgin Islands would not be contrary to public policy or for some other similar reason the judgment could not have been entertained by the courts;
- (f) the proceedings pursuant to which judgment was obtained were not contrary to natural justice; and
- (g) applicable rules of British Virgin Islands law permit service out on the debtor in question.

We have been advised by our PRC legal advisors, JunHe LLP, that there is uncertainty as to whether the PRC courts would (i) enforce judgments of U.S. courts obtained against us, our directors or officers, the Issuer or its directors or officers predicated upon the civil liability provisions of the U.S. federal or state securities laws or (ii) entertain original actions brought in China against us, our directors or officers, the Issuer or its directors or officers predicated upon the U.S. federal or state securities laws.

PRESENTATION OF FINANCIAL INFORMATION

Our consolidated financial statements are prepared in accordance with PRC GAAP, which differ in certain respects from generally accepted accounting principles in certain other countries. See “*Summary of Certain Differences between PRC GAAP and IFRS.*” In making an investment decision, investors must make their own judgment in assessing our financial statements. You should consult your own professional advisors for an understanding of the differences between PRC GAAP and IFRS and how such differences might affect our financial statements and your investment in the Notes. We prepare and publish our consolidated financial statements in Renminbi. Unless otherwise stated in this Offering Memorandum, all translations from Renminbi amounts to U.S. dollars were made at the rate of RMB6.5250 to US\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on December 31, 2020. All such translations in this Offering Memorandum are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “*Exchange Rate Information.*”

This Offering Memorandum includes our consolidated financial statements as of and for the years ended December 31, 2019 and 2020 which have been audited by our independent auditor, Grant Thornton (“**Grant Thornton**”), as stated in their audit reports included elsewhere in this Offering Memorandum.

In 2019, the Ministry of Finance promulgated certain new accounting standards and new requirements in relation to the format of financial statements (the “**New Accounting Standards and Requirements**”). Our audited consolidated financial statements as of and for the year ended December 31, 2019 were prepared and presented in accordance with the New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2019 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Accounting Standards and Requirements and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2019, please see “*Note III.34 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2019. In 2017, the Ministry of Finance issued “the Accounting Standards for Business Enterprises No. 14 – Revenue (Revised)” (the “**New Revenue Standards**”). Our board of directors had approved the adoption of the New Revenue Standards since January 1, 2020. Our audited consolidated financial statements as of and for the year ended December 31, 2020 were prepared and presented in accordance with the New Revenue Standards. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2020 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Revenue Standards and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2020, please see “*Note III.37 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2020. There can be no assurance that the Ministry of Finance will not promulgate other new accounting standards or requirements in relation to financial statements which might affect our accounting policies or the presentation of our financial statements in the future.

Our consolidated financial statements have only been prepared in Chinese and an English translation of which has been prepared and reproduced in this Offering Memorandum by Grant Thornton. Should there be any inconsistency between our consolidated financial statements in Chinese and the English translation of such financial statements, our consolidated financial statements in Chinese shall prevail. The English translation of our consolidated financial statements does not itself constitute audited financial statements, and is qualified in its entirety by, and is subject to the more detailed information and the financial information set out or referred to in, our consolidated financial statements in Chinese. Neither the Initial Purchasers nor their respective affiliates, directors and advisers has independently verified or checked the accuracy of the English translation of our consolidated financial statements and can give no assurance that the information contained in such English translation is accurate or complete.

GLOSSARY OF TECHNICAL TERMS

The following are definitions of certain terms in this Offering Memorandum that are commonly used in connection with our business. The terms and their meanings may not correspond to standard industry meanings or usages of those terms.

“certificate of completion”	a construction project planning inspection and clearance certificate (建設工程規劃驗收合格證) issued by local urban zoning and planning bureaus or equivalent authorities, or an equivalent certificate issued by relevant authorities in China with respect to the completion of property projects subsequent to their on-site examination and inspection
“commodity properties” . .	residential properties, commercial properties and other buildings that are developed by property developers for the purposes of sale or lease after their completion
“concrete”	a composite material composed mainly of water, construction aggregate, and cement
“construction land planning permit”	a construction land planning permit (建設用地規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“construction permit” . . .	a construction works commencement permit (建築工程施工許可證) issued by local construction committees or equivalent authorities in China
“construction works planning permit”	a construction works planning permit (建築工程規劃許可證) issued by local urban zoning and planning bureaus or equivalent authorities in China
“contract value”	final negotiated or proposed price of a contract before tax
“EPC”	engineering, procurement and construction
“GFA”	gross floor area
“land grant confirmation agreement”	(國有土地使用權成交確認書) a confirmation given by a PRC land authority that a property developer has won the bid for the land use rights of a parcel of land in the government-organized land bidding, auction or listing-for-sale process
“land grant contract” . . .	(國有土地使用權出讓合同) an agreement between a property developer and a PRC land authority in respect of the grant of the state-owned land use rights of a parcel of land to such property developer
“land grant or transfer document”	a land grant contract, land grant confirmation agreement or land use rights transfer agreement

“land use rights certificate”	a state-owned land use rights certificate (國有土地使用證) or real property ownership certificate (不動產權證) issued by a local real estate and land resources bureau with respect to the land use rights
“land use rights transfer agreement”	(國有土地使用權轉讓合同) an agreement in respect of the transfer of the land use rights of a parcel of land by the previous grantee of the land use rights in the secondary market
“LAT”	land appreciation tax (土地增值稅)
“output value”	the gross value of construction works performed by construction companies on their own and is calculated by reference to the project progress
“PPP”	public-private partnership, a partner relationship based on a concession agreement and formed between the government and private organizations for co-construction of infrastructure projects or providing certain public goods and services
“pre-sale”	sales of properties prior to the completion of their construction, after the satisfaction of certain conditions under PRC laws and regulations
“property ownership certificate”	a property ownership and land use rights certificate (房地產權證) issued by a local real estate and land resources bureau with respect to the land use rights and the ownership rights of the buildings on the relevant land
“R&D”	research and development
“sq.m.” or “sq. m.”	square meter

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire Offering Memorandum, including “*Risk Factors*,” “*Description of the Notes*,” and the Group’s consolidated financial statements and the related notes, before making an investment decision.

OVERVIEW

We are a leading property developer and one of the top private construction companies in China. Rooted in the building construction industry with more than 30 years’ experience, we are the sole private construction company in China that holds both the Premium-class Housing Construction EPC Qualification and the Grade-A Construction Engineering Design Qualification. These top class construction qualifications have been granted to only four construction companies in China by the MOHURD. Moreover, we were ranked 240th among the 2020 “Top 250 International Contractors” by Engineering News Record (the “ENR”) in terms of overall business performance as measured by multiple parameters such as operating income, profits and value of newly-signed contracts. Our ranking in the ENR has surpassed a number of large-scale state-owned construction companies and most private constructors in China. Leveraging our strengths in the construction industry and to capitalize on the property industry in China, we expanded into property development industry in 2005. We have developed into a leading and an integrated property developer and building constructor after years of strategic growth. In recognition of our business success and outstanding performance in China’s property development sector, we were ranked 16th among the 2021 Top 20 China Real Estate Developers and fifth among the 2021 Top 10 Real Estate Enterprises in Commercial Property Operation in China by the China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心). We were also ranked 18th among the 2019 Top 100 Real Estate Enterprises in China by research institutes under the State Council and Tsinghua University.

We have built a proven track record of success and have engaged in the construction of a large number of landmark projects in China and overseas, such as Beijing Olympic (Bird’s Nest) Stadium, National Theatre, Terminal 3 of Beijing Capital Airport, a government office building in The Republic of Togo and a large-scale property development project in Algeria. Many projects undertaken by us have received high market recognition and prestigious awards in China for their construction quality, safety and innovative construction techniques, such as the Lu Ban Award for China Construction Engineering (中國建築工程魯班獎), being the most prestigious award given by the MOHURD for construction quality excellence, and the National High Quality Project Award (國家優質工程獎), which is the highest honor for construction quality awarded by the National Engineering Construction Quality Award Evaluation Committee (國家工程建設質量獎評審委員會) in China. We were ranked eighth among Top 500 Construction Enterprises in China in 2017 by The China Construction Enterprises Management Association (中國建築企業管理協會), being the highest ranked construction company based in Jiangsu Province. We also became the first listed construction company in Jiangsu Province in 2008.

As of the date of this Offering Memorandum, we have undertaken construction projects in 24 provinces, municipalities and autonomous regions in China, covering more than 88 cities. As of December 31, 2020, we have expanded our building construction business into eight overseas countries. We are mainly engaged in property construction and construction of public facilities. As of December 31, 2020, we had completed 360 property construction projects and 149 public facilities construction projects. We also had 162 property construction projects and 39 public facilities construction projects under construction as of the same date.

Underpinned by our industry experience and top qualifications in the building construction sector and success of our integrated business development strategy, we have become one of the leading property developers in China by tapping into rapid growth of its property industry over the past decades. Our brand name enjoys high recognition in Jiangsu Province and we have maintained high market share

in the Yantze River Delta Region. Leveraging our success in Jiangsu Province, we have further expanded our business into other strategically targeted cities such as Beijing, Shanghai, Nantong and Suzhou. A majority of our property development projects are residential in nature. We also engage in the development of commercial properties and public facilities properties as well as tourism properties and characteristic towns. Among the award-winning properties developed by us include Zhongnan Shopping Center (中南城購物中心), which was awarded “Company with Best Growth Potential in China” and Young Park which was awarded “China Best Innovative and Experience Commercial Property” by Commercial Real Estate Association (全聯房地產商會商業地產研究會) in 2017. We also benefit from our low-cost land acquisition strategy that enables us to maintain high profit margin in our property development business.

As of December 31, 2020, we had a total of 468 property development projects in China under different development stages, with a total completed GFA of approximately 40,999,777 sq. m. and an aggregate GFA of approximately 24,228,143 sq. m. remaining unsold. The annual contract sales of our property development business had reached RMB223.8 billion in 2020, representing an increase of approximately 14.2% as compared to 2019. Moreover, our strategically located quality land reserves also provide us with high growth potential. As of December 31, 2020, we had land reserves of approximately 44,726,860 sq. m. in terms of total GFA under development and held for future development, covering 112 cities in China, among which approximately 36.3% are located in tier-1 and tier-2 cities. The following table sets forth the geographical distribution of our property development projects in China in terms of GFA completed, GFA under development and GFA held for future development as of December 31, 2020:

Region/Provinces and Municipalities	Total GFA Completed (sq. m.)	Total GFA under Development (sq. m.)	Total GFA Held for Future Development (sq. m.)
Bohai Economic Rim Region	7,583,153.3	5,379,921.1	2,618,494.1
Beijing	—	—	128,730.0
Hebei	386,827.7	982,369.2	355,532.7
Liaoning	821,388.8	482,937.7	98,252.1
Shandong	6,128,979.3	3,913,227.5	2,035,979.3
Tianjin	245,957.5	1,386.7	—
Yangtze River Delta Region	27,506,758.6	15,016,362.9	5,788,812.6
Anhui	275,652.4	628,554.0	354,548.6
Jiangsu	23,582,027.2	8,968,137.1	4,257,496.4
Shanghai	422,661.8	140,033.1	—
Zhejiang	3,226,417.3	5,279,638.8	1,176,767.6
Central and Western China	4,063,601.7	8,465,956.2	4,507,228.0
Chongqing	536,430.5	729,921.0	418,218.7
Guangxi	—	853,732.5	947,798.9
Guizhou	—	684,405.1	541,800.0
Henan	—	1,641,018.1	298,055.7
Hubei	1,132,666.2	335,006.8	—
Hunan	—	451,149.3	118,080.3
Shaanxi	770,545.6	1,854,253.7	726,404.2
Sichuan	1,141,018.0	860,899.5	50,968.9
Xinjiang	—	392,367.8	650,796.3
Yunnan	482,941.4	663,202.4	755,105.1
Pearl River Delta	1,846,263.9	1,560,335.4	1,389,749.9
Fujian	330,248.0	564,571.0	359,907.2
Guangdong	285,067.2	917,722.5	543,933.4
Hainan	1,230,948.6	78,041.9	485,909.3
Total	40,999,777.4	30,422,575.6	14,304,284.7

Leveraging our strengths in the property and construction industries in China, we have expanded into other business lines including hotel operations and property management. As of December 31, 2020, we had 39 hotels in operation, 37 of which are directly operated by us and the remaining two are entrusted to third parties. Our Jinshi Boutique Hotel was awarded “Most Valuable Boutique Hotel Brand in China” in 2016. We also generate rental income through leasing of the nine shopping malls held by us with a total rentable area of approximately 330,700 sq. m. and an occupancy rate of 94.3% as of December 31, 2020.

By virtue of our business success, we have achieved rapid development in recent years. For the years ended December 31, 2018, 2019 and 2020, our total operating income was RMB40,110.1 million, RMB71,830.8 million and RMB78,600.8 million (US\$12,046.1 million), respectively. During the same periods, our net profit was RMB2,312.6 million, RMB4,622.6 million and RMB7,804.1 million (US\$1,196.0 million), respectively. As of December 31, 2020, we had total assets of RMB359,253.5 million (US\$55,058.0 million).

COMPETITIVE STRENGTHS

We believe that our business success is largely attributable to our competitive strengths set forth below:

- We have achieved a leading market position and built a strong brand name in China;
- We have high quality and well-balanced land reserves and benefited from our low-cost land acquisition strategy;
- Our industry-leading construction business benefits from first-mover advantage and synergies achieved with our property development segment;
- We maintain a robust liquidity position and have a strong credit profile; and
- We have an experienced and professional management team and a highly effective corporate governance structure with sound internal control.

BUSINESS STRATEGIES

We are determined to maintain our current competitive strengths and plan to implement the following business strategies in order to achieve our overall business objectives:

- We plan to further strengthen our well-recognized brand by providing value to our customers through our quality construction projects and property products;
- We aim to further cultivate core regional markets and strategically expand our footprints to megalopolis in China;
- We will continue to optimize our product mix and develop value-added and upgraded property and construction projects; and
- We aim to further enhance our operating efficiency and optimize our overall management and talents pool.

RECENT DEVELOPMENTS

Redemption of Onshore Debt Securities at Maturity

On January 11, 2021, we fully redeemed our domestic asset-backed notes titled “19 Zhongnan Construction ABN001 (19中南建設ABN001)” with an aggregate outstanding principal amount of RMB1,992.0 million. 19 Zhongnan Construction ABN001 was issued on January 11, 2019 with a tenor of two years. 19 Zhongnan Construction ABN001 consisted of two classes: (i) the senior notes with a principal amount of RMB2.0 billion and a coupon rate of 7.50% and (ii) the subordinated notes with a principal amount of RMB200.0 million and without interest. On January 22, 2021, we fully redeemed our domestic corporate bonds titled “16 Zhongnan 01 (16中南01)” with an aggregate outstanding principal amount of RMB964.3 million. 16 Zhongnan 01 was issued on January 22, 2016 with a tenor of five years. 16 Zhongnan 01 had an aggregate principal amount of RMB1.0 billion and a coupon rate of 6.50%. On February 12, 2021, we fully redeemed our domestic private placement bonds titled “2018 Bond Financing Program Phase I (中南第一期債權融資)” with an aggregate outstanding principal amount of RMB1.0 billion. 2018 Bond Financing Program Phase I was issued on February 12, 2018 with a tenor of three years. 2018 Bond Financing Program Phase I had an aggregate principal amount of RMB1.0 billion and a coupon rate of 7.50%. On April 24, 2021, we fully redeemed our domestic medium-term notes titled “18 Zhongnan Construction MTN001 (18中南建設MTN001)” with an aggregate outstanding principal amount of RMB1.0 billion. 18 Zhongnan Construction MTN001 was issued on April 24, 2018 with a tenor of three+N years. 18 Zhongnan Construction MTN001 had an aggregate principal amount of RMB1.0 billion and a coupon rate of 7.80%. On May 22, 2021, we fully redeemed our domestic super and short-term commercial paper (the “**2020 Super and Short-term Commercial Paper**”) with an aggregate outstanding principal amount of RMB600.0 million. The 2020 Super and Short-term Commercial Paper was issued on August 24, 2020 and matured on May 22, 2021. The 2020 Super and Short-term Commercial Paper had an aggregate principal amount of RMB600.0 million and a coupon rate of 6.85%.

Issuance of the 2021 Corporate Bonds

On March 17, 2021, we issued a total principal amount of RMB1.0 billion of domestic corporate bonds titled “21 Zhongnan 01 (21中南01)” as approved by the China Securities Regulatory Commission (中國證券監督管理委員會)(the “**CSRC**”) (the “**2021 Corporate Bonds**”). The 2021 Corporate Bonds have a tenor of four years with a coupon rate of 7.30% and will mature on March 17, 2025. See “*Description of Material Indebtedness and Other Obligations – Onshore Debt Securities – 2021 Corporate Bonds*” in this Offering Memorandum for details.

Exchange Offer for and Repurchase of the 2019 Notes

From March 22, 2021 to March 26, 2021, we conducted an exchange offer (the “**Exchange Offer**”) for any and all of the outstanding 10.875% Guaranteed Senior Notes due 2022 issued by the Issuer in 2019 (the “**2019 Notes**”). The 2019 Notes in principal amount of US\$190.25 million were validly tendered by eligible holders and accepted for exchange by us on April 7, 2021, and were subsequently cancelled. We further repurchased the 2019 Notes in principal amount of US\$10.0 million from April 13, 2021 to April 14, 2021. The repurchased 2019 Notes were cancelled on April 19, 2021.

Issuance of the 2021 April Notes

On April 7, 2021, the Issuer issued the 11.50% guaranteed senior notes due 2021 in an aggregate principal amount of US\$250.0 million (the “**2021 April Notes**”), which are unconditionally and irrevocably guaranteed by us. The 2021 April Notes will mature on April 7, 2024. See “*Description of Material Indebtedness and other Obligations – Offshore Debt Securities – 2021 April Notes*” in this Offering Memorandum for details.

Business Development

We are a listed company on the Shenzhen Stock Exchange (the “SZSE”) and therefore are subject to applicable disclosure requirement of a listed company. We also from time to time issue corporate bonds in the domestic capital markets in the PRC. According to applicable PRC listing rules and securities regulations on debt capital markets, we are required to publish our quarterly, semi-annual and annual financial information and certain preliminary operating results to satisfy our continuing disclosure obligations. These preliminary financial information and operating results are normally derived from our management accounts which have not been audited or reviewed by independent auditors and do not provide the same quality of information associated with financial information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations.

On April 30, 2021, we published our first quarterly report in 2021 with preliminary operating results for the three months ended March 31, 2021 on the SZSE. According to which, we recorded aggregate contract sales of approximately RMB48.4 billion from our property development segment for the three months ended March 31, 2021, representing an increase of approximately 124.3% as compared to the same period in 2020. The increase was mainly attributable to the recovery of China’s property market from the outbreak of COVID-19 and relatively lower contract sales recorded in the first quarter of 2020 due to the outbreak of COVID-19. With respect to our construction segment for the three months ended March 31, 2021, the estimated total contract value of our newly-undertaken construction projects was approximately RMB9.1 billion, representing an increase of approximately 23.7% as compared to the same period in 2020. The increase was mainly attributable to relatively fewer newly-undertaken construction projects recorded in the first quarter of 2020 due to the outbreak of COVID-19. The published preliminary operating results for the three months ended March 31, 2021 have not been audited or reviewed by our auditor.

THE OFFERING

The following summary is provided solely for your convenience. This summary is not intended to be complete and it is subject to important limitations and exceptions. You should read the full text and more specific details contained elsewhere in this Offering Memorandum. For a more detailed description of the Notes and the Parent Guarantee, see “Description of the Notes.” The information contained in “Description of the Notes” shall prevail to the extent of any inconsistency with the information set forth in this section. Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes.”

Issuer	Haimen Zhongnan Investment Development (International) Co., Ltd.
Parent Guarantor	Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司)
Notes Offered	US\$150,000,000 aggregate principal amount of 12.00% Guaranteed Senior Notes due 2022
Offering Price	99.773% of the principal amount of the Notes
Original Issue Date	June 9, 2021
Maturity Date	June 8, 2022
Interest	The Notes will bear interest at 12.00% from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable in arrears on December 9, 2021 and June 8, 2022.
Ranking of the Notes	<p>The Notes will be:</p> <ul style="list-style-type: none"> • general obligations of the Issuer; • senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); • guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described below under the caption “– <i>The Parent Guarantee</i>” and in “<i>Risk Factors – Risks Relating to the Notes and the Parent Guarantee</i>”; • effectively subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and • effectively subordinated to all existing and future obligations of the Parent Guarantor’s Subsidiaries (other than the Issuer).

Parent Guarantee.	The Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.
Ranking of the Parent Guarantee	<p>The Parent Guarantee:</p> <ul style="list-style-type: none"> • is a general obligation of the Parent Guarantor; • is effectively subordinated to all existing and future secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor; • is senior in right of payment to all existing and future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee; • ranks at least <i>pari passu</i> in right of payment with all other unsecured and unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and • effectively subordinated to all existing and future obligations of its Subsidiaries.
Use of Proceeds	Refinancing of our existing offshore indebtedness. See “ <i>Use of Proceeds</i> ”.
Optional Redemption of the Notes	<p>At any time prior to June 8, 2022, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for verifying or calculating the redemption price.</p> <p>At any time and from time to time prior to June 8, 2022, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of the Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 112.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; <i>provided that</i> at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.</p>
Repurchase of Notes Upon a Change of Control Triggering Event	Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date. See “ <i>Description of the Notes – Repurchase of Notes Upon a Change of Control Triggering Event.</i> ”

**Repurchase of Notes Upon a
SAFE Noncompliance Event**

Upon completion by the Parent Guarantor of registration of the Parent Guarantee for the Notes with the Nantong Branch, the Parent Guarantor will be required to deliver an Officer's Certificate in a form set forth in the Indenture attaching a copy of the relevant certificate of registration from the Nantong Branch and certifying that such copy is true and correct (such registration and delivery of an Officer's Certificate attaching the Nantong Branch certificate referred to collectively as the "**SAFE Completion Event**"). If, on the date that is 150 Nantong Business Days after the Original Issue Date, the SAFE Completion Event shall not have occurred (such non-occurrence, a "**SAFE Noncompliance Event**"), the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes offered for repurchase, plus accrued and unpaid interest on the principal amount of the Notes being repurchased to but excluding the date of repurchase. See "*Description of the Notes – Repurchase upon a SAFE Noncompliance Event.*"

**Redemption for Taxation
Reasons**

The Notes may be redeemed, at the option of the Issuer or a Surviving Person, as a whole but not in part, at any time upon giving not less than 30 days' nor more than 60 days' notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Surviving Person, as the case may be, for redemption upon the occurrence of certain changes in applicable tax law. See "*Description of the Notes – Redemption for Taxation Reasons.*"

Open Market Purchases

Subject to compliance with applicable law, the Issuer or the Parent Guarantor may purchase the Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of the Indenture; *provided that* all Notes redeemed or repurchased by the Issuer or the Parent Guarantor may not be reissued or resold.

Covenants

The Indenture governing the Notes will limit the ability of the Parent Guarantor and its Restricted Subsidiaries to, among other things:

- incur or guarantee additional debt and issue disqualified or preferred stock;
- declare dividends on their respective capital stock or purchase or redeem capital stock or subordinated debt;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;

	<ul style="list-style-type: none"> • enter into agreements that restrict the ability of Restricted Subsidiaries to pay dividends, transfer assets or make intercompany loans; • enter into transactions with shareholders or affiliates; and • effect a consolidation or merger. <p>These covenants are subject to a number of important qualifications and exceptions described in “<i>Description of the Notes – Certain Covenants.</i>”</p>
Transfer Restrictions	The Notes will not be registered under the Securities Act or any state securities laws of the United States and will be subject to restrictions on transfer and resale. See “ <i>Transfer Restrictions.</i> ”
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof and will be initially represented by a global note registered in the name of a common depository (or its nominee) for Euroclear and Clearstream.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of their participants. For a description of certain factors relating to clearance and settlement, see “ <i>Description of the Notes – Book-Entry; Delivery and Form.</i> ”
Delivery of the Notes	The Issuer expects to deliver the Notes, against payment in same-day funds, on or about June 9, 2021, which the Issuer expects will be the fourth business day following the date of this Offering Memorandum, referred to as “T+4.”
Trustee	Citicorp International Limited.
Paying Agent and Transfer Agent.	Citibank, N.A., London Branch.
Note Registrar	Citibank, N.A., London Branch.
Listing and Trading	Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only.
Ratings	<p>The Notes will not be rated. The Parent Guarantor is rated “B1” with a stable outlook by Moody’s and “B+” with a stable outlook by S&P.</p> <p>These ratings do not constitute a recommendation to buy, sell or hold the Notes and are subject to suspension, reduction or withdrawal at any time by Moody’s and S&P. See “<i>Ratings.</i>”</p>
Governing Law	The Notes and the Indenture will be governed by and construed in accordance with the laws of the State of New York.

ISIN/Common Code ISIN: XS2349744594

Common Code: 234974459

Legal Entity Identifier 3003003UPHPYKRFXT08

Risk Factors Please see the “*Risk Factors*” section for a description of risks you should carefully consider before investing in the Notes.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

Our summary consolidated financial information as of and for the years ended December 31, 2018, 2019 and 2020 set forth below have been extracted from our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 and included elsewhere in this Offering Memorandum. You should read the summary consolidated financial statements set forth below in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

In 2019, the Ministry of Finance promulgated certain new accounting standards and new requirements in relation to the format of financial statements. Our audited consolidated financial statements as of and for the year ended December 31, 2019 were prepared and presented in accordance with the New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2019 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Accounting Standards and Requirements and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2019, please see “*Note III.34 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2019. In 2017, the Ministry of Finance issued the New Revenue Standards. Our board of directors had approved the adoption of the New Revenue Standards since January 1, 2020. Our audited consolidated financial statements as of and for the year ended December 31, 2020 were prepared and presented in accordance with the New Revenue Standards. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2020 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Revenue Standards and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2020, please see “*Note III.37 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2020. There can be no assurance that the Ministry of Finance will not promulgate other new accounting standards or requirements in relation to financial statements which might affect our accounting policies or the presentation of our financial statements in the future.

Our audited consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which differ in certain respects from generally accepted accounting principles in other jurisdictions. See “*Summary of Certain Differences between PRC GAAP and IFRS.*”

Summary Consolidated Income Statements Data

	For the Year Ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited and unreviewed)
Total operating income	40,110,126	71,830,786	78,600,848	12,046,107
Less: Operating cost	32,264,878	59,801,504	65,009,285	9,963,109
Taxes and surcharges	1,453,623	1,878,292	1,955,693	299,723
Selling expenses	966,396	1,462,807	1,730,220	265,168
Administrative expenses	2,390,574	3,216,235	2,820,566	432,271
Research and development expenses	—	1,284	60,843	9,325
Financial expenses	415,627	674,668	549,522	84,218
Including: Interest expenses	545,670	752,007	706,112	108,216
Interest income	193,026	212,081	224,834	34,457
Add: Other income	137,697	107,809	143,840	22,044
Investment income (or less: losses)	579,009	2,091,684	4,289,525	657,389
Including: Income from investment in associates and joint ventures	344,131	1,242,242	2,509,227	384,556
Gain from derecognition of financial assets at amortized cost (or less: losses)	—	(313)	31,432	4,817
Gains from changes in fair value (or less: losses)	53,245	50,965	289,418	44,355
Credit impairment loss	—	(479,389)	(46,845)	(7,179)
Asset impairment loss	(206,199)	(266,730)	(498,353)	(76,376)
Gains from assets disposal (or less: losses)	(26,356)	8,940	14,347	2,199
Operating profit	3,156,423	6,309,276	10,666,652	1,634,736
Add: Non-operating income	63,578	51,091	73,862	11,320
Less: Non-operating expenses	170,067	205,310	223,770	34,294
Total Profit	3,049,935	6,155,057	10,516,744	1,611,762
Less: Income tax expenses	737,384	1,532,490	2,712,678	415,736
Net profit	2,312,551	4,622,567	7,804,066	1,196,025
Net profit attributable to owners of parent company	2,193,098	4,163,086	7,077,790	1,084,719
Net profit attributable to non-controlling interests	119,453	459,481	726,276	111,307
Net of tax from other comprehensive income	(16,266)	690	35,236	5,400
Total comprehensive income	2,296,285	4,623,256	7,839,302	1,201,426
Total comprehensive income attributable to owners of parent company	2,174,027	4,163,568	7,115,101	1,090,437
Non-controlling interests	122,257	459,688	724,201	110,989

Summary Consolidated Balance Sheet Data

	For the Year Ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited and unreviewed)
Current assets				
Cash and cash equivalents	20,416,915	25,409,737	32,860,746	5,036,130
Trading financial assets	—	1,521,271	227,274	34,831
Financial assets at fair value through profit and loss	45,327	—	—	—
Bills receivable	1,091,542	1,387,357	2,438,153	373,663
Accounts receivable	8,564,564	11,732,392	7,110,262	1,089,695
Receivable financing	—	42,396	18,388	2,818
Prepayments	8,647,817	6,015,365	6,665,529	1,021,537
Other receivables	28,555,596	29,842,898	33,767,601	5,175,111
Including: Dividends receivable	47,360	47,360	47,360	7,258
Inventories	135,002,591	165,586,814	184,374,911	28,256,691
Contract assets	—	—	18,825,264	2,885,098
Non-current assets due within one year	10,000	50,000	2,500	383
Other current assets	9,560,667	10,846,764	13,531,844	2,073,846
Total current assets	211,895,018	252,434,994	299,822,472	45,949,804
Non-current assets				
Available-for-sale financial assets	549,100	—	—	—
Long-term receivables	6,508,109	13,104,704	—	—
Long-term equity investment	6,893,425	13,486,193	27,054,872	4,146,341
Other non-current financial assets	—	473,899	744,535	114,105
Investment properties	4,210,469	4,419,480	6,361,021	974,869
Fixed assets	3,068,895	3,266,883	3,236,382	495,997
Construction in progress	46,541	12,146	120,434	18,457
Intangible assets	599,403	667,424	633,289	97,056
Goodwill	4,189	4,189	4,189	642
Long-term deferred expenses	346,899	565,741	636,616	97,566
Deferred tax assets	1,528,698	2,134,936	2,019,438	309,492
Other non-current assets	43,342	—	18,620,205	2,853,671
Total non-current assets	23,799,069	38,135,594	59,430,981	9,108,196
Total assets	235,694,087	290,570,588	359,253,453	55,058,000
Current liabilities				
Short-term loans	10,686,892	13,082,302	10,556,646	1,617,877
Bills payable	—	10,999,266	10,771,702	1,650,836
Accounts payable	—	23,791,120	31,335,779	4,802,418
Advances from customers	110,120,236	123,359,236	19,388	2,971
Contract liabilities	—	—	120,291,130	18,435,422
Employee benefits payable	673,383	1,240,143	1,631,315	250,010
Taxes payable	2,977,273	4,575,771	6,996,712	1,072,293
Other payables	17,003,846	26,834,129	46,834,072	7,177,636
Including: Interest payable	446,215	—	—	—
Dividends payable	212	3,887	8,363	1,282
Non-current liabilities due within one year	7,326,591	11,132,439	12,813,973	1,963,827
Other current liabilities	1,157,928	1,402,261	11,949,930	1,831,407
Total current liabilities	175,116,924	216,416,667	253,200,647	38,804,697
Non-current liabilities				
Long-term loans	30,127,058	36,006,262	43,068,640	6,600,558
Bonds payable	9,801,079	10,356,128	13,462,077	2,063,154
Long-term payables	402,038	262,831	252,490	38,696
Provisions	—	—	6,930	1,062
Deferred income	134,915	128,380	201,851	30,935
Deferred tax liabilities	518,641	577,713	697,652	106,920
Total non-current liabilities	40,983,731	47,331,314	57,689,640	8,841,324
Total liabilities	216,100,654	263,747,981	310,890,287	47,646,021
Shareholders' equities				
Share capital	3,709,789	3,756,855	3,821,284	585,637
Capital reserve	2,473,949	2,822,938	3,256,761	499,120
Other comprehensive income	1,161,568	1,162,051	1,199,361	183,810
Special reserve	—	—	258,568	39,627
Surplus reserve	685,843	723,361	777,671	119,183
Undistributed profits	9,367,185	12,974,056	19,387,467	2,971,259
Total shareholders' equities belonging to parent company	17,398,334	21,439,261	28,701,112	4,398,638
Non-controlling interests	2,195,099	5,383,346	19,662,054	3,013,342
Total shareholders' equity	19,593,433	26,822,607	48,363,166	7,411,979
Total liabilities and shareholders' equity	235,694,087	290,570,588	359,253,453	55,058,000

Summary Consolidated Cash Flow Statements Data

	For the Year Ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited and unreviewed)
Net cash flows from/(used in) operating activities . . .	19,431,578	8,196,331	8,467,449	1,297,693
Net cash flows (used in) investing activities	(12,649,846)	(13,380,524)	(13,909,508)	(2,131,725)
Net cash flows from/(used in) financing activities . . .	(4,042,171)	8,058,617	13,716,809	2,102,193
Effect of foreign exchange rate changes on cash and cash equivalents.	(4,422)	(17,192)	(28,331)	(4,342)
Net increase in cash and cash equivalents	2,735,139	2,857,232	8,246,418	1,263,819
Cash and cash equivalent as at year end	13,311,062	16,168,294	24,414,712	3,741,718

Other Financial Data

	As of and for the year ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
	(unaudited and unreviewed)	(unaudited and unreviewed)	(unaudited and unreviewed)	(unaudited and unreviewed)
EBITDA ⁽¹⁾	6,120,202	10,620,716	15,897,826	2,436,448
EBITDA margin ⁽²⁾ (%).	15.26%	14.79%	20.23%	20.23%
Total indebtedness ⁽³⁾ /Total assets (%).	24.66%	24.29%	22.24%	22.24%
Current ratio (x) ⁽⁴⁾	1.21	1.17	1.18	1.18
EBITDA/Financial expense ⁽⁵⁾ (x)	2.49	2.92	3.50	3.50

Notes:

- (1) EBITDA for any period refers to profit before total interest income, capitalized borrowing costs under cost of sales, finance costs, income tax expense, and depreciation and amortization. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because the Group believes it is a useful supplement to cash flow data as a measure of the Group's performance and the Group's ability to generate cash flow from operations to service its debt and tax obligations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies and the components of the Group's EBITDA may not be comparable to similarly named components presented by other companies whose financial statements were prepared under generally accepted accounting principles other than PRC GAAP. Investors should not compare the Group's EBITDA or components of the Group's EBITDA to EBITDA or components of EBITDA presented by other companies. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (2) EBITDA margin is calculated as EBITDA divided by total operating income and multiplied by 100%.
- (3) Total indebtedness are equal to the sum of short-term indebtedness and long-term indebtedness. See "Capitalization and Indebtedness."
- (4) Current ratio is calculated as total current assets divided by total current liabilities.
- (5) Financial expense for any period refers to capitalized borrowing costs under cost of sales and finance costs.

RISK FACTORS

You should carefully consider the risks and uncertainties described below and other information contained in this Offering Memorandum before making an investment decision in relation to the Notes. The risks and uncertainties described below may not be the only ones that exist. Additional risks and uncertainties that we are not aware of or that we currently believe are immaterial may also materially and adversely affect our business, prospects, financial condition or results of operations. If any of the possible events described below occur, our business, prospects, financial condition or results of operations could be materially and adversely affected and the market price of the Notes may decline. In such case, we may not be able to satisfy our obligations under the Notes, and you could lose all or part of your investment.

Risks Relating to Our Business

A deterioration in the property market and the construction industry in China and adverse changes in national or local policies relating to these industries may adversely affect the demand for our products and services.

We primarily engage in the property development and building construction businesses in China. Demand for our products and services is heavily affected by the performance of the property market and the construction industry in China. The real estate industry and the construction industry in China are cyclical in nature, directly correlate with the macroeconomic environment, fixed asset investment levels and degree of urbanization in China and are sensitive to economic fluctuations and market uncertainty, and are vulnerable to tightening regulation by the PRC government. Future changes in the macroeconomic environment, fixed asset investment levels and degree of urbanization in China are affected by many factors beyond our foreseeability or control. In recent years, China's economic growth is slowing down and it is difficult for us to predict how this slowdown will affect the performance of various industries in China, including the real estate and construction industries, as well as the business performance of the companies operating in those industries. Moreover, demand for our services in Jiangsu Province, Zhejiang Province and Shandong Province, among other provinces and cities in China, may decrease if the local economy experiences a significant downturn. Our ongoing projects, in which we have invested significant resources and capital, may be put on hold or suspended if economic conditions deteriorate, and we may be unable to collect payments and recover our costs. See “*Risks Relating to the PRC – China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.*”

Our business is susceptible to adverse changes in national or local policies relating to the PRC real estate industry and construction industry, including those that control the supply of land for property development, project financing and taxation. In recent years, the PRC government implemented a large number of regulations and policies to cool the real estate market and the inflation of property prices, such as limitation on the purchase of property outside the province of registered residence, restrictions on real estate loans and higher interest rates for second-hand property transactions, among others. More recently, due to a significant increase in property prices starting in early 2016, PRC government has implemented measures to suppress the level of increase in property prices, such as tightening mortgage restrictions on second home purchases, in many cities in China, including Shanghai and Jiangsu Province where we have substantial operations. We believe that these policies will have the effect of controlling and discouraging the investments in and development of real estate projects, and will in turn decrease the number of construction projects. There can be no assurance that the PRC government will not adopt additional industry-related policies or actions that tighten the control of the real estate industry in China in the future. The release of any such policies or implementation of any such actions may have a material adverse effect on our business, financial condition and results of operations.

Our failure to obtain or renew the necessary approvals, licenses and permits for our businesses could materially and adversely affect our business, prospects, financial condition and results of operations.

We and a substantial majority of our operating subsidiaries are incorporated in and carry out their business activities in China. According to the applicable PRC laws, a company is required to obtain a business license and must carry out activities within the stated business scope on such business license. Governmental approvals, licenses, registrations or filings may also be required for any expansion of the stated business scope. If in the course of our expansion, the Company or any of our subsidiaries is required to expand its operation beyond the stated business scope on the respective business license, such entity may need to obtain the additional governmental approvals and licenses or amend its registration or filings. We may fail to obtain these permissions or register or file in a timely manner, or at all, which could subject us to fines and penalties and substantially inhibit our ability to operate our business.

Some of our subsidiaries are required, under applicable laws and regulations, to seek additional governmental licenses, permits, authorizations, concessions and other approvals in connection with the particular type of their business activities. For example, our building construction business is within a highly regulated industry. The relevant operating entities are required to obtain, maintain and renew a number of licenses, qualifications and permits, such as housing construction EPC qualification and building construction engineering qualification. Obtaining the necessary governmental permits can be a particularly complex and time-consuming process and may involve costly undertakings. Further, our business and construction projects are subject to regular inspections, examinations, inquiries and audits, as well as periodic and spot inspections by the relevant government authorities to maintain or renew such licenses, certificates and permits. There can be no assurance that we will be able to obtain, maintain or renew the requisite licenses, certificates and permits, or comply with any new licensing requirements if new laws or regulations are promulgated or existing laws or regulations are amended, which may subject us to penalties, limitations or costs as a result and, in turn, have a material adverse effect on our business, financial condition and results of operations.

Our business operations are capital intensive and any failure to obtain sufficient capital resources on acceptable terms or in a timely manner may adversely affect our business and prospects.

Our business requires substantial capital resources. Maintaining our competitiveness and implementing our growth strategies both require us to obtain sufficient funds to purchase quality raw materials, replenish our working capital and pursue strategic alliance or acquisitions. We finance our operations primarily through cash generated from operating activities and interest-bearing bank and other borrowings and funds raised from the capital markets such as the listing of our shares on the SSE and issuances of corporate bonds. We believe that we will continue to require substantial capital resources to support our business operations and expansion.

Our ability to generate sufficient operating cash flow is affected by a number of factors, such as the payment schedules agreed between our customers and us, our ability to execute our projects in an efficient manner, timely payment of contracting fees by our customers, and changes in the general market conditions and regulatory environment, and many of these factors are out of our control. Any adverse change in any of these factors may create capital shortfall. In addition, as is consistent with industry practice, we are often required to commit significant resources to the projects of our customers prior to receiving the majority of the contract sum from such customers. We cannot assure you that our operating activities are able to generate sufficient cash to satisfy our cash need at all times. An extended delay in payment from any major customer, particularly in large-scale construction projects, or failure to collect our performance guarantees or retention fees, may have a material adverse effect on our cash flow and working capital.

Our ability to obtain adequate financing for land acquisition and property development on terms acceptable is also dependent on a number of factors that are beyond our control, such as general economic conditions, our financial strength and performance, credit availability from financial

institutions, cost of borrowing, as well as monetary policies in China and PRC regulations relating to the property sector. We cannot assure you that the PRC government will not limit our access to capital, our flexibility and ability to use bank loans or other forms of financing to finance our property development. In November 2009, the PRC government raised the minimum down-payment of land premium to 50%. In March 2010, the PRC government further tightened this requirement by setting the minimum land premium at no less than 70% of the prevailing price at the locality of the land parcel granted, and the bidding deposit at not less than 20% of such minimum land premium. Currently, the PRC government requires that a land grant contract must be entered into within 10 working days after the closing of the land grant, and the down-payment of 50% of the land premium must be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of the land grant contract. Such change in policy may constrain our cash otherwise available for additional land acquisition and construction. The PRC government could also introduce other initiatives restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties, prohibiting commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans, and forbidding property developers from using borrowings obtained from any local banks to fund property developments outside that local region. In addition, in April 2010, the State Council of the PRC (中華人民共和國國務院) (the “**State Council**”), issued the Notice on Resolutely Curbing the Excessive Hike of Property Prices in Some Cities (國務院關於堅決遏制部分城市房價過快上漲的通知), which mandates that developers who hold idle land or speculate in land will not be granted bank loans for the development of new property projects. In September 2010, People’s Bank of China (中國人民銀行) or the central bank of China (“**PBOC**”), and China Banking Regulatory Commission (中國銀行業監督管理委員會) (“**CBRC**”), the predecessor of China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) jointly issued a notice to prohibit banks from lending to any property developer for its new projects or renewal of its existing loans if such developer has a track record of maintaining idle land, changing the use and nature of land without proper approval, delaying the construction commencement or completion date, hoarding properties or other non-compliance. We cannot assure you that we will be able to secure adequate financing to fund our land acquisitions (including any unpaid land premium for past acquisitions), to finance our project construction or to renew our existing credit facilities prior to their expiration. If we are unable to secure adequate financing, or if the PRC government adopts further restrictive credit policies in the future, this may materially and adversely affect our business, financial condition and results of operations. With an aim to introduce a long-term mechanism for regulation of the real estate market in China, the MOHURD and the PBOC promulgated a number of guidance and policies on capital funding and financing of real estate industry and property developers in 2020 and early 2021, commonly known as the “three red lines”. The “three red lines” policy requires real estate enterprises to meet certain financial threshold, including (i) a debt-to-asset ratio of no greater than 70% after exclusion of the deposits received; (ii) a net debt ratio of no greater than 100%; and (iii) a cash to short-term debt ratio of no less than one. The “three red lines” policy is not an official regulation promulgated by the MOHURD and PBOC, and we have not received any notice from relevant authorities that requires us to follow the foregoing rules. It is still uncertain how the “three red lines” policy may apply to us. As of December 31, 2020, we met the net debt ratio and cash to short-term debt ratio requirements under the “three red lines” policy. There can be no assurance that we will adapt our operations and financing to the “three red lines” policy at reasonable cost. The implementation of such policy may limit our debt financings or cause us to incur additional financing costs, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

Our significant indebtedness could limit the working capital required for our business operations and expose us to additional risks.

We fund the working capital requirement for our business operations and capital expenditure partially with bank borrowings and proceeds from bond issuances in China and we have maintained a relatively high level of indebtedness. As of December 31, 2020, our total indebtedness (comprising short-term loans, non-current liabilities due within one year, long-term loans and bonds payable) was RMB79,901.1 million (US\$12,245.4 million), of which RMB23,370.4 million (US\$3,581.7 million) was

short-term indebtedness. See “*Capitalization and Indebtedness*”. There can be no assurance that we will be able to renew existing borrowings upon expiry, or secure new borrowings from banks or other financial institutions, whether on commercially acceptable terms or not. If the banks and other financial institutions providing existing borrowings do not continue to extend similar or more favorable facilities to us and we fail to obtain alternative borrowings on comparable terms or at all, our business, financial condition and results of operations will be materially and adversely affected.

Substantial indebtedness could affect our business in a number of ways: (i) requiring a substantial portion of our cash flows from operations to be used for servicing our debt, thereby reducing the cash flow for working capital, capital expenditures or other general corporate uses; (ii) increasing our exposure to interest rate fluctuations; (iii) limiting our ability to obtain, and increasing the cost of, additional financing to fund future working capital, capital expenditures or general corporate uses; and (iv) limiting (to the extent our loan agreements contain such covenants) our ability to pay dividends, sell assets and make intergroup transfers, which may limit our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate. For example, certain of our onshore and offshore debt securities grant put options to the relevant holders, in particular, repurchase right to be exercised at the option of the holders on or after a certain date prior to maturity. For instance, pursuant to the indenture of the 2019 Notes dated June 18, 2019, holders of the 2019 Notes have the right, at their option, to require us to repurchase for cash all of their 2019 Notes on June 18, 2021 (the “**Put Date**”) at the repurchase price equal to 102% of the principal amount of the 2019 Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the Put Date. To exercise the repurchase right on the Put Date, a holder of the 2019 Notes must deliver a written repurchase notice to the trustee and the paying agent of the 2019 Notes within the prescribed period. On the Put Date, we shall repurchase the 2019 Notes from such holders who have validly exercised their repurchase right. Such debt repurchase or similar early redemption might adversely affect our liquidity position and cash flow.

The availability of bank and other borrowings is subject to various factors beyond our control, including prevailing capital market conditions, credit availability and interest rates. The global financial economic crisis starting from the second half of 2008 has cast doubt on the sustainability of global economic growth and has had an overall adverse impact on business sentiments and environment, leading to the tightening of credit markets, a low level of liquidity in many financial markets and an increase in volatility in credit and equity markets. This resulted in the tightening of credit policies by many financial institutions, which reduced the amount of funding available to borrowers. If market conditions worsen, the availability, terms and cost of bank and other borrowings may be adversely affected, which would disrupt our ability to renew existing bank and other borrowings or obtain new bank and other borrowings for our operations. Such impact may materially and adversely affect our business, financial condition and results of operations.

As of December 31, 2020, we had outstanding related party guarantee, where we acted as a guarantor under relevant financing agreements, in a total amount of RMB21,763.9 million (US\$3,335.5 million). In addition, on April 7, 2021, the Issuer issued the 2021 April Notes in an aggregate principal amount of US\$250.0 million, which are unconditionally and irrevocably guaranteed by us. If any of the guaranteed companies defaults on its borrowings guaranteed by us, the lender may exercise its rights under the guarantee to demand repayment from us. If we were to perform our repayment obligations as guarantors in the future, our business, financial condition and results of operations may be materially and adversely affected.

Restrictive covenants contained in credit facilities may limit our ability to incur additional indebtedness and restrict our future operations, and failure to comply with these restrictive covenants may adversely affect our liquidity, financial condition and results of operations.

Certain financing contracts entered into by our subsidiaries contain operational and financial restrictions that prohibit the borrowers from incurring additional indebtedness unless they are able to satisfy certain financial ratios, restrict the borrowers from creating security or granting guarantees or prohibit the borrowers from changing their business and corporate structure and declaring or paying

dividends, without the lenders' prior consent. For instance, some of the loan agreements entered into by us, including the Company, with certain commercial banks restrict it from incurring additional indebtedness, creating security, granting guarantees, or paying dividends to its shareholders. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities we believe to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in our business. Any of these factors could materially and adversely affect our ability to satisfy the obligations under outstanding financial obligations, such as the Notes after issuance.

If we or any of our member companies are unable to comply with the restrictions (including restrictions on future investments) and covenants in the 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 us or our 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 of our financing agreements contain cross-acceleration or cross-default provisions, which give creditors under these financing agreements to require us to immediately repay their loans or declare a default of borrower as a result of the acceleration or default of other financing agreements by any other member companies. If any of these events occur, we cannot assure you that we will be able to obtain the lenders' waiver in a timely manner or that our assets and cash flow would be sufficient to repay in full all of the respective debts as they become due, or that we would be able to find alternative financing. Even if we could obtain alternative financing, there can be no assurance that it would be on terms that are favorable or acceptable to us.

Some of our assets are provided as security to secure our related parties' and our loan facilities. These assets include land use rights, projects under construction, fixed assets and investment properties. For example, the land parcel of a property development project might be mortgaged used to secure a bank loan to financing of the project. Third-party security rights may limit our use of those assets and may adversely affect our operation efficiency. If we are unable to service and repay our debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure our bank loans may be foreclosed, which may adversely affect our business, financial condition and results of operations.

We may not be able to complete our projects on time or at all.

Many of our property development projects and construction projects require substantial capital expenditure during the construction period, and it may take several months or even years to complete. The construction progress of the projects we undertake can be adversely affected by many factors, including:

- changes in market conditions including the credit market;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- changes in government rules and regulations and the related practices and policies;
- increases in the prices of raw materials;
- shortages of materials, equipment, contractors and skilled labor;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes and strikes;
- construction accidents; and

- natural disasters or adverse weather conditions and other unforeseen problems or circumstances.

There can be no assurance that we will not experience any delays in delivery of our property development projects and construction projects in the future. Construction delays or failure to complete the construction of a project according to our planned specifications, schedules or budgets as a result of the above factors may adversely affect our business and financial condition and may also cause reputational damage or expose us to contractual liabilities.

If we fail to manage our inventory level effectively, we could incur more inventory carrying costs or lose sales, either of which could materially and adversely affect our business, financial condition and results of operations.

Our inventories primarily represent the projects (or a portion of a project) that are completed before the relevant bills are issued and the contraction and raw materials used in project construction. We have historically maintained a relatively high level of inventories. As of December 31, 2018, 2019 and 2020, we had inventories of RMB135,002.6 million, RMB165,586.8 million and RMB184,374.9 million (US\$28,256.7 million), respectively, representing 63.7%, 65.6% and 61.5% of our total current assets, respectively. Although we endeavor to closely monitor our level of inventory to minimize our exposure to liquidity risk, we cannot assure you that the measures we have adopted will be effective or we can manage our inventories effectively or at all.

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

We may not always be able to obtain land reserves that are suitable for our future property development.

We generate operating income from our property development business principally from the sale of properties that we have developed. To have a steady stream of developed properties available for sale and continuous growth in the long term, we need to replenish and increase our land reserves that are suitable for development. We acquire land primarily through government-organized auction and the listing-for-sale process, and by acquiring equity interests in project companies that hold land use rights and by participating in the PRC government's redevelopment policies programs. Our ability to identify and acquire suitable development sites is subject to a number of factors, some of which are beyond our control, such as the overall economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. The availability of substantially all of the land in China is controlled by the PRC government. Thus, the PRC government's land policies have a direct impact on our ability to acquire land use rights for development and our costs of acquisition. In recent years, the PRC central and local governments have implemented various measures to regulate the means by which property developers obtain land for property development. The PRC government also controls land supply through zoning, land usage regulations and other means. All these measures further intensify the competition for land in China among property developers.

In March 2010, the PRC Ministry of Land and Resources issued the Circular on Strengthening Real Estate Land Supply and Supervision 《關於加強房地產用地供應和監管有關問題的通知》, under which the minimum price for a given land transfer is required to be equal to at least 70% of the benchmark price for land in the surrounding locality and the bidding deposit for such land transfer is required to be equal to at least 20% of the applicable minimum transfer price. Property developers are also required to pay 50% of the land premium (including any deposits previously paid) as a down-payment within one month of signing a land grant contract and pay the remaining land premium in full within one year from the date of the land grant contract. In addition, in September 2010, the PRC Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部), formerly

known as PRC Ministry of Construction (中華人民共和國建設部)(“**MOHURD**”), issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that the planning and construction conditions and land use standards should be specified when a parcel of land is to be granted, and the restrictions on the area of any parcel of land granted for commodity properties should be strictly implemented. The development and construction of large low-density residential properties should be strictly restricted, and the plot ratio for residential land is required to be more than 1.0. In addition, a property developer and its shareholders will be prohibited from participating in any bidding to acquire additional land until any illegal behavior in which it has engaged, such as leaving its land idle for more than one year, has been completely rectified.

On June 1, 2012, the Ministry of Land and Resources promulgated the revised Measures on the Disposal of Idle Land (閒置土地處置辦法), which provide that, if any land parcel constitutes “idle land” due to government-related action, the holder of the relevant land use rights is required to explain to the relevant municipality or county-level land administrative department(s) the reasons for the land becoming idle, consult the relevant governmental authorities and rectify the situation accordingly. The means of rectification include the extension of the period permitted for commencing development, the adjustment of the land use and planning conditions, and the substitution of the relevant idle land parcels with other land parcels.

On November 5, 2012, the Ministry of Land and Resources, the PRC Ministry of Finance, the PBOC and the CBRC jointly promulgated the Notice on Strengthening Land Reserves and Financing Administration (關於加強土地儲備與融資管理的通知) in order to strengthen land bank administration, determine the reasonable scale and structure of land bank, strengthen the administration of land predevelopment, reservation and protection, and regulate the financing of land reservation and the use of land reservation funds.

On February 2, 2016, the Ministry of Land and Resources, the Ministry of Finance of the PRC (中華人民共和國財政部)(“**MOF**”), the PBOC and the CBRC jointly promulgated the Circular on Issues Concerning the Standardization of Land Reserve and Fund Management (關於規範土地儲備和資金管理等相關問題的通知) in order to further standardize land reserve behaviors and adjust financing methods for land reservation.

On April 1, 2017, the Ministry of Land and Resources and the Ministry of Housing and Urban-Rural Development jointly promulgated the Circular on Recently Tightening the Management and Control over Residential Properties and Land Supply (關於加強近期住房及用地供應管理調控有關工作的通知), which stipulated, among other things, (i) the scale, structure and time sequence of housing land supply will be adjusted in due time according to the commercial housing inventory cycle, and the supply of land (a) with the inventory cycle of more than 36 months shall be suspended, (b) with the inventory cycle of 18 to 36 months shall be reduced, (c) with the inventory cycle of six to 12 months shall be increased, and (d) with the inventory cycle of less than six months shall be increased and accelerated; (ii) the local authority will build a fund inspection system to ensure that the real estate developers use own legal funds to acquire land use right; and (iii) the local bidding system of the land use right shall be determined in a flexible manner, according to the local actual status and specific conditions of land.

The implementation of these regulations may increase land transfer prices and require property developers to maintain a higher level of working capital. If we fail to acquire sufficient land reserves suitable for development in a timely manner and at acceptable prices, our prospects and competitive position may be adversely affected and our business strategies, growth potential and performance may be materially and adversely affected.

We may forfeit land to the PRC government if we fail to comply with the terms of the land grant contracts.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, demolition and resettlement costs and other fees, specified usage of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty and/or liquidated damages, and/or order us to forfeit the land. Under the current PRC laws and regulations, if we fail to pay any outstanding land premium by the stipulated deadline, we may be subject to a late payment penalty calculated on a per-day basis. Currently, the PRC government requires that a land grant contract must be entered into within 10 working days after the closing of the land grant, and the down-payment of 50% of the land premium must be paid within one month of signing the land grant contract, with the remaining to be paid in full within one year of the date of land grant contract. Such policies may materially and adversely affect our ability to make timely payment of land premiums.

In addition, if we fail to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land authorities, the relevant PRC land bureau may serve a warning notice on us and impose idle land fees up to 20% of the land premium unless such failure is caused by a government action or a force majeure event. The Notice on Promoting Economization of Land Use (關於促進節約集約用地的通知) issued by the State Council in January 2008 further confirmed the idle land fee at 20% of the land premium. If we fail to commence such development for more than two years, the land is subject to forfeiture to the PRC government unless the delay in development is caused by government actions or force majeure. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25% of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. Furthermore, the Ministry of Land and Resources issued a 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) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the Ministry of Land and Resources and the MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any illegal behavior in which it engages, such as (1) having land idle for more than one year due to its own reasons; (2) illegal transfer of land use rights; (3) noncompliance with the land development requirements specified in a land grant contract; and (4) crimes such as taking land by forging official documents and illegal land speculation, has been completely rectified.

We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are required to pay substantial idle land fees, our results of operations and our reputation may be adversely affected. If we forfeit land, we will not only lose the opportunity to develop the property projects on such land, but may also lose all our investments in the land, including land premiums paid and development costs incurred.

We are exposed to pre-sale related contractual and legal risks and changes in pre-sale related regulations may adversely affect our financial performance.

We make certain undertakings in our pre-sale contracts. These pre-sale contracts and PRC laws and regulations provide for remedies with respect to any breach of such undertakings. For example, if we pre-sell a property project and we fail to complete that property project, we will be liable to the purchasers for their losses. Should we fail to complete a pre-sold property project on time, our purchasers may seek compensation for late delivery pursuant to either their contracts with us or PRC laws and regulations. If our delay extends beyond a specified period, our purchasers may terminate the

pre-sale contracts and claim compensation. We cannot assure you that we will not experience delays in completion and delivery of our projects, which may have a material adverse effect on our business, financial condition and results of operations.

Under current PRC laws and regulations, property developers must fulfil certain conditions before they can commence pre-sale of the relevant properties and may only use pre-sale proceeds to finance the development of such properties. In August 2005, PBOC in a report entitled “2004 Real Estate Financing Report” recommended to discontinue the practice of pre-selling unfinished properties because such practices, in PBOC’s opinion, create significant market risks and generate transactional irregularities. In July 2007, an economic research group under the NDRC recommended the abolishment of the pre-sale system. These recommendations have not been adopted by any PRC governmental authority and have no mandatory effect. In April 2010, MOHURD issued the Notice on Further Strengthening the Supervision of Real Estate Market and Improving the Pre-Sale System of Commodity Housing (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). The notice urges local governments to enact regulations on the sale of completed residential properties in light of local conditions and encourages property developers to sell residential properties only when they are completed. Recently, certain developers have commenced the practice of trial sale of completed residential properties. We cannot assure you that the PRC governmental authority will not ban the practice of pre-selling residential properties prior to completion or implement further restrictions on the pre-sale of such properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Proceeds from the pre-sale of our properties are an important source of financing for our property developments. Consequently, any restriction on our ability to pre-sell our properties, including any increase in the amount of up-front expenditure we must incur prior to obtaining the pre-sale permit, would extend the time period required for recovery of our capital outlay and would require that we seek alternative means to finance the various stages of our property developments. This, in turn, could have an adverse effect on our business, cash flow, results of operations and financial condition.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available.

Substantially all of the purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing and affect the affordability of residential properties. In addition, the PRC government and commercial banks may increase the down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive or less available or less attractive to potential property purchasers.

Over the years, the PRC government has promulgated a range of laws, regulations and government policies regarding mortgage financing as a means to regulate the PRC property market. While the intent of these has generally been to reduce perceived speculation in the property market, during the global financial crisis the PRC government implemented a number of measures designed to stimulate the economy, including lowering the down payment requirements for purchasing residential properties and PBOC benchmark bank lending rates. However, since the fourth quarter of 2009, the PRC government has again enacted policies intended to restrain property purchases for investment or speculation purposes and to keep property prices from rising too quickly. Measures include requiring and adjusting the minimum down payment for the acquisition of residential properties, requiring and adjusting the minimum mortgage loan interest rate for purchases of residential properties, requiring commercial banks to suspend mortgage loans to customers for purchase of multiple residential properties.

For commercial property buyers, PRC banks are not allowed to finance the purchase of any presold properties. The minimum down-payment for commercial property buyers has been increased to 50% of the purchase price, with minimum mortgage loan interest rates at 110% of the relevant PBOC benchmark one-year bank lending interest rate and maximum maturities of no more than 10 years. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the individual borrower’s monthly income or if the total

debt service of the individual borrower would exceed 55% of such individual's monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property market in general. Since September 2016, certain local governments including without limitation Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Suzhou, Zhengzhou, Wuxi, Hefei, Wuhan, Nanjing, Fuzhou, Foshan, Dongguan, Huizhou and Hangzhou have issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. Our business, financial condition and results of operations may therefore be adversely affected. Property purchasers in the PRC have been and will continue to be affected by these regulations and their amendments as may be made thereto from time to time.

We cannot assure you that the PRC government will not further increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. Nor can we assure you that such regulatory changes would not adversely affect our business, financial condition and results of operations.

In addition, in line with industry practice, we provide guarantees to banks for mortgages they offer to our purchasers up until the relevant property and the individual property ownership certificates with respect to the relevant properties are issued to our purchasers and the mortgage registrations for the relevant properties have been completed. If there are changes in laws, regulations, policies and practices that would prohibit property developers from providing guarantees to banks in respect of mortgages offered to property purchasers and the banks would not accept any alternative guarantees by third parties, or if no third party is available or willing in the market to provide such guarantees, it may become more difficult for property purchasers to obtain mortgages from banks and other financial institutions during sales and pre-sales of our properties. Such difficulties in financing could result in a substantially lower rate of sale and pre-sale of our properties, which would materially and adversely affect our cash flow, financial condition and results of operations.

We guarantee mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans.

As we pre-sell properties before their actual completion of construction, in accordance with industry practice, banks require us to guarantee our customers' mortgage loans. Typically, we guarantee mortgage loans taken out by our customers up until we complete the relevant properties and the property ownership certificates and certificates are delivered to the mortgagee banks. If a purchaser defaults on a mortgage loan, we may have to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers whose mortgage loans we guarantee but rely on the evaluation of such customers by the mortgagee banks.

As of December 31, 2018, 2019 and 2020, our outstanding guarantees in respect of our customers' mortgage loans amounted to RMB40,983.4 million, RMB51,629.5 million and RMB59,023.3 million (US\$9,045.7 million), respectively. Should substantial defaults occur and if we are called upon to honor our guarantees, our financial condition and results of operations could be materially and adversely affected.

PPP projects typically require significant cash outlays and feature long payback periods and we may require substantial funding for these projects.

In recent years, the PRC government has encouraged the development of the PPP model whereby private enterprises partner with local government in the financing, construction, operation and maintenance of infrastructure projects and other public works. We conduct part of our public facilities construction projects through PPP model. As of December 31, 2020, we had entered into contracts for 24 PPP projects with an aggregate contract value of approximately RMB34.9 billion (US\$5.3 billion).

For PPP project, we undertake, or jointly undertake with the government, the financing, construction, operation and maintenance of the project. As a result, if we are not able to accurately project the revenue to be derived from the use of the constructed facility at the bidding stage or are exposed to prolonged fluctuating economic conditions, our PPP projects may not be as profitable as anticipated. In addition, PPP projects typically require us to make significant initial investment using our own cash and external financing during the construction phase. Such investment features a long payback period, usually from 11 to 25 years. Due to the capital intensive and long-term nature of PPP projects, there can be no assurance that we will be able to secure adequate funding on terms that are acceptable to us or at all or that these projects will achieve their initial expected returns. Our ability to arrange for external financing and the cost of such financing are dependent on various factors, including general economic conditions, interest rates and credit availability from PRC banks. If we fail to obtain short-term or long-term project financing for such projects in the amount budgeted or at all, it may need to finance these projects from our internal resources, which may put a strain on our resources for developing or acquiring other projects and for other corporate purposes. Additionally, we may fail to properly perform our obligations in respect of these projects as a result of a funding shortage, and this may lead to a reduction in our returns and to the loss of part of our initial capital investment. This may also have a material adverse effect on our business, financial condition and results of operations.

Our operating results may be significantly affected by changes in the prices and availability of raw materials.

The principal raw materials of our construction projects are steel, concrete and cement. Our cost of raw materials represent a significant portion of the operating cost of our building construction business. For the years ended December 31, 2018, 2019 and 2020, our raw material costs amounted to RMB4,716.8 million, RMB8,473.9 million and RMB9,296.3 million (US\$1,424.7 million), accounted for 14.6%, 14.2% and 14.3% of our operating costs, respectively. Significant fluctuations in the market prices and the availability of these raw material will have a material impact to our operating cost and operating profit.

Raw materials prices depend on a variety of factors beyond our control, including the global and PRC economy and related government policies. There can be no assurance that the prices of our raw materials will not rise from current levels and that our operating cost will not increase. We undertake projects from the project owners mainly by way of contracting for labor and materials. To mitigate the price fluctuation risk of raw materials, we generally enter into contracts with risk allocation terms with the relevant project owners. Such risk allocation of raw materials price fluctuation normally provides that the benefit or loss caused by a price fluctuation less than 5% of the agreed price of the raw materials will bear by us and the project owner will bear the additional benefit or loss for a price fluctuation larger than 5% of the agreed price. If we are unable to purchase any of our raw materials on terms acceptable to us or if we are not able to pass on such price increases to our customers, our operating profit may decrease and our results of operations may be materially and adversely affected. Furthermore, price fluctuations in raw materials for construction industry will also affect the operating cost and profitability of downstream industries, including property development industry in which we operate.

Further, we procured our principal raw materials from a list of qualified suppliers, substantially all of whom were domestic companies in 2018, 2019 and 2020. In the event of an overall increase in market demand for such materials, there can be no assurance that we will be able to obtain our principal raw materials from our qualified suppliers in the necessary amount and in a timely manner. If the supplies are disrupted, or if one or more of our current suppliers are unable to meet our requirements for any reason, we may incur substantial costs and delays in our operations. Although alternate suppliers for the raw materials might be readily available, any unanticipated supply interruptions may have an adverse effect on our business and results of operations.

Moreover, any disruptions in our suppliers' transportation network or significant increase in their shipping costs could cause delays in delivery of our raw materials and equipment and machinery in a timely manner and result in increased costs. In such an event, we may be subject to damages or required to find alternative suppliers, which may result in a significant increase in our costs, and materially and adversely affect our business and results of operations.

An increase in labor costs will increase our operating costs and may have an adverse impact on our operating profit.

We have observed an overall tightening of the labor market and increased salaries. Failure to obtain stable and dedicated labor support may disrupt our business and adversely affect our operations. Furthermore, salary and wage costs have increased in China in recent years and may continue to increase in the near future. To remain competitive, we may need to increase the salaries of our employees to attract and retain them. For the years ended December 31, 2018, 2019 and 2020, our direct labor costs amounted to RMB2,222.5 million, RMB2,290.1 million and RMB3,770.5 million (US\$577.9 million), accounted for 6.9%, 5.0% and 5.8% of our operating costs, respectively. Future increases in labor costs will increase our labor expenses and our financial position and results of operations may be adversely affected.

We may fail to collect our receivables which may harm our liquidity and our business activities.

As is consistent with market practice, we grant certain credit terms to our customers for payment of contracting fees, which may vary from one customer to another. As of December 31, 2018, 2019 and 2020, our accounts receivable, which mainly represents the outstanding contracting fees payable by our customers, amounted to RMB8,564.6 million, RMB11,732.4 million and RMB7,110.3 million (US\$1,089.7 million), respectively, representing 4.0%, 4.6% and 2.4% of our total current assets, respectively. We also have a significant amount of other receivables. As of December 31, 2018, 2019 and 2020, our other receivables amounted to RMB28,555.6 million, RMB29,842.9 million and RMB33,767.6 million (US\$5,175.1 million), respectively, representing 13.5%, 11.8% and 11.3% of our total current assets, respectively. Our other receivables primarily represent receivables from other related parties and cooperating parties and various guarantee deposits and security deposits. As of December 31, 2020, the total amount of the top five largest other receivables was RMB5,104.0 million (US\$782.2 million), representing 14.8% of our other receivables. Provisions for bad debts of other receivables made by us were RMB674.2 million (US\$103.3 million) as of the same date.

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

Our operations are exposed to inherent operational risks and occupational hazards, which could cause us to incur substantial costs, damage to reputation and loss of future business.

Construction sites are potentially dangerous workplaces and our construction projects routinely place our employees and others in close proximity with heavy duty construction machinery and equipment, moving motor vehicles, highly regulated and volatile materials, and chemical processes. Over the years, we have implemented and enforced a complete set of safety policies and standardized construction methods and technologies and consistently purchased accident and casualty insurance for our construction workers. Despite the foregoing, we are still subject to risks surrounding these activities, such as equipment failure, industrial accidents, geological catastrophes, fire and explosions. We have experienced workplace accidents in the past, some of which have caused personal injury or fatalities, as well as damage to or destruction of property and equipment. For example, in October 2020, our wholly-owned subsidiary, Jiangsu Zhongnan Construction Industry Group Co., Ltd. (江蘇中南建築產業集團有

限責任公司), was sanctioned by relevant PRC regulatory authority due to the occurrence of a safety accident on its construction site in December 2019. The accident was caused by breach of relevant production safety regulations and the relevant PRC regulatory authority imposed a fine of RMB500,000 on Jiangsu Zhongnan Construction Industry Group Co., Ltd. The fine was settled in December 2020. There can be no assurance, however, that material workplace accidents will not occur in the future despite our safety policies and measures. Even if such accidents were not caused by our fault or negligence, such accidents may still cause us to incur substantial costs and damage to our reputation. Damage to our reputation as a result of workplace accidents, whether or not our fault, may cause us to lose future business, which may materially and adversely affect our business and results of operations.

We have limited control over the quality, availability and performance of our construction subcontractors.

As with the industry practice, we, as the general contractor, engage subcontractors from time to time to provide certain construction services, especially highly-specialized services. We conduct regular quality inspections of our subcontractors' work. However, we cannot guarantee the performance of our construction subcontractors and the quality of the construction subcontractors' work as we may not be able to monitor the operations of our subcontractors as directly and efficiently as we do with our own operations. Further, in cases where our customers recommend construction subcontractors to us, we may not have full knowledge of the construction subcontractors' financial condition, capability, work quality or historical performance despite our in-depth research prior to their engagement. In the event that a construction subcontractor fails to meet our quality standards or breaches our subcontracting agreement, and if we are unable to hire alternative construction subcontractors in a timely manner or on favorable terms, or at all, our operations may be delayed, which could harm our reputation and adversely affect our business, financial condition and results of operations. Moreover, we may be subject to additional costs if we are required to hire alternative construction subcontractors, which would lower the efficiency and profitability of our operations.

In addition, we may be required to bear the liability arising from any defects of our construction subcontractors' work and thus may be subject to claims arising from any such defective work. We may attempt to seek indemnity from the relevant construction subcontractors in the event such a liability claim is brought against us in respect of our construction subcontractors' work, but we may be required to compensate our customers before we are able to recover such amount from the construction subcontractors. In the event that we are unable to seek indemnity from our construction subcontractors or we are uncompensated for a protracted period of time, we may be required to bear significant financial burdens, in which case our business, financial condition and results of operations could be materially and adversely affected.

Our financial condition and results of operations may be affected by material fluctuations of interest rates.

We have substantial bank loans outstanding. In the event that a substantial part of our bank loans bear interest rates linked to the benchmark lending rates published by PBOC, a material fluctuation in the benchmark lending rates may have a material impact on our interest expenses and payables under our bank loans and in turn negatively affect our financing costs and results of operations. PBOC from time to time adjusts interest rates as implementation of its economic and monetary policies. Since the outbreak of the global financial crisis in 2008, PBOC started to lower the benchmark lending rates with an aim to encourage lending, increase liquidity in the market and promote the recovery of China's economy. Since 2008, PBOC decreased the benchmark one-year lending rate five times, from 7.47% to 5.31% in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56% as of July 7, 2011 and onwards. In recent years, a perceivable slowdown in the growth of the economy of the PRC again caused the PRC government to adopt more liberal monetary policies with the aim to stimulate the PRC's economic development. Since 2012, PBOC for a number of times reduced the benchmark one-year lending rate to 4.35% as of October 24, 2015 and onwards.

For the years ended December 31, 2018, 2019 and 2020, our interest expenses incurred were RMB4,864.0 million, RMB6,587.1 million and RMB6,901.9 million (US\$1,057.8 million), respectively. Although our financial condition and results of operations may benefit from a low-interest environment, there can be no assurance that a low-interest environment will continue. Any increase in the benchmark lending rate by PBOC in the future may increase our financing costs and adversely affect our profitability, financial condition and results of operations.

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

Some of our contracts are fixed-price, which we estimate based on a cost analysis before we enter into contracts with our customers. The lengthy bidding, contract negotiation and construction process of our construction projects limit our ability to accurately predict costs at the outset. The contract terms therefore expose us to cost overruns as a result of factors beyond our control, including variations in labor and equipment productivity, price fluctuations of raw materials and unforeseen project conditions. The occurrence of any of such factors may result in inaccurate cost estimates, lower profits or even a loss despite any buffers we may have built into the contract value to safeguard against cost increases. Some of our contracts may have a price adjustment clause, allowing us to adjust the contract value for additional costs incurred due to a significant increase in our costs as a result of certain circumstances. In such cases, we are typically required to cover a portion of the increased costs. If our estimated costs are lower than our actual costs, or if the price adjustment does not cover our increased costs, our business, financial condition and results of operations may be materially and adversely affected.

From time to time, we may need to perform additional work or adjust the scope of work under our contracts. For example, we may be required to change our work scope when our customers changes their blueprint design. If we are unable to recover the additional costs arising from change in work scope caused by our customers, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to manage our growth or implement our strategies successfully, our business and prospects may be materially and adversely affected.

We had recorded 99.9% and 69.1% increases in our operating profit on a year-on-year basis in 2019 and 2020, respectively. Our ability to continue to increase our operating profit or to maintain our profit growth depends on our effective management of the resulting risks by, among others:

- improving our operational, financial and management systems;
- developing skills of our management team;
- training, motivating, managing and retaining our employees;
- maintaining adequate facilities and equipment;
- enhancing our risk monitoring to assess the financial condition and business potential of new and existing customers;
- managing our liquidity position while committing substantial resources to market expansion, business development, and service and product development efforts;
- managing the increased complexity and costs associated with expanded operations, which may divert our resources and require substantial capital commitment; and
- selectively diversifying our customer base to improve our working capital management.

There can be no assurance that our systems, procedures, controls, personnel and expertise will be adequate to support our future growth. Failure to achieve any of the foregoing, or manage the risks and uncertainties created by measures to achieve the foregoing, could materially and adversely affect our business, prospects, financial condition, results of operations.

Our anticipated expansion will place a significant strain on our management, systems and resources. Our development and expansion strategies will require substantial managerial efforts and skills and the incurrence of additional expenditures and may expose us to new or increased risks. We may not be efficient or effective in executing our growth strategies or managing the growth of our operations, and may encounter unanticipated market and business risks and suffer financial loss. Any failure to do so may have a material adverse impact on our business and prospects.

We may have difficulty expanding our business into new provinces and regions in China and new overseas markets.

A majority of our property development and construction projects were located in Jiangsu Province, Zhejiang Province and Shandong Province as of December 31, 2020. In addition to growing our market share in these regions, we have been expanding and plan to continue to expand our operations in the neighboring provinces, among other provinces and regions in China. As of December 31, 2020, we have undertaken multiple overseas projects in ten countries and the contract amount for our overseas projects reached approximately RMB2,456.1 million (US\$376.4 million). There can be no assurance that we will be successful in leveraging our experience in our existing markets to expand in other provinces, regions and overseas markets, as the economic development, regulatory environment, business practices and customs and customer preferences may differ. We may also fail to accurately assess the risks involved in engaging in business operations in such provinces, regions and overseas markets given our limited operational experience in those areas. In addition, we may be competing against regional, national and international competitors in these provinces, regions and overseas markets that are more familiar with the local customs and practices, or have stronger relationships with local customers. Further, local government authorities may be protective of local construction solutions businesses, limiting the number of projects we may be awarded or our ability to obtain the requisite licenses, certificates and permits to do business in the local construction industry. Even if we are awarded projects, the higher costs associated with engaging local labor force, and transporting our equipment and machinery to, or leasing equipment and machinery from local suppliers in, regions domestically and internationally may significantly affect our profitability on such projects. If we fail to expand into other provinces, regions or overseas markets, or fail to expand profitably or in a manner favorable to us, our business, growth and prospects may be materially and adversely affected.

Our overseas operations may be affected by the economic and political uncertainties in the relevant overseas markets.

We have operations in overseas countries and regions, including less developed areas such as Algeria and Niger. In 2018, 2019 and 2020, 0.7%, 0.2% and 1.5%, respectively, of our total operating income was generated from our overseas operations. Our business is therefore subject to changing international economic and political conditions, and local conditions, including certain regions where political and economic conditions are often subject to instability. We expect that a significant amount of our operating income and profits will continue to be derived from our overseas projects in the foreseeable future. As a result of our overseas operations, we are exposed to various risks associated with conducting business in foreign countries and regions that include, among other factors:

- political risks, including risks of loss due to civil unrest, acts of terrorism, acts of war, other armed conflict, regional and global political or military tensions and strained or altered foreign relations;
- abrupt changes in foreign government regulations or policies;
- expropriation and nationalization of our assets in foreign countries;

- natural disasters;
- inflation;
- currency value fluctuations and conversion restrictions;
- tax increases, confiscatory taxation or other adverse tax policies;
- governmental activities that limit or disrupt markets, restrict payments or limit the movement of funds;
- governmental activities that may result in the deprivation of contract rights;
- governmental activities that may result in the inability to obtain or retain licenses required for operations;
- competition from other international large-scale construction companies;
- adverse labor conditions; and
- lack of a well-developed or independent legal system in the foreign countries in which we have overseas operations, which may create difficulties in the enforcement of contractual rights.

As our overseas operations are susceptible to changes in the overseas countries' respective local economic, political and regulatory environments as well as changes in global economy, a variety of factors, many of which are beyond our control, could significantly affect the profitability and growth of these operations. Any slowdown of the global economy could result in reduced infrastructure development which could in turn affect our overseas operations. In addition, we may be required to deploy management resources and personnel to high-risk areas where our overseas projects are located. As such, we may incur substantial costs to implement safety and security measures to protect our personnel and assets. Such measures may not always be adequate. Our level of exposure to certain risks varies with respect to each project, and is dependent on the particular work stage of each project. Any of the above factors could lead to, amongst others, project disruptions, losses of personnel and assets and other indirect losses, which could harm our international business operations, overall financial condition and profitability.

We are exposed to potential risks associated with participation in government-directed projects.

We enter into certain of our building construction contracts with governmental authorities or government-controlled entities, such as our public facilities construction projects. Changes in government budgets for public facilities projects of related industries or factors such as public expenditures and policy considerations, changes in governmental officials or policy makers or other political factors could result in changes or delays to these projects because most of these projects are funded by the government, government authorities and public organisations.

In addition, disputes with the entities established by or directed by the PRC or other governmental entities could lead to contract termination if the disputes are left unresolved or may take a considerably longer period of time to resolve than disputes with our private sector counterparties, and payments from such entities may be delayed as a result. Such entities may from time to time require the construction methods or equipment to be changed, requiring us to reconfigure our designs or purchase additional machinery and equipment, thereby subjecting us to additional costs. Changes to government budgets and policies relating to our projects could lead to delays in project completion or a withholding of, or delay in, payments to it. Government-controlled entities generally exercise substantial bargaining power in the

performance of their contracts with us. If a local government-controlled entity terminates or fails to renew a contract with us, our backlog may be reduced. The occurrence of any of these risks may have an adverse effect on our business, financial position and results of operations.

As an A-shares listed company in China, we are subject to supervision and regulation by relevant PRC regulatory authorities and stock exchange.

As an A-shares listed company on the SZSE, we are subject to supervision and regulation by relevant PRC regulatory authorities, including the CSRC and its competent local counterparts and the SZSE, in terms of our compliance with applicable securities laws, financial reporting standards and information disclosure obligations, among others. For example, according to A-shares listing rules and securities regulations in China, we are required to publish our quarterly, semi-annual and annual financial information and certain preliminary operating results, which may not be audited or reviewed, to satisfy our continuing disclosure obligations. For protection of investors, we are also required to make public announcements of material information pertaining to our business operations, financial condition, management and other general affairs, such as certain material transactions, related party transactions and certain information with respect to our board of directors, supervisors and senior management. In addition, we also publish voluntary announcements on the SZSE from time to time in accordance with applicable laws and A-shares listing rules. Failure to comply with these securities laws, stock exchange rules, financial reporting standards and disclosure obligations may result in administrative penalties or disciplines on us and/or our directors and senior management and may adversely affect our reputation or increase our operating cost or even expose us to investigation or litigation risks.

In recent years, the SZSE has issued several attention letters and regulatory letters to us, which are publicly available on its website. These attention letters issued by the SZSE generally include the authority's follow-up queries on our announcements and require us to make further clarification or to supplement certain disclosure. Typically, we would then publish our responses to these attention letters and make further clarifications and/or disclosures on the SZSE to satisfy our disclosure obligations. In addition, the regulatory letters issued by the SZSE mainly relate to certain investigation findings by the authority and our non-compliance with certain securities laws and stock exchange rules regarding our disclosure obligations as a listed company. For instance, the SZSE issued us (i) a regulatory letter in March 2018 regarding inappropriate scope of consolidated subsidiaries and presentation of financial information in our annual reports from 2014 to 2016; (ii) a regulatory letter in June 2018 regarding non-compliance with our disclosure obligations to publish earnings forecast in the first quarter of 2018; and (iii) a regulatory letter in May 2020 regarding non-compliance with the internal approval requirements and disclosure obligations for provision of financial support to property development project companies in which we held less than 50% equity interest from 2016 to 2019. The Jiangsu Branch of the CSRC also issued a warning notice to us in August 2018 regarding our late disclosure of a substantial equity transfer transaction related to sale of equity interest it holds in a PRC company. The SZSE also imposed disciplines on us and our directors and senior management in March 2019 regarding the aforementioned disclosure non-compliance and completion of this substantial transaction absence of our shareholders' prior approval. We endeavour to comply with PRC securities laws, stock exchange rules and other applicable laws and regulations as an A-share listed company and we have established internal control procedures and information disclosure policy accordingly. However, considering the extensive regulatory schemes and evolving regulatory developments under PRC securities law and also relevant authorities' strengthening regulation on listed companies in China, we cannot assure you that we will not be subject to any regulatory and disciplinary actions from competent PRC regulatory authorities in the future.

We need to comply with a significant number of laws and regulations in China.

A substantial majority of our project development projects and construction projects we undertake are located in China. Therefore, we need to comply with extensive laws and regulations governing our business and industries in China. These include laws and regulations relating to environmental protection, management and use of hazardous substances and explosives, management of natural

resources, licenses over resources owned by various governments, labor and occupational health and safety standards, bribery and corruption, taxation, antitrust, and historical and cultural preservation. See “*Regulations.*”

The costs and resources associated with compliance with such laws and regulations are substantial. Any changes in the laws and regulations that we are subject to or more stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities or rulings or clearances obtained from such governmental authorities could result in (i) additional expenditure, (ii) imposition of restrictions on or suspensions of our operations and (iii) delays in the development of our expansion plans.

We are subject to extensive laws and regulations at the national and local level, which govern various aspects of our operations. Certain legal uncertainties in, and inconsistent interpretations and enforcement of, current PRC laws and regulations expose us to the risk of non-compliance. If we fail to comply with or are deemed by the regulatory authorities to have violated such laws or regulations, we could be subject to administrative or regulatory fines and penalties, including the suspension or revocation of our licenses, and our operations may be hindered or halted, which could have a material adverse effect on our business, financial condition and results of operations. In addition, in case of non-compliance by us, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety and other impacts of our operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. As the PRC legal system will continue to evolve, changes in the relevant laws and regulations or in their interpretation or enforcement may also make it difficult for us to comply with the laws and regulations and may increase our compliance expenses. See “*Risks Relating to the PRC – Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to us and to you.*”

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

Along with the economic growth in China, investments in the property sectors have increased significantly in the past few years. In response to concerns over the increase in property investments, the PRC government has, since 2004, introduced various policies and measures to curtail property developments, including:

- suspending land supply for villa construction and restricting land supply for high-end residential property construction;
- requiring that at least 70% of the land supply approved by any local government for residential property development during any given year must be used for developing low- to medium-cost and small- to medium-size units for sale or as low-cost rental properties;
- requiring that at least 70% of the total development and construction area of residential projects approved or constructed on or after June 1, 2006 in any administrative jurisdiction must consist of units with a unit floor area of less than 90 sq.m. and that projects which have received project approvals prior to this date but have not obtained construction permits must adjust their planning in order to comply with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals and certain cities may deviate from such ratio under special circumstances upon approval from MOHURD;
- suspending mortgage loans to purchasers for their third residential properties and beyond, and to non-local residents who have not paid local tax or social security for longer than a one-year period;

- for a commercial property buyer, (i) requiring banks not to finance any purchase of pre-sold properties, (ii) increasing the minimum amount of down-payment to 50% of the purchase price of the underlying property, (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark one-year bank lending interest rate and (iv) limiting the terms of such bank borrowings to no more than 10 years, with commercial banks allowed flexibility based on their risk assessment;
- for a buyer of commercial/residential dual-purpose properties, increasing the minimum amount of down-payment to 45% of the purchase price of the underlying property, with the other terms similar to those for commercial properties;
- limiting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- limiting the number of homes that local residents can buy in a specified period; and
- proposing to enlarge the scope of trials in levying property tax.

Although the various control measures are intended to promote more balanced property development in the long term, we cannot assure you that these measures will not adversely affect the development and sales of our properties. Many of the property industry policies carried out by the PRC government are unprecedented and are expected to be amended and revised over time. Other political, economic and social factors may also lead to further adjustments and changes of such policies. The PRC government could adopt additional and more stringent industry policies, regulations and measures in the future, which could further slowdown the property development in China. Our results of operations may be materially affected by these factors. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes disrupt our business, reduce our sales or average selling prices, or cause us to incur additional costs, our business prospects, results of operations and financial condition may be materially and adversely affected.

Compliance with PRC laws and regulations regarding environmental protection may cause us to incur additional construction costs and our failure to comply with any law and regulation may result in financial or legal liabilities.

We are subject to extensive PRC laws and regulations concerning environmental protection which impose fines for violation and authorize government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage. The application of such laws and regulations vary greatly according to a site's location, its environmental condition, present and former use, as well as the circumstances of its adjoining properties. Such variation in application may result in delays in our project completion and may cause us to incur substantial compliance and other costs and severely restrict our project development activities in certain regions or areas.

As required by PRC laws and regulations, each project we construct is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. If we fail to meet such requirements, the local authorities may issue orders to suspend our construction activities and impose a penalty no less than 1% but no more than 5% of the total investment of the construction project. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. In the event of a suspension of construction and/or imposition of a fine as a result of non-compliance, our financial condition may be materially and adversely affected.

In addition, there is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. Moreover, there can be no assurance that more stringent requirements on environmental protection will not be imposed by the relevant PRC governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, financial condition and results of operations.

Our building construction business and property development business are subject to claims under statutorily mandated quality warranties.

Under “Regulations on the Administration of Quality of Construction Works”(建設工程質量管理條例), all property development companies in the PRC are obliged to ensure the quality for the properties they construct or sell. We are required to provide quality warranties to our customers. There are instances that certain of our subsidiaries received claims from our customers about the quality of our properties. We may sometimes receive quality warranties from third-party contractors we hire to construct our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the retention money retained by us is not sufficient to cover our payment obligations under the quality warranties, we could incur significant expenses to resolve such claims or face delays as a result of correcting the related defects, which could in turn harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

In addition, operations at construction sites are intrinsically dangerous, involving the use of industrial machinery and the hoisting of heavy construction materials, typically within confined spaces. Construction operations may also be affected by use of various contractors and adverse weather conditions. Historically, accidents have occurred at certain of our construction sites, which we believe are attributable to inadequate attention to certain safety measures on such sites. While we continue to take steps to improve our construction management, we cannot assure you that similar accidents will not occur again in the future. Should such accidents continue to occur, we may be subjected to legal liability, prolonged negative publicity or official investigation, and we may have to stop working on construction sites for a prolonged period of time while we undertake safety checks, any of which would have a material adverse effect on our business, financial condition and results of operations.

We may be involved in disputes, claims and litigations in our ordinary course of business.

We may be involved in disputes, claims and litigations in the ordinary course of our business with the project owners, our suppliers, subcontractors or other parties from time to time. As of December 31, 2020, we were involved in a total of 814 pending litigations as the relevant defendant and the total amount of subject matter of these litigations were approximately RMB746.1 million (US\$114.3 million). Some of these proceedings relate to contract disputes with our construction contractors over construction quality or fee payment and some of which relate to contract disputes between our construction contractors and their suppliers or subcontractors and we were involved in the litigations as relevant project owners. If we were found liable on such claims, we could be liable for significant monetary damages, as well as be subject to government sanctions, including fines and the loss of operational licenses, approvals and permits. In addition, we may be subject to lengthy and expensive litigation or arbitration proceedings if not resolved through negotiations. Further, we might suffer negative publicity resulting from such claims. If any negative publicity or reputational harm is not effectively remedied or reversed, our existing or potential customers may develop negative views of the safety and quality of our services and products, which may negatively affect our ability to maintain solid relationships with our customers, engage new customers and expand into new markets. In addition, the measures we take to remedy or reverse any negative publicity may be financially costly, force us to divert significant management attention, and may not generate the desired results. Even if we are not found liable for any

of such claims, our assets may be frozen pending a court's judgement. There can be no assurance that we will not be subject to future liability claims or that our business and results of operations would not be materially and adversely affected as a result.

We may not be able to detect or prevent fraud, money laundering or other misconduct committed by our employees, representatives, agents, customers or other third parties in our business operations in a timely manner.

We may be exposed to fraud, money laundering or other misconduct committed by our 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 our reputation. These misconducts could include:

- hiding unauthorized or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to us in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for our customers;
- misappropriation of funds;
- conducting transactions that exceed authorized limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorized or excessive transactions to the detriment of our customers;
- making or accepting the bribery activities;
- conducting any inside dealing; or
- otherwise not complying with applicable laws or our internal policies and procedures.

We are required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in China, Hong Kong and other relevant jurisdictions. China's 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 us 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.

Our internal control procedures are designed to monitor our operations and ensure overall compliance. However, such internal control procedures may be unable to identify all incidents of noncompliance or suspicious transactions in a timely manner if at all. Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions we take to prevent and detect such activities may not be effective. We cannot assure you that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it could cause negative publicity to us as a result.

Our land appreciation tax provisions and prepayments may not be sufficient to meet our LAT obligations.

In accordance with the current PRC laws and regulations on land appreciation tax (“LAT”), all persons, including companies and individuals, that receive income from the sale or transfer of state-owned land use rights, buildings and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property, with certain exemptions available for the sale of ordinary residential properties if the appreciated value does not exceed 20% of the deductible items as defined in the relevant LAT regulations. Pursuant to the relevant rules issued by the State Administration of Taxation of China (中華人民共和國國家稅務總局)(“SAT”), LAT obligations must be settled with the relevant tax bureaus within specific timeframes subsequent to the delivery of the completed projects.

For the years ended December 31, 2018, 2019 and 2020, we made LAT provisions in the amount of RMB955.3 million, RMB1,289.3 million and RMB1,384.1 million (US\$212.1 million), respectively. In May 2010, the SAT issued the Notice on Strengthening the Collection of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知), which requires that the minimum LAT prepayment rate be at 2% for provinces in the eastern region of China, 1.5% for provinces in the central and north-eastern regions of China and 1% for provinces in the western region of China. According to the notice, the local tax bureaus will determine the applicable LAT prepayment rates based on the types of the properties. However, there are uncertainties in the interpretation and implementation of the LAT regulations and the relevant tax authorities may change their requirements as to the amount or timing of payment of provisional LAT. Although we believe we have made sufficient prepayments and/or provisions for LAT in compliance with PRC laws and regulations as interpreted by local tax authorities, we cannot assure you that our LAT prepayments and provisions will be sufficient to cover our LAT liabilities and that the relevant tax authorities will agree with the basis on which we calculated our LAT liabilities. Our results of operations, cash flow and financial condition may be materially and adversely affected if our LAT liabilities, as finally determined by the relevant tax authorities, are substantially higher than our LAT provisions and prepayments.

Our research and development expenses may not produce successful improvements to our services that will adequately meet the needs of our customers and be accepted by the market.

The construction industry is constantly evolving to meet changing customer needs and demands for higher quality and innovative construction solutions. In order to maintain our competitiveness, we must continue to improve our construction methods and our technologies, as well as continue to operate in a cost-effective and timely manner. There can be no assurance that research and development efforts will be successful, be accepted by the market and/or meet the changing demands of our customers. In addition, there can be no assurance that the technologies or solutions in which we invested to develop will generate sufficient profits. Failure to meet changing customer needs and to generate sufficient profits from our research and development efforts could have a material adverse impact on our business, results of operations and ability to remain competitive in the market.

Our operating income from building construction business is mainly derived from projects that are non-recurrent in nature, and there can be no assurance that our existing customers will engage us in future business.

As is customary in the construction industry in which we operate, we are awarded construction projects by some of our customers on a project-by-project basis. As such, our existing customers are not obligated to award projects to us or order from us, and there can be no assurance that we will be able to secure new business from our customers despite the established and long-term relationships we may have with certain customers. In addition, some of our construction projects are transferred from our property development segment. The number of construction projects we secure is also affected by development of the property market and our business plans and strategies. As a result, our operating income from building construction business and the number of construction projects we are able to secure may vary from period to period and it is difficult to forecast the volume of our building

construction business in the future. For instance, the estimated total contract value of our newly undertaken construction projects for the year ended December 31, 2020 was approximately RMB30.7 billion, representing an increase of approximately 10.4% as compared to 2019. The increase was mainly attributable to an increase in construction projects undertaken due our repositioning from a general contractor to an integrated and diversified construction group in recent years. There can be no assurance that we will be able to secure future business from our existing customers, or that we will be able to develop relationships with new customers, in which case our business, results of operations and prospects would be materially and adversely affected.

Our business development efforts provide no guarantee that we will be awarded projects or contracts.

We conduct extensive sales and marketing to promote our brand awareness and to further expand our businesses in new markets. Further, we invest significant efforts to conduct detailed project analyses to prepare our bids for construction and property development projects. We do not currently charge potential customers for costs incurred in connection with our sales and marketing activities or our bid preparation, and there can be no assurance that we will be awarded construction projects or contracts. Additionally, we may commit our limited resources to pursue a potential project or customer which may not result in a successful bid on a project, ultimately at the expense of potential projects. It is possible that we may not generate sufficient operating income to offset our investment in sales and marketing efforts, in which case our business, financial condition and results of operations will be materially and adversely affected.

Our insurance policies may not be adequate to cover all risks of loss associated with our business operations.

We purchase and maintain insurance policies in accordance with the needs of our business and as required under the relevant laws and regulations. However, there can be no assurance that our insurance policies will provide adequate coverage for all the risks in connection with our business operations. Consistent with customary practice in China, we do not carry any business interruption or litigation insurance policies for our operations in China. If we were to incur substantial liabilities that are not covered by our insurance policies or if we suffer protracted periods of disruptions or interruptions in our business operations, we could incur significant costs and losses that could materially and adversely affect our results of operations. In addition, the occurrence of certain incidents including earthquakes, fires, adverse weather conditions, war, floods, power outages, equipment failures, construction accidents and the consequences, damages and disruptions resulting from any of the foregoing incidents may not be covered adequately, or at all, by our insurance policies. Any uninsured loss or liabilities may cause us to incur substantial costs and the diversion of resources, which could have a material adverse effect on our operating results.

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

We rely upon a combination of patents, trademarks, domain names and contractual rights to protect our intellectual property rights. As of December 31, 2020, we owned 182 trademarks, 182 patents and three domain names in the PRC. We also possess proprietary information in connection with our operations, such as information relating to pricing, raw material procurement and construction methods. However, there can be no assurance that the steps we have taken to monitor and protect our intellectual property rights are adequate to prevent or deter infringement or other misappropriation of our intellectual property. Failure to successfully enforce our intellectual property rights would diminish our competitiveness and harm our reputation. In addition, we may be required to incur significant costs in monitoring and protecting our intellectual property. In particular, our trademarks and brand names are significant to our brand recognition and the success of our business.

We may be required to commence legal proceedings to enforce our intellectual property rights and protect our proprietary information. Conversely, we may be subject to litigation involving claims by third parties that our products or services infringe our intellectual property rights. Any litigation or

claims brought by or against us, whether with or without merit, or whether successful or not, can be both costly and time-consuming and may significantly reduce our resources. An unfavorable determination in any such litigation or proceedings to which we may become a party could materially and adversely affect our business, financial condition and results of operations.

Our inability to attract, retain or secure senior management and key personnel for our operations could hinder our continuing growth and success.

Our success depends, to a significant extent, on the services and efforts of senior management and key personnel and our ability to continue to attract, retain and motivate key personnel. We compete with other regional and national construction companies for experienced management and qualified personnel, and the competition for such personnel is intense. There can be no assurance that we will be able to continue to attract and retain the qualified personnel essential for our growth. The loss of services of any personnel holding an important position or possessing industry expertise or experience, including those in charge of project management, risk management, production, sales and marketing, research and development, and accounting and financial management, could have a material adverse effect on our operations. Under such circumstances, if we are unable to recruit and retain replacement personnel with the equivalent qualifications in time or at all, our growth and success could be adversely affected.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organizational framework policies, risk management policies and risk control procedures to manage our risk exposures, primarily our operational risk and legal risk. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance our risk management and internal control systems from time to time, there can be no assurance that our risk management and internal control systems are adequate or effective notwithstanding our efforts, and any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on the implementation by our employees, there can be no assurance that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human errors or mistakes. For instance, we are subject to risks in relation to actions taken by us or our employees that constitute violations of the PRC anti-corruption and other related laws. There can be no assurance that our internal control system will be effective in preventing the occurrence of corruption, bribery or other illegal activities. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

Negative publicity or damage to our business reputation may have a potential adverse impact on our business.

We value and rely on our reputation to maintain and grow our business operations. Negative publicity associated with us could result in loss of business. We conduct business with a number of counterparties, including customers, suppliers and subcontractors. If any of such counterparties are dissatisfied with us, whether justified or not, and raises any complaint to the public, our business, brand and reputation may be adversely affected, which will in turn adversely affect our business, prospects and results of operations.

We may experience failures in our information technology systems.

We rely, to a large extent, on our information technology systems for daily operations. Our information technology systems are critical to our operations, including contract management, safety and quality control, documentation management, human resources and accounting and finance management. Our information technology systems also support our key operation processes, including project management, procurement and bidding. Our operating efficiency and risk management practices have been enhanced by such information technology systems. However, there can be no assurance that any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires, natural disasters and other similar events relating to our information technology systems will not happen in the future. Additionally, restoring any damaged information technology systems may incur significant costs and require additional workforce. If any serious damage or significant interruption occurs, we may experience errors in the systems and our operations may be disrupted.

Our corporate structure, which consists of a large number of companies in similar business sectors, exposes us to challenges to integrate and manage our business.

As of December 31, 2020, we had 734 consolidated subsidiaries, most of which operate in property development or construction related industries. We have maintained stable growth in our business scale and geographical coverage in recent years. Due to the increasing number of our subsidiaries and project companies across the PRC, we are exposed to business, market and regulatory risks associated with different regions. We need to devote substantial resources to monitor changes in different operating environments so that we can react with appropriate strategies that fit the needs of the portfolio companies affected. We also need to ensure that there will not be internal competition among our own subsidiaries and branches. If we are unable to effectively coordinate our subsidiaries and branches, our business and financial condition may be materially and adversely affected.

Our de facto controller has significant influence in determining the outcome of major corporate transactions that require shareholder approvals and may take actions that may conflict with the interest of the holders of the Notes.

As of the date of this Offering Memorandum, Mr. Chen Jinshi is our de facto controller. Mr. Chen has the ability to exercise a controlling influence in our business, and may cause us to take actions that are not in, or may conflict with, the interests of the holders of the Notes. Mr. Chen, through our controlling shareholder, Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司), is able to influence our major policy decisions by controlling the election of board members and, in turn, indirectly controlling the selection of our senior management, determining the timing and amount of any dividend payments, approving annual budgets, deciding on increases or decreases in our share capital, determining our issuance of new securities, approving mergers, acquisitions and disposals of our assets or businesses, and amending our articles of association. These actions may be taken even if they are opposed by the holders of the Notes.

We face intense competition in real estate and construction industry, and failure to compete effectively may have a material adverse impact on our business and prospects.

The PRC property development industry and construction industry is fragmented and competitive. As such, we face intense competition mainly from a significant number of domestic real estate and construction companies in China, particularly in Jiangsu Province, Zhejiang Province and Shandong Province. Many of our competitors have stronger capital resources, larger customer bases, stronger customer relationships, stronger brand or name recognition, greater financial, technical, marketing and public relations resources and a wider range of services and solutions than we do. Other smaller competitors may be better positioned to adapt to market trends than we are. Alliances or mergers among our competitors or with new entrants into the real estate industry and construction industry may present additional challenges. This may make it more difficult for us to compete successfully with differentiated offerings across the whole market against more specialized competitors.

Our competitiveness depends on our record of timely project delivery, efficient performance, quality of our properties and construction projects as well as our innovations and techniques. Competitive pressure may require us to reduce our prices or increase our costs and may adversely affect our profit margins. There is no assurance that our efforts in achieving competitive advantage in any of the foregoing factors may not be successful. Any failure to compete effectively could materially and adversely affect our business, prospects, financial condition and results of operations.

We may not be able to successfully identify, acquire, invest in or operate suitable acquisition targets or businesses.

We have expanded our business operations and increased land reserves through a number of acquisitions. We may not be able to identify acquisition targets or investment projects that suit our development plans. Even if we do identify suitable investment projects or acquisition targets, there can be no assurance that we will be able to complete the acquisitions and/or investments within the timeframe or budget as we anticipated, or at all. Completion of proposed investments and/or acquisitions is dependent upon the completion of due diligence and the negotiation of definitive agreements, and there can be no assurance that all or any of the proposed transactions will be consummated on commercially acceptable terms, if at all. The successful acquisition of businesses with good prospect requires an assessment of a number of factors, many of which are inherently inexact and may prove to be inaccurate. In connection with acquisitions, we may assume liabilities that were not disclosed to or known by us or that exceed our estimates. Our assessments of potential acquisitions may not reveal all existing or potential problems, nor may such assessments render us sufficiently familiar with the businesses to fully assess our respective strengths and weaknesses.

In identifying acquisition targets, investment projects or businesses with high-growth opportunities, we may decide to acquire only a non-controlling interest in other entities and may not necessarily embark on new business lines. Such growth opportunities involve additional risks because we may not have a good understanding of our business partners and/or have any proven track record in operating the new businesses. On the other hand, we may encounter difficulties in managing investment projects even if we have more control. The successful integration of an acquired business may be affected by the size and complexity of the acquired business and the execution of the integration plan by local management. We may face unexpected delays or encounter difficulties that may require us to allocate additional resources to deal with such problems. As a result, we may not be able to operate any such acquired businesses profitably.

We do not have operational control over entities and strategic alliances in which we hold a minority interest, and the conduct of the controlling shareholder or other major shareholders in such arrangements may adversely affect the value of our investment.

We have and may in the future acquire minority equity interests in entities and enter into strategic alliances, in which we lack management and operational control. Minority investments involve risks. The controlling shareholder and other major shareholders in such entities and alliances may have business interests, strategies or goals that are inconsistent with ours, including with respect to customer relations, investments, marketing and other business initiatives, interactions with local governments and competitors, and business decisions. Actions or omissions of the controlling shareholder, other major shareholders or the entity in which we have an interest may result in adverse change to the value of our investment. In addition, our minority investments in certain unlisted companies are not liquid or easily transferable which may adversely affect the value of such investments. The occurrence of any or all of these events could have a material adverse effect on our results of operation.

The presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2019 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods.

In 2019, the Ministry of Finance promulgated certain new accounting standards and new requirements in relation to the format of financial statements. Our audited consolidated financial statements as of and for the year ended December 31, 2019 were prepared and presented in accordance with the New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2019 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Accounting Standards and Requirements and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2019, please see “*Note III.34 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2019. In 2017, the Ministry of Finance issued the New Revenue Standards. Our board of directors had approved the adoption of the New Revenue Standards since January 1, 2020. Our audited consolidated financial statements as of and for the year ended December 31, 2020 were prepared and presented in accordance with the New Revenue Standards. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2020 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Revenue Standards and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2020, please see “*Note III.37 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2020. There can be no assurance that the Ministry of Finance will not promulgate other new accounting standards or requirements in relation to financial statements which might affect our accounting policies or the presentation of our financial statements in the future.

Our auditor has received regulatory investigations and/or warning notices issued by relevant PRC regulatory authorities in recent years.

Grant Thornton, our independent auditor, is a registered accounting firm in the PRC supervised by relevant PRC regulatory authorities, including the MOF and the CSRC. Various branches of the CSRC have issued warning notices to Grant Thornton and their relevant accounting personnel in performing its audit services for relevant PRC companies in recent years. For instance, the CSRC issued (i) a warning notice [CSRC (2019) No.43] to Grant Thornton and their relevant accounting personnel in August 2019 in respect of not performing additional audit procedures on identified abnormality issues when issuing the 2016 and 2017 annual audit reports of a PRC fire-fighting company, which violated the provision of rule 15 of China Standards on Auditing No. 1301 – Audit Evidence; and (ii) a warning notice [CSRC(2020) No.8] to Grant Thornton and its relevant accounting personnel in March 2020 in respect of not performing additional audit procedures on identified abnormality issues when issuing the 2017 and 2018 annual audit reports of a PRC forestry company, which violated the provision of rule 10 of China Standards on Auditing No. 1301 – Audit Evidence and rule 13 of China Standards on Auditing No. 1312 – Confirmation. According to Grant Thornton, the CSRC warning notices are not related to the Grant Thornton team serving as our auditor. The CSRC warning notices do not (i) disqualify the Grant Thornton team from participating in this offering as our auditor; (ii) have any impact on Grant Thornton’s unqualified audit opinions for our financial statements as of and for the years ended December 31, 2019 and 2020; or (iii) have any impact on Grant Thornton in continuing to provide audit services to us.

We cannot assure you that Grant Thornton’s historical noncompliance incidents or any future regulatory actions imposed on it would not subject it, any of its management, officers or employees to further penalties or sanctions imposed by the PRC authorities or even to the suspension of its relevant practices or audit services by the MOF and/or the CSRC. Certain of such further sanctions, revocations and suspensions may restrict Grant Thornton from providing audit services to us. In that case, we may have to discontinue our engagement with Grant Thornton and seek the appointment of other auditors.

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 China experienced rapid growth in the past 30 years. However, there has been a slowdown in the growth of China's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the economy of China may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2018, 2019 and 2020 slowed down to 6.6%, 6.1% and 2.3%, respectively.

The future performance of China's economy is not only affected by the economic and monetary policies of the Chinese government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, there has been trade tensions between China and the United States with both countries imposing tariffs on certain products imported from each other since second half of 2018. Negotiations have been carrying out between the two countries on future trade relations and they entered into the phase one U.S.-China trade agreement on January 15, 2020. The resulting trade policies or the terms of any renegotiated trade agreements and their impacts are uncertain. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental actions related to tariffs, trade agreements or policies may adversely impact China's economy, which in turn could adversely impact our business, financial condition and results of operations. In addition, the United Kingdom voted in a national referendum to leave the European Union on June 23, 2016, notified the European Council of its intention to leave the European Union in accordance with Article 50(2) of the Treaty on European Union on March 29, 2017, and officially left the European Union on January 31, 2020 ("**Brexit**"). The United Kingdom continued to participate in certain European Union organizations (such as the customs union) during a transition period that ended on December 31, 2020. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the European Union. Although a new trade and cooperation agreement between the United Kingdom and the European Union was agreed upon on December 24, 2020 and will apply on a provisional basis for a limited time until April 30, 2021, it is unclear how Brexit would ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the European Union and the rest of the world. The outlook for the world and China's economy and financial markets remains uncertain. Any volatility in the global or Chinese markets and negative economic developments may adversely affect the property market in China, which could in turn materially adversely affect our business, results of operations, financial condition and prospects.

In March 2020, U.S. stocks plunged and triggered trading halt for several times due to global economic uncertainty caused by the global outbreak of COVID-19 and/or oil shocks. Volatility in global stock markets may result in adverse change in global economy. Economic conditions in the PRC are also sensitive to global economic conditions. Due to the outbreak of COVID-19, it is unclear whether future development of the PRC economy will experience difficulty and whether any global economy downturn could lead to a slowdown in the PRC economic growth. A reduction in liquidity in the global and PRC financial markets may negatively affect our access to financing resources and liquidity. Therefore, instability in the global and PRC economy may materially and adversely affect our business, financial condition and results of operations.

The economic, political and social conditions in China, as well as government policies, could affect our business and prospects.

The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- the amount and degree of government involvement;
- growth rate and degree of development;

- uniformity in the implementation and enforcement of laws;
- control over capital investment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For over three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be amended and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures, which may not necessarily have a positive effect on our business development and operations. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy that the government believed to be over-heating, including the property industry. These measures have included restricting foreign investment in certain sectors of the property industry, raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits and raising the thresholds and minimum loan interest rates for residential mortgages. These actions, as well as future actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the property industry, and in turn have a material adverse impact on our business, results of operations and financial condition.

The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect our business and results of operations.

The global credit markets have experienced significant volatility, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries from the Euro-zone and volatility in the PRC stock market, which have led to less favorable financial and economic conditions. In particular, there has been significant volatility in the PRC stock markets during the second half of 2015 and the PRC government taking unprecedented steps to support the markets. In Europe, Brexit is expected to increase market volatility. Any volatility or deterioration in the economic conditions in the United States, the United Kingdom, the European Union, the PRC or elsewhere may have and may adversely affect our business, financial condition and the results of our operations and our ability to access the capital markets. The slowdown in the economies of the United States, the European Union and certain Asian countries with which the PRC has important trade relationships or any future calamities may materially and adversely affect the economic growth of the PRC.

On the other hand, rapid economic growth can lead to growth in money supply and inflation. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility

beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, the real estate market in the PRC, which may lead to a decline in the general demand for our construction services. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, our business, results of operations, financial condition and prospects could be materially and adversely affected.

It may be difficult to effect service of legal process and enforce judgments obtained from non-PRC courts against us or our directors, supervisors or senior management residing in China.

We are a joint stock company incorporated in China. A substantial part of our assets are located in China and the majority of our directors, supervisors and senior management currently reside in China. Therefore, it may be difficult or impossible to effect service of process within the United States, Hong Kong or elsewhere outside China upon our directors, supervisors, senior management or us, including in respect of matters arising under U.S. federal securities laws or applicable state securities laws. A judgment of a court of another jurisdiction may only be reciprocally recognized or enforced if the jurisdiction has a treaty with China or if there are reciprocal relationships between China and such jurisdiction. China has not entered into treaties with most other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in China of a court judgment obtained in other jurisdictions related to any matter that is not subject to a binding arbitration provision may be difficult or impossible.

If the Issuer is considered a “resident enterprise” under the EIT Law, this status could result in unfavorable tax consequences to us and non-PRC noteholders.

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

If the PRC tax authorities determine that the Issuer is a “resident enterprise” for EIT purposes, a number of unfavorable PRC tax consequences could follow. The Issuer will be subject to EIT at a rate of 25% on its worldwide taxable income as well as PRC EIT reporting obligations if it is considered as a “resident enterprise” for EIT purposes. In the present case, this would mean that income such as interest from any investment of any portion of offering proceeds and other income sourced from outside the PRC would be subject to PRC EIT at a rate of 25%. Interest payable to the “non-resident enterprise” holders of the Notes may be treated as income derived from sources within the PRC and be subject to PRC withholding tax at a rate of 10% and capital gains realized by holders of the Notes may be treated as income derived from sources within China and be subject to a 10% PRC tax, in each case, subject to the provisions of any applicable tax treaty. Furthermore, if the Issuer is considered a “resident enterprise,” interest or gains earned by non-resident individuals may be subject to PRC income tax (which, in the case of interest, may be withheld at source by us) at a rate of 20%, in each case, subject to the provisions of any applicable tax treaty. In addition to the uncertainty relating to the application of the “resident enterprise,” the PRC government could amend the tax laws, rules and regulations to impose stricter tax requirements, higher tax rates or otherwise revise the EIT Law in a way that has an adverse impact on our business, financial condition and results of operations.

As the Parent Guarantor is a resident enterprise, payments under the Parent Guarantee will be subject to PRC withholding tax at the rates described above. The Issuer and the Parent Guarantor have agreed to pay, subject to certain exceptions, such additional amounts as will result in the holders' receipt of the amounts that would have been received in the absence of any withholding of taxes by the Issuer or the Parent Guarantor. If the Issuer is required to withhold PRC taxes from payments on the Notes, or if payments are made under the Parent Guarantee, the requirement to pay additional amounts with respect to any PRC tax withheld will increase the cost of servicing the Notes and will adversely affect our cash flows and financial position.

The replacement of business tax with value-added tax in the PRC could have an adverse effect on our financial condition and results of operations.

Pursuant to the Notice on Adjustment of Transfer Business Tax to Value-added Tax (關於全面推開營業稅改徵增值稅試點的通知) issued on March 23, 2016 and implemented on May 1, 2016 (“Circular 36”) by the MOF and the PRC State Administration of Taxation (“SAT”), effective from May 1, 2016, PRC tax authorities have started imposing value-added tax (“VAT”) on revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that co-existed with VAT for over 20 years. Since the issuance of Circular 36, MOF and SAT have subsequently issued a series of tax circulars in March and April 2016 to implement the collection of VAT on revenues from construction, real estate, financial services and lifestyle services. For detailed information regarding the major tax types and rates we are subject to, see “Note V.44 – Taxes and surcharges” to our audited consolidated financial statements as of and for the year ended December 31, 2019 and “Note V.46 – Taxes and surcharges” to our audited consolidated financial statements as of and for the year ended December 31, 2020.

Replacing business tax with VAT is a structural tax-cutting arrangement that the PRC plans to promote, and its main purpose is to solve double taxation and reduce the tax burdens of enterprises by allowing for the deduction of input tax on VAT. However, due to reasons, such as differences in different industries in the deductible amount of the input tax and the deduction method thereof, the tax burden of enterprises in some industries has increased in practice while the tax burden of enterprises in some other industries has decreased. For example, in the construction engineering industry, the tax burden of the enterprises may be increased for various reasons, such as the existence of non-deductible input tax, the difference between the VAT rates in upstream and downstream market segments, special arrangements for project operation structures, and delay in the collection of construction bills. As of the date of this Offering Memorandum, we have not experienced any material change in terms of our tax burden and financial conditions due to the transition from business tax to VAT tax. However, since the replacement of business tax by VAT in the real estate and construction industries is relatively recent and the detailed implementation rules under Circular 36 are still being formulated by the relevant authorities, we are still in the process of assessing the comprehensive impact of the new VAT regime on our tax burden, our operating income and results of operations, which remains uncertain.

Interpretation of the PRC laws and regulations involves uncertainty and the current legal environment in China could limit the legal protections available to us and to you.

Our business is conducted in China and our principal operating subsidiaries are located in China. Consequently, our operations are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. Additionally, PRC written laws are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, because these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree of uncertainty and the

legal protection available to us and to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may cause difficulties in the enforcement of our land use rights, entitlements under our permits, and other statutory and contractual rights and interests.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God and occurrence of epidemics including the recent COVID-19 pandemic.

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some regions in China, including the cities where we operate, are under the threat of flood, earthquake, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 or H7N9 avian flu, the human swine flu (also known as Influenza A (H1N1)), Middle East Respiratory Syndrome (MERS), Ebola virus disease, or 2019-nCoV acute respiratory disease (COVID-19). The outbreak of COVID-19 in late December 2019 in Wuhan, China has spread to other countries and regions of the world since early 2020 and was declared a pandemic on March 11, 2020 by the World Health Organization. Various countries, including China, have adopted strict disease control measures and travelling restrictions. Particularly, the administrative actions taken by local governments in China, such as housing authorities, to control the spread of COVID-19 had an adverse impact on China's property development sector in early 2020. For example, on January 26, 2020, the China Real Estate Association (中國房地產業協會) proposed that property developers shall temporarily suspend operation of their offline sales offices, which had been implemented by local housing authorities in various provinces and cities in China. Such negative impact and measures taken by the local governments resulted in a slowdown in China's property market in the first quarter of 2020.

The recent outbreak of COVID-19, a recurrence of SARS or an outbreak of any other epidemics or other natural disasters in China, especially in the cities where we have operations, may result in material disruptions to our construction work and sales and marketing, which in turn may adversely affect our financial condition and results of operations. In addition, the outbreak of communicable diseases, such as the recent outbreak of COVID-19, on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect China's and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which may have a material adverse effect on the global economy. Any material changes in the financial markets, China's economy or regional economies as a result of these events or developments may materially and adversely affect our business, financial condition and results of operations.

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

Substantially all of our operating income is denominated in Renminbi. A portion of our cash may be required to be converted into other currencies in order to meet our foreign currency needs, including interest payments on the Notes.

Currently, Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to Chinese foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. Although transactions conducted through our current account are not subject to prior approval by the SAFE under the current foreign control system in China, the Chinese Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, we might not be able to settle payments owed to overseas suppliers or pay dividends to the holders of the Notes in foreign currencies. On the other hand, foreign exchange transactions under capital account in China continue to be not

freely convertible and require the SAFE's prior approval. These limitations could affect our ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

There can be no assurance that China's policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. These foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our foreign exchange transactions and the fulfilment of our other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange where such needs arise, our business, financial condition and results of operations could be adversely affected.

Inflation in China may have a material adverse effect on our business, financial condition and results of operations.

While the PRC economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographic areas of the country. Rapid economic growth can lead to growth in money supply and inflation. If the increase in cost of raw materials outpaces the increase in the contracting fees we charge our customers, our business, financial condition and results of operation may be materially and adversely affected. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth and may materially and adversely affect our business, financial condition and results of operations.

The property market in the PRC is still at a relatively early stage of development.

The property development industry and ownership of private property in the PRC are still in a relatively early stage of development as compared with property markets of some developed countries. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuation in property prices. We cannot predict how much and when demand will develop, as many social, political, economic, legal and other factors may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of an effective liquid secondary market for residential property may discourage investors from acquiring new properties because resale is not only difficult, but can also be a long and costly process. The limited amount of property mortgage financing available to PRC individuals compounded by the lack of security of legal title and enforceability of property rights may further inhibit demand for residential developments.

In addition, risk of property over-supply is increasing in parts of China, where property investment, trading and speculation have become overly active. In the event of actual or perceived oversupply, property prices may fall significantly and operating income and profitability of property developers in China, including us, might be adversely affected.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the selected PRC regional data contained in this Offering Memorandum.

Facts, forecasts and other statistics in this Offering Memorandum relating to China, the PRC economy and the selected PRC regional data have been derived from various official or other publications available in China and may not be consistent with other information compiled within or outside China. However, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the Initial Purchasers or our or their affiliates or advisors (including legal advisors), or other participants in this offering and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. We have, however, taken reasonable care in the reproduction and/or extraction of the official and other publications for the

purpose of disclosure in this Offering Memorandum. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this Offering Memorandum may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the selected PRC regional data contained in this Offering Memorandum.

Risks Relating to the Notes and the Parent Guarantee

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum 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 Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes and be familiar with the behavior of financial markets; and
- be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

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

The Notes and the Parent Guarantee are unsecured obligations.

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

- the Issuer or the Parent Guarantor enters into bankruptcy, liquidation, reorganization or other winding-up proceedings;

- there is a default in payment under the Issuer's or the Parent Guarantor's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Parent Guarantor's indebtedness.

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

The Issuer is an indirect, wholly owned subsidiary of the Parent Guarantor and currently does not have operating activities or revenue, therefore its ability to make payments under the Notes are dependent upon cash flow from other members of our Group.

The Issuer is an indirect, wholly owned subsidiary of the Parent Guarantor formed for the principal purpose of issuing the Notes and currently does not have any operating activities or revenue. The Issuer therefore depends upon the receipt of sufficient funds from other members in our Group to meet its obligations under the Notes. The Issuer's primary assets will be intergroup loans to other members of our Group. Accordingly, the Issuer's ability to pay principal and interest on the Notes will depend upon its receipt of principal and interest payments on the intergroup loans from such borrowing subsidiaries and the ability of the Parent Guarantor to honor its obligations under the Parent Guarantee. As a result, the weakened financial performance and cash flow of our Group may adversely affect our ability to make punctual payment under the Notes, and may make it difficult for us to repurchase the Notes upon the occurrence of certain triggering events.

The Parent Guarantor is a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries.

The Parent Guarantor is a holding company and conducts a substantial part of our operations through our PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries. The primary assets of the Parent Guarantor are ownership interests in our PRC subsidiaries. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Parent Guarantor to satisfy its obligations under the Parent Guarantee will depend upon distributions of dividends from our subsidiaries.

Creditors, including trade creditors, of our Non-Guarantor Subsidiaries and any holders of preferred shares in such entities would have a claim on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. As of December 31, 2020, we had bills payable and accounts payable of RMB42,107.5 million (US\$6,453.3 million), total indebtedness (comprising short-term loans, non-current liabilities due within one year, long-term loans and bonds payable) of approximately RMB79,901.1 million (US\$12,245.4 million) and outstanding related party guarantee, where we acted as a guarantor under relevant financing agreements, in a total amount of RMB21,763.9 million (US\$3,335.5 million). The Notes and the indenture permit us, the Parent Guarantor, and our PRC subsidiaries to incur additional indebtedness and issue additional guarantees, subject to certain limitations. The Notes and the Indenture do not restrict the ability of our subsidiaries to issue certain categories of guarantees in the ordinary course of business. In addition, secured creditors of the Parent Guarantor or those of any subsidiary would have priority as to the assets of the Parent Guarantor or such subsidiary securing the related obligations over claims of holders of the Notes.

Amendments and waivers may be made in respect of the Notes, the Indenture and the Parent Guarantee by the Trustee or less than all of the Noteholders.

The terms of the Notes provide that the Trustee may, without the consent of Noteholders, amend any provision of the Notes, the Indenture and the Parent Guarantee to cure defects and inconsistencies, comply with procedural and administrative requirements, or make other changes that do not materially and adversely affect the rights of any Noteholder. In addition, the Trustee may, with the consent of the majority of Noteholders, amend or waive future compliance by the Parent Guarantor or any of its Restricted Subsidiaries with any provision of the Notes, the Indenture and the Parent Guarantee (other than in respect of certain reserved matters), which will be binding on all Noteholders. In such circumstances, the decision of the majority of Noteholders may be adverse to the interest of individual or minority Noteholders and the recourse available to individual or minority Noteholders may be limited.

We have substantial indebtedness, including that under bank and other borrowings, medium term notes, and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

We now have, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. Our total indebtedness was RMB58,122.2 million, RMB70,592.3 million and RMB79,901.1 million (US\$12,245.4 million) as of December 31, 2018, 2019 and 2020, respectively. For more details, please see “*Description of Material Indebtedness and other Obligations.*”

Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under the Notes and other debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness (including bank borrowings and/or onshore or offshore bond offerings) and contingent liabilities. Under the Indenture, our ability to incur additional debt is subject to limitations on indebtedness and preferred stock covenant. Under such covenant, we may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if we can, among other things, satisfy the Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges. Because our definition of Consolidated Net Income (which is a significant component of Consolidated EBITDA) for the Notes includes our unrealized gains on valuation adjustments on our investment properties, our Consolidated EBITDA and therefore our ability to incur additional debt under such covenants could be substantially larger when compared to certain other similarly situated PRC senior notes issuers whose covenants do not typically include such unrealized gains in the definition of consolidated net income. In addition, because our definition of Consolidated Interest Expense for the Notes excludes the interest

expense on indebtedness of third parties that we guarantee (except to the extent that such interest expense has become payable by us), our Consolidated Interest Expense and our ability to incur additional debt could be even larger when compared to certain other similarly situated PRC senior notes issuers whose covenants would typically include such interest expense in the definition of consolidated interest expense. If we or our subsidiaries incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We anticipate that our operating cash flow will be sufficient to meet our anticipated operating expenses and to service our debt obligations as they become due. However, we may not be able to generate sufficient cash flow for these purposes. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all. If we or our subsidiaries incur additional cost, the risks that we face could intensify.

In addition, the terms of the Indenture governing the Notes prohibit us from incurring additional indebtedness unless (i) we are able to satisfy certain financial ratios or (ii) we are able to incur such additional indebtedness pursuant to any of the exceptions to the financial ratio requirements, and meet any other applicable restrictions. Our ability to meet our financial ratios may be affected by events beyond our control. We might not be able to meet these ratios. Certain of our existing financing arrangements also impose operating and financial restrictions on our business. See the section headed “*Description of Material Indebtedness and other Obligations.*” Such restrictions in the Indenture and our other financing arrangements may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund required capital expenditures, or withstand a continuing or future downturn in our business or the general economy. Any of these factors could materially and adversely affect our ability to satisfy our obligations under the Notes and other debt.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and to refinance our indebtedness, including these Notes, and to fund planned capital expenditures and project development will depend on our ability to generate cash. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Our business might not generate sufficient cash flow from operations to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the Notes, on or before maturity. We might not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we are unable to service our indebtedness or obtain refinancing on terms acceptable to us, we may be forced to adopt an alternative strategy that may include reducing or delaying capital expenditures, selling assets or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

Our subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries.

The Issuer currently does not have substantial business operation, and does not plan to so in the near future. As a result, we depend on the receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, including our PRC subsidiaries, to satisfy our obligations. If we are unable to receive dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries, we may not be able to meet our obligations under the Notes. The ability of our subsidiaries to pay dividends and to make payments on intercompany loans

or advances to their shareholders is subject to, among other things, their distributable earnings and cash flow conditions, restrictions contained in the articles of association and the financing agreements entered into by our subsidiaries and applicable laws. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to satisfy our obligations under the Parent Guarantee. Further, some of our subsidiaries are restricted from distributing dividends until their existing indebtedness is paid off and they start to generate profit. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the obligations of the Parent Guarantor under the Parent Guarantee.

PRC laws and regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Our PRC subsidiaries are also required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserves that are not distributable as cash dividends. As a result of such restrictions, there could be limitations, including timing limitations, on our ability to receive payments from our PRC subsidiaries to meet our payment obligations under the Notes and the obligations under the Parent Guarantee and there could be restrictions on payments required to redeem the Notes at maturity or as required for any early redemption.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Parent Guarantor under the Parent Guarantee.

Under PRC regulations, we may not be able to transfer to the Company and/or our PRC subsidiaries proceeds from this offering, which could impair our ability to make timely payments of interest, or even principal, under the Notes.

According to the existing PRC rules and regulations relating to supervision of foreign debt, loans by foreign companies to companies incorporated in China are considered foreign debt, and such debt must be registered with the appropriate local branch office of SAFE. In addition, equity contributions by the Issuer and the Parent Guarantor's non-PRC subsidiaries to our PRC subsidiaries will require filing with the local branch of SAFE and the Ministry of Commerce of the PRC (中華人民共和國商務部) ("MOFCOM"), which may take considerable time and result in delays in receiving the contribution. This may in turn adversely affect the financial condition of the PRC subsidiaries and cause delays to the developments undertaken by such PRC subsidiaries. We may not be able to obtain the necessary approvals for our PRC subsidiaries at all. Further, we cannot assure you that the PRC government will not introduce new policies that could further restrict our ability to use funds raised outside China. Therefore, we may not be able to use all or any of the funds that we raise outside China as intended.

Fluctuations in the value of the Renminbi may have a material adverse impact on your investment.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from this offering and any interest we pay on the Notes will be in U.S. dollars. Fluctuations in the exchange rate between the Renminbi and U.S. dollars will affect the relative purchasing power in Renminbi terms of the proceeds from this offering. Fluctuations in the exchange rate may also cause us to incur foreign exchange losses and affect the relative value of any dividend issued by our PRC subsidiaries. In addition, appreciation or depreciation in the value of the Renminbi relative to U.S. dollars would affect our financial results in U.S. dollars terms without giving effect to any underlying change in our business or results of operations. Moreover, because the functional currency of the Parent Guarantor and all of its subsidiaries is the Renminbi, the balance and certain amounts due to related parties denominated in a foreign currency are subject to translation at each reporting date, which could affect our business, financial condition and results of operations. Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's

foreign exchange regime and policy. Since July 2005, the Renminbi has not been pegged to the U.S. dollars. In August 2015, the Renminbi experienced a substantial devaluation as a result of adjustments made by the People's Bank of China to the reference Renminbi to U.S. dollar exchange rate. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future PRC authorities may lift restrictions on fluctuations in Renminbi exchange rates and lessen intervention in the foreign exchange market.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

Interest payable by us to our foreign investors and gain on the sale of our Notes may become subject to withholding taxes under PRC tax laws.

Under the PRC EIT Law and PRC Individual Income Tax Law, if the Issuer is deemed a PRC resident enterprise, the interest payable on the Notes will be considered to be sourced within China. Unless there are applicable income tax treaties or agreements, such interest payable by us to investors will be subject to a 10% PRC income tax in the case of nonresident enterprises or 20% in the case of nonresident individuals. Such “nonresident enterprise” refers to investors who do not have an establishment or place of business in China or, if there is such establishment or place of business in China, such income is not effectively connected with such establishment or place of business in China. Such “nonresident individuals” refer to individuals who have no domicile and do not stay in the territory of China or who have no domicile but have stayed in the territory of China for less than one year shall pay individual income tax in accordance with the provisions of this Law for his incomes obtained in the territory of China. Similarly, any gain realized on the transfer of the Notes by such investors will also be subject to PRC income tax if such gain is regarded as income derived from sources within China. It is uncertain whether the Issuer will be considered a PRC “resident enterprise,” so it is unclear whether the interest payable to the foreign investors, or the gain the foreign investors may realize from the transfer of the Notes, would be treated as income sourced within China and be subject to PRC tax. If the Issuer is required under the PRC EIT Law or PRC Individual Income Tax Law to withhold PRC income tax on the interest payable to the foreign investors who are “nonresident enterprises” or “nonresident individuals”, we will be required to pay such additional amounts as are necessary to ensure receipt by the holder of the full amount which the holder would have received but for such withholding. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes and could have a material adverse effect on our ability to pay interest on, and repay the principal amount of, the Notes, as well as our profitability and cash flows. In addition, if you are required to pay PRC income tax on the transfer of our Notes, the value of your investment in our Notes may be materially and adversely affected. It is unclear whether, if we are considered a PRC “resident enterprise,” holders of our Notes might be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Payments under the Parent Guarantee of the Notes will be subject to withholding tax at the above-mentioned rates, as the Parent Guarantor is a PRC incorporated company.

Effective from May 1, 2016, China's tax authorities impose VAT on revenues from various service sectors, including financial services. According to Circular 36 issued on March 23, 2016, persons providing loans within the PRC or to PRC persons are subject to VAT. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another's use and receiving the interest income thereon. Therefore, because the Parent Guarantor is a PRC company, it may be required to withhold VAT and surcharges at the rate of 6.72% from any interest it pays under the Parent Guarantee. In addition, it is not clear whether the Issuer or the Parent Guarantor may also be required to withhold VAT if the PRC tax authorities view the interest they pay as income arising within the territory of the PRC.

We may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts as a result of future changes in law.

As described under “Description of the Notes – Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of future changes in specified tax law or future changes in the existing official position or the stating of an official position regarding the application or interpretation of such law tax that results in our being required to withhold tax on interest payments due to our being treated as a PRC resident enterprise, we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

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

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

We conduct substantially all of our business operations in China through PRC-incorporated subsidiaries. The Parent Guarantor and certain of our PRC subsidiaries, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties carefully before you invest in our Notes.

We may be unable to obtain and remit foreign exchange. If we fail to complete the SAFE registration in connection with the Parent Guarantee in time there may be logistical hurdles for cross-border payment under the Parent Guarantee.

The Issuer is a company incorporated in the British Virgin Islands. The Issuer’s ability to satisfy its obligations under the Notes depends upon, among other things, the ability of the Parent Guarantor and our PRC subsidiaries to obtain and remit sufficient foreign currency to pay interest and principal on intergroup loans. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of PRC, including evidence of the registration of the loan with SAFE. Prior to payment of interest and principal on any intergroup loan we make to our PRC subsidiaries, the PRC subsidiary must also present evidence of payment of withholding tax at a rate of 10% or a lower tax treaty rate, if any, on the interest payable in respect of such intergroup loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on intergroup loans, which may affect our ability to satisfy our obligations under the Notes.

Pursuant to the Parent Guarantee executed by the Parent Guarantor, the Parent Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums expressed to be payable by the Issuer under the Notes. The Parent Guarantor is required to submit the Parent Guarantee to the local SAFE for registration in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-border Security. Although the non-registration does not render the Parent Guarantee ineffective or invalid under the PRC law, SAFE may impose penalties on the Parent Guarantor if registration is not carried out within the stipulated time frame. In addition, if the Parent 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 Parent Guarantor under the

Parent Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Parent Guarantee in order to effect such remittance, although this does not affect the validity of the Parent Guarantee itself.

Although we intend to apply the proceeds from the offering contemplated under this Offering Memorandum for offshore purposes permitted under applicable laws and regulations (see “*Use of Proceeds*”), we cannot assure you that the SAFE in the future will not take the view that our actual use of proceeds is not consistent with the use of proceeds as recorded with the SAFE, as such, any remittance of proceeds outside of the PRC as a result of enforcement of the PRC Parent Guarantee may not be permitted by the SAFE.

The Trustee may request the holders of the Notes to provide an indemnity and/or security to its satisfaction.

In certain circumstances, including without limitation giving of notice to the Issuer and taking enforcement steps pursuant to terms of the Notes, the Trustee may, at its sole discretion, request the holders of the Notes to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of the holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the trust deed or the terms of the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

We may not be able to repurchase the Notes upon a Change of Control Triggering Event.

We must offer to purchase the Notes upon the occurrence of certain types of Changes of Control at a purchase price equal to 101% of their respective principal amount plus accrued and unpaid interest. See the section headed “*Description of the Notes.*”

The source of funds for any such purchase would be our available cash or third-party financing. However, we may not have sufficient available funds at the time of the occurrence of any Change of Control Triggering Event to make purchases of the outstanding Notes. Any failure of us to make the offer to purchase or to purchase the outstanding Notes would constitute an Event of Default under the Notes. The Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If our other debts were to be accelerated, we may not have sufficient funds to purchase the Notes and repay the debt.

In addition, the definition of Change of Control Triggering Event for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancing, restructurings or other recapitalizations. These types of transactions could, however, increase our indebtedness or otherwise affect our capital structure or credit ratings. The definition of Change of Control Triggering Event for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our assets. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to purchase the Notes and the ability of a holder of the Notes to require us to purchase its notes pursuant to the offer as a result of a highly-leveraged transaction or a sale of less than all of our assets may be uncertain.

We may not be able to redeem the Notes upon the occurrence of a SAFE Noncompliance Event.

Following the occurrence of a SAFE Noncompliance Event (as defined in the “*Description of the Notes*”), the Issuer may, at the option of any holder of the Notes, be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes repurchased, plus accrued and unpaid interest on the principal amount of the Notes being repurchased to but excluding the date of repurchase. If such an event were to occur, the Issuer or the Parent Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. There is also no assurance that the Issuer or the Parent Guarantor would have sufficient liquidity at such time to make the required redemption of the Notes. The ability to redeem the Notes in such event may also be limited by the terms of other debt instruments. The Issuer’s and the Parent Guarantor’s failure to repay, repurchase or redeem the Notes could constitute an event of default under the Notes, which may also constitute a default under the terms of the Issuer’s, the Parent Guarantor’s or our other indebtedness.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk.

The Indenture includes a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our Restricted Subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- engage in any business other than permitted business;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and minority owned joint ventures.

We may need to make investments from time to time in Unrestricted Subsidiaries and joint ventures (including joint ventures in which we may own more or less than a 50% equity interest) and such joint ventures may or may not be Restricted Subsidiaries. Although the Indenture restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or minority joint

ventures, these restrictions are subject to important exceptions and qualifications, including, among others, that we may, subject to certain conditions, make investments in any Unrestricted Subsidiaries and minority owned joint ventures primarily engaged in permitted business not to exceed the greater of U.S.\$20 million and 5% of Total Assets. See “*Description of the Notes.*”

The terms of the Notes permit us to pay substantial amount of dividends.

We pay dividends to our shareholders from time to time. Under the Indenture, any such dividend payment will be a “Restricted Payment,” which could not be made unless we can, among other things, satisfy the Fixed Charge Coverage Ratio. However, such restriction is subject to important exceptions and qualifications. Under the terms of the Notes, we may pay dividends on our common stock in an aggregate amount up to 30.0% of the distributable profits of the Parent Guarantor in such fiscal year without satisfying the Fixed Charge Coverage Ratio. In addition, there are also other exception which may allow us to pay additional dividends with such exceptions, we may be able pay substantial amount of dividends even when we are highly leveraged, which may materially and adversely affect our ability to service our indebtedness, including the Notes.

A trading market for the Notes may not develop and a few investors may purchase a significant percentage of the aggregate principal amount of the Notes offered, and there are restrictions on resale of the Notes.

Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that we will obtain or be able to maintain a listing on HKSE, or that, if listed, a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes may be allocated to a limited number of investors, in which case liquidity of the Notes may be limited. Furthermore, holders of a significant percentage of the aggregate principal amount of the Notes will have certain rights under the Indenture and the Notes. Accordingly, if a few investors purchase a significant percentage of the Notes, even if less than a majority, they will be able to exercise such rights on behalf of all holders of the Notes and significantly influence the outcome of the voting on matters related to the Notes. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See the section headed “*Transfer Restrictions.*” If an active trading market does not develop or is sustained, the market price and liquidity of the Notes could be adversely affected.

The ratings assigned to the Notes and our corporate ratings may be lowered or withdrawn in the future.

The Notes will not be rated. We have been assigned a long-term corporate credit rating of “B1” with a stable outlook by Moody’s and a long-term issuer credit rating of “B+” with a stable outlook by S&P. A rating may not remain for any given period of time and could be lowered or withdrawn entirely by the rating agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. We have no obligation to inform holders of the Notes of any such revision, suspension or withdrawal. A reduction, suspension or withdrawal at any time of the rating assigned to us may adversely affect the market price of our debt securities.

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

The Notes are subject to optional redemption by the Issuer at certain redemption price. An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an

effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be redeemed at the Issuer's option for taxation reasons.

The Issuer has the right to redeem the Notes, in whole but not in part, at their principal amount together with any unpaid accrued interest thereon to the date fixed for redemption if it (or, if the Parent Guarantee was called, the Parent Guarantor) has or will become obligated to pay Additional Amounts. See “*Description of the Notes – Redemption for Taxation Reasons*” in this Offering Memorandum. The date that the Issuer elects to redeem the Notes may not accord with the preference of individual holders, which may be disadvantageous to holders in light of market conditions or the individual circumstances of the holder of the Notes. Additionally, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective yield at the same level as that of the Notes.

The Issuer may issue additional Notes in the future.

The Issuer may, from time to time, and without prior consultation of the Noteholders, create and issue further Notes (see “*Description of the Notes – Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Notes.

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

The price and trading volume of the Notes may be highly volatile. Factors such as variations in our revenues, earnings and cash flows, proposals for new investments, strategic alliances and acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the trading volume and price of the Notes.

There may be less publicly available information about us than is available in certain other jurisdictions.

There may be less publicly available information about companies listed in the PRC than is regularly made available by public companies in certain other countries. In addition, the financial information in this Offering Memorandum has been prepared in accordance with PRC GAAPs, which differ in certain respects from generally accepted accounting principles in other jurisdictions, or other GAAPs, which might be material to the financial information contained in this Offering Memorandum. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between PRC GAAPs and other GAAPs. In making an investment decision, you must rely upon your own examination of us, the terms of the offering and our financial information. You should consult your own professional advisers for an understanding of the differences between PRC GAAPs and other GAAPs and how those differences might affect the financial information contained in this Offering Memorandum. See “*Summary of Certain Differences between PRC GAAP and IFRS*” for further discussion.

The Parent Guarantee may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee.

Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in the British Virgin Islands, China and other jurisdictions, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of such guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of such guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the applicable jurisdiction. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its properties at a fair valuation or if the present fair salable value of its assets was then less than the amount that would be required to pay its probable liabilities in respect of its existing debts as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantor. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Parent Guarantor under the Parent Guarantee will be limited to the maximum amount that can be guaranteed by the Parent Guarantor without rendering the guarantee, as it relates to the Parent Guarantor, voidable under such applicable insolvency or fraudulent transfer laws.

If a court voids the Parent Guarantee, subordinates such guarantee to other indebtedness of the Parent Guarantor or holds such guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against the Parent Guarantor based upon the Parent Guarantee, would be subject to the prior payment of all liabilities (including trade payables) of the Parent Guarantor. We cannot assure you that, in such an event, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

The Notes will initially be represented by a Global Note and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System.

The Notes will be represented by beneficial interests in a Global Note. Such Global Note 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 Note, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Note.

While the Notes are represented by the Global Note, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by the Global Note, the Issuer will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account Noteholders.

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

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

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the Notes will be approximately US\$147.95 million after deducting underwriting discounts, commissions and other estimated expenses payable in connection with the Notes. We intend to use the net proceeds for the refinancing of our existing offshore indebtedness.

We may adjust the foregoing plan in response to changing market conditions and therefore reallocate the use of the proceeds.

Pending application of the net proceeds of this offering, we intend to invest the net proceeds in Temporary Cash Investments (as defined under “*Description of the Notes – Definitions*”).

EXCHANGE RATE INFORMATION

PRC

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On July 21, 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On May 18, 2007, the PBOC enlarged, effective on May 21, 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate. The floating band was further widened to 1.0% on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9% from July 21, 2005 to December 31, 2013. On March 14, 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0%. Following an announcement by the PBOC on August 11, 2015 to improve the central parity quotations of Renminbi against the U.S. dollar by authorizing market-makers to provide central parity quotations to the China Foreign Exchange Trading Center daily before the opening of the interbank foreign exchange market, Renminbi depreciated significantly against the U.S. dollar in the remainder of 2015 and 2016 before rebounding in 2017. 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. In August 2019, the People's Bank of China on 5 August 2019 set the RMB's daily reference rate above RMB7.0 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 noon buying rates in Renminbi per U.S. dollar, as set forth in the H.10 statistical release of the Federal Reserve Bank of New York for the periods indicated:

Period	Noon Buying Rate			
	Period End	Average	High	Low
		(RMB per US\$1.00)		
2016	6.9430	6.6549	6.9580	6.4480
2017	6.5063	6.7350	6.9575	6.4773
2018	6.8755	6.6090	6.9737	6.2649
2019	6.9618	6.9081	7.1786	6.6822
2020	6.5250	6.9042	7.1681	6.5208
November	6.5760	6.6029	6.6899	6.5556
December	6.5250	6.5393	6.5705	6.5208
2021				
January	6.4282	6.4672	6.4822	6.4282
February	6.4730	6.4601	6.4869	6.4344
March	6.5518	6.5109	6.5716	6.4648
April	6.4749	6.5186	6.5649	6.4710
May (through May 28)	6.3674	6.4321	6.4749	6.3674

Note:

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

Hong Kong

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since October 17, 1983, the Hong Kong dollar has been pegged to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The central element in the arrangements which gave effect to the peg is that, by agreement between the Hong Kong Special Administrative Region government and the three Hong Kong banknote issuing banks (i.e., The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and the Bank of China Limited), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars at the fixed exchange rate of HK\$7.80 to US\$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate which applies to the issue of the Hong Kong currency in the form of banknotes, as described above, the market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first established. However, in May 2005, the Hong Kong Monetary Authority broadened the 22-year old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong Special Administrative Region government has stated its intention to maintain the link at that rate and it, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible. The Hong Kong Special Administrative Region government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong Special Administrative Region government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar, or at all.

The following table sets forth the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board for the periods indicated:

Period	Noon Buying Rate			
	Period End	Average	High	Low
		(HK\$ per US\$1.00)		
2016	7.7534	7.7620	7.8270	7.7505
2017	7.8128	7.7926	7.8267	7.7540
2018	7.8305	7.8376	7.8499	7.8043
2019	7.7894	7.8351	7.8499	7.7850
2020	7.7534	7.7559	7.7951	7.7498
November	7.7522	7.7526	7.7552	7.7505
December	7.7534	7.7519	7.7539	7.7505
2021				
January	7.7531	7.7533	7.7555	7.7517
February	7.7567	7.7529	7.7567	7.7515
March	7.7746	7.7651	7.7746	7.7562
April	7.7664	7.7691	7.7849	7.7596
May (through May 28)	7.7610	7.7654	7.7697	7.7608

Note:

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

CAPITALIZATION AND INDEBTEDNESS

The table below sets forth our consolidated cash and cash equivalents, consolidated indebtedness and capitalization as of December 31, 2020:

- on an actual basis; and
- on an adjusted basis to give effect to the issuance of the Notes and receipt of the gross proceeds from this offering before deducting the underwriting discounts and commissions and other estimated expenses in connection with this offering payable by us.

For the avoidance of doubt, the as-adjusted information below does not give effect to the cancellation of the 2019 Notes.

You should read this table in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Offering Memorandum.

	As of December 31, 2020			
	Actual		As adjusted	
	(RMB'000)	(US\$'000)	(RMB'000)	(US\$'000)
Cash and cash equivalents⁽¹⁾	24,414,712	3,741,718	24,414,712	3,741,718
Short-term indebtedness				
Short-term loans	10,556,646	1,617,877	10,556,646	1,617,877
Non-current liabilities due within one year . . .	12,813,773	1,963,797	12,813,773	1,963,797
Total short-term indebtedness	<u>23,370,419</u>	<u>3,581,673</u>	<u>23,370,419</u>	<u>3,581,673</u>
Long-term indebtedness⁽²⁾				
Long-term loans	43,068,640	6,600,558	43,068,640	6,600,558
Bonds payable ⁽³⁾	13,462,077	2,063,154	13,462,077	2,063,154
The 2021 April Notes ⁽⁴⁾	—	—	389,869	59,750
Notes to be issued	—	—	976,532	149,660
Total long-term indebtedness	<u>56,530,717</u>	<u>8,663,711</u>	<u>57,897,117</u>	<u>8,873,121</u>
Total indebtedness⁽⁵⁾	<u>79,901,136</u>	<u>12,245,385</u>	<u>81,267,536</u>	<u>12,454,795</u>
Total equity	<u>48,363,166</u>	<u>7,411,979</u>	<u>48,363,166</u>	<u>7,411,979</u>
Total capitalization⁽⁶⁾	<u>128,264,302</u>	<u>19,657,364</u>	<u>129,630,702</u>	<u>19,866,774</u>

Notes:

- (1) Cash and cash equivalents exclude restricted cash of RMB8,446.0 million (US\$1,294.4 million). Restricted cash consists principally of (i) deposits for bill of exchange, letter of credit and letter of guarantee; (ii) pledge of time deposit; and (iii) deposits in relation to regulations in the property development industry.
- (2) Exclude the current portion of long-term borrowings.
- (3) For the avoidance of doubt, the as-adjusted information for bonds payable includes the 2019 Notes in principal amount of US\$190.25 million accepted for exchange by us and cancelled and the 2019 Notes in principal amount of US\$10.0 million repurchased by us and cancelled in April 2021.
- (4) For the avoidance of doubt, the as-adjusted information for the 2021 April Notes refers to the principal amount of the 2021 April Notes excluding the 2021 April Notes in principal amount of US\$190.25 million in exchange for the 2019 Notes accepted for exchange by us.
- (5) Total indebtedness are equal to the sum of short-term indebtedness and long-term indebtedness.
- (6) Total capitalization are equal to the sum of total indebtedness and total equity.

We have, in the ordinary course of business, entered into additional financial arrangements since December 31, 2020, to finance our property development business and for general corporate purposes, which are not reflected in the table above. Please refer to the section headed “*Description of Material Indebtedness and Other Obligations*” in this Offering Memorandum for details. We will continue to enter into short-term and long-term borrowings and other financing arrangements in the ordinary course of business, such as bank loans and issuance of onshore and offshore debt securities. We have issued the following onshore and offshore debt securities since December 31, 2020:

- on March 17, 2021, we issued the 2021 Corporate Bonds in an aggregate principal amount of RMB1.0 billion with a tenor of four years and a coupon rate of 7.30%; and
- on April 7, 2021, the Issuer issued the 2021 April Notes in an aggregate principal amount of US\$250.0 million, which are unconditionally and irrevocably guaranteed by us. The 2021 April Notes have a coupon rate of 11.50% and will mature on April 7, 2024.

For further details on the issuances and redemptions of our onshore and offshore debt securities since December 31, 2020, see “*Business – Recent Developments*” and “*Description of Material Indebtedness and Other Obligations*.”

Except as aforementioned and otherwise disclosed in this Offering Memorandum, there has been no material change in our indebtedness or capitalization since December 31, 2020.

SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables present our selected consolidated financial and other data. Our selected consolidated financial information as of and for the years ended December 31, 2018, 2019 and 2020 set forth below have been extracted from our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 and included elsewhere in this Offering Memorandum. You should read the selected consolidated financial statements set forth below in conjunction with our audited consolidated financial statements and the related notes included elsewhere in this Offering Memorandum. Historical results are not necessarily indicative of results that may be achieved in any future period.

In 2019, the Ministry of Finance promulgated certain new accounting standards and new requirements in relation to the format of financial statements. Our audited consolidated financial statements as of and for the year ended December 31, 2019 were prepared and presented in accordance with the New Accounting Standards and Requirements. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2019 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Accounting Standards and Requirements and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2019, please see “*Note III.34 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2019. In 2017, the Ministry of Finance issued the New Revenue Standards. Our board of directors had approved the adoption of the New Revenue Standards since January 1, 2020. Our audited consolidated financial statements as of and for the year ended December 31, 2020 were prepared and presented in accordance with the New Revenue Standards. As a result, the presentation of certain accounting items in our audited consolidated financial statements as of and for the year ended December 31, 2020 may not be comparable to the financial information in our audited consolidated financial statements for the previous periods. For details of the New Revenue Standards and its impact on our audited consolidated financial statements as of and for the years ended December 31, 2020, please see “*Note III.37 – Changes in accounting policies and accounting estimates*” to our audited consolidated financial statements as of and for the year ended December 31, 2020. There can be no assurance that the Ministry of Finance will not promulgate other new accounting standards or requirements in relation to financial statements which might affect our accounting policies or the presentation of our financial statements in the future.

Our audited consolidated financial statements have been prepared and presented in accordance with PRC GAAP, which differ in certain respects from generally accepted accounting principles in other jurisdictions. See “*Summary of Certain Differences between PRC GAAP and IFRS.*”

Selected Consolidated Income Statements Data

	For the Year Ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited and unreviewed)
Total operating income	40,110,126	71,830,786	78,600,848	12,046,107
Less: Operating cost	32,264,878	59,801,504	65,009,285	9,963,109
Taxes and surcharges	1,453,623	1,878,292	1,955,693	299,723
Selling expenses	966,396	1,462,807	1,730,220	265,168
Administrative expenses	2,390,574	3,216,235	2,820,566	432,271
Research and development expenses	—	1,284	60,843	9,325
Financial expenses	415,627	674,668	549,522	84,218
Including: Interest expenses	545,670	752,007	706,112	108,216
Interest income	193,026	212,081	224,834	34,457
Add: Other income	137,697	107,809	143,840	22,044
Investment income (or less: losses)	579,009	2,091,684	4,289,525	657,389
Including: Income from investment in associates and joint ventures	344,131	1,242,242	2,509,227	384,556
Gain from derecognition of financial assets at amortized cost (or less: losses)	—	(313)	31,432	4,817
Gains from changes in fair value (or less: losses)	53,245	50,965	289,418	44,355
Credit impairment loss	—	(479,389)	(46,845)	(7,179)
Asset impairment loss	(206,199)	(266,730)	(498,353)	(76,376)
Gains from assets disposal (or less: losses)	(26,356)	8,940	14,347	2,199
Operating profit	3,156,423	6,309,276	10,666,652	1,634,736
Add: Non-operating income	63,578	51,091	73,862	11,320
Less: Non-operating expenses	170,067	205,310	223,770	34,294
Total Profit	3,049,935	6,155,057	10,516,744	1,611,762
Less: Income tax expenses	737,384	1,532,490	2,712,678	415,736
Net profit	2,312,551	4,622,567	7,804,066	1,196,025
Net profit attributable to owners of parent company	2,193,098	4,163,086	7,077,790	1,084,719
Net profit attributable to non-controlling interests	119,453	459,481	726,276	111,307
Net of tax from other comprehensive income	(16,266)	690	35,236	5,400
Total comprehensive income	2,296,285	4,623,256	7,839,302	1,201,426
Total comprehensive income attributable to owners of parent company	2,174,027	4,163,568	7,115,101	1,090,437
Non-controlling interests	122,257	459,688	724,201	110,989

Selected Consolidated Balance Sheet Data

	For the Year Ended December 31,			
	2018 (RMB'000) (audited)	2019 (RMB'000) (audited)	2020 (RMB'000) (audited)	2020 (USD'000) (unaudited and unreviewed)
Current assets				
Cash and cash equivalents	20,416,915	25,409,737	32,860,746	5,036,130
Trading financial assets	—	1,521,271	227,274	34,831
Financial assets at fair value through profit and loss	45,327	—	—	—
Bills receivable	1,091,542	1,387,357	2,438,153	373,663
Accounts receivable	8,564,564	11,732,392	7,110,262	1,089,695
Receivable financing	—	42,396	18,388	2,818
Prepayments	8,647,817	6,015,365	6,665,529	1,021,537
Other receivables	28,555,596	29,842,898	33,767,601	5,175,111
Including: Dividends receivable	47,360	47,360	47,360	7,258
Inventories	135,002,591	165,586,814	184,374,911	28,256,691
Contract assets	—	—	18,825,264	2,885,098
Non-current assets due within one year	10,000	50,000	2,500	383
Other current assets	9,560,667	10,846,764	13,531,844	2,073,846
Total current assets	211,895,018	252,434,994	299,822,472	45,949,804
Non-current assets				
Available-for-sale financial assets	549,100	—	—	—
Long-term receivables	6,508,109	13,104,704	—	—
Long-term equity investment	6,893,425	13,486,193	27,054,872	4,146,341
Other non-current financial assets	—	473,899	744,535	114,105
Investment properties	4,210,469	4,419,480	6,361,021	974,869
Fixed assets	3,068,895	3,266,883	3,236,382	495,997
Construction in progress	46,541	12,146	120,434	18,457
Intangible assets	599,403	667,424	633,289	97,056
Goodwill	4,189	4,189	4,189	642
Long-term deferred expenses	346,899	565,741	636,616	97,566
Deferred tax assets	1,528,698	2,134,936	2,019,438	309,492
Other non-current assets	43,342	—	18,620,205	2,853,671
Total non-current assets	23,799,069	38,135,594	59,430,981	9,108,196
Total assets	235,694,087	290,570,588	359,253,453	55,058,000
Current liabilities				
Short-term loans	10,686,892	13,082,302	10,556,646	1,617,877
Bills payable	—	10,999,266	10,771,702	1,650,836
Accounts payable	—	23,791,120	31,335,779	4,802,418
Advances from customers	110,120,236	123,359,236	19,388	2,971
Contract liabilities	—	—	120,291,130	18,435,422
Employee benefits payable	673,383	1,240,143	1,631,315	250,010
Taxes payable	2,977,273	4,575,771	6,996,712	1,072,293
Other payables	17,003,846	26,834,129	46,834,072	7,177,636
Including: Interest payable	446,215	—	—	—
Dividends payable	212	3,887	8,363	1,282
Non-current liabilities due within one year	7,326,591	11,132,439	12,813,973	1,963,827
Other current liabilities	1,157,928	1,402,261	11,949,930	1,831,407
Total current liabilities	175,116,924	216,416,667	253,200,647	38,804,697
Non-current liabilities				
Long-term loans	30,127,058	36,006,262	43,068,640	6,600,558
Bonds payable	9,801,079	10,356,128	13,462,077	2,063,154
Long-term payables	402,038	262,831	252,490	38,696
Provisions	—	—	6,930	1,062
Deferred income	134,915	128,380	201,851	30,935
Deferred tax liabilities	518,641	577,713	697,652	106,920
Total non-current liabilities	40,983,731	47,331,314	57,689,640	8,841,324
Total liabilities	216,100,654	263,747,981	310,890,287	47,646,021
Shareholders' equities				
Share capital	3,709,789	3,756,855	3,821,284	585,637
Capital reserve	2,473,949	2,822,938	3,256,761	499,120
Other comprehensive income	1,161,568	1,162,051	1,199,361	183,810
Special reserve	—	—	258,568	39,627
Surplus reserve	685,843	723,361	777,671	119,183
Undistributed profits	9,367,185	12,974,056	19,387,467	2,971,259
Total shareholders' equities belonging to parent company	17,398,334	21,439,261	28,701,112	4,398,638
Non-controlling interests	2,195,099	5,383,346	19,662,054	3,013,342
Total shareholders' equity	19,593,433	26,822,607	48,363,166	7,411,979
Total liabilities and shareholders' equity	235,694,087	290,570,588	359,253,453	55,058,000

Selected Consolidated Cash Flow Statements Data

	For the Year Ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(USD'000)
	(audited)	(audited)	(audited)	(unaudited and unreviewed)
Net cash flows from/(used in) operating activities . . .	19,431,578	8,196,331	8,467,449	1,297,693
Net cash flows (used in) investing activities	(12,649,846)	(13,380,524)	(13,909,508)	(2,131,725)
Net cash flows from/(used in) financing activities . . .	(4,042,171)	8,058,617	13,716,809	2,102,193
Effect of foreign exchange rate changes on cash and cash equivalents.	(4,422)	(17,192)	(28,331)	(4,342)
Net increase in cash and cash equivalents	2,735,139	2,857,232	8,246,418	1,263,819
Cash and cash equivalent as at year end	13,311,062	16,168,294	24,414,712	3,741,718

Other Financial Data

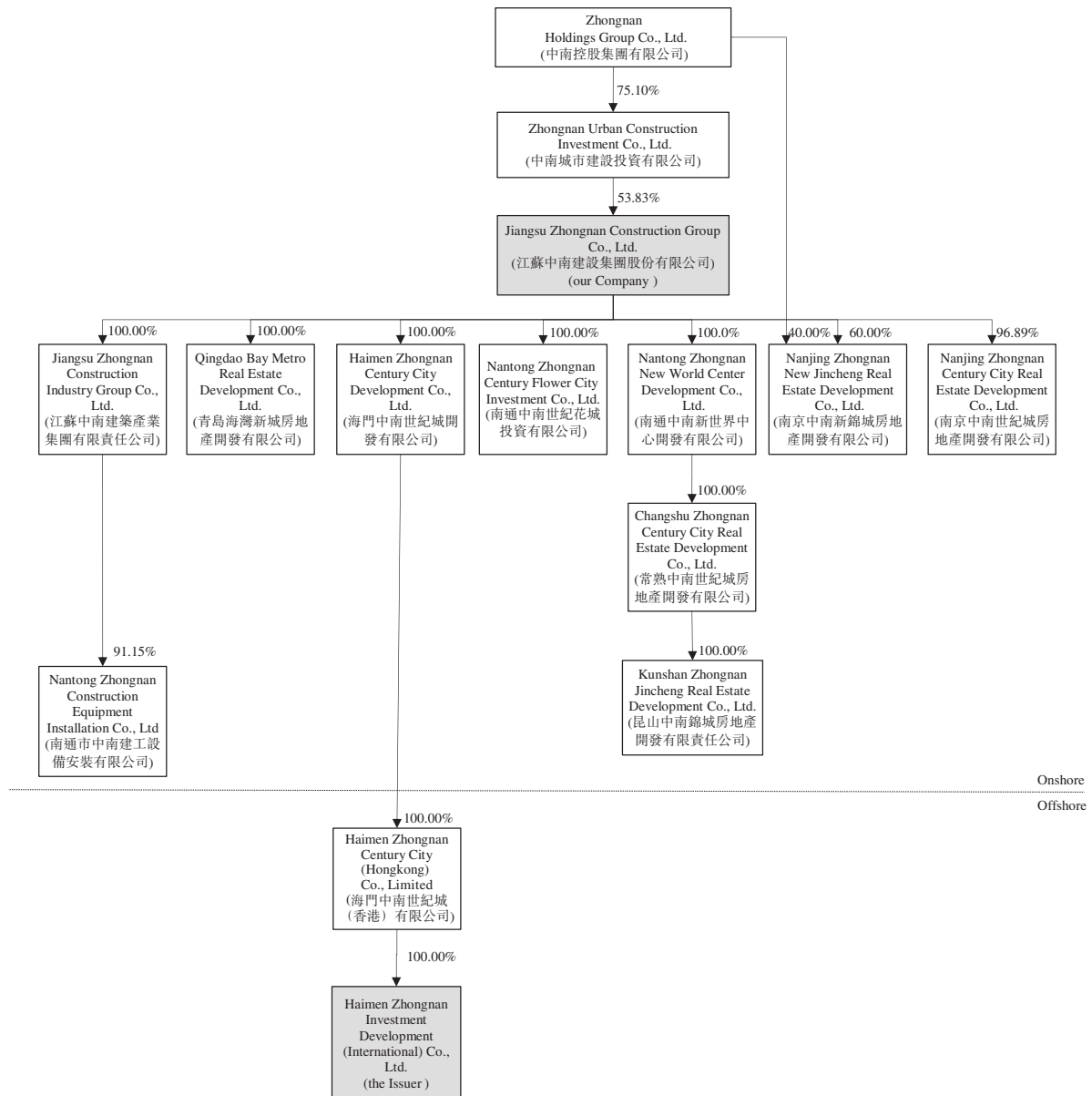
	As of and for the year ended December 31,			
	2018	2019	2020	2020
	(RMB'000)	(RMB'000)	(RMB'000)	(US\$'000)
	(unaudited and unreviewed)	(unaudited and unreviewed)	(unaudited and unreviewed)	(unaudited and unreviewed)
EBITDA ⁽¹⁾	6,120,202	10,620,716	15,897,826	2,436,448
EBITDA margin ⁽²⁾ (%)	15.26%	14.79%	20.23%	20.23%
Total indebtedness ⁽³⁾ /Total assets (%)	24.66%	24.29%	22.24%	22.24%
Current ratio (x) ⁽⁴⁾	1.21	1.17	1.18	1.18
EBITDA/Financial expense ⁽⁵⁾ (x)	2.49	2.92	3.50	3.50

Notes:

- (1) EBITDA for any period refers to profit before total interest income, capitalized borrowing costs under cost of sales, finance costs, income tax expense, and depreciation and amortization. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. The Group has included EBITDA because the Group believes it is a useful supplement to cash flow data as a measure of the Group's performance and the Group's ability to generate cash flow from operations to service its debt and tax obligations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies and the components of the Group's EBITDA may not be comparable to similarly named components presented by other companies whose financial statements were prepared under generally accepted accounting principles other than PRC GAAP. Investors should not compare the Group's EBITDA or components of the Group's EBITDA to EBITDA or components of EBITDA presented by other companies. Investors should also note that EBITDA as presented herein may be calculated differently from Consolidated EBITDA as defined and used in the Indenture. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for purposes of the Indenture.
- (2) EBITDA margin is calculated as EBITDA divided by total operating income and multiplied by 100%.
- (3) Total indebtedness are equal to the sum of short-term indebtedness and long-term indebtedness. See "Capitalization and Indebtedness."
- (4) Current ratio is calculated as total current assets divided by total current liabilities.
- (5) Financial expense for any period refers to capitalized borrowing costs under cost of sales and finance costs.

CORPORATE STRUCTURE

The following diagram sets forth a simplified corporate structure of the Group as of December 31, 2020:



DESCRIPTION OF THE ISSUER

The Issuer was incorporated as a BVI business company with limited liability under the BVI Business Companies Act, 2004 (as amended) in the BVI on June 1, 2017. Its BVI company number is 1946796 and its registered office is located at Sea Meadow House, P.O. Box 116, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is directly and wholly-owned by Haimen Zhongnan Century City (Hongkong) Co., Limited (海門中南世紀城(香港)有限公司), which is a limited liability company incorporated in Hong Kong, directly and wholly-owned by Haimen Zhongnan Century City Development Co., Ltd. (海門中南世紀城開發有限公司), a directly wholly-owned subsidiary of the Company.

Under the Issuer's memorandum of association, the Issuer may carry on or undertake any business or activity, and do any act or enter into any transaction that is not prohibited under any law for the time being in force in the BVI. The Issuer's primary purpose is to act as one of the Company's financing subsidiaries to issue and hold the Notes and other indebtedness and debt instruments. However, so long as the Notes are outstanding, the Issuer will limit its permitted activities as described under "*Description of the Notes – Certain Covenants – Limitation on the Issuer's Activities.*" The Issuer will remain as the Company's wholly-owned subsidiary as long as the Notes are outstanding.

The sole director of the Issuer is Mr. Xin Qi. As of the date of this Offering Memorandum, no part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer has no subsidiaries.

As of the date of this Offering Memorandum, the Issuer has not published, and does not propose to publish, any of its accounts since it is not required to do so under the laws of the BVI. However, the Issuer is required to keep such records and underlying documentation, as are sufficient to show and explain the Issuer's transactions and will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

BUSINESS

OVERVIEW

We are a leading property developer and one of the top private construction companies in China. Rooted in the building construction industry with more than 30 years' experience, we are the sole private construction company in China that holds both the Premium-class Housing Construction EPC Qualification and the Grade-A Construction Engineering Design Qualification. These top class construction qualifications have been granted to only four construction companies in China by the MOHURD. Moreover, we were ranked 240th among the 2020 "Top 250 International Contractors" by the ENR in terms of overall business performance as measured by multiple parameters such as operating income, profits and value of newly-signed contracts. Our ranking in the ENR has surpassed a number of large-scale state-owned construction companies and most private constructors in China. Leveraging our strengths in the construction industry and to capitalize on the property industry in China, we expanded into property development industry in 2005. We have developed into a leading and an integrated property developer and building constructor after years of strategic growth. In recognition of our business success and outstanding performance in China's property development sector, we were ranked 16th among the 2021 Top 20 China Real Estate Developers and fifth among the 2021 Top 10 Real Estate Enterprises in Commercial Property Operation in China by the China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心). We were also ranked 18th among the 2019 Top 100 Real Estate Enterprises in China by research institutes under the State Council and Tsinghua University.

We have built a proven track record of success and have engaged in the construction of a large number of landmark projects in China and overseas, such as Beijing Olympic (Bird's Nest) Stadium, National Theatre, Terminal 3 of Beijing Capital Airport, a government office building in The Republic of Togo and a large-scale property development project in Algeria. Many projects undertaken by us have received high market recognition and prestigious awards in China for their construction quality, safety and innovative construction techniques, such as the Lu Ban Award for China Construction Engineering (中國建築工程魯班獎), being the most prestigious award given by the MOHURD for construction quality excellence, and the National High Quality Project Award (國家優質工程獎), which is the highest honor for construction quality awarded by the National Engineering Construction Quality Award Evaluation Committee (國家工程建設質量獎評審委員會) in China. We were ranked eighth among Top 500 Construction Enterprises in China in 2017 by The China Construction Enterprises Management Association (中國建築企業管理協會), being the highest ranked construction company based in Jiangsu Province. We also became the first listed construction company in Jiangsu Province in 2008.

As of the date of this Offering Memorandum, we have undertaken construction projects in 24 provinces, municipalities and autonomous regions in China, covering more than 88 cities. As of December 31, 2020, we have expanded our building construction business into eight overseas countries. We are mainly engaged in property construction and construction of public facilities. As of December 31, 2020, we had completed 360 property construction projects and 149 public facilities construction projects. We also had 162 property construction projects and 39 public facilities construction projects under construction as of the same date.

Underpinned by our industry experience and top qualifications in the building construction sector and success of our integrated business development strategy, we have become one of the leading property developers in China by tapping into rapid growth of its property industry over the past decades. Our brand name enjoys high recognition in Jiangsu Province and we have maintained high market share in the Yantze River Delta Region. Leveraging our success in Jiangsu Province, we have further expanded our business into other strategically targeted cities such as Beijing, Shanghai, Nantong and Suzhou. A majority of our property development projects are residential in nature. We also engage in the development of commercial properties and public facilities properties as well as tourism properties and characteristic towns. Among the award-winning properties developed by us include Zhongnan Shopping Center (中南城購物中心), which was awarded "Company with Best Growth Potential in

China” and Young Park which was awarded “China Best Innovative and Experience Commercial Property” by Commercial Real Estate Association (全聯房地產商會商業地產研究會) in 2017. We also benefit from our low-cost land acquisition strategy that enables us to maintain high profit margin in our property development business.

As of December 31, 2020, we had a total of 468 property development projects in China under different development stages, with a total completed GFA of approximately 40,999,777 sq. m. and an aggregate GFA of approximately 24,228,143 sq. m. remaining unsold. The annual contract sales of our property development business had reached RMB223.8 billion in 2020, representing an increase of approximately 14.2% as compared to 2019. Moreover, our strategically located quality land reserves also provide us with high growth potential. As of December 31, 2020, we had land reserves of approximately 44,726,860 sq. m. in terms of total GFA under development and held for future development, covering 112 cities in China, among which approximately 36.3% are located in tier-1 and tier-2 cities. The following table sets forth the geographical distribution of our property development projects in China in terms of GFA completed, GFA under development and GFA held for future development as of December 31, 2020:

Region/Provinces and Municipalities	Total GFA Completed (sq. m.)	Total GFA under Development (sq. m.)	Total GFA Held for Future Development (sq. m.)
Bohai Economic Rim Region	7,583,153.3	5,379,921.1	2,618,494.1
Beijing	—	—	128,730.0
Hebei	386,827.7	982,369.2	355,532.7
Liaoning	821,388.8	482,937.7	98,252.1
Shandong	6,128,979.3	3,913,227.5	2,035,979.3
Tianjin	245,957.5	1,386.7	—
Yangtze River Delta Region	27,506,758.6	15,016,362.9	5,788,812.6
Anhui	275,652.4	628,554.0	354,548.6
Jiangsu	23,582,027.2	8,968,137.1	4,257,496.4
Shanghai	422,661.8	140,033.1	—
Zhejiang	3,226,417.3	5,279,638.8	1,176,767.6
Central and Western China	4,063,601.7	8,465,956.2	4,507,228.0
Chongqing	536,430.5	729,921.0	418,218.7
Guangxi	—	853,732.5	947,798.9
Guizhou	—	684,405.1	541,800.0
Henan	—	1,641,018.1	298,055.7
Hubei	1,132,666.2	335,006.8	—
Hunan	—	451,149.3	118,080.3
Shaanxi	770,545.6	1,854,253.7	726,404.2
Sichuan	1,141,018.0	860,899.5	50,968.9
Xinjiang	—	392,367.8	650,796.3
Yunnan	482,941.4	663,202.4	755,105.1
Pearl River Delta	1,846,263.9	1,560,335.4	1,389,749.9
Fujian	330,248.0	564,571.0	359,907.2
Guangdong	285,067.2	917,722.5	543,933.4
Hainan	1,230,948.6	78,041.9	485,909.3
Total	40,999,777.4	30,422,575.6	14,304,284.7

Leveraging our strengths in the property and construction industries in China, we have expanded into other business lines including hotel operations and property management. As of December 31, 2020, we had 39 hotels in operation, 37 of which are directly operated by us and the remaining two are entrusted to third parties. Our Jinshi Boutique Hotel was awarded “Most Valuable Boutique Hotel Brand in China” in 2016. We also generate rental income through leasing of the nine shopping malls held by us with a total rentable area of approximately 330,700 sq. m. and an occupancy rate of 94.3% as of December 31, 2020.

By virtue of our business success, we have achieved rapid development in recent years. For the years ended December 31, 2018, 2019 and 2020 our total operating income was RMB40,110.1 million, RMB71,830.8 million and RMB78,600.8 million (US\$12,046.1 million), respectively. During the same

periods, our net profit was RMB2,312.6 million, RMB4,622.6 million and RMB7,804.1 million (US\$1,196.0 million), respectively. As of December 31, 2020, we had total assets of RMB359,253.5 million (US\$55,058.0 million).

COMPETITIVE STRENGTHS

We have achieved a leading market position and built a strong brand name in China.

We have received numerous high-prestigious awards over the years in recognition of our leading market position in the property development industry in China. In recognition of our business success and outstanding performance in China's property development sector, we were ranked 16th among the 2021 Top 20 China Real Estate Developers and fifth among the 2021 Top 10 Real Estate Enterprises in Commercial Property Operation in China by the China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心). Moreover, we were ranked 18th among the 2019 Top 100 Real Estate Enterprises in China by research institutes under the State Council and Tsinghua University. We believe our strong market position in the property development industry is mainly attributable to the high-quality products and services we deliver, our overall strengths in the construction industry and our efficient management and operational model.

By virtue of the high quality property projects we deliver, our brand name "Zhongnan Century City (中南世紀城)" has received strong market recognition in Jiangsu Province and a number of coastal cities in China. For example, for a number of our residential projects, we have been able to price our properties higher than the average prices of comparable properties in proximity area, which we believe demonstrates the recognition of our brand name and the quality of our products. We value on quality control of every step of the development process, from site selection, planning, landscaping and construction to fitting-out and property management. For example, a number of residential properties developed by us provide our customers with not only pleasant and comfortable homes in a clean and safe environment, but also high living standards supported by comprehensive community facilities and services such as restaurants and catering, shopping, sports and leisure, transportation, education and domestic assistance. We believe our well-recognized brand in our existing market has been of great value to us as we solidify and enhance our position in our existing markets, such as Jiangsu Province, and expand our business and geographic reach into other cities and regions in the PRC. Leveraging the outstanding brand name we have built and our proven track record, we believe we will receive increasing brand recognition and market share in those markets. We aim to further strengthen the trust of our customers in our property products and services, and to secure repeat customers and referrals for us, through an emphasis on quality property management and post-sales services.

Over the past decades, we have established our industry prestige as a top private construction company in China. We have top-class qualifications in the construction industry in China. For example, we are one of the four construction companies in China that hold both Premium-class Housing Construction EPC Qualification and the Grade-A Construction Engineering Design Qualification. We have received a large number of top awards by virtue of our strong execution capabilities and track record of delivering quality construction projects, including some landmark projects in China. As of December 31, 2020, we had been granted 19 Lu Ban Awards (魯班獎), one Outstanding Lu Ban Award (特別魯班獎) and ten Tien-yow Jeme Civil Engineering Prizes (中國土木工程詹天佑獎), which are both the most prestigious awards for construction companies in China. As of the same date, we had also won 22 Gold Awards of China Construction Engineering in Steel Structure (中國建築工程鋼結構金獎), being the highest honor in steel-structure building construction sector. In recognition of our high quality projects, we had also won more than 130 "Jiangsu Yangtze Cup Award (江蘇省揚子杯獎)", "Changcheng Cup" (長城杯), "Shanghai Magnolia Award (上海市白玉蘭獎)", "Taishan Cup" (泰山杯) and various provincial and municipal high-quality project awards. Our renovation and installation work had also won over 32 awards such as China Building Decoration Award (中國建築裝飾獎) and Star of China Installation (中國安裝之星) in China as of December 31, 2020. In addition, we have won several National High Quality Project Awards. For instance, our Qingdao Bay New Town project had

won the 2016-2017 National High Quality Project Award and our Dongying Olympic Center Natatorium project had won the 2020-2021 National High Quality Project Award. We have been devoted to innovation and upgrade of construction technologies and have obtained a number of patents such as a T-shaped vertical connecting node for shear wall structures, a construction method for spherical surface slipping system of openable roof system, and an auxiliary installation device for tower crane buttress with tower and mast structures.

The strengths of our brand name and our leading market position is not only evidenced by the numerous awards we have received but also our business success and achievement in existing markets and new markets. As of the date of this Offering Memorandum, we have expanded our property development business into 22 provinces and municipalities, covering 113 cities in China in total. We had a total of 468 property development projects in China with an aggregate completed GFA of approximately 40,999,777 sq.m. as of December 31, 2020. We have undertaken construction projects in 24 provinces, municipalities and autonomous regions in China, covering more than 88 cities as of the date of this Offering Memorandum. We have achieved rapid growth in our property development business in recent years. For example, we recorded annual contract sales of approximately RMB223.8 billion in 2020, representing an increase of approximately 14.2% as compared to 2019. We believe our leading market position and highly-recognized brand name will enable us to further take advantage of our strengths and achieve a stronger performance.

We have high quality and well-balanced land reserves and benefited from our prudent and low-cost land acquisition strategy.

Our land reserves are well diversified in terms of both geographic location and project type to achieve maximum profit potential and minimized risk exposure to over-concentrated product mix. Our land reserves are distributed across selective strategic cities which we believe have high economic growth potential. We adopt a prudent land acquisition strategy. A majority of the land we acquired are concentrated in Yangtze River Delta Region. Our land reserves are supplemented by land parcels distributed across Bohai Economic Rim Region, Pearl River Delta Region and core tier-2 cities in Central and Western China with relatively high urbanization rate and robust economy. Our well-balanced land reserves are distributed across various regions and cities in China. As of December 31, 2020, we had land reserves of approximately 44,726,860 sq. m. in terms of total GFA under development and held for future development, covering 112 cities in China, among which approximately 36.3% are located in tier-1 and tier-2 cities. Our land reserves are not over-concentrated in any city and we believe our land acquisition strategy can effectively diversify local policy risks we face. We allocate our land reserves for the development of different property types to maintain a balanced development structure and a diverse property portfolio. We believe our strategically located quality land reserves provide us with an attractive property development pipeline and will be sufficient to support our continued growth in the near future.

Based on popular demand for our projects and a high level of market recognition for being responsive to local urban development trends, we have been invited to numerous public tender proceedings organized by local governments and have been able to acquire high-quality land parcels at competitive prices. We have also acquired land at low cost through acquisitions or mergers of projects. We also enter into joint venture projects with third parties who possess the land but seeking for capital, brand name or execution teams and we are usually responsible for the overall project operation and management. We also strive to shorten our project development cycle to improve our operating efficiency, expedite asset turnover, enhance liquidity position and achieve sustainable growth, by adopting standardized property development procedures and closely monitoring the entire property development cycle. We typically target to commence pre-sale within 150 days from the commencement of construction.

Our industry-leading construction business benefits from first-mover advantage and synergies achieved with our property development segment.

We are an industry-leading construction company in China with a national presence. We hold and maintain some of the top-grade construction qualifications in the construction industry for construction general contracting, construction engineering design and EPC general contracting for public facilities. These top-grade qualifications are typically awarded to building construction companies that satisfy the most stringent standards in relation to overall credit, landmark projects, experience and other qualification of the management team and technicians, technological innovation and scale of operations. Our possession of these qualifications reflect our superior technical expertise and enable us to undertake construction projects of all scales nationwide, allowing us to expand outside of Jiangsu Province.

We believe that our extensive industry qualifications and our extensive industry experience have enabled us to take on complex, large-scale projects and provide integrated construction services to a wide range of customers, which in turn has allowed us to accumulate extensive expertise in a variety of construction projects. We have participated in the construction of Beijing Olympic (Bird's Nest) Stadium, National Theatre and Terminal 3 of Beijing Capital Airport.

We benefit from being one of the first companies to introduce the new prefabricated concrete (“NPC”) technique in construction projects. As compared to traditional methods, construction works using NPC results in a significantly shortened construction time and lesser materials used. Our NPC technique has garnered the approval of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部) and is considered to be a green engineering technique. Moreover, we have also successfully leveraged PPP model in our building construction business underpinned by our strengths in qualifications, industry experience and expertise in management of commercial properties and infrastructure. As of December 31, 2020, we had entered into contracts for 24 PPP projects with an aggregate contract value of approximately RMB34.9 billion (US\$5.3 billion).

The interaction between our building construction business and property development segment has achieved synergies in terms of shared industry experience and customer base. We provide quality construction services to our own property development projects and have created win-win situations that build our business as a group. Our extensive network and connections with other major property developers in China also create more opportunities for our building construction business. The respective strengths of our core business segments and close interactions have generated synergies for our operations and enabled us to serve our customers in an optimal way.

We maintain a robust liquidity position and have a strong credit profile.

We actively manage our liquidity position by taking into account our development plans, capital needs and available cash and financing options. We believe our quick asset turnover model has enabled our projects to generate positive cash flow in a relatively short period after commencement of development to support further developments. We have maintained strong credit profile and have been granted AA+ credit ratings by United Credit Ratings Co., Ltd. (聯合信用評級有限公司) and Golden Credit Rating International Co., Ltd. (東方金誠國際信用評估有限公司) (“**Golden Credit Rating**”) in China. By virtue of our strong credit profile and robust liquidity position, we have maintained good relationship with a number of major commercial banks in the PRC such as Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, China Bohai Bank, China CITIC Bank, China Minsheng Bank, Bank of Jiangsu and Ping An Bank. As of December 31, 2020, we had obtained RMB172.5 billion (US\$26.4 billion) committed bank loan facilities, of which RMB131.2 billion (US\$20.1 billion) remained unused.

In addition to bank loans, we also meet our operation capital requirements by issuance of other forms of debt financing instruments such as corporate bonds and assets-back securities. We also obtain debt financings from trust companies and asset management companies. For a description of our indebtedness, see “*Capitalization and Indebtedness*.”

We have implemented centralized control over cash management and major financing activities within the Group to increase the efficiency of cash utilization and to lower financing costs. We also closely monitor and manage our indebtedness level to manage its credit risk. We will continue to proactively manage our liquidity position and leverage ratio with a view to maintaining a healthy capital structure. Although we are not required to follow the “three red lines” policy, we met the net debt ratio and cash to short-term debt ratio requirements under such policy as of December 31, 2020.

We have an experienced and professional management team and a highly effective corporate governance structure with sound internal control.

We believe our experienced and professional management team has contributed to our success. Our senior management team has extensive industry knowledge, management skills and operating experience. For example, Mr. Chen Jinshi, our chairman, is a senior engineer and also holds an EMBA degree and a DBA degree. Mr. Chen has more than 35 years’ experience in the construction industry and has led a number of construction teams which have won numerous prestigious awards for their construction projects. Our senior management team has an average of over 13 years’ experience in the real estate industry. A majority of our senior management have been with us since our inception and we also benefit from their visionary leadership that enables us to capture business opportunities and market trends. We believe their industry experience and in-depth knowledge in property and construction industry will continue to be a critical factor for our business development and long-term growth. For a description of our senior management’s profile, see “*Management*.”

Our headquarters in Shanghai oversees the principal functions of our operations, including land acquisitions, project design, human resources, financing planning and raw material procurement. For example, we have multiple steps procedures to ensure cautious investment in new projects, such as case study, on-site visit, market research and multi-rounds of internal review. As we expand into markets outside Jiangsu Province, we have delegated certain functions such as project management and marketing to our project companies to facilitate smooth project execution, thereby enabling them to cater to local characteristics, shorten development cycle and quickly respond to changes in local market conditions. We also emphasize on strict control over project quality and have implemented stringent quality control standards to achieve a lower-than-average defect rate.

In addition to project investment and quality control, we have set up a sound internal control system with comprehensive policies and procedures covering various aspects of our business operations, such as our Key Performance Indicators (“KPI”) system. Our KPI system provides various budget and performance indicators for each of our projects giving us a more complete and objective analysis on the performance and progress of each project.

BUSINESS STRATEGIES

We are determined to maintain our current competitive strengths and plan to implement the following business strategies in order to achieve our overall business objectives:

We plan to further strengthen our well-recognized brand by providing value to our customers through our quality construction projects and property products.

We believe that our outstanding brand name has contributed to our business success. We have built up our brand recognition over the years through providing products and services with premium quality. We aim to further strengthen our brand recognition by providing value to our customers and delivering quality construction projects and property products. We will continue to pursue our established core value of “Quality First, Customers Supreme” (“質量第一，顧客至上”) and further cultivate our brand awareness in our core business segments. Leveraging our well-recognized brand name, we believe that the operation efficiency and profitability of our property development and building construction businesses will be further enhanced.

We aim to further cultivate core regional markets and strategically expand our footprints to megalopolis in China.

We plan to further penetrate into our core regional markets and consolidate our position as a leading property developer and one of the top private construction companies in China. We will strategically allocate our resources in key cities and primarily focus on first and second-tier cities, supplemented by expansion in key third-tier cities. We intend to strengthen our strategic development in Yangtze River Delta Region, Pearl River Delta Region and core cities in China. The Yangtze River Delta Region and the Pearl River Delta Region have strong economic conditions and market demands and we believe that other cities with high population density also present large growth potential in the property market and provide attractive opportunities for property development. Such potential growth will also generate more opportunities for our building construction business. We will also leverage our existing market position, industry experience and brand recognition to expand our core businesses to quality third-tier cities in China.

We will continue to optimize our product mix and develop value-added and upgraded property and construction projects.

We aim to continue to position our property development business as customer-oriented and we will continue to focus on developing residential properties tailored for the mass market. We intend to adopt our high turnover rate strategy to lower our operating cost and further enhance the profitability of our property development projects. We plan to build in “new life” concept in our residential property development projects and emphasize on providing residences with high quality and diversified integrated neighbourhood. For example, we plan to develop and operate our own commercial properties in proximity to our residential projects, such as Zhongnan Shopping Mall and Zhongnan Department Store. These integrated commercial and residential property products will enable us to obtain a relatively stable and recurring income and promote the value of our properties through these high-end ancillary facilities. In addition, we will also increase the element of health in our residential properties by creating TED community, in which “TED” stands for technology, enjoyment and daring, promotes a healthy living style which emphasises on both physical and mental health. We believe our optimized and upgraded product mix will enable us to address the evolving needs of our target customers. We plan to further improve industrialization and innovation of our building construction business to optimize our operating efficiency and further enhance both the quality and energy-saving effect of our construction projects.

We aim to further enhance our operating efficiency and optimize our overall management and talents pool.

We value high-turnover business model in order to lower our operating cost and we also endeavour to maintain the quality of our property project and construction projects at the same time. We also plan to further improve the professional standard of our core business segments by way of allocating more resources on recruiting and retaining professional talents as well as nurturing and training up a professional team on construction planning and design and integrated operation. We will also continue to maintain our investment in R&D activities such as in the area of building industrialization and build our R&D team. We believe possession of advanced technique and knowhow will enables us to maintain our strengths in our core business and minimize our costs in the long run. We also aim to enhance our overall management and execution capability by further streamlining the decision-making process, such as by adopting flat organizational structure and transparent management approach. We will also focus on enhancing the professional skills of our management team in terms of business operation and industry knowledge to maximize team productivity.

RECENT DEVELOPMENTS

Redemption of Onshore Debt Securities at Maturity

On January 11, 2021, we fully redeemed our domestic asset-backed notes titled “19 Zhongnan Construction ABN001 (19中南建設ABN001)” with an aggregate outstanding principal amount of RMB1,992.0 million. 19 Zhongnan Construction ABN001 was issued on January 11, 2019 with a tenor

of two years. 19 Zhongnan Construction ABN001 consisted of two classes: (i) the senior notes with a principal amount of RMB2.0 billion and a coupon rate of 7.50% and (ii) the subordinated notes with a principal amount of RMB200.0 million and without interest. On January 22, 2021, we fully redeemed our domestic corporate bonds titled “16 Zhongnan 01 (16中南01)” with an aggregate outstanding principal amount of RMB964.3 million. 16 Zhongnan 01 was issued on January 22, 2016 with a tenor of five years. 16 Zhongnan 01 had an aggregate principal amount of RMB1.0 billion and a coupon rate of 6.50%. On February 12, 2021, we fully redeemed our domestic private placement bonds titled “2018 Bond Financing Program Phase I (中南第一期債權融資)” with an aggregate outstanding principal amount of RMB1.0 billion. 2018 Bond Financing Program Phase I was issued on February 12, 2018 with a tenor of three years. 2018 Bond Financing Program Phase I had an aggregate principal amount of RMB1.0 billion and a coupon rate of 7.50%. On April 24, 2021, we fully redeemed our domestic medium-term notes titled “18 Zhongnan Construction MTN001 (18中南建設MTN001)” with an aggregate outstanding principal amount of RMB1.0 billion. 18 Zhongnan Construction MTN001 was issued on April 24, 2018 with a tenor of three+N years. 18 Zhongnan Construction MTN001 had an aggregate principal amount of RMB1.0 billion and a coupon rate of 7.80%. On May 22, 2021, we fully redeemed our domestic super and short-term commercial paper with an aggregate outstanding principal amount of RMB600.0 million. The 2020 Super and Short-term Commercial Paper was issued on August 24, 2020 and matured on May 22, 2021. The 2020 Super and Short-term Commercial Paper had an aggregate principal amount of RMB600.0 million and a coupon rate of 6.85%.

Issuance of the 2021 Corporate Bonds

On March 17, 2021, we issued a total principal amount of RMB1.0 billion of domestic corporate bonds titled “21 Zhongnan 01 (21中南01)” as approved by the CSRC. The 2021 Corporate Bonds have a tenor of four years with a coupon rate of 7.30% and will mature on March 17, 2025. See “*Description of Material Indebtedness and Other Obligations – Onshore Debt Securities – 2021 Corporate Bonds*” in this Offering Memorandum for details.

Exchange Offer for and Repurchase of the 2019 Notes

From March 22, 2021 to March 26, 2021, we conducted an exchange offer for any and all of the outstanding 10.875% Guaranteed Senior Notes due 2022 issued by the Issuer in 2019. The 2019 Notes in principal amount of US\$190.25 million were validly tendered by eligible holders and accepted for exchange by us on April 7, 2021, and were subsequently cancelled. We further repurchased the 2019 Notes in principal amount of US\$10.0 million from April 13, 2021 to April 14, 2021. The repurchased 2019 Notes were cancelled on April 19, 2021.

Issuance of the 2021 April Notes

On April 7, 2021, the Issuer issued the 11.50% guaranteed senior notes due 2021 in an aggregate principal amount of US\$250.0 million, which are unconditionally and irrevocably guaranteed by us. The 2021 April Notes will mature on April 7, 2024. See “*Description of Material Indebtedness and other Obligations – Offshore Debt Securities – 2021 April Notes*” in this Offering Memorandum for details.

Business Development

We are a listed company on the SZSE and therefore are subject to applicable disclosure requirement of a listed company. We also from time to time issue corporate bonds in the domestic capital markets in the PRC. According to applicable PRC listing rules and securities regulations on debt capital markets, we are required to publish our quarterly, semi-annual and annual financial information and certain preliminary operating results to satisfy our continuing disclosure obligations. These preliminary financial information and operating results are normally derived from our management accounts which have not been audited or reviewed by independent auditors and do not provide the same quality of information associated with financial information that has been subject to an audit or review. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations.

On April 30, 2021, we published our first quarterly report in 2021 with preliminary operating results for the three months ended March 31, 2021 on the SZSE. According to which, we recorded aggregate contract sales of approximately RMB48.4 billion from our property development segment for the three months ended March 31, 2021, representing an increase of approximately 124.3% as compared to the same period in 2020. The increase was mainly attributable to the recovery of China's property market from the outbreak of COVID-19 and relatively lower contract sales recorded in the first quarter of 2020 due to the outbreak of COVID-19. With respect to our construction segment for the three months ended March 31, 2021, the estimated total contract value of our newly-undertaken construction projects was approximately RMB9.1 billion, representing an increase of approximately 23.7% as compared to the same period in 2020. The increase was mainly attributable to relatively fewer newly-undertaken construction projects recorded in the first quarter of 2020 due to the outbreak of COVID-19. The published preliminary operating results for the three months ended March 31, 2021 have not been audited or reviewed by our auditor.

HONORS AND AWARDS

By virtue of our established industry prestige and proven track record, we have been awarded numerous recognitions and honors over the years.

Year	Honors and Awards
2020-2021	We were ranked 16th among “Top 20 China Real Estate Developers”(中國房地產開發企業20強) and 5th among “Top 10 Real Estate Enterprises in Commercial Property Operation in China”(中國房地產企業商業地產運營10強) by the China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心).
2020	<p>We were ranked 15th among “Top 200 Real Estate Enterprises in China in terms of Comprehensive Strengths”(中國房企綜合實力TOP200) and 16th among “Top 100 Real Estate Enterprises in China in terms of Brand Value”(中國房企品牌價值TOP100) by EH Consulting (億翰智庫).</p> <p>We were ranked among “Top 20 Real Estate Enterprises in China in terms of Operating Capabilities”(中國房地產企業運營能力20強), “Top 20 Real Estate Enterprises in China in terms of Brand Value Growth”(中國房地產企業品牌價值成長性20強) and “Top 10 Real Estate Enterprises in China in terms of Competitive Strengths in the Yangtze River Delta”(中國房地產企業長三角競爭力10強) by EH Consulting (億翰智庫).</p> <p>We were ranked among “Top 10 A-share Listed Property Development Companies in China”(中國房地產上市公司A股10強) by the China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心).</p> <p>Zoina Land (中南置地) was granted the 2020 Jinling Award (金瓊獎) “Influential Real Estate Enterprise”(影響力地產企業) by China Times (華夏時報) and the Expert Advisory Group of Huaxia Real Estate (華夏地產專家顧問團).</p> <p>We were ranked 240th among the 2020 “Top 250 International Contractors” by the ENR.</p>
2019	We were ranked 18th among the 2019 Top 100 Real Estate Enterprises in China by research institutes under the State Council and Tsinghua University.

Year	Honors and Awards
	<p>We were ranked among “Top 12 Commercial Real Estate Enterprises in China”(中國商業地產12強) by the China Real Estate Association (中國房地產業協會).</p> <p>We were ranked 17th among “Top 20 China Real Estate Developers”(中國房地產開發企業20強) and 5th among “Top 10 Real Estate Enterprises in Commercial Property Operation in China”(中國房地產企業商業地產運營10強) by the China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心).</p> <p>We were ranked 212th among the 2019 “Top 250 International Contractors” by the ENR.</p> <p>We were recognized as one of the most socially responsible listed companies (最具社會責任上市公司) by National Business Daily (每日經濟新聞).</p> <p>We were ranked among “Top 50 Best Property Development Employers in China”(中國房地產最佳僱主企業50強) by the China Real Estate Association (中國房地產業協會), China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心) and E-house Employer Appraisal Centre (易居企業集團僱主測評中心).</p>
2018 – 2019	<p>We were ranked among “Top 10 Real Estate Enterprises in China in relation to Operational Efficiency”(中國房地產企業運營效率10強) by research institutes under the State Council and Tsinghua University.</p>
2018	<p>We were ranked 19th among “Top 20 China Real Estate Developers”(中國房地產開發企業20強) by the China Real Estate Association (中國房地產業協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心).</p> <p>We were ranked among “Top 10 Commercial Real Estate Enterprises in China”(中國商業地產10強) by research institutes under the State Council and Tsinghua University.</p> <p>We were ranked among “Top 100 Excellent Real Estate Enterprises in China”(中國房地產卓越100榜) by Guandian Index Academy (觀點指數研究院) under Guandian Property & Co. (觀點地產機構).</p> <p>We were recognized as an Excellent Construction Enterprise (全國優秀企業) by the China Construction Association (中國施工協會).</p> <p>We were ranked among “Top 100 Most Competitive Construction Enterprises”(全國建築業競爭力百強) by the China Construction Industry Association (中國建築業協會).</p> <p>We were recognized as the best enterprise in the construction industry in Jiangsu Province (江蘇省建築業最佳企業) by Jiangsu Construction Industry Association (江蘇省建築行業協會) for six consecutive years.</p>

Year	Honors and Awards
	We were recognized as an excellent enterprise entering Beijing (外地進京優秀企業) for three consecutive years by the Beijing Municipal Bureau of Construction (北京市建設委員會).
	We were ranked 222th among the 2018 “Top 250 International Contractors” by the ENR.
	We were recognized as a National AAA Engineering Construction Contractor for five consecutive years.
	We were ranked among “Top 10 Charitable Enterprise in China” by the China Philanthropy Times (中國公益時報)
2017 – 2018	We were ranked among “Top 10 A-share Listed Property Development Companies in China”(中國房地產上市公司A股10強) by the China Real Estate Association (中國房地產協會) and China Real Estate Appraisal Centre of Shanghai E-house China R&D Institute (上海易居房地產研究院中國房地產測評中心).
2017	We were ranked 8th among “Top 500 Construction Enterprises in China”(中國建築企業500強) by the Chinese Construction Enterprises Management Association.
	We were ranked 6th among “Top 50 Contractors in China”(中國最佳建築承包商50強).
2016	We were ranked 9th among “Top 80 Chinese Contractors” by the ENR and the Construction Times.

MILESTONES

The following summary sets forth certain of our milestone events since our inception:

1988	The predecessor of our controlling shareholder, Zhongnan Group, commenced its operations as a construction service provider led by our chairman, Mr. Chen Jinshi.
1998	Our predecessor, Dalian Jinniu Company Limited (大連金牛股份有限公司), was established as a joint stock company in July 1998.
2001	We acquired Nantong Construction General Contracting Co., Ltd (南通建築工程總承包有限公司) and obtained the Premium-class Housing Construction EPC Qualification.
	We obtained the first-class housing construction EPC qualification (國家房屋建築工程施工總承包企業一級資質)
2005	We obtained a large-scale building construction project in relation to Nantong Central Business District (南通中央商務區) and Nantong Sports Conference and Exhibition Center (南通體育會展中心) with a total GFA over 2,000,000 sq. m..

	We began to build up our Zhongnan Century City (中南世紀城) brand and to expand our property development business into the large-scale property development segment.
2007	We acquired Beijing Urban Construction Municipal Subway Foundation Engineering Co. Ltd (北京城建地鐵地基市政工程有限公司) to expand into municipal, public transportation and highway construction and to diversify our building construction business.
2008	We became a SSE-listed company in China through the acquisition and reorganization of Dalian Jinniu Company Limited (大連金牛股份有限公司). We became the first listed construction company in Jiangsu Province and the first listed company in Haimen.
2009	We issued our new shares on the SZSE and Dalian Jinniu Company Limited (大連金牛股份有限公司), our predecessor, was renamed to Jiangsu Zhongnan Construction Group Co., Ltd.
2009 – 2010	We acquired lands in cooperation with local governments and increased our land reserves.
	We began to transform and reposition ourselves as an urban complex operator (城市綜合體運營商).
2012	We undertook our first tourism and culture property development project in Yantai.
	We obtained the premium-class housing construction EPC qualification (國家房屋建築工程施工總承包企業特級資質), which was only given to four construction companies in China.
2014	We further expanded our property development business into Northern China through undertaking a tourism property project in Tangshan, Hebei Province.
	Nantong Zhongnan Department Store (南通中南百貨) was founded, representing a big leap in our commercial property development business.
2016	We expanded our property development business into various new regional markets, such as Tianjin, Hangzhou, Wuhan and Wuxi
	We launched our first minority investment-based (小股操盤) property development project.
	We undertook several large-scale PPP projects, representing a breakthrough in our infrastructure and PPP construction business.
2018	We launched the “Healthy TED Community”(健康TED社區) Series, which promoted a healthy living style.
2019	On June 18, 2019, the Issuer issued the 10.875% guaranteed senior notes due 2022 in an aggregate principal amount of US\$350.0 million (the “ Original Notes ”) and further issued the 10.875% guaranteed senior notes due 2022 in an aggregate principal amount of US\$50.0 million on June 25, 2019 (the “ First Tap Notes ”) and the 10.875% guaranteed senior notes due 2022 in an aggregate principal amount of US\$100.0 million on July 16, 2019 (the “ Second Tap Notes ”). Both the First Tap Notes and the Second Tap Notes have consolidated and formed a single series with the Original Notes. The Original Notes, the First Tap Notes and the Second Tap Notes are unconditionally and irrevocably guaranteed by us.

2020 On August 4, 2020, the Issuer issued the 9.00% guaranteed senior notes due 2021 in an aggregate principal amount of US\$200.0 million (the “**2020 August Notes**”). The 2020 August Notes are unconditionally and irrevocably guaranteed by us.

On September 22, 2020, Moody’s upgraded our credit rating to “B1” from “B2”. On October 9, 2020, S&P upgraded our credit rating to “B+” from “B”.

2021 On April 7, 2021, the Issuer issued the 11.50% guaranteed senior notes due 2021 in an aggregate principal amount of US\$250.0 million. The 2021 April Notes are unconditionally and irrevocably guaranteed by us.

In April 2021, the 2019 Notes in principal amount of US\$190.25 million were accepted for exchange by us and cancelled. We further repurchased and cancelled the 2019 Notes in principal amount of US\$10.0 million in April 2021.

OUR BUSINESS

We are mainly engaged in property development and building construction businesses. Leveraging our strengths in the property industry in China and to diversify our business portfolios, we have also expanded into hotel operation and property development sectors. The table below sets forth a breakdown of our operating income by business lines for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Operating Income	%	Operating Income	%	Operating Income	%
	(Audited)		(Audited)		(Audited)	(Unaudited and unreviewed)
	(RMB in '000)		(RMB in '000)		(RMB in '000)	(US\$ in '000)
Property Development . . .	27,560,078	68.7%	51,586,577	71.8%	58,570,223	8,976,279
Building Construction						
Property construction projects	6,685,564	16.7%	12,241,177	17.1%	9,153,479	1,402,832
Public facilities construction projects	4,026,251	10.0%	4,646,186	6.5%	7,177,808	1,100,047
Electrical and mechanical engineering projects . .	948,341	2.4%	2,175,763	3.0%	2,750,480	421,530
Hotel Operation, Property Management and Others	889,892	2.2%	1,181,083	1.6%	948,859	145,419
Total operating income . .	40,110,126	100.0%	71,830,786	100.0%	78,600,848	12,046,107
						100.0%

Property Development

Overview

We mainly focus on developing residential properties in the Yangtze River Delta Region, Pearl River Delta Region and core cities in China. We offer a wide spectrum of high-quality residential products. Our diversified residential properties target at both mass market and middle to upper-middle income households. To diversify our products mix, we also develop commercial properties. Our commercial properties primarily include office buildings, retail shops and hotels, some integrated with, or in the vicinity of, the residential properties. The following table sets forth a breakdown of operating income from our property development business by project type for the periods indicated:

		For the year ended December 31,					
		2018		2019		2020	
		Operating Income	%	Operating Income	%	Operating Income	
		(Audited)		(Audited)		(Audited)	(Unaudited and unreviewed)
		(RMB in '000)		(RMB in '000)		(RMB in '000)	(US\$ in '000)
Residential property projects		25,502,190	92.5%	50,713,288	98.3%	57,141,110	8,757,258
Commercial property projects		2,057,888	7.5%	873,289	1.7%	1,429,113	219,021
Total		27,560,078	100.0%	51,586,577	100.0%	58,570,223	8,976,279

Our property development business primarily focus on Jiangsu Province, Zhejiang Province and Shandong Province. We have a relatively higher market share in first and second-tier cities such as Suzhou, Nanjing, Nantong, Zhenjiang and Yancheng. As of the date of this Offering Memorandum, we have expanded our property development business into 22 provinces and municipalities, covering 113 cities in China in total.

The following table sets forth the annual contract sales of our property development business, total GFA sold and the average selling price per sq. m. (calculated by dividing the annual contract sales from property development business by the total GFA sold) for the periods indicated:

		As of December 31,			
		2018	2019	2020	
Annual contract sales		RMB146.6 billion	RMB196.1 billion	RMB223.8 billion	US\$34.3 billion
Including: annual contract sales as measured by interest attributable to the Group.		RMB94.4 billion	RMB122.5 billion	RMB134.9 billion	US\$20.7 billion
Total GFA sold		11.4 million sq. m.	15.4 million sq. m.	16.9 million sq. m.	16.9 million sq. m.
Including: total GFA sold as measured by interest attributable to the Group.		7.65 million sq. m.	9.8 million sq. m.	10.0 million sq. m.	10.0 million sq. m.
Average selling price		RMB12,811 per sq. m.	RMB12,725 per sq. m.	RMB13,281 per sq. m.	US\$2,035 per sq. m.

Projects Information

We typically classify our properties at different development stages to the following three categories:

Categories

Completed properties	comprising properties with certificates of completion (including completed properties that have been sold)
Properties under development	comprising properties for which we have obtained the construction work commencement permits but not yet the certificates of completion
Properties held for future development	comprising properties for which we have obtained the land use rights certificates and intend to hold for future development and properties for which we have not obtained the land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements

As our projects typically comprise multiple-phase developments, one project may include different phases that are at various stages of development and completion. The following table sets forth certain key information of our property development projects in China as of December 31, 2020⁽¹⁾:

No.	Project Name	Type	Location	Under Development					Held for Future Development					
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Expected Completion Date	Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)					
1	Shanghai Chongming Changxing Island Polaris Land (上海崇明江山美宸)	Residential	Shanghai	34,628.2	41,553.8	41,553.8	41,553.8	-	-	-	-	-	-	11.0%
2	Shanghai Fengxian Spanish Palace (上海奉賢錦庭)	Commercial & Residential	Shanghai	20,928.1	48,134.6	47,983.6	48,134.6	-	-	-	-	-	-	99.0%
3	Shanghai Fengxian HI-PARK (上海奉賢HI-PARK)	Commercial & Office	Shanghai	20,174.7	40,348.2	18,977.8	-	40,348.2	701.4	September 2022	-	-	-	100.0%
4	Shanghai Fengxian Xanadu Park (上海奉賢柯南美麓)	Commercial & Residential	Shanghai	87,916.4	158,248.8	158,248.8	158,248.8	-	-	-	-	-	-	40.0%
5	Shanghai Fengxian Haojingwan (上海奉賢滬景灣)	Commercial & Residential	Shanghai	19,667.0	45,234.0	45,234.0	45,234.0	-	-	-	-	-	-	34.0%
6	Shanghai Fengxian Zhelin Phoenix Valley (上海奉賢鳳鳴美穀)	Commercial & Residential	Shanghai	34,600.0	99,684.9	92,783.4	-	99,684.9	2,415.2	October 2022	-	-	-	33.0%
7	Shanghai Qingpu Royal Park (上海青浦君悅府)	Residential	Shanghai	19,396.9	38,793.0	38,793.0	38,793.0	-	-	-	-	-	-	100.0%
8	Shanghai Qingpu Westown (上海青浦西紅樹灘)	Commercial & Residential	Shanghai	36,279.0	90,697.5	87,283.4	90,697.5	-	-	-	-	-	-	40.0%
9	Changzhou Tianning Gongyuan lizhe (常州天寧公元禮著)	Commercial & Residential	Changzhou	37,231.0	44,677.2	-	-	25,600.8	411.9	October 2023	19,076.4	307.0	April 2021	51.0%
10	Changzhou Dingxiang Road Hongxitai (常州丁香路紅熙臺)	Commercial & Residential	Changzhou	51,424.0	113,133.0	103,803.8	-	113,133.0	1,570.2	November 2021	-	-	-	50.0%
11	Changzhou Majestic Mansion (常州文瀾園)	Residential	Changzhou	55,052.0	121,114.4	13,934.4	-	121,114.4	1,757.5	March 2024	-	-	-	50.0%

Note:

- (1) Our property development projects which had been fully completed, settled and delivered to the purchasers as of December 31, 2020 were not included in the table as the ownership of such properties had been transferred to relevant purchasers.

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Completion Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
12	Changzhou Wujin Leisurely Courtyard (常州武进上悦城)	Residential	Changzhou	53,338.0	106,676.0	14,334.5	-	70,338.0	778.8	36,338.1	402.3	May 2021	49.0%
13	Changzhou Menghe Town JZX20201901 Plot (常州市常州孟河鎮JZX20201901地塊)	Commercial & Residential	Changzhou	40,691.0	89,520.0	-	-	-	-	89,520.0	1,023.2	June 2021	100.0%
14	Huaian Zhongnan Century City (淮安中南世紀城)	Commercial & Residential	Huaian	417,662.0	918,856.4	910,740.8	918,856.4	-	-	-	-	-	100.0%
15	Huaian Qingjiangpu Zoina Mansion (淮安清江浦樺府)	Residential	Huaian	30,852.0	55,533.0	54,453.4	28,596.3	26,936.8	206.5	-	-	-	100.0%
16	Huaian Qingshu Metropolitan (淮安清浦淮海天宸)	Commercial & Residential	Huaian	88,133.0	264,399.0	245,150.2	-	264,399.0	2,685.7	-	-	-	34.0%
17	Huaian Huaian District Belief Regression (淮安淮安區臨悅)	Residential	Huaian	62,946.0	156,106.0	156,106.0	156,106.0	-	-	-	-	-	32.0%
18	Huaian Beautiful Jade Life (淮安碧悅)	Commercial & Residential	Huaian	56,537.0	141,343.0	138,470.6	-	132,623.9	1,116.7	8,719.1	73.4	March 2021	32.0%
19	Huaian Blossom Palace (淮安淮安區蓮悅)	Commercial & Residential	Huaian	43,189.0	108,160.0	108,160.0	108,160.0	-	-	-	-	-	25.0%
20	Huaian Midtown Garden Plot (淮安市中心花園地塊)	Commercial & Residential	Huaian	79,560.0	238,680.0	-	-	-	-	238,680.0	2,513.8	September 2021	60.0%
21	Huaian Huayin Majestic Mansion (淮安淮陰樺府)	Commercial & Residential	Huaian	67,055.0	179,158.0	113,154.3	-	161,024.3	1,493.1	18,133.7	168.1	August 2021	55.0%
22	Huaian National Population and Family Planning Commission Plot (淮安市計生委地塊)	Commercial & Residential	Huaian	39,500.0	98,700.0	5,867.0	-	-	-	98,700.0	895.5	September 2021	34.0%
23	Lianyungang Guannan Zhongnan Leisurely Courtyard (連雲港龍南中南上悅城)	Residential	Lianyungang	102,175.0	224,785.0	59,636.6	-	86,857.9	474.1	137,927.1	752.9	April 2021	65.0%
24	Nanjing Zhongnan Gaochun Majestic Mansion (南京中南高淳樺園)	Residential	Nanjing	101,222.0	151,833.0	142,391.8	151,833.0	-	-	-	-	-	30.0%
25	Nanjing Parasol Tree Mansion (南京梧桐公館)	Commercial & Residential	Nanjing	53,748.0	78,889.7	-	-	78,889.7	804.7	-	-	-	50.0%
26	Nanjing Parasol Tree Mansion Phase II (南京梧桐公館二期)	Commercial & Residential	Nanjing	56,080.0	78,512.0	-	-	-	-	78,512.0	932.2	September 2021	40.0%
27	Nanjing Jiangnan Flower in the Valley (南京江寧山鋪花城)	Residential	Nanjing	89,199.0	151,637.0	151,637.0	151,637.0	-	-	-	-	-	94.0%
28	Nanjing Jiangning Leisurely Courtyard (南京江寧上悅城)	Residential	Nanjing	69,042.0	186,413.0	122,978.2	-	186,413.0	5,952.2	-	-	-	60.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Completion Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
29	Nanjing Jiangning Living Wisdom Villa (南京江寧堤香漫)	Residential	Nanjing	24,902.0	64,745.0	64,745.0	64,745.0	-	-	-	-	-	95.0%
30	Nanjing Jiangning Cotton Pond (南京江寧棉花塘)	Commercial	Nanjing	14,288.0	28,465.7	27,061.7	28,465.7	-	-	-	-	-	100.0%
31	Nanjing Xianlin Lingshan G83 Plot (南京市仙林靈山G83地塊)	Commercial & Residential	Nanjing	33,644.2	67,288.3	-	-	-	-	67,288.3	1,913.0	August 2021	34.0%
32	Nanjing Jiangning Belief Regression (南京江寧藍悅)	Residential	Nanjing	90,935.0	250,071.0	178,928.1	89,718.3	150,115.7	4,691.2	10,237.0	319.9	February 2021	32.0%
33	Nanjing Lishui Central Living District (南京溧水錦城)	Residential	Nanjing	79,100.0	158,200.0	158,200.0	158,200.0	-	-	-	-	-	100.0%
34	Nanjing Qixia Central Living District (南京棲霞世紀雅苑)	Residential	Nanjing	129,261.0	387,783.0	384,698.2	387,783.0	-	-	-	-	-	60.0%
35	Nanjing Xuanwu Magic Mall (南京玄武魔力月光)	Commercial	Nanjing	10,600.0	31,800.0	30,745.5	31,800.0	-	-	-	-	-	100.0%
36	Nanjing Yuhuatai Central Living District (南京雨花臺錦苑)	Commercial & Residential	Nanjing	35,359.0	106,077.0	102,444.0	106,077.0	-	-	-	-	-	97.0%
37	Nanjing Jianye Urban Oasis (南京建邺環境)	Residential	Nanjing	34,926.2	87,315.4	-	-	31,446.9	1,693.7	55,868.5	3,008.9	February 2021	50.0%
38	Nantong Chongchuan Sea Legend (南通崇川海上傳奇)	Commercial & Residential	Nantong	180,730.0	321,699.0	315,195.0	161,953.0	159,746.1	1,605.0	-	-	-	20.0%
39	Nantong Chongchuan Lakeside Mansion (南通崇川湖畔堤)	Residential	Nantong	29,883.0	53,790.0	52,864.5	53,790.0	-	-	-	-	-	35.0%
40	Nantong Chongchuan Fontaine & Moet (南通崇川繡戶悅苑)	Residential	Nantong	115,506.0	184,810.0	183,494.1	84,987.4	99,822.6	92.3	-	-	-	40.0%
41	Nantong Chongchuan Central Business District (南通崇川中央商務區)	Commercial & Residential	Nantong	996,927.0	2,670,939.9	1,769,809.0	2,323,294.9	94,237.0	628.6	253,408.0	1,690.3	March 2022	100.0%
42	Nantong Innovation District Chongchuan Times Metropolis (南通崇川時代都會)	Residential	Nantong	47,100.0	103,547.0	103,547.0	103,547.0	-	-	-	-	-	10.0%
43	Nantong Zhongchuang Metropolis (南通崇川大都會)	Residential	Nantong	48,000.0	85,429.0	83,065.0	85,429.0	-	-	-	-	-	20.0%
44	Nantong Chongchuan Central Living District (南通崇川花城)	Residential	Nantong	448,837.0	1,122,093.0	1,122,093.0	1,122,093.0	-	-	-	-	-	100.0%
45	Nantong Chongchuan Times Emerald (南通崇川時代悅城)	Commercial & Residential	Nantong	109,259.5	286,260.0	286,260.0	286,260.0	-	-	-	-	-	50.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Date				
46	Nantong Chongchuan District Jade Mansion (南通崇川龍府)	Commercial & Residential	Nantong	123,400.0	163,821.0	151,542.5	99,524.4	64,296.6	992.7	-	-	January 2023	25.0%
47	Nantong Chongchuan Lincoln Park (南通崇川林肯公園)	Residential	Nantong	101,600.0	203,300.0	201,589.7	114,649.2	88,650.8	1,319.0	-	-	October 2021	50.0%
48	Nantong Chongchuan Golden Time (南通崇川佳時漫)	Residential	Nantong	134,061.0	209,135.0	209,135.0	209,135.0	-	-	-	-	-	32.0%
49	Nantong Gangzha Canalside Mansion (南通港開春江閣)	Commercial & Residential	Nantong	49,635.0	69,300.0	69,300.0	52,445.7	16,854.3	243.5	-	-	May 2022	40.0%
50	Nantong Chongchuan Yunyue East (南通崇川雲樾東方)	Residential	Nantong	86,652.0	173,044.0	173,044.0	173,044.0	-	-	-	-	-	17.0%
51	Nantong Chongchuan Belief Regression (南通崇川藍悅)	Residential	Nantong	145,572.0	253,296.0	253,151.4	253,296.0	-	-	-	-	-	100.0%
52	Nantong Chongchuan Southern Shore Mansion West (南通崇川春風南岸西)	Commercial & Residential	Nantong	132,980.6	239,000.0	238,323.4	239,000.0	-	-	-	-	-	40.0%
53	Nantong Chongchuan Southern Shore Mansion East (南通崇川春風南岸東)	Commercial & Residential	Nantong	133,976.9	242,000.0	241,143.8	242,000.0	-	-	-	-	-	40.0%
54	Nantong Emerald Mansion (南通崇川翡翠華府)	Residential	Nantong	71,284.0	121,184.0	121,184.0	121,184.0	-	-	-	-	-	34.0%
55	Nantong Delight River (南通港蘭漫悅灣)	Residential	Nantong	41,950.0	92,290.0	92,290.0	92,290.0	-	-	-	-	-	100.0%
56	Nantong Haimen Zhongnan Country Garden (南通海門中南碧桂園)	Commercial & Residential	Nantong	63,285.0	139,227.0	139,227.0	139,227.0	-	-	-	-	-	33.0%
57	Nantong Haimen Cullinan (南通海門藍悅天驕)	Commercial & Residential	Nantong	91,789.0	183,578.0	175,514.1	86,061.2	97,516.8	1,276.3	-	-	April 2022	42.0%
58	Nantong Haimen Belief Regression (南通海門藍悅)	Commercial & Residential	Nantong	113,195.0	237,710.0	235,334.0	237,710.0	-	-	-	-	-	100.0%
59	Nantong Haimen Century City (南通海門世紀城)	Commercial & Residential	Nantong	439,513.0	879,026.0	879,026.0	879,026.0	-	-	-	-	-	100.0%
60	Nantong Haimen Leisurely Courtyard (南通海門上悅城)	Commercial & Residential	Nantong	78,953.0	173,696.6	173,478.4	136,450.6	37,246.0	297.3	-	-	June 2022	51.0%
61	Nantong Haimen Delight River (南通海門漫悅灣)	Commercial & Residential	Nantong	52,569.0	105,138.0	105,126.0	105,138.0	-	-	-	-	-	67.0%
62	Nantong Haimen Central Living District (南通海門錦苑)	Commercial & Residential	Nantong	88,785.0	186,449.0	186,449.0	186,449.0	-	-	-	-	-	100.0%
63	Nantong Haimen Flourishin Courtyard (南通海門錦尚名苑)	Commercial & Residential	Nantong	99,264.0	178,675.0	178,045.2	178,675.0	-	-	-	-	-	94.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Date				
64	Nantong Haimen Central Living District (南通海門錦城)	Commercial & Residential	Nantong	233,532.0	513,770.0	511,647.1	513,770.0	-	-	-	-	-	100.0%
65	Nantong Haimen Metropolis (南通海門江海都會)	Commercial & Residential	Nantong	107,183.0	192,929.0	192,929.0	-	192,929.0	2,364.9	-	-	June 2022	25.0%
66	Nantong Haimen Spring River Moon (南通海門春江明月)	Commercial & Residential	Nantong	31,764.0	41,293.0	36,793.0	-	41,293.0	852.5	-	-	November 2022	75.0%
67	Nantong Haimen Picturesque Park (南通海門麓園)	Residential	Nantong	27,675.0	74,723.0	58,804.4	-	74,723.0	1,182.6	-	-	January 2023	25.0%
68	Nantong Haimen Spring Breeze (南通海門春風裡)	Residential	Nantong	42,567.0	59,593.8	59,593.8	-	59,593.8	1,016.4	-	-	September 2022	100.0%
69	Nantong Haimen Qin Mansion (南通海門沁園)	Commercial & Residential	Nantong	98,874.0	177,973.0	166,806.8	-	177,973.0	2,879.4	-	-	June 2023	40.0%
70	Nantong Haimen Shore Breeze (南通海門柳岸春風)	Residential	Nantong	29,180.0	37,934.0	37,206.7	-	37,934.0	801.6	-	-	August 2022	50.0%
71	Nantong Haimen Huguangyinyue (南通海門湖光映月)	Commercial & Residential	Nantong	105,380.0	221,298.0	203,099.6	-	221,298.0	1,756.3	-	-	November 2023	100.0%
72	Nantong Haimen Zhumeng Football Town Club (南通海門紫夢足球俱樂部)	Commercial & Residential	Nantong	77,781.0	63,937.0	-	-	63,937.0	400.0	-	-	October 2021	100.0%
73	Nantong Haimen City Life (南通海門中南印象)	Residential	Nantong	87,033.0	131,566.7	77,956.4	-	131,566.7	853.1	-	-	March 2024	100.0%
74	Nantong C20006 Plot (南通市C20006地塊)	Commercial	Nantong	23,333.0	14,000.0	-	-	14,000.0	161.6	-	-	May 2023	100.0%
75	Nantong Haimen Dream Lake (南通海門陵湖)	Commercial & Residential	Nantong	60,240.0	72,288.0	56,233.0	-	72,288.0	766.0	-	-	July 2023	45.0%
76	Nantong Haimen Jun Mansion (南通海門駿園)	Commercial & Residential	Nantong	62,596.0	137,711.2	52,345.1	-	103,406.5	2,247.1	34,304.8	745.5	June 2021	20.0%
77	Nantong Huanghai Road North 028 Plot (南通市黃海路北側028地塊)	Commercial & Residential	Nantong	42,430.0	76,374.0	-	-	-	-	76,374.1	1,304.1	September 2021	50.0%
78	Nantong Haian Spring Breeze (南通海安春風裡)	Commercial & Residential	Nantong	41,176.0	74,116.8	-	-	-	-	74,116.8	1,617.1	August 2021	100.0%
79	Haian Hanlin Capital (海安翰林首府)	Commercial & Residential	Nantong	57,633.0	149,845.8	146,686.8	-	149,845.8	-	-	-	May 2021	23.0%
80	Haian Taoyuanli (海安桃源裡)	Residential	Nantong	49,314.0	123,578.5	108,844.5	-	121,152.3	1,372.5	2,426.1	27.5	July 2023	21.0%
81	Nantong Rudong Delight River (南通如東漫悅灣)	Commercial & Residential	Nantong	42,431.0	75,951.0	75,951.0	75,951.0	-	-	-	-	-	55.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Completion Date	Interest Attributable to the Group
								Amount (RMB in million)				Expected Commencement Date	
82	Nantong Rudong Belief Regression (南通如東崇信花苑).....	Commercial & Residential	Nantong	24,536.5	55,207.1	47,332.3	-	55,207.1	679.1	-	-	November 2023	49.0%
83	Nantong Rudong Dream Mansion (南通如東晨園).....	Commercial & Residential	Nantong	38,236.7	86,032.6	57,788.4	-	86,032.6	1,078.8	-	-	August 2021	49.0%
84	Nantong Rugao Belief Regression (南通如皋崇信).....	Commercial & Residential	Nantong	103,090.2	206,180.0	205,452.5	206,180.0	-	-	-	-	-	100.0%
85	Nantong Rugao Century City (南通如皋世紀城).....	Residential	Nantong	35,900.0	104,110.0	103,798.0	104,110.0	-	-	-	-	-	100.0%
86	Nantong Rugao Leisurely Courtyard (南通如皋上悅城).....	Residential	Nantong	133,053.0	326,082.0	142,216.9	-	194,891.0	1,028.7	131,191.0	692.5	May 2021	45.0%
87	Nantong Rugao Auspicious Omen (南通如皋紫雲集).....	Commercial & Residential	Nantong	89,669.0	215,206.0	144,463.3	-	159,281.3	1,938.4	55,924.7	680.6	March 2021	40.0%
88	Rugao Changjiang Town Riverside Hyatt (如皋長江鎮江濱悅).....	Residential	Nantong	51,707.0	177,949.0	175,612.1	-	177,949.0	42.3	-	-	July 2022	60.0%
89	Nantong Tongzhou Metropolis (南通通州大都會).....	Commercial & Residential	Nantong	115,610.0	231,220.0	231,220.0	231,220.0	-	-	-	-	-	30.0%
90	Nantong Tongzhou Blossom Palace (南通通州錦悅).....	Residential	Nantong	33,299.0	73,258.0	73,258.0	73,258.0	-	-	-	-	-	100.0%
91	Nantong Tongzhou Royal Park (南通通州君悅府).....	Residential	Nantong	54,549.0	109,098.0	109,098.0	109,098.0	-	-	-	-	-	100.0%
92	Nantong Tongzhou Splendid Villa Shangde Road (南通通州玖熙墅尚德路).....	Residential	Nantong	37,348.0	38,468.0	34,340.2	38,468.0	-	-	-	-	-	33.0%
93	Nantong Tongzhou Leisurely Courtyard (南通通州上悅城).....	Commercial & Residential	Nantong	82,741.0	198,578.0	198,578.0	198,578.0	-	-	-	-	-	25.0%
94	Nantong Tongzhou Splendid Villa Daqing Road (南通通州玖熙墅大慶路).....	Residential	Nantong	31,333.0	32,900.0	32,261.1	32,900.0	-	-	-	-	-	33.0%
95	Nantong Tongzhou Platinum Era Mansion (南通通州鉅金時代).....	Commercial & Residential	Nantong	49,970.0	99,940.0	99,940	99,940.0	-	-	-	-	-	21.0%
96	Nantong Tongzhou Garden Mansion (南通通州紫宸府).....	Residential	Nantong	60,798.0	121,596.0	121,596.0	121,596.0	-	-	-	-	-	23.0%
97	Nantong Tongzhou Zoina Spring (南通通州春溪集).....	Residential	Nantong	157,410.0	267,597.0	267,597	-	267,597.0	4,065.2	-	-	October 2023	40.0%
98	Nantong Tongzhou Light of the Future (南通通州世紀之光).....	Commercial & Residential	Nantong	219,190.0	444,299.0	214,749.4	-	236,063.5	2,830.1	208,235.5	2,496.4	February 2021	51.0%
99	Nantong Tongzhou Metro Cloud (南通通州世紀雲).....	Residential	Nantong	73,942.0	133,095.6	35,339.2	-	70,916.9	792.2	62,178.7	694.6	May 2021	67.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development					
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Aggregate Planned Investment Amount (RMB in million)	Expected Completion Date	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)					
100	Nantong Tongzhou Terminal Casa (南通通州東時區)	Residential	Nantong	170,430.0	305,070.0	104,389.0	-	148,203.0	2,290.8	156,867.0	2,424.7	June 2024	April 2021	40.0%
101	Nantong Tongzhou Cloud Bay (南通通州江海雲辰)	Residential	Nantong	28,500.3	49,590.0	-	-	-	-	49,590.0	911.1	-	August 2021	55.0%
102	Suzhou Changshu Yanke Midtown Gongwang (蘇州常熟公望)	Residential	Suzhou	30,417.0	91,251.0	91,251.0	91,251.0	-	-	-	-	-	-	40.0%
103	Suzhou Changshu Central Living District (蘇州常熟御錦城)	Residential	Suzhou	128,901.0	296,458.0	296,458.0	296,458.0	-	-	-	-	-	-	100.0%
104	Suzhou Changshu Central Living District (蘇州常熟雅苑)	Residential	Suzhou	54,731.0	82,097.0	81,471.0	82,097.0	-	-	-	-	-	-	97.0%
105	Suzhou Changshu Metropoles Interact (蘇州常熟熙悅豪庭)	Residential	Suzhou	36,771.0	66,188.0	66,188.0	66,188.0	-	-	-	-	-	-	30.0%
106	Suzhou Changshu Wutong Mansion (蘇州常熟梧桐苑)	Residential	Suzhou	28,054.0	33,665.0	33,665.0	33,665.0	-	-	-	-	-	-	25.0%
107	Suzhou Changshu Century City (蘇州常熟世紀城)	Residential	Suzhou	325,731.0	665,667.0	665,667.0	665,667.0	-	-	-	-	-	-	100.0%
108	Suzhou Changshu Lakeside Mansion (蘇州常熟湖蘭天境花園)	Residential	Suzhou	59,747.0	131,443.0	121,378.2	131,443.0	-	-	-	-	-	-	50.0%
109	Suzhou Changshu Junyue Mansion (蘇州常熟君悅閣)	Residential	Suzhou	34,805.0	62,649.0	62,649.0	62,649.0	-	-	-	-	-	-	25.0%
110	Suzhou Changshu Zaina Mansion (蘇州常熟林樾香庭)	Residential	Suzhou	98,875.0	217,525.0	94,966.6	55,472.6	162,052.4	4,863.0	-	-	June 2022	-	100.0%
111	Suzhou Changshu Central Living District (蘇州常熟錦苑)	Residential	Suzhou	140,934.0	338,242.0	338,242.0	338,242.0	-	-	-	-	-	-	60.0%
112	Suzhou Changshu Century City (蘇州常熟世紀錦城)	Residential	Suzhou	119,030.0	238,060.0	238,060.0	238,060.0	-	-	-	-	-	-	100.0%
113	Suzhou Changshu The Culture Elite (蘇州常熟及第閣)	Residential	Suzhou	66,686.0	146,709.0	146,709.0	146,709.0	-	-	-	-	-	-	32.0%
114	Suzhou Changshu Binjiang Mansion (蘇州常熟濱江鉅府)	Residential	Suzhou	69,598.0	187,915.0	185,610.1	187,915.0	-	-	-	-	-	-	49.0%
115	Suzhou Changshu Qinchuan Country Garden (蘇州常熟琴川碧桂園)	Residential	Suzhou	87,273.0	174,546.0	174,546.0	174,546.0	-	-	-	-	-	-	20.0%
116	Suzhou Southern Shore Mansion (蘇州虎丘春風南岸)	Residential	Suzhou	49,996.7	114,992.0	42,170.5	-	114,992.0	3,857.0	-	-	February 2023	-	100.0%
117	Suzhou Tiger Hill Great Mansion (蘇州虎丘寬閱雅苑)	Residential	Suzhou	80,651.4	169,313.2	169,313.2	71,384.5	97,928.7	2,451.0	-	-	April 2022	-	30.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
118	Suzhou Kunshan Century Garden (蘇州昆山世紀花園)	Residential	Suzhou	155,182.7	387,729.6	387,729.6	387,729.6	-	-	-	-	-	100.0%
119	Suzhou Kunshan Century Garden (Central Living District) (蘇州昆山世紀花園(鎮城))	Residential	Suzhou	160,000.5	398,791.0	398,791.0	388,119.6	10,671.4	112.8	-	-	July 2021	100.0%
120	Suzhou Taicang Royal Park (蘇州太倉君悅閣)	Residential	Suzhou	90,291.6	176,068.6	176,068.6	176,068.6	-	-	-	-	-	99.0%
121	Suzhou Taicang Evian Park (蘇州太倉依雲水岸苑)	Residential	Suzhou	34,800.8	69,601.6	69,601.6	69,601.6	-	-	-	-	-	14.0%
122	Suzhou Taicang Century City (蘇州太倉世紀城)	Residential	Suzhou	82,932.8	242,020.0	240,247.0	242,020.0	-	-	-	-	-	100.0%
123	Suzhou Taicang Delight Mansion (蘇州太倉漫悅蘭庭)	Residential	Suzhou	49,221.5	78,754.0	78,754.0	78,754.0	-	-	-	-	-	50.0%
124	Suzhou Taicang Elegant Times (蘇州太倉海上時光花園)	Residential	Suzhou	69,206.3	138,413.0	127,194.5	138,413.0	-	-	-	-	-	15.0%
125	Suzhou Taicang Southern Shore Mansion (蘇州太倉春園南岸)	Residential	Suzhou	40,093.6	64,150.0	7,653.2	-	64,150.0	967.4	-	-	January 2024	33.0%
126	2019-WG-15-3 Plot (2019-WG-15-3地塊)	Residential	Suzhou	31,602.0	75,844.0	-	-	75,844.0	1,129.1	-	-	March 2024	56.0%
127	2020-WG-37-3 Plot (2020-WG-37-3地塊)	Commercial & Residential	Suzhou	30,266.0	60,532.0	-	-	-	-	60,532.0	891.3	August 2021	56.0%
128	Taicang Science and Education New City Philippe Clouds (太倉科教新城碧雲邸)	Residential	Suzhou	44,023.7	79,222.9	69,477.9	79,222.9	-	-	-	-	-	30.0%
129	Suzhou Wujiang Auspicious Omen (蘇州吳江紫雲集)	Residential	Suzhou	62,524.1	112,532.4	112,532.4	-	112,532.4	2,300.0	-	-	November 2021	100.0%
130	Suzhou Wujiang Century City (蘇州吳江世紀城)	Residential	Suzhou	219,674.4	516,234.0	516,234.0	516,234.0	-	-	-	-	-	100.0%
131	Suzhou Wujiang Fontainebleau (蘇州吳江楓丹壹號)	Residential	Suzhou	169,985.0	310,899.8	310,899.8	310,899.8	-	-	-	-	-	48.0%
132	Suzhou Industrial Park Central Living District (蘇州園區鎮苑)	Residential	Suzhou	100,840.0	169,356.0	169,356.0	169,356.0	-	-	-	-	-	100.0%
133	Suzhou Sudi No. 2020-WG-65 Plot (蘇州市蘇地2020-WG-65號地塊)	Residential	Suzhou	133,341.0	274,125.1	-	-	-	-	274,125.1	6,615.7	July 2021	5.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
134	Suzhou Sudi No. 2020-WG-66 Plot (蘇州市蘇地2020-WG-66號地塊)	Commercial, Residential, Science & Education	Suzhou	114,574.0	358,048.0	-	-	-	-	358,048.0	2,859.2	July 2021	10.0%
135	Suzhou Zhangjiagang Lakeside Mansion C (蘇州張家港湖悅天境花園C項目)	Residential	Suzhou	47,843.0	71,765.0	70,407.8	71,765.0	-	-	-	-	-	34.0%
136	Suzhou Zhangjiagang Lakeside Mansion B (蘇州張家港湖悅天境花園B項目)	Residential	Suzhou	52,933.6	79,400.0	27,444.2	-	1,687.2	December 2022	-	-	-	51.0%
137	Suzhou Zhangjiagang Tangqiao Rich Mansion (蘇州張家港塘橋東望)	Residential	Suzhou	27,484.4	46,723.0	46,723.0	46,723.0	-	-	-	-	-	33.0%
138	Suzhou Zhangjiagang Zoina Mansion (蘇州張家港繼府)	Residential	Suzhou	58,444.6	99,356.0	99,238.5	99,356.0	-	-	-	-	-	97.0%
139	F718 Plot (F718地塊)	Commercial & Residential	Suzhou	128,981.9	257,963.8	-	-	4,000.0	March 2025	-	-	-	38.0%
140	Zhangjiagang Hi-tech Zone Yuehu Mansion (張家港高新區悅湖雅居)	Residential	Suzhou	51,986.0	103,972.0	102,347.0	-	1,500.0	November 2021	-	-	-	37.0%
141	Taizhou Hailing TOD Town (泰州海陵智在雲辰)	Residential	Taizhou	45,696.0	91,392.0	-	-	629.7	November 2023	50,998.7	795.0	June 2021	70.0%
142	Taizhou Hailing Kings Landing (泰州海陵君啟)	Residential	Taizhou	81,115.0	157,200.9	-	-	-	-	157,200.9	2,521.1	August 2021	55.0%
143	Taixing Taixing Century City (泰州泰興世紀城)	Commercial & Residential	Taixing	448,689.9	1,063,393.0	1,043,509.5	988,103.9	470.3	November 2021	-	-	-	100.0%
144	Wuxi Xinwu Royal Park (無錫新吳君悅府)	Residential	Wuxi	80,774.0	138,109.0	138,109.0	138,109.0	-	-	-	-	-	98.0%
145	Jiangyin Zoina Mansion (江陰中南繼府)	Residential	Wuxi	196,270.0	265,132.6	194,251.6	174,435.0	1,187.1	November 2022	20,528.0	347.3	July 2021	41.0%
146	Jiangyin Yunshuijian (江陰水雲間)	Commercial & Residential	Wuxi	62,041.0	136,361.0	37,739.5	-	1,323.9	October 2023	23,535.0	276.2	October 2021	53.0%
147	Elegant Courtyard (蘭庭雅院)	Residential	Wuxi	47,113.0	103,646.0	7,289.5	-	626.6	November 2023	37,869.9	360.8	April 2021	25.0%
148	Suqian Sucheng Blossom Palace (宿遷宿城繡悅)	Residential	Suqian	29,959.0	66,502.0	66,502.0	21,050.7	354.5	September 2021	-	-	-	50.0%
149	Suqian Sucheng Auspicious Omen (宿遷宿城紫雲集)	Residential	Suqian	77,992.0	187,180.8	-	-	940.5	November 2023	110,330.2	1,350.3	April 2021	100.0%
150	Suzhou Yongqiao Imperial Mansion (宿州埇橋雙璽)	Residential	Suzhou	82,603.0	206,506.0	206,506.0	98,321.9	925.5	November 2022	-	-	-	49.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment Amount (RMB in million)		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
151	Xuzhou Gulou Classic Mansion (徐州鼓楼中山府)	Residential	Xuzhou	80,344.0	188,608.6	184,751.6	-	188,608.6	2,128.9	-	-	-	60.0%
152	Xuzhou Gulou Southern Shore Mansion (徐州鼓楼春风南岸)	Residential	Xuzhou	30,764.0	46,146.0	-	-	40,995.9	755.1	5,150.1	94.9	January 2021	50.0%
153	Xuzhou Fenghuangshan No. 8 Plot (徐州市凤凰山8#北地块)	Residential	Xuzhou	36,653.0	84,301.9	-	-	42,597.9	707.4	41,704.0	692.6	March 2021	100.0%
154	Xuzhou Fenghuangshan No. 7 Plot (徐州市凤凰山7#北地块)	Residential	Xuzhou	38,631.0	88,851.3	-	-	42,188.6	688.5	46,662.7	761.5	April 2021	70.0%
155	Xuzhou Tongshan Yinshanguanhu A (徐州铜山隐山湖A)	Commercial & Residential	Xuzhou	165,263.0	280,947.0	225,175.0	73,888.0	207,059.0	1,633.7	-	-	-	50.0%
156	Xuzhou Tongshan Yinshanguanhu B (徐州铜山隐山湖B)	Commercial & Residential	Xuzhou	103,434.0	175,838.0	170,976.7	159,021.9	16,816.1	138.6	-	-	-	48.0%
157	Xuzhou Tongshan Shanhelongyin (徐州铜山山河龙凤)	Residential	Xuzhou	142,721.3	313,985.0	-	-	-	-	313,985.0	5,630.2	June 2021	26.0%
158	Xuzhou Qianshan Langyue Jingyuan (徐州泉山琅悦锦园)	Commercial & Residential	Xuzhou	57,429.5	160,802.6	145,608.2	93,382.7	67,420.0	784.2	-	-	-	35.0%
159	Xuzhou Yunlong Peace Mansion (徐州云龙和平府)	Residential	Xuzhou	85,287.0	187,631.0	175,811.4	-	183,075.7	2,374.2	4,555.3	59.1	August 2021	70.0%
160	Xuzhou Yunlong Cloudview Pavilion (徐州云龙瑞悦社区)	Commercial & Residential	Xuzhou	19,633.6	49,192.0	48,977.5	49,192.0	-	-	-	-	-	21.0%
161	Xuzhou Yunlong Lake Lakeview Courtyard (徐州云龙湖畔瞰湖别院)	Commercial & Residential	Xuzhou	118,571.8	154,143.0	150,636.3	151,801.6	2,341.4	30.5	-	-	-	33.0%
162	Xuzhou Pizhou Belief Regression Mansion (No. 75 Plot) (徐州邳州熙悦府75#)	Residential	Xuzhou	65,855.3	163,395.5	126,539.5	132,822.8	30,572.7	229.5	-	-	-	25.0%
163	Xuzhou Pizhou Belief Regression Mansion (No. 74 Plot) (徐州邳州熙悦府74#)	Residential	Xuzhou	65,068.6	161,744.4	105,276.0	-	161,744.4	1,059.1	-	-	-	25.0%
164	Xuzhou Zouma Mansion (徐州中南樾府)	Residential	Xuzhou	103,733.9	159,300.0	96,107.3	-	81,868.0	583.9	77,432.0	552.2	January 2021	75.0%
165	Yancheng Dongtai Zouma Spring (盐城东台春溪集)	Commercial & Residential	Yancheng	44,484.8	111,212.1	24,458.0	-	57,097.8	377.2	54,114.3	357.4	August 2021	49.0%
166	Yancheng Dongtai Belief Regression (盐城东台熙悦)	Commercial & Residential	Yancheng	122,989.0	316,122.4	184,460.2	226,791.7	89,330.7	449.4	-	-	-	100.0%
167	Yancheng Dongtai Auspicious Omen (盐城东台紫雲集)	Commercial & Residential	Yancheng	71,384.0	128,491.2	70,761.2	-	89,167.3	575.1	39,324.0	253.6	March 2021	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Total		Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
				Aggregate Site Area (sq. m.)	Saleable Area (sq. m.)			Total GFA (sq. m.)	Amount (RMB in million)				
168	Yancheng Tinghu Belief Regression (鹽城亭湖熙悅府)	Residential	Yancheng	36,740.0	66,132.0	65,622.2	66,132.0	-	-	-	-	-	100.0%
169	Yancheng Tinghu Emerald Light Philu Mansion (鹽城亭湖翡翠麗佳苑)	Residential	Yancheng	29,429.0	64,744.0	64,744.0	64,744.0	-	-	-	-	-	33.0%
170	Yancheng Yandu Century City (鹽城鹽都世紀城)	Commercial & Residential	Yancheng	1,037,140.2	2,082,362.9	2,027,213.9	1,837,024.9	232,000.0	1,602.0	13,338.0	92.1	February 2021	100.0%
171	Yancheng Tinghu Kings Landing (鹽城亭湖君啟)	Commercial & Residential	Yancheng	43,865.0	118,436.0	-	-	-	-	118,436.0	2,075.5	September 2022	49.0%
172	Yangzhou Hanjiang The Yihe Mansions (揚州邗江頤和公館)	Residential	Yangzhou	134,254.0	214,806.0	101,852.5	65,813.6	148,992.4	2,781.4	-	-	-	30.0%
173	Yangzhou Guangling Auspicious Omen (揚州廣陵紫雲集)	Residential	Yangzhou	53,992.0	80,988.0	-	-	-	-	80,988.0	1,380.6	November 2022	50.0%
174	Zhenjiang Runzhou Leisurely Courtyard (鎮江潤州上悅城)	Commercial & Residential	Zhenjiang	55,539.0	100,100.0	61,888.7	16,971.1	66,551.8	808.5	16,577.1	201.4	April 2022	100.0%
175	Zhenjiang Runzhou Leisurely Courtyard Phase II (鎮江潤州上悅城二期)	Commercial & Residential	Zhenjiang	68,696.0	120,218.8	39,173.9	-	19,914.3	244.5	100,304.5	1,231.6	June 2022	100.0%
176	Zhenjiang Zhongnan Auspicious Omen (鎮江中南林清月)	Commercial & Residential	Zhenjiang	78,291.0	85,905.0	15,652.0	-	45,839.0	63.4	40,066.0	55.4	November 2022	75.0%
177	Zhenjiang Runzhou Zoina Mansion (鎮江潤州樾府)	Commercial & Residential	Zhenjiang	55,810.0	180,000.0	118,226.4	23,589.1	156,410.9	2,226.0	-	-	-	13.0%
178	Zhenjiang Jingkou Century City (鎮江京口世紀城)	Commercial & Residential	Zhenjiang	463,222.0	578,079.0	555,917.1	578,079.0	-	-	-	-	-	100.0%
179	Zhenjiang Jingkou The One (鎮江京口公園1號)	Commercial & Residential	Zhenjiang	4,750.0	11,520.0	11,520.0	-	11,520.0	129.1	-	-	-	100.0%
180	Zhenjiang Jingkou Jin Mansion (鎮江京口錦園)	Commercial & Residential	Zhenjiang	41,578.0	42,825.3	40,883.4	42,825.3	-	-	-	-	-	100.0%
181	Zhenjiang Jingkou Central Living District (鎮江京口御錦城)	Commercial & Residential	Zhenjiang	302,182.8	607,387.4	606,623.2	607,387.4	-	-	-	-	-	100.0%
182	Zhenjiang Jingkou Lingjiang Pavilion (鎮江京口聆江閣)	Residential	Zhenjiang	86,903.0	121,664.2	62,221.9	-	51,133.9	680.3	70,530.3	938.3	June 2022	80.0%
183	Zhenjiang Zhongnan Jin Yue Mansion (鎮江中南錦悅)	Commercial & Residential	Zhenjiang	29,304.0	57,506.0	21,028.0	-	57,506.0	460.0	-	-	-	60.0%
184	Zhenjiang Jingkou Heshan Mansion (鎮江京口合山府)	Residential	Zhenjiang	41,700.0	95,910.0	94,797.8	87,551.3	8,358.7	68.4	-	-	-	50.0%
185	Zhenjiang Jingkou Estuary Emerald (鎮江京口翡翠江灣)	Commercial & Residential	Zhenjiang	61,237.0	102,051.0	54,682.9	42,554.8	49,041.3	405.5	10,454.9	86.5	April 2022	50.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
186	Zhenjiang Jingkou New Asia Mansion (鎮江京口龍悅府)	Commercial & Residential	Zhenjiang	70,766.0	165,820.0	158,503.8	165,820.0	-	-	-	-	-	33.0%
187	Zhenjiang Danyang Royal Park (鎮江丹陽君悅府)	Commercial & Residential	Zhenjiang	82,117.0	205,293.0	200,227.2	201,803.0	3,490.0	31.6	-	-	March 2022	96.0%
188	Zhenjiang Danyang Royal Park Belief Regression (鎮江丹陽君悅府藍悅)	Commercial & Residential	Zhenjiang	153,942.0	384,855.0	205,666.0	46,764.7	171,000.4	1,577.2	167,090.0	1,541.1	February 2022	100.0%
189	Zhenjiang Dantu Living Wisdom Villa (鎮江丹徒維智漫)	Residential	Zhenjiang	45,737.0	64,032.0	60,650.0	58,329.6	5,702.4	65.3	-	-	May 2022	100.0%
190	Hangzhou Xiaoshan Olympic Mansion (杭州蕭山君奕時代)	Residential	Hangzhou	46,068.0	115,169.1	114,550.0	115,169.1	-	-	-	-	-	100.0%
191	Hangzhou Zouma Mansion (杭州中南樾府)	Residential	Hangzhou	46,795.0	93,590.0	93,081.8	93,590.0	-	-	-	-	-	95.0%
192	Hangzhou Jiangnan Zouma Spring (杭州江幹春溪集)	Residential	Hangzhou	63,906.0	146,984.0	109,353.7	-	129,184.3	3,859.3	17,799.7	531.8	September 2022	100.0%
193	Hangzhou Jiangnan District Begonia Mansion (杭州江幹棠玥灣)	Residential	Hangzhou	65,845.0	151,443.5	151,166.5	-	151,443.5	7,084.0	-	-	March 2023	100.0%
194	Hangzhou Tonglu One Park Era (杭州桐廬壹雅院)	Residential	Hangzhou	34,870.0	69,740.0	68,932.5	-	69,740.0	1,632.7	-	-	April 2022	40.0%
195	Hangzhou Jiande Delight River (杭州建德悅光灣)	Residential	Hangzhou	47,831.0	107,717.8	107,257.1	107,717.8	-	-	-	-	-	100.0%
196	Hangzhou Jiande Yangxi S-4-3 Plot (杭州市建德洋溪S-4-3地塊)	Residential	Hangzhou	37,342.0	67,216.0	-	-	-	-	67,216.0	916.8	May 2022	50.0%
197	Hangzhou Jiande River Mansion (杭州建德江上雲起)	Residential	Hangzhou	30,175.0	54,315.0	17,222.3	-	41,258.8	630.9	13,056.3	199.7	March 2021	50.0%
198	Huzhou Nanxun Kings Landing (湖州南潯君啟)	Residential	Huzhou	58,620.0	117,240.0	-	-	-	-	117,240.0	1,736.9	July 2021	100.0%
199	Huzhou Wuxing District Serene Mansion (湖州吳興玖熙灣)	Residential	Huzhou	79,918.1	151,844.0	58,807.2	-	140,983.2	2,093.2	10,860.9	161.3	July 2021	60.0%
200	Huzhou Zhongnan Central Garden (德清中南林樾)	Residential	Huzhou	75,401.0	152,310.0	143,215.0	-	152,310.0	1,639.9	-	-	August 2024	53.0%
201	Huzhou 2018-029 Plot (湖州2018-029地塊)	Commercial & Residential	Huzhou	51,868.0	82,988.8	80,092.8	-	82,988.8	937.5	-	-	May 2023	37.0%
202	Jiaxing Xu Zhou Wisdom Mansion (嘉興秀洲悅瑤園)	Residential	Jiaxing	63,312.0	113,962.0	98,066.5	-	101,318.0	1,776.3	12,644.0	221.7	July 2021	40.0%
203	Jiaxing Xu Zhou Zouma Lotus Mansion (嘉興秀洲樾荷府)	Commercial & Residential	Jiaxing	58,194.0	87,291.0	85,428.1	87,291.0	-	-	-	-	-	95.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Aggregate Planned Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
204	Jiaxing South Lake The Spring Blossom (嘉興南湖春風十里)	Commercial & Residential	Jiaxing	100,142.0	178,668.4	159,946.8	178,668.4	-	-	-	-	-	35.0%
205	Jiaxing Haining Hongyue Mansion (嘉興海寧鴻越府)	Commercial & Residential	Jiaxing	52,592.0	105,018.6	74,163.8	-	105,018.6	1,625.0	-	-	March 2023	50.0%
206	Jiaxing Haining Huayu Qiantang Mansion (嘉興海寧華語錢塘府)	Commercial & Residential	Jiaxing	13,743.0	27,486.0	22,997.5	-	27,486.0	505.0	-	-	January 2023	51.0%
207	Jiaxing Explanade (嘉興九龍瀾邸)	Commercial & Residential	Jiaxing	26,206.8	68,427.0	15,227.0	-	68,427.0	529.3	-	-	November 2023	75.0%
208	Jiaxing Pinghu Royal Park (嘉興平湖君悅府)	Commercial & Residential	Jiaxing	84,136.3	168,272.6	168,272.6	168,272.6	-	-	-	-	-	100.0%
209	Jiaxing Pinghu Enjoy Shanghai (嘉興平湖海上明悅)	Commercial & Residential	Jiaxing	33,423.9	60,163.0	59,341.0	60,163.0	-	-	-	-	-	50.0%
210	Jiaxing Pinghu Delight River (嘉興平湖漫悅灣)	Commercial & Residential	Jiaxing	39,984.0	55,977.0	49,798.6	55,977.0	-	-	-	-	-	33.0%
211	Jiaxing Pinghu Legend Mansion (嘉興平湖新悅府)	Commercial & Residential	Jiaxing	10,953.3	21,906.6	17,048.9	-	21,906.6	416.7	-	-	June 2022	100.0%
212	Jiaxing Zhapu Master Park (嘉興乍浦漫悅府項目)	Residential	Jiaxing	143,793.6	316,262.0	316,262.0	316,262.0	-	-	-	-	-	100.0%
213	Jiaxing Zhapu Jinshi Honor Park (嘉興乍浦錦時泓悅府)	Residential	Jiaxing	82,466.3	164,933.0	164,933.0	164,933.0	-	-	-	-	-	100.0%
214	Jiaxing Zhapu Jin Yue Mansion (嘉興乍浦錦悅府項目)	Residential	Jiaxing	26,664.0	62,660.0	62,360.0	62,660.0	-	-	-	-	-	75.0%
215	Jinhua Wucheng Kings Landing (金華婺城君啟)	Commercial & Residential	Jinhua	72,800.0	131,000.0	-	-	-	-	131,000.0	1,905.5	September 2021	51.0%
216	Jinhua Wucheng The One Haitang (金華婺城海塘壹品)	Residential	Jinhua	42,891.4	85,782.7	85,782.7	85,782.7	-	-	-	-	-	34.0%
217	Hengdian Delight River (橫店漫悅灣)	Residential	Jinhua	41,351.0	101,310.0	64,995.0	-	101,310.0	751.0	-	-	December 2021	75.0%
218	Jinhua Dongyang Zoina Mansion (金華東陽越府)	Residential	Jinhua	68,369.0	177,760.2	177,760.2	177,760.2	-	-	-	-	-	50.0%
219	Lishui Hu Town Shilong No. 1 Plot (麗水壺鎮石龍1號地塊)	Commercial & Residential	Lishui	32,417.0	34,017.0	7,553.4	-	34,017.0	522.2	-	-	November 2021	23.0%
220	Ningbo Yuyao Delight River BIB2A3 (寧波余姚漫悅灣BIB2A3)	Residential	Ningbo	110,724.0	195,343.3	182,434.2	24,775.8	160,310.4	1,379.0	10,257.1	88.2	January 2023	50.0%
221	Ningbo Yuyao Delight River A4 (寧波余姚漫悅灣A4)	Residential	Ningbo	53,807.0	108,070.6	107,100.6	108,070.6	-	-	-	-	-	50.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
222	Ningbo Yuyao Legend Mansion West (寧波余姚新悅府西)	Commercial, Residential & Education	Ningbo	38,211.0	57,317.0	56,364.1	57,317.0	-	-	-	-	-	49.0%
223	Ningbo Yuyao Legend Mansion East (寧波余姚新悅府東)	Commercial & Residential	Ningbo	57,724.0	86,586.0	84,533.0	86,586.0	-	-	-	-	-	49.0%
224	Yuyao Chunshantinghu (余姚春山聽湖)	Residential	Ningbo	62,866.7	62,867.0	6,652.0	-	62,867.0	834.8	-	-	June 2023	50.0%
225	Yuyao Simen Project (余姚西门项目)	Residential	Ningbo	47,595.0	49,974.8	-	-	49,974.8	676.2	-	-	August 2023	75.0%
226	Ningbo Yuyao Future Light (寧波余姚耀悅雲庭)	Commercial & Residential	Ningbo	78,512.0	172,726.4	40,673.1	-	53,689.2	504.9	119,037.2	1,119.4	June 2021	33.0%
227	Ningbo Zhongnan Delight River (寧波中南漫悅灣)	Residential	Ningbo	41,424.0	67,806.6	64,287.7	-	67,806.6	1,083.9	-	-	June 2022	68.0%
228	Ningbo Fenghua Zoina Mansion (寧波奉化悅府)	Residential	Ningbo	66,624.0	159,898.0	156,587.4	-	159,898.0	2,577.1	-	-	May 2023	70.0%
229	Ningbo Fenghua Phoenix Mansion (寧波奉化鳳鳴府)	Residential	Ningbo	43,290.0	108,225.0	107,680.7	-	108,225.0	1,620.0	-	-	March 2022	33.0%
230	Ningbo Zhongnan The Pureland (寧波中南菩悅花苑)	Commercial & Residential	Ningbo	42,456.0	74,298.0	74,298.0	74,298.0	-	-	-	-	-	50.0%
231	Ningbo Zhenhai Shine Mansion (寧波鎮海臻雲境)	Residential	Ningbo	45,111.0	81,199.8	81,199.8	-	81,199.8	1,680.0	-	-	December 2021	50.0%
232	Ningbo Cixi Sea Legend (寧波慈溪海上傳奇)	Commercial & Residential	Ningbo	400,925.0	651,547.0	523,514.6	-	651,547.0	7,000.0	-	-	April 2024	33.0%
233	Ningbo Cixi Yundi (寧波慈溪雲韻)	Commercial & Residential	Ningbo	102,341.0	132,020.0	98,631.2	-	132,020.0	1,391.2	-	-	June 2021	50.0%
234	Ningbo Cixi Binhai No. 1 (寧波慈溪濱海壹號)	Commercial & Residential	Ningbo	68,025.0	102,037.5	76,126.6	-	102,037.5	802.7	-	-	July 2021	100.0%
235	Ningbo Cixi Zoina Gardens (Small) (寧波慈溪青越府(小))	Commercial & Residential	Ningbo	11,224.3	16,836.5	15,970.2	16,836.5	-	-	-	-	-	38.0%
236	Ningbo Cixi Zoina Gardens (Large) (寧波慈溪青越府(大))	Residential	Ningbo	49,555.7	123,889.1	120,671.2	-	123,889.1	1,177.8	-	-	June 2022	23.0%
237	Ningbo Cixi Blossom Palace (寧波慈溪瓊悅)	Residential	Ningbo	36,642.0	65,955.6	65,848.5	65,955.6	-	-	-	-	-	90.0%
238	Ningbo Cixi Tianyue Mansion (寧波慈溪天悅府)	Commercial & Residential	Ningbo	36,658.0	58,652.8	58,316.6	58,652.8	-	-	-	-	-	20.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development					
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Total GFA (sq. m.)	Aggregate Investment Amount (RMB in million)	Expected Completion Date	Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
239	Ningbo Cixi Yuejiang Mansion (寧波慈溪閩江府)	Residential	Ningbo	44,282.0	97,420.4	97,420.4	97,420.4	-	-	-	-	-	-	33.0%
240	Ningbo Cixi Courtyard in Jiangnan (寧波慈溪江南大院)	Residential	Ningbo	53,908.0	97,034.4	97,034.4	97,034.4	-	-	-	-	-	-	33.0%
241	Ningbo Cixi Four Seasons Longyue Mansion (寧波慈溪四季雅玥華府)	Residential	Ningbo	113,857.0	182,171.2	181,809.1	182,171.2	-	-	-	-	-	-	16.0%
242	Ningbo Cixi Fengming Park Mansion (寧波慈溪鳳鳴梧桐府)	Residential	Ningbo	37,719.0	94,297.5	93,739.2	94,297.5	-	-	-	-	-	-	30.0%
243	Ningbo Cixi Cloud Mansion (寧波慈溪雲邸華府)	Commercial & Residential	Ningbo	36,332.0	72,664.0	67,861.2	72,664.0	-	-	-	-	-	-	16.0%
244	Ningbo Zhongnan Hangzhou Bay Hyatt Bay Mansion (寧波中南杭州灣海悅灣花苑)	Commercial & Residential	Ningbo	76,252.0	99,128.0	98,575	99,128.0	-	-	-	-	-	-	50.0%
245	Quzhou Changshan Delight River (衢州常山漫悅灣)	Residential	Quzhou	55,653.0	116,871.3	116,871.3	116,871.3	-	-	-	-	-	-	98.0%
246	Shaoxing Shengzhou Leisurely Courtyard (紹興嵊州上悅城)	Commercial & Residential	Shaoxing	107,419.0	279,289.0	161,432.8	-	279,289.0	2,713.7	-	-	January 2024	-	49.0%
247	Shaoxing Sky Mansion (紹興藍天樓)	Commercial & Residential	Shaoxing	57,751.1	115,502.0	72,144.3	-	115,502.0	1,515.2	-	-	April 2023	-	85.0%
248	Shaoxing The Honor of Zhuji (紹興諸暨江山裡)	Commercial & Residential	Shaoxing	34,567.0	41,480.0	36,236.4	-	41,480.0	616.5	-	-	August 2022	-	30.0%
249	Shaoxing Zhuji Zouma Mansion (紹興諸暨德府)	Residential	Shaoxing	33,796.1	59,143.0	59,005.0	59,143.0	-	-	-	-	-	-	78.0%
250	Shaoxing Zhuji Legend Mansion (紹興諸暨新悅府)	Residential	Shaoxing	17,874.0	44,685.0	44,685.0	44,685.0	-	-	-	-	-	-	65.0%
251	Shaoxing Zhuji Auspicious Omen (紹興諸暨紫雲集)	Residential	Shaoxing	36,928.0	73,856.0	37,309.8	-	54,003.2	577.7	19,852.8	212.4	November 2023	March 2021	60.0%
252	Shaoxing Zhuji City Light (Large) (紹興諸暨宸光集(大))	Commercial & Residential	Shaoxing	51,707.0	93,073.0	-	-	-	-	93,073.0	1,172.4	-	June 2021	50.0%
253	Shaoxing Zhuji City Light (Small) (紹興諸暨宸光集(小))	Commercial & Residential	Shaoxing	36,500.0	65,700.0	-	-	-	-	65,700.0	822.1	-	September 2021	50.0%
254	Shaoxing Keqiao Zhongnan Real Estate (紹興柯橋華著)	Residential	Shaoxing	97,574.1	243,907.0	190,810.5	-	243,907.0	4,950.0	-	-	May 2023	-	30.0%
255	Shaoxing Shangyu Kings Landing (紹興上虞君啟)	Commercial & Residential	Shaoxing	50,142.6	85,242.4	32,270.3	-	66,363.3	1,508.8	18,879.2	429.2	September 2023	February 2021	70.0%
256	Shaoxing Keqiao Delight River (紹興柯橋漫悅灣)	Commercial & Residential	Shaoxing	131,057.6	358,840.6	106,579.7	-	95,356.3	1,158.9	263,484.4	3,202.2	August 2023	March 2022	23.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
257	Taizhou Jiaoliang Jin Yue Mansion (台州椒江錦悅府)	Residential	Taizhou	63,940.0	134,770.0	134,770.0	-	134,770.0	1,722.9	-	-	-	75.0%
258	Taizhou Jiaoliang Zoina Mansion (台州椒江德府)	Residential	Taizhou	30,054.0	66,091.3	66,091.3	66,091.3	-	-	-	-	-	50.0%
259	Taizhou Jiaoliang Delight River (台州椒江漫悅灣)	Residential	Taizhou	102,934.0	222,258.8	136,244.7	-	211,353.6	2,282.2	10,905.2	117.8	January 2022	33.0%
260	Taizhou Jiaoliang Belief Regression (台州椒江藍悅府)	Residential	Taizhou	25,435.0	53,388.6	53,388.6	-	53,388.6	700.0	-	-	-	45.0%
261	Taizhou Linhai New Asia Mansion (台州臨海瑞悅府)	Commercial & Residential	Taizhou	70,248.0	154,545.0	9,587.5	-	14,876.7	111.6	139,668.3	1,047.3	May 2021	100.0%
262	Taizhou Zhongnan Heyue Mansion (台州中南和悅府)	Residential	Taizhou	36,454.0	61,972.0	45,479.0	-	61,972.0	615.9	-	-	-	35.0%
263	Taizhou Haizhou Mansion (台州海州上城)	Commercial & Residential	Taizhou	73,779.0	170,823.0	82,647.5	-	170,823.0	2,780.2	-	-	-	16.0%
264	Wenzhou Ruian Guonui Mansion (溫州麗安國瑞府)	Residential	Wenzhou	43,447.0	126,430.8	112,711.0	-	126,430.8	2,600.0	-	-	-	15.0%
265	Wenzhou Ruian Auspicious Omen (溫州麗安紫雲集)	Residential & Education	Wenzhou	41,539.1	103,848.0	92,804.0	-	103,848.0	804.1	-	-	-	100.0%
266	Wenzhou Yueqing Metropolis (溫州樂清都會玖著)	Residential	Wenzhou	65,086.0	130,172.0	121,703.7	130,172.0	-	-	-	-	-	11.0%
267	Wenzhou Ouhai Imprint South Mansion (溫州藍海印象-南府)	Residential	Wenzhou	22,233.0	60,029.1	60,029.1	-	60,029.1	1,143.8	-	-	-	90.0%
268	Wenzhou Ouhai Imprint North Mansion (溫州藍海印象-北府)	Residential	Wenzhou	36,793.0	99,341.0	99,341.1	-	99,341.1	1,924.1	-	-	-	96.0%
269	Wenzhou Longwan Metropolis (溫州龍灣未來都會)	Residential, Retail & Restaurant	Wenzhou	29,672.0	89,016.0	7,845.8	-	67,324.6	866.6	21,691.4	279.2	January 2021	51.0%
270	Wenzhou Longgang Spring Breeze (溫州龍港春風裡)	Residential, Commercial & Restaurant	Wenzhou	59,845.0	119,689.9	10,228.3	-	75,287.6	1,104.9	44,402.3	651.6	April 2021	100.0%
271	Wenzhou Delight River (溫州漫悅灣)	Commercial & Residential	Wenzhou	59,204.0	148,010.0	118,155.0	-	148,010.0	1,313.8	-	-	-	75.0%
272	Wenzhou Luxury Mansion (溫州玖寧苑)	Commercial & Residential	Wenzhou	33,523.0	75,427.0	13,548.0	-	75,427.0	708.5	-	-	-	50.0%
273	Bangbu Longzi Lake Nobility Mansion (蚌埠龍子湖江山府)	Residential	Bengbu	49,639.6	99,279.0	55,227.9	-	99,279.0	1,332.0	-	-	-	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
274	Bengbu Huaiyuan Majestic Mansion (蚌埠懷遠鎮淮府)	Commercial & Residential	Bengbu	64,197.0	141,233.4	106,677.5	-	131,629.2	783.0	9,604.2	57.1	June 2021	80.0%
275	Bozhou Lixin Legend Mansion (亳州利辛新悅府)	Commercial & Residential	Bozhou	112,722.0	225,424.0	110,562.8	85,309.4	140,114.6	895.8	-	-	-	100.0%
276	Hefei Zonia Mansion (合肥蜀山樾府)	Commercial & Residential	Hefei	78,205.0	156,406.0	101,069.5	-	156,406.0	2,600.0	-	-	-	100.0%
277	Hefei Changfeng City of Stars (合肥長豐宸悅)	Residential	Hefei	68,590.0	125,068.0	-	-	28,448.2	346.3	96,619.8	1,176.2	June 2021	100.0%
278	Huainan Tianjian Southern Shore Mansion (淮南田家庵春風南岸)	Residential	Huainan	88,993.3	177,986.5	43,102.0	-	58,789.1	436.0	119,197.5	884.1	May 2021	70.0%
279	Maanshan Yushan Belief Regression (馬鞍山雨山熙悅)	Commercial & Residential	Maanshan	127,645.0	204,231.0	204,035.1	190,343.0	13,888.0	166.3	-	-	-	95.0%
280	Zhongnan Cloud Mountain Villa (中南鳳樓雲山)	Residential	Xuancheng	92,769.0	129,127.0	-	-	-	-	129,127.0	1,189.8	August 2021	56.0%
281	Binzhou Bincheng The Philo (濱州濱城翡麗之光)	Commercial & Residential	Binzhou	98,397.0	295,191.0	223,750.1	67,507.8	227,683.2	1,896.1	-	-	-	35.0%
282	Dongying Guangrao Belief Regression (東營廣饒熙悅)	Residential	Dongying	69,389.0	95,843.0	94,134.6	95,843.0	-	-	-	-	-	100.0%
283	Dongying Guangrao Century City (東營廣饒世紀城)	Commercial & Residential	Dongying	437,870.0	831,953.0	805,852.7	676,377.8	155,575.2	832.6	-	-	-	100.0%
284	Dongying Dongcheng Central Living District (東營東城世紀錦城)	Commercial & Residential	Dongying	200,195.0	469,633.0	463,695.3	469,633.0	-	-	-	-	-	100.0%
285	Heze Peony Central Living District (荷澤牡丹世紀錦城)	Commercial & Residential	Heze	108,313.0	259,951.2	248,541.9	247,765.2	-	-	12,186.0	54.9	December 2022	100.0%
286	Heze Peony Central Living District (荷澤牡丹花城)	Commercial & Residential	Heze	295,119.0	795,124.0	438,640.3	231,973.7	217,412.3	1,135.5	345,738.0	1,805.6	February 2021	100.0%
287	Jinan Zonia Mansion (濟南市中樞府)	Commercial & Residential	Jinan	28,848.0	53,323.2	51,300.8	-	53,323.2	1,318.6	-	-	-	100.0%
288	Jinan Lixia Sky Mansion (濟南曆下天樞)	Residential	Jinan	44,592.0	122,310.3	-	-	-	-	122,310.3	2,502.2	March 2021	36.0%
289	Jining Rengcheng Zonia Mansion (濟南任城樾府)	Commercial & Residential	Jining	63,180.0	75,816.0	75,543.6	48,846.5	26,969.5	335.2	-	-	-	40.0%
290	Jining Rengcheng Blossom Palace (濟南任城瑞悅)	Commercial & Residential	Jining	126,546.0	210,422.0	177,822.1	98,102.1	112,319.9	1,096.4	-	-	-	100.0%
291	Jining Zoucheng Zonia Mansion (濟南鄒城樾府)	Residential	Jining	71,674.0	143,348.0	126,668.7	-	143,348.0	1,389.7	-	-	-	51.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
292	Jining Zoucheng Grand Villa (濟寧鄒城糧月墅)	Residential	Jining	66,669.0	119,968.0	106,278.0	15,512.2	104,455.8	1,032.2	-	-	-	51.0%
293	Jining Yanzhou Delight River (濟寧兗州漫悅灣)	Residential	Jining	45,980.0	68,970.0	68,970.0	68,970.0	-	-	-	-	-	65.0%
294	Linyi Lanshan Kings Landing (臨沂蘭山君啟)	Commercial & Residential	Linyi	56,089.0	140,222.5	-	-	-	-	140,222.5	2,575.4	August 2021	100.0%
295	Linyi Lanshan Central Garden (臨沂蘭山林樾)	Commercial & Residential	Linyi	79,878.0	199,695.0	171,467.1	-	199,695.0	3,413.5	-	-	-	100.0%
296	Linyi Lanshan Southern Shore Mansion (臨沂蘭山泰風南岸)	Commercial & Residential	Linyi	192,103.0	480,257.0	124,091.4	-	-	-	480,257.0	3,201.0	April 2021	66.0%
297	Linyi Lanshan Auspicious Omen (臨沂蘭山紫雲集)	Residential	Linyi	49,094.0	112,916.2	76,002.0	-	104,439.1	1,073.6	8,477.1	87.1	February 2021	70.0%
298	Linyi Lanshan Zoina Mansion (臨沂蘭山樾府)	Commercial & Residential	Linyi	113,366.0	283,415.0	283,415.0	168,132.5	115,282.5	1,090.1	-	-	-	53.0%
299	Linyi Lanshan Zoina Mansion Phase II (臨沂蘭山樾府二期)	Commercial & Residential	Linyi	35,309.0	88,273.0	87,113.9	38,789.4	49,483.6	746.7	-	-	-	53.0%
300	Qingdao Huangdao Delight River (青島黃島漫悅灣)	Residential	Qingdao	74,771.0	208,654.0	206,656.6	108,468.9	100,185.1	1,019.1	-	-	-	99.0%
301	Qingdao Huangdao Jinshi Plaza (青島黃島金石廣場)	Commercial & Residential	Qingdao	98,221.0	320,004.0	320,004.0	320,004.0	-	-	-	-	-	100.0%
302	Qingdao Huangdao Southern Shore Mansion (青島黃島泰風南岸)	Residential	Qingdao	76,600.0	186,726.5	78,756.5	-	112,639.8	1,142.7	74,086.7	751.6	April 2021	80.0%
303	Qingdao Licang Century City (青島李村世紀城)	Commercial & Residential	Qingdao	423,803.3	1,114,237.7	1,035,867.5	930,710.7	183,527.0	1,674.4	-	-	-	100.0%
304	Qingdao Pingdu Delight River (青島平度漫悅灣)	Residential	Qingdao	64,933.0	129,866.0	129,866.0	129,866.0	-	-	-	-	-	29.0%
305	Qingdao Pingdu Presidential Palace (青島平度國賓府)	Residential	Qingdao	54,631.0	109,100.0	106,372.6	30,039.9	79,060.1	471.4	-	-	-	30.0%
306	Qingdao Jimo Auspicious Omen (青島即墨紫雲集)	Commercial & Residential	Qingdao	71,238.0	123,584.0	31,573.0	-	63,609.6	817.9	59,974.4	771.2	January 2021	100.0%
307	Qingdao Jimo Zoina Mansion (青島即墨樾府)	Commercial & Residential	Qingdao	115,870.0	197,740.0	41,225.9	-	65,807.9	868.8	131,932.2	1,741.8	January 2021	100.0%
308	Taian Zoina Mansion (泰安泰山樾府)	Commercial & Residential	Taian	18,301.0	73,464.0	65,623.0	13,038.7	60,425.3	402.7	-	-	-	100.0%
309	Taian Central Living District (泰安世紀錦城)	Commercial & Residential	Taian	67,108.0	161,059.0	161,059.0	161,059.0	-	-	-	-	-	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development					
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Expected Completion Date	Total Planned GFA (sq. m.)	Investment Planned Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)					
310	Taishan Taishan Fortune Gate (泰安泰山財源門)	Commercial & Residential	Taishan	73,767.0	377,018.0	240,283.9	116,071.0	183,212.0	2,061.8	March 2022	74,735.0	827.5	May 2021	100.0%
311	Taishan Daiyue Auspicious Omen (泰安岱嶽雲集)	Residential	Taishan	129,837.0	324,592.5	118,098.2	-	231,130.3	1,969.4	September 2023	93,462.3	796.3	March 2021	90.0%
312	Taishan Daiyue Golden Time (泰安岱嶽佳期漫)	Residential	Taishan	51,834.0	134,768.0	128,593.7	17,446.9	117,321.1	917.7	October 2022	-	-	-	100.0%
313	Weihai Huanou Belief Regression (威海環翠熙悅)	Residential	Weihai	74,878.9	110,072.1	86,740.6	-	110,072.1	1,209.8	January 2023	-	-	-	75.0%
314	Weihai Huanou Auspicious Omen (威海環翠林清月)	Residential	Weihai	72,739.0	109,108.5	14,980.7	-	55,106.0	424.3	November 2023	54,002.5	415.8	April 2021	60.0%
315	Weihai Harbor District Zhongnan Delight River (威海臨港區中南漫悅灣)	Residential	Weihai	37,606.0	75,212.0	22,373.3	-	75,212.0	600.0	February 2023	-	-	-	60.0%
316	Weihai Harbor District Zhongnan Delight River (威海臨港區中南韻越灣)	Residential	Weihai	64,733.0	142,474.0	65,804.0	-	16,782.2	117.8	October 2022	125,691.8	882.2	June 2021	60.0%
317	Weihai Harbor District Zhongnan Delight River Phase II (威海臨港區中南漫悅灣二期)	Residential	Weihai	72,659.0	145,318.0	-	-	1,161.5	8.0	September 2023	144,156.5	992.0	April 2021	60.0%
318	Weifang Weicheng Blossom Palace (濰坊維城瑞悅)	Residential	Weifang	55,470.0	133,128.0	119,278.9	-	133,128.0	895.5	May 2023	-	-	-	100.0%
319	Weifang Shouguang Century City (濰坊壽光世紀城)	Commercial & Residential	Weifang	107,990.0	259,176.0	258,978.5	259,176.0	-	-	-	-	-	-	100.0%
320	Weifang Shouguang Xiangdi Yayuan (濰坊壽光香堤雅苑)	Commercial & Residential	Weifang	58,062.0	120,188.3	120,188.3	120,188.3	-	-	-	-	-	-	100.0%
321	Weifang Shouguang Entire City Classic (濰坊壽光城市金典)	Commercial & Residential	Weifang	64,740.0	126,890.4	126,890.4	126,890.4	-	-	-	-	-	-	100.0%
322	Weifang Shouguang Century Star City (濰坊壽光世紀星城)	Commercial & Residential	Weifang	430,774.0	650,469.0	643,493.3	650,469.0	-	-	-	-	-	-	100.0%
323	Weifang Kuwen Zouma Mansion (濰坊奎文樺府)	Commercial & Residential	Weifang	120,905.0	316,771.1	200,912.3	156,684.6	86,212.9	740.6	November 2022	73,873.6	634.6	July 2021	70.0%
324	Weifang Kuwen Belief Regression (濰坊奎文熙悅)	Commercial & Residential	Weifang	127,525.0	318,812.5	247,602.6	216,768.2	86,926.3	747.9	October 2022	15,118.0	130.1	July 2021	70.0%
325	Yantai Fushan Belief Regression (煙臺福山熙悅)	Residential	Yantai	66,773.7	133,547.4	133,547.4	133,547.4	-	-	-	-	-	-	96.0%
326	Yantai Fushan Shanhaiwan (煙臺福山海灣)	Residential	Yantai	188,365.0	188,365.0	188,365.0	188,365.0	-	-	-	-	-	-	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
327	Yantai Fushan Youmanli (煙臺福山悠漫裡)	Residential	Yantai	65,030.2	71,533.2	41,789.3	35,280.3	213.3	May 2022	-	-	-	100.0%
328	Yantai Fushan Splendid Villa (煙臺福山玖熙墅)	Commercial	Yantai	60,824.7	36,494.1	36,494.1	36,494.1	-	-	-	-	-	100.0%
329	Yantai Longkou Belief Regression (煙臺龍口熙悅)	Commercial & Residential	Yantai	59,407.0	148,518.0	128,969.1	56,134.7	639.8	August 2022	-	-	-	51.0%
330	Yantai Laishan Central Garden (煙臺萊山林樾)	Commercial & Residential	Yantai	75,418.0	144,048.0	6,251.8	-	1,204.8	October 2023	78,323.6	1,435.8	February 2021	40.0%
331	Zibo Linzi Zijiang Mansion (淄博臨淄淄江府)	Residential	Zibo	85,710.0	128,565.0	112,086.5	-	1,252.3	January 2023	-	-	-	40.0%
332	Zibo Huanai Zoina Mansion (淄博桓台樞府)	Residential	Zibo	69,268.0	141,999.4	141,567.3	94,823.2	468.6	December 2021	-	-	-	90.0%
333	Zibo Zhangdian Zoina Spring (淄博張店春溪集)	Commercial & Residential	Zibo	41,802.0	73,359.0	69,296.4	-	647.3	April 2023	-	-	-	60.0%
334	Zibo Zhangdian Auspicious Omen (淄博張店紫雲集)	Commercial & Residential	Zibo	119,207.0	196,692.0	123,496.8	-	981.8	October 2021	1,432.1	7.2	August 2021	55.0%
335	Beijing Miyun Yishui Mansion (北京密雲怡水園)	Residential	Beijing	89,000.0	128,730.0	-	-	-	-	128,730.0	1,667.4	April 2023	100.0%
336	Tianjin Jinghai Peaceful Residence (天津靜海六和茗著)	Residential	Tianjin	36,266.0	43,519.0	43,519.0	43,519.0	-	-	-	-	-	17.0%
337	Tianjin Jinghai Royal Park (天津靜海君悅府)	Residential	Tianjin	90,589.0	203,825.3	203,116.5	202,438.5	1,386.7	June 2021	-	-	-	75.0%
338	Baoding Xushui Majestic Mansion (保定徐水尚熙城)	Residential	Baoding	105,221.0	263,054.0	142,799.2	-	1,545.0	August 2022	91,561.8	824.9	April 2021	50.0%
339	Handan Henshan Imperial Court of Riverside (邯鄲邯山御河尚苑)	Residential	Handan	61,054.0	122,062.0	115,548.7	-	809.9	January 2023	-	-	-	50.0%
340	Langfang Guan Belief Regression (廊坊固安熙悅)	Residential	Langfang	71,038.0	220,218.0	132,259.5	-	3,210.6	April 2022	45,482.2	835.7	February 2021	75.0%
341	Tangshan Leting Future Coast (唐山樂亭未來海岸)	Residential	Tangshan	148,928.3	211,478.2	211,478.2	211,478.2	-	-	-	-	-	100.0%
342	Tangshan Leting Laweina (唐山樂亭拉唯那)	Residential	Tangshan	547,260.2	907,917.3	327,213.1	175,349.4	2,071.0	December 2026	218,488.7	880.2	March 2023	100.0%
343	Shenfu Wanghua Belief Regression (沈撫望花熙悅)	Residential	Fushun	92,130.0	297,579.9	235,833.3	-	1,431.6	May 2023	13,579.8	68.5	January 2021	20.0%
344	Shenyang Dulong Leisurely Courtyard (瀋陽大東上悅城)	Commercial & Residential	Shenyang	6,873.0	46,049.0	16,613.9	-	599.1	February 2023	-	-	-	80.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Investment		Total Completed GFA (sq. m.)	Total GFA (sq. m.)	Aggregate Investment Amount (RMB in million)	Expected Completion Date	Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)								
345	Shenyang Tixi Jimei Shangjing (瀋陽鐵西集美尚景)	Commercial & Residential	Shenyang	29,688.2	47,501.0	21,340.2	27,949.9	19,551.1	260.6	-	-	-	49.0%
346	Shenyang Tixi Auspicious Omen (瀋陽鐵西紫雲集)	Commercial & Residential	Shenyang	15,402.3	33,885.1	32,202.0	33,885.1	-	-	-	-	-	100.0%
347	Shenyang Tixi Belief Regression (瀋陽鐵西熙悅)	Commercial & Residential	Shenyang	29,652.0	53,373.6	49,140.7	53,373.6	-	-	-	-	-	100.0%
348	Shenyang Tixi Century City (瀋陽鐵西世紀城)	Commercial & Residential	Shenyang	152,014.2	266,025.0	261,120.8	266,025.0	-	-	-	-	-	100.0%
349	Shenyang Tixi Splendid Villa (瀋陽鐵西玖熙墅)	Commercial & Residential	Shenyang	50,060.8	85,103.0	56,023.4	83,051.4	2,051.6	36.2	-	-	-	100.0%
350	Shenyang Tixi Harmonious Mansion (瀋陽鐵西和樾)	Commercial & Residential	Shenyang	99,540.8	199,082.0	102,396.6	123,487.2	75,436.0	982.0	158.8	2.1	May 2022	60.0%
351	Yingkou Bayuquan Century City (營口鮫魚圈世紀城)	Commercial & Residential	Yingkou	177,000.0	373,980.0	232,031.1	233,616.6	55,849.9	307.6	84,513.5	465.4	January 2023	100.0%
352	Kaifeng Longting Zouma Mansion (開封龍亭樾府)	Commercial & Residential	Kaifeng	44,101.2	114,660.0	111,112.2	-	114,660.0	937.8	-	-	-	100.0%
353	Kaifeng Longting Central Garden (開封龍亭林樾)	Commercial & Residential	Kaifeng	68,336.8	198,177.0	190,459.1	-	198,177.0	1,478.6	-	-	-	50.0%
354	Shangqiu Suiyang Greenland City District One (商丘睢陽綠地城一區)	Residential	Shangqiu	104,827.0	136,279.0	136,279.0	-	136,279.0	1,603.6	-	-	-	49.0%
355	Shangqiu Suiyang Greenland City District Six (商丘睢陽綠地城六區)	Residential	Shangqiu	55,531.0	138,820.0	138,820.0	-	138,820.0	1,235.3	-	-	-	49.0%
356	Shangqiu Suiyang Greenland City Central Square (商丘睢陽綠地中央廣場)	Commercial	Shangqiu	107,461.0	274,362.0	223,029.0	-	274,362.0	3,000.0	-	-	-	49.0%
357	Shangqiu Suiyang Delight River (商丘睢陽漫悅灣)	Residential	Shangqiu	87,972.0	219,938.0	219,776.0	-	219,938.0	1,807.5	-	-	-	49.0%
358	Xuchang Jianan Gold Jade (許昌建安金玉堂)	Commercial & Residential	Xuchang	139,490.0	383,550.0	158,305.6	-	215,310.3	1,954.9	168,239.7	1,527.6	January 2021	34.0%
359	Shangqiu Suiyang Greenland City District Five (商丘睢陽綠地城五區)	Residential	Shangqiu	77,663.6	224,959.0	212,139.5	-	224,959.0	1,582.4	-	-	-	49.0%
360	Shangqiu Suiyang Delight River Phase II (商丘睢陽漫悅灣二期)	Commercial & Residential	Shangqiu	91,973.6	248,328.7	81,118.6	-	118,512.8	833.2	129,815.9	912.7	April 2021	49.0%
361	Qianjiang Yuanlin Central Living District (潛江園林雅苑)	Residential	Qianjiang	146,974.0	338,041.0	337,932.3	338,041.0	-	-	-	-	-	100.0%
362	Qianjiang Huangbei Central Living District (潛江黃陂錦城)	Residential	Qianjiang	61,511.0	141,475.0	141,475.0	141,475.0	-	-	-	-	-	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development					
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment Amount (RMB in million)	Expected Completion Date	Total Planned GFA (sq. m.)	Aggregate Planned Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group	
363	Qianjiang Zonia Spring (潜江春溪集)	Residential	Qianjiang	51,852.8	155,559.0	111,345.7	-	155,559.0	905.8	-	-	March 2023	-	100.0%
364	Qianjiang New City Century City (潜江新城世纪城)	Residential	Qianjiang	117,504.0	258,509.0	258,509.0	258,509.0	-	-	-	-	-	-	100.0%
365	Wuhan Huangbei Fuxiao City 108 (武漢黃陂拂曉城108)	Residential	Wuhan	162,543.0	325,086.0	313,989.9	171,024.0	154,062.0	1,778.8	-	-	November 2021	-	100.0%
366	Wuhan Huangbei Fuxiao City 109 (武漢黃陂拂曉城109)	Residential	Wuhan	81,664.0	163,206.0	137,336.5	163,206.0	-	-	-	-	-	-	100.0%
367	Wuhan Dongxihu Belief Regression (武漢東西湖熙悅)	Residential	Wuhan	26,666.7	85,797.0	35,094.1	60,411.2	25,385.8	453.7	-	-	November 2021	-	50.0%
368	Baoji Zhongnan Wushanju (寶雞中隆無山居)	Commercial & Residential	Baoji	195,336.0	228,000.0	24,918.1	-	47,205.1	464.7	180,794.9	1,779.8	May 2022	February 2021	55.0%
369	Xian Chang'an Southern Shore Mansion (西安長安春風南岸)	Commercial & Residential	Xian	93,000.0	314,600.0	201,196.0	-	197,006.1	2,630.1	117,593.9	1,569.9	March 2025	October 2022	100.0%
370	Xian Lianhu Zonia Gardens (西安蓮湖青樾)	Residential	Xian	43,812.0	205,066.0	200,742.2	-	205,066.0	2,044.3	-	-	November 2022	-	80.0%
371	Xian Weiyang Kings Landing DK3 (西安未央君啟DK3)	Commercial & Residential	Xian	25,673.1	100,125.0	95,936.0	-	94,455.9	1,603.7	5,669.1	96.3	September 2022	January 2021	90.0%
372	Xian Weiyang Kings Landing DK2 (西安未央君啟DK2)	Commercial & Residential	Xian	37,240.4	130,342.0	123,704.2	-	130,342.0	2,300.0	-	-	January 2023	-	90.0%
373	Xian Weiyang Kings Landing DK1 (西安未央君啟DK1)	Commercial & Residential	Xian	91,360.0	300,902.0	182,107.9	-	143,750.5	2,293.1	157,151.5	2,506.9	January 2023	January 2021	80.0%
374	Xian Weiyang Auspicious Omen (西安未央紫雲集)	Residential	Xian	66,470.0	199,451.3	199,184.9	199,451.3	-	--	-	-	-	-	85.0%
375	Xian Gaoling Zonia Spring (西安高陵春溪集)	Residential	Xian	117,203.3	352,642.3	350,357.8	352,642.3	-	-	-	-	-	-	85.0%
376	Xian Baiqiao Zonia Mansion (西安灤橋德府)	Residential	Xian	87,291.0	218,452.0	216,543.8	218,452.0	-	-	-	-	-	-	93.0%
377	Xian Weiyang Leisurely Courtyard (西安未央上悅城)	Residential	Xian	182,667.6	419,002.1	326,590.0	-	315,355.9	3,730.2	103,646.2	1,226.0	March 2023	May 2021	89.0%
378	Xian Leisurely Courtyard 58 mu (西安市上悅城58畝)	Commercial & Residential	Xian	39,124.0	97,810.0	-	-	-	-	97,810.0	-	-	September 2021	89.0%
379	Xian Lakeside Mansion (西安湖畔堤)	Commercial & Residential	Xian	33,333.5	116,667.3	104,049.4	-	87,882.7	-	28,784.6	-	January 2022	January 2021	51.0%
380	Xian Qindu Delight River (西安秦都漫悅灣)	Residential	Xian	33,333.0	93,332.4	73,744.7	-	87,882.7	975.5	5,449.7	60.5	November 2023	April 2021	51.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
381	Dongwang Mansion (東望府)	Commercial & Residential	Xian	21,362.0	53,405.0	52,926.0	-	53,405.0	852.4	-	-	February 2023	50.0%
382	Xian Dongwang Center (西安東望中心)	Commercial & Residential	Xian	16,712.0	91,916.0	66,032.0	-	91,916.0	970.4	-	-	February 2023	50.0%
383	Xian Zhongnan Dongwang City (西安中南東望城)	Commercial & Residential	Xian	42,785.0	149,490.0	148,588.0	-	149,490.0	968.6	-	-	September 2021	35.0%
384	Xian Gaoling Spring Breeze (西安高陵春風裡)	Residential	Xian	100,000.0	280,000.1	92,367.7	-	250,495.9	1,735.8	29,504.2	204.4	February 2021	40.0%
385	Changde Wuling Zouma Spring (常德武陵春溪集)	Residential	Changde	61,390.9	171,882.0	161,463.4	-	171,882.0	1,501.3	-	-	January 2023	100.0%
386	Changde Wuling Begonia Mansion (常德武陵海棠集)	Residential	Changde	28,984.1	75,358.7	-	-	37,055.0	303.8	38,303.7	314.0	December 2023	100.0%
387	Changde Dingcheng Blossom Palace (常德鼎城瓏悅)	Residential & Retail	Changde	52,167.4	135,635.3	84,224.3	-	135,635.3	746.1	-	-	October 2023	100.0%
388	Xiangtan Yuetang Zouma Mansion (湘潭嶽塘德府)	Commercial & Residential	Xiangtan	66,602.7	186,353.6	21,698.6	-	106,577.0	1,299.8	79,776.6	973.0	August 2022	50.0%
389	Chengdu Jinniu Zouma Mansion (成都金牛德府)	Residential	Chengdu	127,826.0	259,015.3	214,844.4	-	239,706.6	4,627.3	19,308.8	372.7	May 2022	100.0%
390	Chengdu Jinniu Begonia Mansion (成都金牛海棠集)	Residential	Chengdu	42,273.0	123,218.0	122,560.9	123,218.0	-	-	-	-	-	100.0%
391	Chengdu Wenjiang Belief Regression (成都溫江熙悅)	Residential	Chengdu	54,127.0	135,319.0	128,231.2	135,319.0	-	-	-	-	-	100.0%
392	Chengdu Wenjiang Cloud Mansion (成都溫江雲麓名邸)	Residential	Chengdu	27,355.0	64,877.4	64,750.0	-	64,877.4	1,260.8	-	-	October 2021	100.0%
393	Chengdu Wenjiang Blossom Palace (成都溫江瓏悅)	Residential	Chengdu	25,300.0	63,130.2	62,825.1	63,130.2	-	-	-	-	-	51.0%
394	Chengdu Chenghua Central Mansion (成都成華玖華臺)	Residential	Chengdu	29,688.0	148,148.0	114,965.8	12,482.0	135,666.0	3,204.7	-	-	May 2022	50.0%
395	Chengdu Wuhou Kings Landing (成都武侯君啟)	Residential	Chengdu	12,941.0	32,352.0	2,281.9	-	32,352.0	1,000.0	-	-	June 2023	60.0%
396	Chengdu Xindu Cloud Mansion (成都新都雲上府)	Commercial & Residential	Chengdu	36,020.0	82,366.0	22,499.5	-	61,312.5	893.3	21,053.5	306.7	September 2023	30.0%
397	Chengdu Xinjin TOD Town (成都新津智仁雲辰)	Commercial & Residential	Chengdu	69,377.0	177,984.7	131,920.7	-	169,986.7	2,091.6	7,998.1	98.4	December 2023	66.0%
398	Meishan Renshou Legend Mansion (眉山仁壽新悅府)	Residential	Meishan	50,140.0	110,307.1	105,431.5	110,307.1	-	-	-	-	-	100.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Amount (RMB in million)	Expected Completion Date				
399	Nanchong Shunqing Scenic Mansion (南充順慶尚景閣)	Residential	Nanchong	37,756.0	75,512.0	71,591.4	75,512.0	-	-	-	-	-	100.0%
400	Nanchong Shunqing Century City (南充順慶世紀城)	Residential	Nanchong	103,681.0	223,805.4	223,730.1	223,805.4	-	-	-	-	-	100.0%
401	Nanchong Gaoping Yuanshan (南充高坪原山)	Commercial & Residential	Nanchong	45,602.0	159,607.0	81,204.9	-	156,998.4	1,103.9	2,608.6	18.3	June 2021	100.0%
402	Nanchong Gaoping Canalside Mansion (南充高坪春江閣)	Residential	Nanchong	69,700.0	174,898.0	173,688.4	174,898.0	-	-	-	-	-	100.0%
403	Nanchong Gaoping Delight River (南充高坪漫悅灣)	Residential	Nanchong	96,900.0	222,346.3	221,810.9	222,346.3	-	-	-	-	-	95.0%
404	Chongqing Banan Above Clouds (重慶巴南怡雲府)	Residential	Chongqing	63,610.0	100,504.5	56,902.5	-	94,819.9	1,085.0	5,684.6	65.1	April 2021	30.0%
405	Chongqing Beibei Healthy Natural (重慶北碚玖著大宸)	Commercial & Residential	Chongqing	168,150.0	252,225.0	114,719.2	-	201,392.7	3,193.9	50,832.3	806.1	November 2022	34.0%
406	Chongqing Beibei Gem Palace (重慶北碚玖宸)	Residential	Chongqing	114,204.0	301,361.0	250,084.5	204,307.5	97,053.5	1,191.6	-	-	-	100.0%
407	Chongqing Jiangjin Auspicious Omen (重慶江津紫雲集)	Residential	Chongqing	36,032.0	102,055.5	79,217.8	-	102,055.5	450.0	-	-	-	30.0%
408	Chongqing Shapingba Meridian Avenue (重慶沙坪壩西著七裡)	Residential	Chongqing	74,503.0	189,030.0	180,419.9	189,030.0	-	-	-	-	-	33.0%
409	Chongqing Shapingba Nebula Mansion (重慶沙坪壩雲府)	Residential	Chongqing	57,543.0	143,093.0	135,126.4	143,093.0	-	-	-	-	-	20.0%
410	Chongqing Dadukou Leisurely Courtyard (重慶大渡口上悅城)	Residential	Chongqing	172,197.0	303,909.0	20,093.5	-	110,858.4	1,459.1	193,050.6	2,540.9	April 2021	100.0%
411	TNC2020-36 Plot (TNC2020-36地塊)	Residential	Chongqing	164,478.3	292,392.2	31,544.4	-	123,741.0	338.6	168,651.2	461.4	September 2021	30.0%
412	Kunming Anning Rhyne Scheme (昆明安寧文韻)	Residential, Wholesale & Retail	Kunming	15,668.1	46,994.4	46,994.4	46,994.4	-	-	-	-	-	7.0%
413	Kunming Guandu Poetry Paradise (昆明官渡雲境)	Residential	Kunming	48,729.8	243,644.3	207,049.0	87,193.1	156,451.1	1,647.2	-	-	-	28.0%
414	Kunming Guandu Zoina Mansion (昆明官渡越府)	Residential	Kunming	75,614.0	289,709.4	267,644.1	221,711.5	67,997.8	816.1	-	-	-	51.0%
415	No. KCGD2015-9-A3 Plot (KCGD2015-9-A3號地塊)	Residential	Kunming	625.3	2,376.1	-	-	-	-	2,376.1	-	September 2021	51.0%
416	Kunming Panlong The Zodiac (昆明盤龍十二集)	Residential	Kunming	37,001.9	64,013.0	39,634.0	-	64,013.0	1,352.5	-	-	-	28.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Amount (RMB in million)				
417	Kunming Panlong Tire Factory Project (昆明市盤龍區輪胎廠項目).....	Residential	Kunming	24,482.8	44,069.0	-	-	-	-	44,069.0	1,000.0	April 2021	10.0%
418	Kunming Wuhua District 14 & 15 Project (昆明市五華區14及15項目).....	Commercial & Residential	Kunming	64,860.4	231,008.0	-	-	-	-	231,008.0	3,909.2	September 2021	57.0%
419	Kunming Wuhua District Pan-Asia Heyuemingzhe (昆明五華區泛亞和悅銘著).....	Residential	Kunming	33,081.0	127,042.4	117,320.3	127,042.4	-	-	-	-	-	6.0%
420	Kunming Wuhua Urban Frontier (昆明五華上悅天地).....	Commercial & Residential	Kunming	173,468.9	635,660.0	203,297.0	-	374,740.4	7,138.9	260,919.6	4,970.6	May 2021	33.0%
421	Kunming Economic Development Zone No. KC12020-21 Plot (昆明市經濟開發區KC12020-21號地塊).....	Residential	Kunming	45,880.1	137,640.0	-	-	-	-	137,640.0	1,595.0	June 2021	51.0%
422	Puer Lancang County Ancient Tree Tea Town Phase II 90 mu (普洱市瀾滄縣古樹茶小鎮二期90畝).....	Residential	Puer	60,168.0	33,092.4	-	-	-	-	33,092.4	470.4	September 2021	70.0%
423	Puer Lancang County Ancient Tree Tea Town Jiasimi Plot (普洱市瀾滄縣古樹茶小鎮家密地塊).....	Commercial & Residential	Puer	46,000.0	46,000.0	-	-	-	-	46,000.0	478.3	September 2021	70.0%
424	Guiyang Nanming Southern Shore Mansion (貴陽南明春風南岸).....	Commercial & Residential	Guiyang	160,067.7	400,169.3	77,394.1	-	193,151.7	1,913.6	207,017.6	2,050.9	January 2021	80.0%
425	Guiyang Nanming Central Garden (貴陽南明林樾).....	Commercial & Residential	Guiyang	96,816.2	241,420.4	91,694.4	-	198,291.0	2,355.5	43,129.4	512.3	November 2022	80.0%
426	Guiyang Guanshanhu Auspicious Omen (貴陽巖山湖紫雲集).....	Commercial & Residential	Guiyang	45,799.4	114,498.5	11,788.0	-	12,080.5	152.7	102,418.1	1,294.4	May 2021	60.0%
427	Guiyang Spring Life Mountain (貴陽巖山湖紫雲集).....	Commercial & Residential	Qiannan	195,743.0	280,882.0	-	-	280,882.0	2,226.4	-	-	-	22.0%
428	Guiyang Spring Life Mountain Phase II (貴陽春山居二期).....	Commercial & Residential	Qiannan	126,005.0	189,235.0	-	-	-	-	189,235.0	2,226.4	December 2022	22.0%
429	Foshan Gaoming International River City (佛山高明濱江國際).....	Commercial & Residential	Foshan	83,583.0	334,332.0	146,240.7	-	249,401.7	2,046.6	84,930.3	696.9	March 2022	49.0%
430	Foshan Gaoming Emerald Park (佛山高明翡翠西江).....	Residential	Foshan	81,136.0	243,407.0	121,967.4	126,533.2	81,824.6	1,181.0	35,049.1	505.9	March 2021	33.0%
431	TD2020(SS)WP0002 Plot (TD2020(SS)WP0002地塊).....	Commercial & Residential	Foshan	49,062.0	122,655.0	-	-	-	-	122,655.0	1,371.0	September 2021	75.0%
432	Foshan Sanshui Sino-Ocean Delight River (佛山三水悅悅灣).....	Residential	Foshan	52,974.0	158,922.0	158,922.0	158,534.0	388.0	4.3	-	-	-	50.0%

No.	Project Name	Type	Location	Under Development					Held for Future Development						
				Aggregate Site Area (sq. m.)	Total Saleable Area (sq. m.)	Total Sold Area (sq. m.)	Total Completed GFA (sq. m.)	Aggregate Investment		Total Planned GFA (sq. m.)	Investment Amount (RMB in million)	Expected Completion Date	Aggregate Planned Investment Amount (RMB in million)	Expected Commencement Date	Interest Attributable to the Group
								Total GFA (sq. m.)	Total (RMB in million)						
433	Foshan Shunde Southern Shore Mansion (佛山順德春風南岸)	Residential	Foshan	22,745.1	56,862.6	-	-	56,862.6	1,336.0	November 2023	-	-	70.0%		
434	Huizhou Huiyang Delight Forest (惠州惠陽林間漫)	Residential	Huizhou	46,500.0	139,500.0	95,227.2	-	139,500.0	1,771.5	July 2022	-	-	90.0%		
435	Huizhou Jialin Phase III Project (惠州市嘉霖三期項目)	Commercial & Residential	Huizhou	27,146.0	81,438.0	400.0	-	-	-	81,438.0	431.2	September 2022	10.0%		
436	Jieyang Jiedong Southern Shore Mansion (揭陽揭東春風南岸)	Commercial & Residential	Jieyang	94,393.2	186,789.0	54,925.7	-	127,668.6	1,435.3	March 2023	59,120.4	664.7	March 2021	100.0%	
437	Meizhou Mei County Delight River (梅州梅縣漫悅灣)	Residential	Meizhou	13,000.0	33,800.0	961.8	-	-	-	-	33,800.0	324.6	May 2022	100.0%	
438	Meizhou Mei County Fenghui (梅州梅縣峰會)	Residential	Meizhou	44,774.0	116,412.0	60,924.5	-	116,412.0	1,160.0	April 2022	-	-	-	50.0%	
439	Zhanjiang Chikan District Auspicious Omen (湛江赤坎區地塊紫雲集)	Residential	zhanjiang	30,954.0	102,893.0	14,655.1	-	102,893.0	1,068.6	June 2023	-	-	-	60.0%	
440	Jiangmen Xinhui Spring Breeze Mansion (江門新會春風裡花苑)	Commercial & Residential	Jiangmen	34,803.0	87,007.5	-	-	42,771.9	536.0	August 2023	44,235.6	554.4	March 2021	90.0%	
441	G20-2020-0122 Plot (G20-2020-0122地塊)	Residential	Zhongshan	33,082.0	82,705.0	-	-	-	-	-	82,705.0	1,139.7	September 2021	75.0%	
442	Fuzhou Changle Zoira Mansion (福州長樂越府)	Residential	Fuzhou	35,542.0	71,252.0	71,252.0	71,252.0	-	-	-	-	-	-	100.0%	
443	Fuzhou Fuqing Longjiang Juijin (福州福清龍江玖錦)	Commercial & Residential	Fuzhou	113,059.0	282,647.5	244,501.7	-	236,502.0	2,744.6	October 2024	46,145.5	535.5	January 2021	33.0%	
444	Putian Chengxiang Classic (莆田城廂禧禮臺)	Commercial & Residential	Putian	38,440.0	172,980.0	-	-	29,224.8	605.6	November 2023	143,755.2	2,979.1	June 2021	100.0%	
445	Quanzhou Licheng Riverside Mansion (泉州鯉城濱江銘悅)	Residential	Quanzhou	37,614.0	87,055.0	87,055.0	87,055.0	-	-	-	-	-	-	100.0%	
446	Quanzhou Jinjiang Sky Mansion (泉州晉江天樑)	Commercial & Residential	Quanzhou	25,896.0	64,740.0	64,740.0	-	64,740.0	1,061.0	December 2021	-	-	-	100.0%	
447	Quanzhou Jinjiang Delight River (泉州晉江漫悅灣)	Residential	Quanzhou	52,623.9	171,941.0	171,941.0	171,941.0	-	-	-	-	-	-	100.0%	
448	Quanzhou Jinjiang Sky Mansion (泉州晉江天樑)	Commercial & Residential	Quanzhou	6,258.0	18,774.0	18,774.0	-	18,774.0	-	December 2021	-	-	-	100.0%	
449	Quanzhou Chongrong Project (泉州市崇榮項目)	Residential	Quanzhou	20,808.8	68,669.1	-	-	-	-	-	68,669.1	682.9	September 2021	100.0%	
450	Quanzhou Jinjiang Sky Mansion Junli (泉州晉江天樑君立)	Commercial & Residential	Quanzhou	21,644.0	36,361.9	-	-	16,429.0	251.7	December 2023	19,932.9	305.3	July 2021	70.0%	

No.	Project Name	Type	Location	Under Development					Held for Future Development				
				Aggregate		Total	Expected Completion Date	Aggregate		Total	Expected Commencement Date	Interest Attributable to the Group	
				Site Area (sq. m.)	Saleable Area (sq. m.)			Investment Amount (RMB in million)	Planned GFA (sq. m.)				Investment Amount (RMB in million)
451	Quanzhou Jinjiang Sky Mansion Junchen Junhe (泉州晉江天健君辰君和)	Commercial & Residential	Quanzhou	43,799.0	68,270.0	-	-	-	68,270.0	945.9	July 2021	70.0%	
452	Quanzhou Jinjiang Harmonious Mansion (泉州晉江和樾)	Commercial & Residential	Quanzhou	56,977.0	159,535.6	150,312.8	-	1,864.9	13,134.4	167.3	January 2021	60.0%	
453	Xiamen Zhongnan Zoina Mansion (廈門翔安九錦臺)	Commercial & Residential	Xiamen	17,514.4	35,100.0	14,585.7	-	1,448.8	-	-	-	100.0%	
454	Xiamen Xiang'an Zoina Gardens (廈門翔安青樾)	Commercial & Residential	Xiamen	6,948.0	17,400.0	15,268.5	-	470.3	-	-	-	100.0%	
455	Nanning Jiangnan Southern Shore Mansion (南寧江南春風南岸)	Commercial & Residential	Nanning	59,631.1	149,077.8	104,376.4	-	1,400.0	-	-	-	100.0%	
456	Nanning Wuxiang Auspicious Omen (南寧五象紫雲集)	Commercial & Residential	Nanning	78,948.0	297,096.0	287,611.7	-	2,800.0	-	-	-	100.0%	
457	Nanning Wuxiang Shizhou (南寧五象十洲)	Commercial & Residential	Nanning	273,810.0	730,918.0	136,115.7	-	3,457.1	323,359.3	2,742.9	January 2021	42.0%	
458	Nanning Nana Phase II 120 mu Project (南寧市那馬二期120畝項目)	Commercial & Residential	Nanning	79,700.0	185,000.0	-	-	-	185,000.0	1,790.0	December 2022	49.0%	
459	Nanning Naping 98 mu Project (南寧市那平98畝項目)	Commercial & Residential	Nanning	65,007.2	238,939.6	-	-	-	238,939.6	2,099.4	August 2021	24.0%	
460	Nanning Yudong 75 mu Project (南寧市玉洞75畝項目)	Commercial & Residential	Nanning	50,100.0	200,500.0	-	-	-	200,500.0	2,000.0	September 2021	51.0%	
461	Wenchang Resort Bay (文昌森海灣)	Commercial & Residential	Wenchang	341,525.5	592,586.0	587,682.3	584,187.0	48.6	8,399.0	-	-	100.0%	
462	Wanning Pattaya (萬寧芭提雅)	Commercial & Residential	Wanning	105,608.0	90,823.0	56,793.0	44,010.1	51.3	40,152.9	309.5	July 2021	100.0%	
463	Danzhou Binhai Seaside Living District (儋州濱海西海岸)	Commercial & Residential	Danzhou	603,676.4	607,515.0	603,025.6	543,308.1	153.2	24,745.6	244.3	July 2022	100.0%	
464	Danzhou Smart City (儋州智慧城)	Commercial & Retail	Danzhou	100,829.5	423,483.9	18,892.0	-	327.8	385,246.6	3,302.2	April 2021	50.0%	
465	Changjiang Forest and Sea (昌江林海間)	Commercial & Residential	Changjiang	134,377.0	80,492.0	64,814.1	59,443.5	-	21,048.6	868.9	April 2021	100.0%	
466	Xinjiang Jin Yue Mansion (新疆錦悅府)	Residential	Urumchi	103,340.0	228,132.1	117,652.1	-	1,499.8	38,052.8	300.2	June 2021	38.0%	
467	Xinjiang Zhongnan Leisurely Courtyard (新疆中南上悅城)	Residential	Urumchi	150,227.4	507,359.0	160,727.8	-	1,489.6	331,606.6	2,810.5	January 2022	53.0%	
468	Xinjiang Zhongnan Park Mansion (新疆中南鉅府)	Residential	Urumchi	90,733.0	307,673.0	-	-	172.5	281,137.0	1,827.5	August 2021	53.0%	

Project Development Process

Our business model focuses on a standardized property development process designed for rapid asset turnover. We follow a systematic process of planning and execution while seeking to maintain a high degree of flexibility in order to accommodate new developments in the fast-evolving business and regulatory environment of China's property market. We segment the process into well-defined stages and closely monitor our costs and development schedules through each stage. These stages include (i) site selection and land acquisition, (ii) project planning, (iii) detailed project design, (iv) construction management, (v) sales and (vi) after-sale service. We commence our pre-planning and budgeting prior to land acquisition, which enables us to acquire land at costs that meet our pre-set investment target and to quickly begin the development process upon acquisition.

Site Selection and Market Evaluation

We believe site selection and market evaluation are two major determining factors in the success of our property developments. Therefore, we have attributed a substantial amount of management resources to site selection and market evaluation. The investment and development center at our headquarters works closely with our local subsidiary marketing and development department, investment department and marketing department to conduct evaluations on the project in respect of investment, financial, cost, marketing and design. Prior to purchasing a parcel of land, we collect all relevant information regarding the potential acquisition opportunity and conduct preliminary feasibility studies and market research to evaluate the potential risk and return of the investment, potential demand for a property development on such site, preferences of the target customer groups and potential competition from other property developers in the vicinity. If necessary, we may also engage external property consultants to conduct further market research and feasibility studies with respect to the chosen site. We proceed with the acquisition if we conclude from our evaluation procedures that a particular site has good development potential and an acceptable risk profile. All these pre-purchase measures help us to acquire land prudently and develop our projects with a clear market positioning from the beginning.

We generally consider the following criteria, among others, when deciding whether to pursue a site at a particular time:

- the prevailing macroeconomic conditions and governmental policies of the city in which the site is located;
- the potential of the local property market in which the site is located;
- the geographic location, project scale, accessibility to transportation, environment, supporting infrastructure and public facilities of the site;
- the supply and demand and other market conditions of surrounding markets; and
- the projected cash flow arrangement, costs, pricing and return on investment in respect of the project.

Land Acquisition

We have used a variety of channels to acquire land interests, which primarily include:

- participation in government-organized public tenders, auctions and listings-for-sale;
- cooperation with third-party property developers to jointly acquire and develop a project; and
- acquisition of equity interest in specific project companies from third-party property developers that have entered into land grant contracts with local governments.

Provisions on the Assignment of State-owned Construction Land Use Right through Bid Invitation, Auction and Quotation (招標拍賣掛牌出讓國有建設用地使用權規定) issued by the MLR provide that, from November 11, 2007, state-owned construction land use rights for the purposes of commercial use, industry, tourism, entertainment and commodity residential property development in the PRC may be granted by the PRC government only through public tender, auction or listing-for-sale. When land use rights are granted by way of a tender, an evaluation committee consisting of an odd number no fewer than five members (including a representative of the grantor and other experts) evaluates and selects from the tenders that have been submitted. When deciding to whom to grant land use rights, the relevant authorities consider not only the tender prices, but also the credit history and qualifications of the tenderers and their tender proposal. Where land use rights are granted by way of an auction, a public auction is held by the relevant local land bureau and the land use rights are granted to the highest bidder. We believe that these measures would result in a more transparent land grant process, which would enable developers to compete more effectively. Under current regulations, original grantees of land use rights are typically allowed to sell, assign or transfer the land use rights granted to them in secondary markets, provided that: (i) the assignment price has been fully paid in accordance with the assignment contract and a land use rights certificate has been obtained; and (ii) development has been carried out according to the assignment contract and the related Rules. If the land use rights are obtained by way of allocation, such land should be submitted to empowered people's government for approval. Upon the approval of the respective people's government, such land is to be transferred through public tender, auction or listing-for-sale. In addition to acquiring land through government-organized tender, auction or listing-for-sale, we may also obtain land use rights through transfers from third parties or through cooperative arrangements with third parties in the secondary markets.

Under certain circumstances, our land acquisitions in the secondary market may take the form of cooperation with third parties who hold the land use rights. With respect to the cooperative arrangement, we typically enter into equity joint ventures with third parties who hold land use rights, but who may not have sufficient capital resources to develop the land. Under such joint ventures, we are usually the majority shareholder and manage the project development.

Project Financing

Our project planning and design process includes concept and architectural design, construction and engineering design, budgeting, financial analysis and projections as well as arranging for financing. We believe careful planning is essential to control costs, quality and timing of our projects.

We also begin arranging financing for a project at this stage. We typically finance our property developments through a combination of internal funds, pre-sale proceeds and bank loans. Bank financing has been one of the major sources of funding for our property development projects. According to guidelines issued by the CBRC, no construction loan may be granted to projects which have not obtained the relevant land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit. We also use proceeds from the pre-sale of our properties to fund part of the construction costs of the relevant projects and to settle the bank loans for projects sold at the pre-sale stage. Proceeds from pre-sale form the integral source of operating cash inflows during our project development. According to the laws of the PRC, we may pre-sell properties under construction after certain criteria are met and proceeds from the pre-sales must be used for the construction of such properties.

Our ability to obtain financing for our projects also depends on the various measures introduced by the PRC government. Under relevant PRC regulations, not less than 35% of the total investment in a property development project must come from a property developer's internal funds in order for banks to be able to extend loans to the property developer. The PRC government has from time to time in the past adopted certain restrictive measures to control the pace of development of the PRC property market, which may affect our ability to obtain bank financing. Among these measures were policy initiatives issued by the PRC government on May 24, 2006 to use taxation, bank credit and land policies to regulate housing demand. For example, from December 5, 2011 to March 1, 2016, the PBOC has

announced several decreases in the reserve ratio of commercial banks. The reserve ratio refers to the amount that banks must set aside when they engage in lending. Any decisions to raise the reserve ratio by the PBOC will limit the amount available to commercial banks for lending and our ability to obtain financing from commercial banks may be adversely affected.

Project Design

We have a design division which works closely with our project managers as well as external designers and architects in master planning, architectural design, landscape design and interior design. Our senior management is actively involved in the entire process, especially in the master planning and architectural design of our projects. All projects are customer centered designed. Only upon the confirmation of the final design proposal, we will start the projects construction. The Planning and design of our projects typically involve the following major steps:

- concept design by evaluating the characteristics of the site and determining the theme to be applied to the project.
- product design by analyzing and determining the appropriate infrastructure required to materialize the project theme, including the type of residential property, ancillary facilities and landscaping.
- construction blueprint design by determining the steps of overall construction and interior design, amount of construction materials and equipment required.

We also work with third-party architectural and interior design institutions selected through a tendering procedure. In selecting external design firms, we consider, among other things, their reputation for reliability and quality, their track record with us, the design proposed and the price quoted. Design firms can participate in the tender process by our invitation only. Our planning and design team monitors the progress and quality of the design firms to ensure that they meet our requirements. We work closely with project managers as well as our external designers and architects to ensure that our designs comply with PRC laws and regulations, and meet our design and other project objectives. We seek to distinguish our property developments by their leading and unique design concepts and place great emphasis on offering innovative features, improving process engineering and adding additional functions to our property developments.

Regulatory Approvals

According to PRC regulations, once we have obtained the interests in land for the development of a project, we must obtain various government approvals in order to commence the planning and construction of the properties. In particular, we have to apply for and obtain the necessary permits before construction may commence, which mainly include:

- land use rights certificate, which evidences the right of a party to use a parcel of land;
- construction land planning permit, which allows a developer to conduct the survey, planning and design of a parcel of land;
- construction works planning permit, which allows a developer to perform the overall planning and design of a project and to apply for a construction permit; and
- construction permit, which is required for the commencement of construction.

Construction Management

For a majority of our property development projects, we contract out the construction work to independent construction companies through a statutory tender process. For approximately 20%-25% of our property development projects, we undertake the construction work through in-house capabilities, such as by Zhongnan Construction.

Our finance division and engineers from our project companies typically set up tender teams and are responsible for selecting our construction contractors. Typically, more than three construction contractors are invited to participate in the tender process. When selecting contractors, factors which are taken into account include the reputation of the contractors, track records in similar projects, creditworthiness, technical capabilities, proposed construction blueprint and price. These construction companies carry out various types of work, including foundation digging, construction, equipment installation, internal decoration and various engineering work. The quality and timeliness of the construction are usually warranted by contract. In the event of delay or poor workmanship, we may require the construction contractor to rectify the defect or pay us a penalty.

The construction contracts we enter into with construction companies typically contain warranties with respect to quality and timely completion of the construction projects. We require construction companies to comply with PRC laws and regulations relating to the quality of construction as well as our own standards and specifications. The contractors are also required to comply with our quality control measures, such as appointment of on-site project representatives to oversee the progress, quality and safety of the construction, pre-examination of construction materials before they are used in the project and on-site inspection. We also appoint an independent external project management company to supervise our project construction to further ensure the quality and integrity of our work. Our construction contracts generally provide for progressive payments according to milestones reached, until approximately 95% of the total contract sum is paid. We typically withhold 5% of the contract sum for one to two years after completion of the construction to give additional quality assurance. In the event of a delay in construction or unsatisfactory workmanship, we may require the construction companies to rectify the defects at their expense or pay to us compensation.

We have quality control procedures in place in our various functional divisions. We have established stringent internal control guidelines which apply to the quality of materials used in our property projects. All materials entering the construction process must comply with our specifications and requirements and go through the procedures of submission, sampling and testing before they are used in our projects. Prior to the commencement of any major individual construction work, including the construction of floors, roof, installation of doors and windows, landscaping and street work, our construction team will first build construction work models and submit them for internal inspection and approval. Full-scale construction may only begin once the submitted samples have been examined and approved.

During construction, every work phase must undergo self-inspection, inter-process inspection and professional inspection from independent third parties. We put in place stringent procedures in place to ensure that the construction work satisfies construction specifications and guidelines laid down by relevant authorities. We also engage external quality supervisory companies to conduct quality and safety control checks on construction and workmanship on our sites. We maintain strict and fully documented guidelines in respect of all procedures involved in the construction process and external contractors are required to adhere to the guidelines and report any exceptions.

Pre-sale

We typically conduct pre-sales of our properties prior to the completion of a project or a phase of the project, subject to satisfaction of certain requirements set forth in laws and regulations governing the pre-sale of properties. Under the Law of the Administration of Urban Property of the PRC (中華人民共

和國城市房地產管理法) and the Administrative Measures Governing the Pre-sale of Urban Property (城市商品房預售管理辦法), as amended in 2009 and 2004, respectively, we must meet the following conditions prior to commencing any pre-sales of a given property development:

- the land grant fee has been fully paid and the relevant land use right certificates have been obtained;
- the relevant permits required for the planning and construction of the property have been obtained;
- the funds contributed to the development of the project must reach 25% or above of the total amount to be invested in the project;
- the expected completion date and delivery date of the construction work have been ascertained; and
- the pre-sale permits must have been obtained from the relevant local government authorities.

According to relevant regulations applicable in Jiangsu province, we need to submit various documents, such as land use rights certificate, proof of funds, construction contract and pre-sale plan, to the relevant local authorities, in addition to the five conditions mentioned above, before obtaining a pre-sale permit.

Under PRC law, the proceeds from the pre-sales of our properties must be deposited in escrow accounts. Before the completion of the pre-sold properties, the monies deposited in these escrow accounts may only be used to purchase construction materials and equipment, make interim construction payments and pay statutory taxes, subject to prior approval from the relevant local authorities.

Marketing

We determine the prices of property products and execute a range of sales and marketing activities for the relevant projects. In general, our property' prices are based on the competitive landscape and other relevant market factors, with the goal of achieving our profit targets while maintaining a balanced cash flow position. We also strive to build up the presence and recognition of our project and corporate brands before the launching of pre-sales or sales. Using our understanding of our target customers, we perform a range of sales and marketing activities through various channels to maintain our relationships with existing customers and to reach potential purchasers. We advertise on various media including newspapers, magazines, the Internet, billboards and other outdoor media.

We highly value the capability as well as the energy and commitment of our sales force. We largely rely on our sales capability. We conduct training sessions on market conditions, sales techniques, knowledge of the property market, among others topics, for our staff from time to time and also conduct specific training for each project prior to the commencement of its pre-sales. We, through our subsidiaries, offer performance-based remuneration packages for our sales force in order to create incentives for them to achieve our sales goals.

After-sale Service

We endeavor to deliver our products to our customers on a timely basis. We closely monitor the progress of construction of our property projects and conduct pre-delivery property inspections in an effort to ensure timely delivery. The timetable for delivery is set forth in the purchase agreements entered into with our purchasers of pre-sale properties. Once we have performed various inspections and obtained the certificate of completion, we would notify our purchasers concerning the delivery. The purchase agreements in general contain liquidated damages clauses that set forth the amount of damages payable by the relevant group company or project company typically for each day of delay.

The customer service center within our individual project company is responsible for managing our after-sales services. We offer multiple communication channels to our customers to provide their feedback and complaints about our products or services, including a telephone hotline at our head office and complaints departments at our project companies. We also cooperate with property management companies that manage our properties to handle customer complaints. Furthermore, we generally assist the purchasers of our properties in obtaining their property ownership certificates through our customer service centers.

Payment Arrangements

Purchasers of our residential properties, including those purchasing pre-sale properties, may arrange for mortgage loans with banks. We typically require purchasers of our properties to pay a deposit upon signing of a preliminary sale and purchase agreement. If the purchasers later decide not to enter into a formal sale and purchase agreement, they forfeit such deposit.

Purchasers can choose to make a lump-sum payment or fund their purchases by mortgage loans. If purchasers choose to make a lump-sum payment, purchasers are typically required to pay upon executing purchase contracts. If purchasers choose to fund their purchases by mortgage loans provided by banks, under current PRC laws and regulations, they may obtain mortgage loans of up to a maximum of 70% for first-time purchasers of units for own residential use or 50% for non-first-time purchasers of residential properties of the purchase price with a repayment period of up to 30 years. These purchasers are typically required to pay the remaining balance of that portion of the purchase price that is not covered by the mortgage loans prior to the disbursement of the mortgage loans by mortgagee banks. We typically receive the mortgage payments from mortgagee banks within approximately 30 to 90 days of the execution of the purchase contracts. The payment terms of sales and pre-sales of properties are substantially similar.

In accordance with industry practice, we provide guarantees to banks with respect to the mortgage loans offered to purchasers of our properties. These guarantees are released upon the earlier of (i) the relevant property ownership certificates being delivered to the purchasers and (ii) the settlement of mortgage loans between the mortgagee banks and purchasers of our projects. In line with industry practice, we do not conduct independent credit checks on purchasers of our properties, but rely on the credit checks conducted by the mortgagee banks.

Our Signature Projects

Set out below is a brief description of our selected signature property development projects in China as of December 31, 2020.

Completed Projects

Shanghai Fengxian Spanish Palace (上海奉賢錦庭)

Shanghai Fengxian Spanish Palace, one of our signature property projects, is a mixture of commercial and residential buildings which comprises villas, high-rise apartment buildings and style commercial streets. It is located in a prime location adjacent to Jinhai Lake Station, Metro Line 5, Nanqiao New City, Fengxian District, Shanghai. Surrounded by Jinhai Lake, a country park and a coast, the project has high ecological qualities. It targets property owners with a demand for home upgrades. The project occupies a total site area of approximately 20,928 sq. m. and has a total GFA of approximately 48,135 sq. m.

Shanghai Qingpu Royal Park (上海青浦君悅府)

Shanghai Qingpu Royal Park is a premium residential project which comprises low density villas. It is located at Dingshan Lake Avenue Station, Metro Line 17, Qingpu District, Shanghai. This project targets high-end customers and is situated in an area surrounded by Dahongqiao Business District, schools and Dingshan Lake. The project occupies a total site area of approximately 19,397 sq. m. and has a total GFA of approximately 38,793 sq. m.

Shanghai Fengxian Haojingwan (上海奉賢灝景灣)

Shanghai Fengxian Haojingwan is a community which comprises English-style high-rise apartment buildings, outdoor communal area, recreational area for children and elderly, jogging area and commercial zone. It is located near Wangyuan Station, Metro Line 5, Nanqiao New City, Fengxian District, Shanghai. The project has a self-sufficient neighborhood and situated in an area surrounded by Vanke Golden Mile Plaza, popular schools from kindergarten to secondary school, the Sixth People's Hospital Affiliated to Shanghai Jiaotong University. It targets property owners with a demand for home upgrades. The project occupies a total site area of approximately 19,667 sq. m. and a total GFA of approximately 45,234 sq. m.

Nanjing Yuhuatai Central Living District (南京雨花臺錦苑)

Nanjing Yuhuatai Central Living District is a high-end commercial and residential community which comprises office buildings, high-rise apartment buildings, an European-style commercial street, a park and a kindergarten. It is located near Xiaohang Station, Metro Line 10, Saihongqiao District, Nanjing. In proximity to Nanjing Xiaohang Primary School and Nanjing Shazhou Middle School, the project is situated in an excellent school district. It targets buyers with home upgrade needs. The project occupies a total site area of approximately 35,359 sq. m. and has a total GFA of approximately 106,077 sq. m., 5,500 sq. m. of which is green space.

Nanjing Jiangning Living Wisdom Villa (南京江寧縹香漫)

Nanjing Jiangning Living Wisdom Villa is a green and high-tech residential project which comprises a sponge city eco-friendly circulatory system, a city-grade metropolitan commercial zone, service apartments and renovated high-rise apartment buildings. It is located near Shangfang Station, Metro Line 12, Qinglong Mountain International Ecological New City, Nanjing. The project is also situated in a school district of a key primary school. It targets buyers with home upgrade needs. The project occupies a total site area of approximately 24,902 sq. m. and has a total GFA of approximately 64,745 sq. m.

Suzhou Industrial Park Central Living District (蘇州園區錦苑)

Suzhou Industrial Park Central Living District is a boutique Spanish Style residential project which comprises villas, high-rise apartment buildings, a landscape garden and a smart community system. It is located near Dunhuang Road East Station, Light Rail Line 3, Suzhou Industrial Park, Suzhou. Surrounded by a large sports park, commercial streets and shopping malls, schools and children's hospital, the project has a self-sufficient neighborhood to satisfy residents' individual needs. It targets high-end customers and property owners who plan to acquire another property to improve their living conditions. The project occupies a total site area of approximately 100,840 sq. m. and has a total GFA of approximately 169,356 sq. m.

Suzhou Wuzhong Central Living District (蘇州吳中雅苑)

Suzhou Wuzhong Central Living District is a renovated luxury low density residential project which comprises villas, renovation designed by international top interior design team and with construction materials from nationwide top suppliers and face recognition system. The project applies our latest "5U+" concept which emphasizes on technology, health, green living, high construction standard, quality life and sustainable development. It is located near Baodai East Road Station, Metro Line 3 Wuzhong District, Suzhou, and surrounded by shopping malls and schools from kindergarten to

secondary school. It targets high-end customers. The project occupies a total site area of approximately 26,331 sq. m. and has a total GFA of approximately 36,863 sq. m. Properties developed under the project were fully settled and delivered to the purchasers in September 2020.

Qingdao Huangdao Jinshi Plaza (青島黃島金石廣場)

Jinshi Plaza is the first seven-star landmark in China which comprises the financial headquarters of multinational corporations, a seven-star sky hotel, global chief executive officer mansions, two-story renovated small offices home offices (SOHOs), serviced apartments and a high-end clubhouse. The design is based on the world-class commercial hub in Dubai. It is located at the central business district of Qingdao Economic and Technological Development Zone, and approximate to government institutions, large-scale shopping malls, China University of Petroleum and Tangdaowan Park. The project occupies a total site area of approximately 98,221 sq. m. and has a total GFA of approximately 320,004 sq. m.

Haimen Flourishin Courtyard (海門錦尚名苑)

Haimen Flourishin Courtyard is our fourth property development project in our origin, Haimen. Haimen Flourishin Courtyard is a premium high-tech residential project which comprises low-density French style villas. It is located at the center of the new town near Zhangjian Avenue and Beijing Middle Road. Surrounded by government institutions and living facilities, the project has a self-sufficient neighborhood to satisfy residents' individual needs. It targets property owners who plan to acquire another property to improve their living conditions. The project occupies a total site area of approximately 99,264 sq. m. and has a total GFA of approximately 178,675 sq. m.

Hangzhou Zoina Mansion (杭州中南樾府)

Hangzhou Zoina Mansion is a residential project with district advantage. It is located at Chuangxin Road Station, Metro Line 5, Future Tech City, Hanzhou. Surrounded by Wuchang Wetland, schools from kindergarten to secondary school and Zhejiang University Medical Center, the project has a well-equipped neighborhood. It targets high-end customers and property owners who plan to acquire another property to improve their living conditions again. The project occupies a total site area of approximately 46,795 sq. m. and has a total GFA of approximately 93,590 sq. m. In 2018, this project obtained the GPDP International Design Gold Award from China International Interior Design Web (中國國際室內設計網) and the Organizing Committee of Sino-France International Design Exchange Exhibition (中法國際設計交流展組委會) Institut Francais du Design (法國設計學院) and the China Real Estate Design Award (Interior DesignAward) from DJSER.com.

Projects under Construction

Kunming Guandu Poetry Paradise (昆明官渡雲境)

Kunming Guandu Poetry Paradise is our signature residential project with an emphasis on wellness which comprises renovated high-rise apartment buildings, a kindergarten, recreational area suitable for all ages, a parent-child education platform, shops and a high-tech community with full WIFI coverage. It is located at Wujiaba Station, Metro Line 1, Wujiaba financial hub, Kunming. The project is situated in an area close to a number of primary and secondary schools, Guandu People's hospital and the world's fourth-largest central park. It targets high-end customers and property owners with home upgrade needs. The project occupies a total site area of approximately 48,730 sq. m. and has a total GFA of approximately 243,644 sq. m.

Nanjing Jiangning Leisurely Courtyard (南京江寧上悅城)

Nanjing Jiangning Leisurely Courtyard is a high-end boutique residential project which applies our "healthy TED" concept. It comprises facilities such as a large grassland, children's play area, elderly's exercise area and a rain garden to enhance the wellness of the residents. It is located near Longmiandadao Station, Metro Line 1, Qinglong Mountain International Ecological New City, Nanjing and surrounded by a district-grade commercial center. It targets first-time buyers and property owners

who plan to acquire another property to improve their living conditions for the first time. The project occupies a total site area of approximately 69,042 sq. m. and has a total GFA of approximately 186,413 sq. m. In 2018, this project obtained the GDPD International Design Silver Award from China International Interior Design Web (中國國際室內設計網) and the Organizing Committee of Sino-France International Design Exchange Exhibition (中法國際設計交流展組委會) Institut Francais du Design (法國設計學院).

Xian Weiyang Leisurely Courtyard (西安未央上悅城)

Xian Weiyang Leisurely Courtyard, our fifth project in Xian, is premium residential project with high-rise apartment buildings and an emphasis on healthy and comfortable living style. It is located at Fengdong New City, Xian. It is benefited from the rapid development of Fengdong New City which aims to transform into an international city. The project occupies a total site area of approximately 182,668 sq. m. and a total GFA of approximately 419,002 sq. m.

Nantong Chongchuan Central Business District (南通崇川中央商務區)

Nantong Chongchuan Central Business District is large-scale urban complex which comprises residential area, commercial districts, a central park, Nantong Sports Conference and Exhibition Center (南通體育會展中心), Jinshi International Hotel and a full-service shopping center. The project mainly consists of the development of medium and high-end residential buildings, commercial and residential buildings and Jinshi International Hotel. It is located at Central Business District, Nantong. It targets first-time buyers and property owners who plan to acquire another property to improve their living conditions for the first time. The project occupies a total site area of approximately 996,927 sq. m. and a total GFA of approximately 2,670,940 sq. m.

Wuhan Dongxihu Belief Regression (武漢東西湖熙悅)

Wuhan Dongxihu Belief Regression is a residential project targeting first-time buyers. It is located near metro stations of Metro Line 1 and Metro Line 6, East-West Lake District, Wuhan. The neighborhood is well equipped with a recreation center, a sports center, a district hospital and a heritage park. The project occupies a total site area of approximately 26,667 sq. m. and a total GFA of approximately 85,797 sq. m. In 2018, this project obtained the CBDA Design Artwork Gold Award from China Building Decoration Association (中國建築裝飾協會).

Nanning Wuxiang Auspicious Omen (南寧五象紫雲集)

Nanning Wuxiang Auspicious Omen, our first healthy TED community in Nanning, is a new Asian-Style residential project with good natural lighting and ventilation. It is located near metro stations of Metro Line 2, Airport Metro Line in Wuxiang New District, Nanning. The project is situated in a neighborhood surrounded by national AAAA scenic spot, Wuxiangling Forest Park. The project occupies a total site area of approximately 78,948 sq. m. and a total GFA of approximately 297,096 sq. m.

Chengdu Chenghua Central Mansion (成都成華玖華臺)

Chengdu Chenghua Central Mansion is a high-end improved residential project which aims to enhance the living standard of its residents. It is located at Chenghua Core District, Chengdu. Surrounded by shopping centers, schools and hospitals, the project has a well-equipped neighborhood. It targets property owners who plan to acquire another property to improve their living conditions. The project occupies a total site area of approximately 29,688 sq. m. and a total GFA of approximately 148,148 sq. m.

Qingdao Huangdao Delight River (青島黃島漫悅灣)

Qingdao Huangdao Delight River premium residential project with high-rise apartment buildings. It is located near metro stations of Metro Line 2 and Metro Line 6, West Coast, Qingdao. Surrounded by schools and commercial district, the project has a well-equipped neighborhood. It targets first-time buyers and property owners with home upgrade needs. The project occupies a total site area of approximately 74,771 sq. m. and a total GFA of approximately 208,654 sq. m.

Chongqing Beibei Gem Palace (重慶北碚玖宸)

Chongqing Beibei Gem Palace is a mixture of commercial and residential buildings which applies our “healthy TED” concept. It comprises a district-grade commercial center, high-rise apartment buildings and loft apartment buildings. It is located at Caojiawan Station, Light Rail Line 6, Caijiapian District, Chongqing. This project locates in proximity to Jialing River, commercial districts, shopping centers, schools, hospitals, parks and sportsground. The project occupies a total site area of approximately 114,204 sq. m. and a total GFA of approximately 301,361 sq. m.

Nanjing Jianye Urban Oasis (南京建鄴璞境)

Nanjing Jianye Urban Oasis is a residential project targeting property owners with home upgrade needs. It is located near Jiangxinzhou Station, Metro Line 10 and several main roads. It comprises six high-rise apartment buildings with enclosed garden layout and contemporary aesthetic architecture. It will be in urban garden style with multi-level landscape and all-age community space. Surrounded by shopping centers, international school and hospital under planning, the project is expected to have a well-equipped neighborhood at top international standard. The project occupies a total site area of approximately 34,926 sq. m. and a total GFA of approximately 87,315 sq. m.

Our Land Bank

As of December 31, 2020, we had land reserves held for future development for a total GFA of approximately 14,304,285 sq. m., covering 19 provinces and municipalities across China.

The following table sets forth the geographical distribution and average cost of our land reserve held for future development in China as of December 31, 2020:

Provinces and Municipalities	Total GFA (sq. m.)	Average cost per sq. m. (RMB)
Bohai Economic Rim Region	2,618,494.1	3,143.8
Beijing	128,730.0	2,920.5
Hebei	355,532.7	3,870.3
Liaoning	98,252.1	807.8
Shandong	2,035,979.3	3,143.8
Yangtze River Delta Region	5,788,812.6	5,982.7
Anhui	354,548.6	2,842.4
Jiangsu	4,257,496.4	6,472.2
Zhejiang	1,176,767.6	5,157.9
Central and Western China	4,507,228.0	3,474.0
Chongqing	418,218.7	3,961.3
Guangxi	947,798.9	2,626.1
Guizhou	541,800.0	3,296.8
Henan	298,055.7	2,567.3
Hunan	118,080.3	3,398.8
Shaanxi	726,404.2	3,708.1
Sichuan	50,968.9	7,551.5
Xinjiang	650,796.3	3,092.7
Yunnan	755,105.1	4,593.2
Pearl River Delta Region	1,389,749.9	4,430.6
Fujian	359,907.2	9,813.9
Guangdong	543,933.4	3,638.9
Hainan	485,909.3	1,329.6
Total	14,304,284.7	4,521.7

For the year ended December 31, 2020, we had acquired 107 land parcels with a total GFA of approximately 15,229,843 sq. m. Such new land parcels were acquired through diversified channels, approximately 69.1% were acquired through cooperation with third-party property developers, approximately 18.5% were acquired through participation in government-organized public tenders, auctions and listings-for-sale (approximately 3.0% of which were acquired through directional tenders, auctions and listings-for-sale with higher entrance barriers and a higher success rate), and approximately 12.4% were acquired through acquisition of equity interest in specific project companies from third-party property developers. The table below sets forth the average cost for acquisition of new land parcels and the average sale price of our relevant properties sold for the three years ended December 31, 2020:

	For the year ended December 31,		
	2018	2019	2020
Average cost (RMB per sq. m.) ⁽¹⁾	4,348	5,250	5,002
Average sale price (RMB per sq. m.) ⁽²⁾	12,811	12,725	13,281

Notes:

- (1) Average cost is calculated as aggregate cost for acquisition of new land parcels cost divided by total saleable area.
- (2) Average sale price is calculated as aggregate sale price of relevant properties sold divided by total sold area.

Building Construction

Overview

Building construction has been our core business since inception. We are mainly engaged in building construction work in both public and private sectors by undertaking property construction projects and public facilities construction projects. We also undertake electrical and mechanical engineering and other construction work. We have capitalized on the rapid economic development and continuing urbanization in China in the past decades and achieved strategic growth in our building construction business. From January 1, 2018 to December 31, 2020, we had completed 204 building construction projects with a total construction area of approximately 26,492,170 sq. m. We have undertaken a considerable amount of construction projects including high-quality residential, commercial and a diverse range of public works buildings across China. As of the date of this Offering Memorandum, we have undertaken construction projects in 24 provinces, municipalities and autonomous regions in China.

As one of the four construction companies in China, we hold both the Premium-class Housing Construction EPC Qualification (房屋建築工程施工總承包企業特級資質) (“**Premium Class Qualification**”) and the Grade-A Construction Engineering Design Qualification (建築工程設計甲級) (“**Engineering Design Qualification**”). The Premium Class Qualification is the highest qualification awarded to building construction general contractors satisfying the high standards in relation to project management experience, technological innovation and scale of operations. The Engineering Design Qualification is awarded to those that meet high standards in relation to personnel qualifications, management capabilities and internal control. Holding these two top qualifications and other top-grade construction work related qualifications allows us to provide fully-integrated construction solutions, which consist of construction contracting and design services for building construction projects of all types and scales nationwide.

We undertake a majority of our projects as a general contractor. We provide construction services as a general contractor primarily for various construction projects, including residential buildings, commercial buildings and public works buildings. As a general contractor, we perform all major aspects of the construction projects, including main structure, lighting and utilities installation and fitting-out works. In certain projects where specialized construction work is required, if applicable laws and regulations permit, we may subcontract construction work to other professional companies to improve

the time-and cost-efficiency of the relevant projects. We place a strong emphasis on quality control to ensure that the construction work we delivered comply with relevant rules and regulations relating to quality and safety and meet market standards. We are also responsible for engaging subcontractors and labor force for the project, coordinating the work of all parties and the overall management of the project, including raw material procurement and major equipment and machinery sourcing. In addition to quality control, we are also committed in providing construction services that are closely tailored to meet our customers' needs and operating environments.

The following table sets forth a breakdown of operating income from our building construction business by project type for the periods indicated:

	For the year ended December 31,					
	2018		2019		2020	
	Operating Income	%	Operating Income	%	Operating Income	
	(Audited)		(Audited)		(Audited)	(Unaudited and unreviewed)
	(RMB in '000)		(RMB in '000)		(RMB in '000)	(US\$ in '000)
Property construction	6,685,564	57.3%	12,241,177	64.2%	9,153,479	1,402,832
Public facilities construction	4,026,251	34.5%	4,646,186	24.4%	7,177,808	1,100,047
Electrical and mechanical engineering	948,341	8.1%	2,175,763	11.4%	2,750,480	421,530
Total	11,660,156	100.0%	19,063,126	100.0%	19,081,767	2,924,409
						100.0%

Property Construction

We mainly undertake construction work of residential properties and commercial properties. Our property construction projects are primarily obtained through public tender and bidding process represented by our wholly-owned subsidiary, Jiangsu Zhongnan Construction Industry Group Co., Ltd. (江蘇中南建築產業集團有限責任公司) (“**Zhongnan Construction**”). We also enter into strategic cooperation agreement with our major customers to establish a long-term business relationship. Zhongnan Construction holds the Premium Class Qualification and the Engineering Design Qualification. In addition, it holds a number of top-grade qualifications in the construction industry, including the first-class building renovation and fitting-out qualification (建築裝修裝飾一級), the first-class EPC qualifications in relation to municipal and public transportation and highway construction (城市軌道交通工程專業承包資質), the first-class EPC qualification in relation to municipal and public utilities (市政公用工程施工總承包一級資質等建築業領先資質). We possess strong execution capabilities and extensive experience in construction work of super high-rise buildings and large-scale public buildings.

As of December 31, 2020, we had established our presence in over 30 large and medium-sized cities in China and set up 26 regional companies in major cities, such as Shanghai, Beijing, Nantong, Qingdao, Jinan, Tianjin, Chengdu and Xian, which constitutes a national network covering different local markets in China.

The nature of the projects we undertake primarily focus on general contracting, complemented by subcontracting. We mainly rely on in-house capabilities in undertaking the overall construction work. In certain significant tendered projects where specialized construction work is required, we may subcontract construction work to other professional companies holding relevant qualifications to improve the time and cost-efficiency of the relevant projects.

Procurement

The primary raw materials of our building construction projects are steel and concrete and the cost of raw materials constitute approximately 60% of our cost of sales. The construction period of our building construction projects are relatively long, which prolongs our procurement period. To minimize

the cost-fluctuation risks and ensure stable supply of our raw materials, we have set up our list of strategic suppliers and maintained a centralized procurement mechanism with these strategic suppliers. When undertaking large-scale construction projects, we typically obtain fee quotes from our suppliers before submitting our tender. Once we win the bid, we will collect competitive fee quotes from several suppliers. We then formulate a flexible procurement plan with reference to our construction progress, and negotiate the terms and conditions of our procurement plan according to market conditions with our suppliers. We also negotiate for a budgetary adjustment after our construction is completed to compensate extra procurement cost arisen from price fluctuations of raw materials.

Self-procurement is the primary procurement model for our property construction projects. Under self-procurement, we procure the construction materials, such as raw materials and equipment, based on the actual need of the construction projects. Raw materials are procured by our headquarters and are distributed through our regional companies. Small amount of raw materials are procured by each project group respectively. In certain circumstances, raw materials are supplied by the relevant project owners, which will decide on major terms and conditions, such as the supplier, the price and the payment method of the procurement arrangements. Under this model, we need to formulate a raw material usage plan and submit it to our customers and we are responsible for quality inspection, warehousing arrangement and allocate these raw materials for project use.

Payment

Certain of our customers pay a deposit of approximately 15% of the contract value after we undertake the projects. For other projects, we need to bear the construction cost of the projects before we get reimbursed. Our construction contracts generally provide for progressive payments according to milestones reached. When the construction work reaches certain stage, our customers pay us approximately 70% to 80% of the progress-based amount. The remaining is paid after the construction passes the quality inspection. Quality warranty or maintenance deposit retained by our customers are generally equal to 5% of the total contract value and we are paid through several installments within three years after the construction is completed. We follow market pricing for the construction work of our own property development projects undertaken by our subsidiaries and arrange payment by reference to progress achieved.

Signature Projects

From January 1, 2018 to December 31, 2020, we had 148 completed property construction projects. We had 162 property construction projects under construction as of December 31, 2020. The following table sets forth our ten signature completed property construction projects as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Completion Date	Awards/Honors
1	Qingdao Zhongnan Century City District D (青島中南世紀城D區)	61,923	131.0	August 31, 2015	Structure Changcheng Cup Gold Award (結構長城杯金質獎)
2	Tongzhou Core District Project (通州核心區項目)	265,000	500.0	August 30, 2017	Beijing Structure Changcheng Cup Engineering Gold Award (北京市結構長城杯工程金質獎)
3	Hopson Regal Court (合生時代帝景)	327,790	395.1	June 30, 2017	Tianjin Architectural Engineering Structure Haihe Cup (天津市建築工程結構海河杯)
4	Shanghai Zhongjun Parkview Bay (上海中駿柏景灣)	160,000	288.0	September 15, 2016	Beijing Structure Changcheng Cup Engineering Silver Award (北京市結構長城杯工程銀質獎)
5	Vanke Quijiang Legend Phase 2 (萬科曲江傳奇二期)	400,000	1,100.0	May 1, 2014	Tien-yow Jeme Civil Engineering Prize – Gold Award for Outstanding Residential Community (中國土木工程詹天佑獎 – 優秀住宅社區金獎)
6	Our headquarter in Haimen.	200,000	500.0	May 1, 2015	Lu Ban Award for China Construction Engineering (中國建築工程魯班獎), Yangtze Cup (楊子杯)
7	Kunshan Zhongnan Century City (昆山中南世紀城)	34,000	100.0	February 27, 2018	China Steel Structure Gold Award (中國鋼結構金獎)
8	Xian Vanke City Land Lot 3 (西安萬科城3號地)	127,000	170.0	October 12, 2014	Shaanxi Quality Structure Construction (陝西省優質結構工程)
9	Zhongrun Century City Phase 3 Wanjialong Project (中潤世紀城三期萬嘉隆項目)	165,960	300.0	February 1, 2015	Huadong Cup (華東杯)
10	Haimen Zhongnan Century City (海門中南世紀城)	879,026	2,400.0	April 1, 2017	Yangtze Cup (楊子杯)

The following table sets forth our ten significant property construction projects under construction as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Commencement Date	Expected Completion Date
1	Beijing Zhongguancun Phase 2 (北京中關村二期)	447,000	680.0	December 13, 2018	January 31, 2021
2	Zhengzhou Economic and Technological Development Zone – Lianghu, Dongyang, Xiyang, Luozhihu, Danzhuang Shanty Area Reconstruction Project (Shihe Unit Land Lot 2) (鄭州經濟技術開發區梁湖、東楊、西 楊、螺蛳湖、單莊棚戶區改造項目(世 和社區2號地塊))	347,697	819.5	July 1, 2017	November 2, 2021
3	Nanchong Jialing 2017 Pilot Project of System of Hook of Urban Construction Land Increase and Rural Residential Land Decrease (Phase 2) (南充市嘉陵區2017年城鄉建設用地增 減掛鉤試點項目(二標段))	420,000	783.0	May 13, 2017	October 30, 2021
4	Shangqiu Greenland City District 2 (商丘綠地城二區)	287,124	462.9	January 20, 2019	June 30, 2021
5	Beijing Anlian New Youth Plaza (北京安聯新青年廣場)	186,800	350.0	April 25, 2019	December 15, 2021
6	Qingdao Jimo Zoina Mansion (青島即墨樾府)	190,000	550.0	May 15, 2020	July 14, 2022
7	Shanghai Jingan District Hesheng No. 78 Plot (上海靜安區合生78號地塊)	278,700	530.8	March 20, 2018	November 30, 2021
8	Changsha Xinchu Qingtian Plaza (長沙新楚擎天廣場)	260,000	693.0	June 10, 2019	May 1, 2022
9	Shiyuan B07 Plot Project (柿園B07地塊項目)	328,400	607.5	November 10, 2019	December 15, 2021
10	Yancheng Tinghu Shenghua Powerlong Mansion South Plot Project (鹽城亭湖聖樺寶龍世家南地塊項目) . .	181,826	313.5	July 10, 2020	December 25, 2021

Public Facilities Construction

Our public facilities construction projects focus on construction of various types of public facilities, which primarily consist of schools, hospitals, affordable housing, among others. We mainly win project opportunities for our public facilities construction business through public tender and bidding process. Similar to the role of our property construction projects, we undertake the project mainly as general contractors, complemented by professional subcontracting. We conduct our public facilities construction projects through our regional branches locating in cities such as Beijing, Ji'nan, Qingdao, Nantong, Shanghai, Chengdu, Xian and Tianjin.

The procurement model of our public facilities construction projects is same as our property construction projects, consisting of self-procurement model and raw materials supplied by project owner.

In terms of business model, our public facilities construction projects can be categorized to two types, namely the general type projects and PPP projects.

General Type Projects

The profit model of our general public facilities construction projects is largely identical to the profit model of our property construction projects, while the prepayment amount of general public facilities construction projects is relatively lower. We normally charge higher project management fees and achieve high profit margin for our general public facilities projects, as compared to our property projects. The construction contracts we entered into normally do not involve operation responsibilities of the public facilities. The operation and management of such public facilities will be taken over by the local governments after the construction work is completed and passes the quality inspection.

A majority of our general public facilities construction projects are obtained through public tenders. We either enter into construction contracts on project base, or enter into framework agreements with relevant customers first and then respective contracts on project base. The output value of general public facilities construction projects shall be reviewed recognized by external project supervising companies and should be then reviewed by the National Audit Office before settlement. Typically, a maintenance deposit equivalent to 5% of the contract value will be maintained by the project owner.

Certain of our general public facilities construction projects are conducted through a “soft investment” model. Under the soft investment model, we generally enter into a memorandum or a framework agreement with the relevant local governments, before we enter into the relevant agency construction contracts. These framework agreements typically link up our construction fee with the sales proceeds of the respective land parcel. We are normally required to participate in the public tender of such land parcel. The relevant local governments will then pay us the agency construction fee within an agreed period after the land sales proceeds is received. The payback period for our prepayment under this model is relatively long. Taking into consideration of the development of relevant land parcel, we can generally gain relatively high profit under this “soft investment” model.

PPP Projects

To capitalize on the transformation of funding model in the construction industry in China, we began to undertake PPP projects in 2016. Revenue of our PPP projects are recognized under public facilities construction projects. Under PPP projects, we acts as the private party of PPP projects to participate in public tenders of government projects. In the event we win the bid, we will set up a project company through sole proprietorship or through a joint venture with a designated government institution. Relevant government institution will enter into a PPP contract and franchise agreement with our project company. The project company will be responsible for the fund-raising, construction and operation of the respective PPP project, while relevant government institution is responsible for land supply, supervise the project and act as the project owner.

The registered capital of the project company represents the operation capital of the project jointly funded by relevant government institution and us. In general, the capital contributed by government institution will range from 10% to 20% of the registered capital. The project company is responsible for fund-raising of the remaining capital typically by loans borrowed from relevant financial institutions. These loans are typically secured by pledge of fee-charging right for use of the relevant public facilities and the relevant governments also provide commitment on loan repayment with the financial institutions to facilitate extension of loans. The investment income of the PPP projects we undertake primarily consist of fees payments in the forms of payment by the government, fees payment by the users and/or payment made by the users plus government subsidies. The project company will pay the construction fee to our subsidiaries conducting the construction work periodically based on the output value recognized by external project supervising company by reference to the project construction contract.

Signature Projects

From January 1, 2018 to December 31, 2020, we had 56 completed public facilities construction projects. We had 39 public facilities construction projects under construction as of December 31, 2020. The following table sets forth our ten signature completed public facilities construction projects as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Completion Date	Awards/Honors
1	Huaian Sports Center (淮南市體育中心)	83,492	800.0	June 4, 2016	China Steel Structure Gold Award (中國鋼結構金獎)
2	Donying Olympic Sports Center (東營市奧體中心)	34,200	500.0	December 31, 2014	China Steel Structure Gold Award (中國鋼結構金獎)
3	Yancheng Chengnan New District TV Tower (鹽城市城南新區電視塔)	22,149	156.0	December 1, 2016	Yangtze Cup (Steel Structure)(楊子杯(鋼結構專業))
4	Heze Library (荷澤圖書館)	128,000	170.0	May 5, 2013	Taishan Cup (泰山杯)
5	Xinlong Square (Yancheng Chengnan Nanwei Business Center) No. D2 Building (新龍廣場(鹽城城南南緯商務 中心) D2號樓)	170,000	300.0	July 30, 2016	National High Quality Project Award (國家優質工程獎)
6	Nantong Sports Conference and Exhibition Center (南通體育會展中心)	160,000	350.0	March 1, 2007	Lu Ban Award for China Construction Engineering (中國建築工程魯班獎)
7	Yancheng Finance City Phase 3 (鹽城金融城三標段)	253,000	450.0	June 30, 2014	Recognized as a regional financial center
8	Huaian Innovation Investment Mansion (淮安創業投資大廈)	135,000	820.0	December 31, 2016	–
9	Donying Olympic Park (東營奧體公園)	150,000	400.0	May 1, 2015	China Steel Structure Gold Award (中國鋼結構金獎)
10	New Cultural Square (新文化廣場)	250,000	570.0	December 30, 2014	The highest vibration isolation structure in China

The following table sets forth our ten signature public facilities construction projects under construction as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Commencement Date	Expected Completion Date
1	Binhai People's Hospital and Binhai Maternity and Child Health Care Center (濱海縣人民醫院及濱海縣婦幼保健院)	245,000	1,414.8	January 1, 2019	May 1, 2021
2	Yancheng Natatorium (鹽城游泳館)	27,917.9	207.1	January 1, 2019	August 1, 2021
3	Cixi Xinchenghe District Phase 1 Reconstruction PPP Project (慈溪市新城河區塊一期改造PPP項目).	332,839	1,794.3	November 30, 2018	November 30, 2021
4	Xinghua Hospital of Chinese Medicine (興化中醫院)	138,000	368.0	April 10, 2018	September 22, 2021
5	Sanya Haimian City Construction PPP Project (三亞海綿城市建設PPP項目)	210,000	3,480.0	March 25, 2017	June 6, 2021
6	Rongcheng District Cultural and Sports Education Infrastructure (榮成市城區文體教育基礎設施)	142,910	606.2	May 1, 2018	May 1, 2021
7	Zhengzhou Economic and Technological Development Zone Lianghu Shanty Town Redevelopment (鄭州經濟技術開發區梁湖等棚戶區改造)	347,697	819.5	August 10, 2018	November 2, 2021
8	Xian Changan District Communication Industry Park Public Rental Housing (西安市長安區通訊產業園公租房) . . .	55,000	267.0	July 15, 2019	July 31, 2021
9	Rizhao Technology Innovation Center PPP Project (日照科技創新中心PPP項目)	330,000	1,056.4	January 13, 2019	January 30, 2022
10	Nanjing Metro Line 4 Mengbei Station Plot Affordable Housing Phase I Project (南京地鐵四號線孟北站地塊保障房一期項目)	215,720	627.5	December 1, 2019	July 1, 2022

Electrical and Mechanical Engineering

We hold the Second-class EPC Qualification of Electrical and Mechanical Installation (機電安裝工程施工總承包貳級資質). We benefit from our strengths in electrical and mechanical engineering business and mainly focus on professional sectors such as civil and industrial installation, intellectualization. Our subsidiary Nantong Zhongnan Construction Equipment Installation Co., Ltd. (南通市中南建工設備安裝有限公司)(“**Nantong Zhongnan**”) has maintained an industry-leading position in large-scale equipment installation and intellectualization.

We generally receive a prepayment ranging from 10% to 30% of the contract value. During the construction process, our construction fee is paid on a monthly basis based on the construction progress. Upon completion of the relevant project, we typically receive 85% of the construction fee. Upon settlement, we generally have received 95% of the contract value. The remaining 5% of the construction fee will be kept as quality warranty, which will be returned in full when the warranty period, ranging from 1 year to 5 years, expires. The scale of each electrical and mechanical engineering project in terms of contract value varies on project bases.

Signature Projects

From January 1, 2018 to December 31, 2020, we had 436 completed electrical and mechanical engineering projects. We had 332 electrical and mechanical engineering projects under construction as of December 31, 2020. The following table sets forth our ten significant completed electrical and mechanical engineering projects as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Completion Date	Awards/Honors
1	Yancheng Finance City Phase 2 (鹽城金融城項目二標段)	230,000	44.0	August 20, 2015	National High Quality Project Award (國家優質工程獎), Star of China Installation (中國安裝之星)
2	Yancheng Sports Center Stadium (鹽城體育中心體育場)	54,800	81.1	December 15, 2017	Lu Ban Award for China Construction Engineering (中國建築工程魯班獎), Star of China Installation (中國安裝之星)
3	Yancheng Chengnan New District Hospital Southern District Emergency Medical Building (New Construction) (鹽城市城南新區醫院南區新建工程門急診醫技樓)	95,000	230.0	October 1, 2015	Yangtze Cup (楊子杯)
4	Yancheng Xinlong Square No. D2 Building (鹽城新龍廣場D2號樓)	38,600	46.3	June 15, 2016	National High Quality Project Award (國家優質工程獎)
5	Huaian Sports Center (淮安市體育中心))	83,400	230.0	June 10, 2016	Provincial High Quality Project Award (省級優質工程獎)
6	Dieshiqiao Core Trade Zone Phase 3 Construction Work (疊石橋核心交易區三期工程) .	66,818	139.9	October 30, 2014	Yangtze Cup (楊子杯)
7	Nantong Central International Square (南通中央國際廣場)	50,014	82.0	June 2, 2015	Lu Ban Award for China Construction Engineering (中國建築工程魯班獎)
8	Nantong Central Business District Land Lot A-03 (南通中央商務區A-03地塊) . .	72,146	110.0	November 18, 2016	Star of China Installation (中國安裝之星)
9	Wujiang Zhongnan Century City Phase 1.3 (吳江中南世紀城1.3期)	51,762	69.2	June 20, 2018	—
10	Zhongnan Bay New Town Public Project (中南海灣新城公建項目)	261,453	135.0	June 15, 2017	Star of China Installation (中國安裝之星)

The following table sets forth our ten significant electrical and mechanical engineering projects under construction as of December 31, 2020:

No.	Project Name	Total GFA (sq. m.)	Contract Value (RMB in million)	Commencement Date	Expected Completion Date
1	Ventilation and Air-conditioning Engineering Work of Changchun New Town Wuyue Square (長春新城吾悅廣場通風及空調工程)	274,000	49.7	May 2019	January 2021
2	Ventilation and Air-conditioning Engineering Work of Jingzhou Wuyue Square (荊州吾悅廣場通風空調工程)	160,000	35.2	June 2019	February 2021
3	Demolition and Renovation Work of Hainan Sanya Evergrande Emperor Garden Phase 1 No. 2-4 Building (海南三亞恒大禦府項目首期2-4號樓拆改工程)	64,000	19.5	June 2019	February 2021
4	Installation Company for Haimen Sports Center Project (海門體育中心項目(安裝公司))	607,500	115.9	June 2019	October 2021
5	Integrated Electrical and Mechanical Engineering Work of Hesheng Hangzhou Bay International New City 0820 Plot (合生杭州灣國際新城0820地塊綜合機電工程)	80,000	34.0	March 2020	August 2021
6	Core Island Decoration Engineering Work of Taian Zhongnan Fortune Gate Project (泰安中南財源門項目核心島裝飾工程)	420,000	80.0	June 2020	December 2021
7	Fire, Water Supply and Drainage and Heating, Ventilation and Air-conditioning Engineering Work of Jinan Rail Transit Line R2 Jiangjiazhuang Station Parking Garage (濟南市軌道交通R2號線姜家莊地鐵站停車庫消防、給排水、暖通工程)	80,000	30.0	March 2020	May 2022
8	Electrical and Mechanical Engineering Work of Tsinghua University High School Jiaxing School Junior Department (清華大學附屬中學嘉興學校初中部機電工程)	92,000	26.3	August 2020	November 2022
9	Electrical and Mechanical Engineering Work of Chongqing On-site Changchunteng Phase I and Phase 2 (重慶實地常春藤一期、二期機電工程)	260,000	31.2	August 2020	April 2022
10	General Contracting for New Ward Building (Anti-epidemic Combination) of Affiliated Hospital of Nantong University (南通大學附屬醫院新建病房樓(平疫結合)施工總承包)	86,000	40.0	December 2020	June 2023

Tender and Bidding

Our construction projects are primarily obtained through public tender and bidding process. We submit our bid through our local branches or subsidiaries in the relevant regions where the projects are located. We believe we have maintained a relatively high tender success rate as compared to our peers. The table below sets forth our tender success rate by project type for the three years ended December 31, 2020:

	For the year ended December 31,		
	2018	2019	2020
Number of tenders made			
Property construction projects	162	203	194
Public facilities construction projects	59	105	45
Electrical and mechanical engineering projects.	39	124	126
Other projects	304	151	118
Number of successful tenders			
Property construction projects	83	118	101
Public facilities construction projects	24	67	24
Electrical and mechanical engineering projects.	207	72	61
Other projects	157	91	69
Tender success rate			
Property construction projects	51.2%	58.1	52.1%
Public facilities construction projects	40.7%	63.8	53.3%
Electrical and mechanical engineering projects.	52.9%	58.1	48.4%
Other projects	51.6%	60.3	58.5%

Newly-signed Contracts

The table below sets forth contract value of our newly-signed building construction contracts by project type as of December 31, 2018, 2019 and 2020:

	As of December 31,			
	2018	2019	2020	
	(RMB in million)	(RMB in million)	(RMB in million)	(US\$ in million)
Building Construction Projects				
Property construction projects	14,806	17,821	20,921	3,206
Public facilities construction projects.	18,772	8,251	8,387	1,285
Electrical and mechanical engineering projects.	1,899	1,273	1,157	177
Other projects	1,180	433	222	34
Total	36,657	27,778	30,686	4,703

Backlog

Backlog represents our estimate of the contract value of work that remains to be completed as of a certain date. Backlog is different from the contract value of a project which represents the amount that we expect to receive under the terms of the contract assuming the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles and may not be indicative of our future operating results. The following table sets forth a breakdown of the backlog of our building construction projects by project type as of December 31, 2020:

	As of December 31, 2020		
	Amount	Amount	% of Total
	(RMB in million)	(US\$ in million)	
Building Construction Projects			
Property construction projects	40,175.3	6,157.1	54.6%
Public facilities construction projects	27,672.8	4,241.0	37.6%
Electrical and mechanical engineering projects.	3,452.7	529.2	4.7%
Other projects	2,225.4	341.0	3.0%
Total	73,526.1	11,268.4	100.0%

Our Construction Qualifications

We hold a number of top-grade construction qualifications as general and professional contractors in China, which include:

- Premium-class Housing Construction EPC qualification (國家房屋建築工程施工總承包企業特級資質)
- Grade-A Construction Engineering Design qualification (建築工程設計甲級)
- First-class building renovation and fitting-out qualification (建築裝修裝飾一級)
- First-class EPC qualifications in relation to municipal and public transportation and highway construction (城市軌道交通工程專業承包資質)
- First-class EPC qualification in relation to municipal and public utilities (市政公用工程施工總承包一級資質)
- First-class general contracting of electrical and mechanical installation engineering (機電安裝工程施工總承包一級)

Leveraging these top-grade qualifications, we are able to provide comprehensive and fully-integrated construction solutions to respond to its customers' demand for general and specialized construction contracting, project design and engineering services. These qualifications equip us with the capabilities to undertake complicated and large-scale construction projects, which provide us with opportunities to increase its brand awareness in our existing and potential markets.

Hotel Operation, Property Management and Others

Leveraging our strengths in the property and construction industries in China, we have expanded into other business lines including hotel operations and property management. We have established subsidiaries mainly engage in operation of commercial properties and hotel management, such as Zhongnan Commercial and Zhongnan Jinshi Shiyuan. For the years ended December 31, 2018, 2019 and 2020, we recognized operating income of RMB889.9 million, RMB1,181.1 million and RMB948.9 million (US\$145.4 million) from this segment, representing approximately 2.2%, 1.6% and 1.2% of our total operating income during the relevant period.

As of December 31, 2020, we had 39 hotels in operation, 37 of which are directly operated by us and the remaining two are entrusted to third parties. Our Jinshi Boutique Hotel was awarded “Most Valuable Boutique Hotel Brand in China” in 2016. We plan to expand our hotel operations to other first and second-tier cities in China with a focus on self-operated hotel chain business. As of December 31, 2020, we had 19 hotel projects under construction with a total GFA of approximately 40,000 sq. m.

We also generate rental income through leasing of the nine shopping malls held by us located in Nantong, Yancheng, Nanjing and Qingdao. These nine shopping malls has a total rentable area of approximately 330,700 sq. m. and an occupancy rate of 94.3% as of December 31, 2020. We also had four shopping mall projects under construction with a total GFA of approximately 346,699 sq. m. as of the same date.

R&D

Our R&D team consisted of personnel who are industrial and civil building construction engineers with extensive industry experience. In order to keep ourselves abreast of the evolving technological advancements in the building construction industry and differentiate ourselves from our competitors, we place great emphasis on R&D of construction techniques. We have a strong R&D team that primarily focuses on improving and developing construction technologies, work process and materials which we believe will enhance our on-site work efficiency and provide us with first-mover advantage. We were

one of the first construction companies to apply the new prefabricated concrete structure method in China. This method is considered a green construction method. It significantly reduces labor work on-site and allows for greater cost control.

As of December 31, 2020, we held six state-level engineering methods recognized by the MOHURD. State-level construction process methods are recognized for significant and innovative construction methods that have the potential to generate economic value. As of December 31, 2020, we also had obtained 85 provincial-level construction process methods. We had also obtained 57 state-level and 75 provincial-level QC achievements as of the same date. We also actively participate in drafting and establishing technical specifications that form the PRC construction industry standards. For example, we are the principal author of Technical Specification for Precast Concrete Structures (《装配式混凝土結構技術規程》)[JGJ1-2014], which was implemented as a national industry standard on October 1, 2014; and the principal author of Technical Specification for Precast Concrete Shear Wall Structures (《預製裝配整體式剪力牆結構體系技術規程》)[DGJ32/TJ125-2011], which was implemented as a provincial industry standard in Jiangsu Province on May 1, 2016.

INTELLECTUAL PROPERTY

We rely on patents, copyrights and trademarks to protect our intellectual property rights. As of December 31, 2020, we had obtained 182 patents, of which 51 are invention patents and 131 are utility patents. We also possess unregistered trade secrets, technologies, know-hows, processes and other intellectual property rights.

We have registered a number of trademarks for our building construction and property development business in the PRC, such as ,  and . We have also registered the domain name of our official website “www.zhongnanggroup.cn” and other related domain names including “www.zhongnancity.com” and “www.yc.zhongnancity.com”.

As of the date of this Offering Memorandum, we did not suffer any material infringement of intellectual property by other parties and, to the best of our knowledge, we had not violated any intellectual property rights of any third parties and we are not a party to any litigation brought by any third party due to infringement of intellectual property rights.

EMPLOYEES

As of December 31, 2020, we had 46,615 full-time employees. The following table sets forth the number of fulltime employees by function/department as of the date indicated:

	As of December 31, 2020	
	Number of employees	% of total
Sale and marketing	4,246	9.1%
Engineering and Technical	6,629	14.2%
Finance and accounting	874	1.9%
Administration	646	1.4%
Operation ⁽¹⁾	29,398	63.1%
Others ⁽²⁾	4,822	10.3%
Total	46,615	100.0%

Notes:

- (1) Operation sector mainly consists of our construction workers.
- (2) Others consist of our auditing, human resources, IT, legal and client management employees and our senior management.

The remuneration package for our employees includes salaries, bonuses and allowances. Our employees are entitled to a variety of benefits, including medical care, housing subsidies, retirement and other benefits. In accordance with applicable laws and regulations, we have made contributions to social insurance schemes for our employees, which include pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund.

We have taken various measures to enhance our employees' skill and expertise. We provide trainings to our employees at different levels and functions on a regular basis. We sign individual employment agreements with our employees, covering, among other things, salaries, benefits, training, workplace safety, confidentiality obligations relating to trade secrets and grounds for termination.

ENVIRONMENTAL PROTECTION AND WORKPLACE SAFETY

We regard workplace safety and environmental protection as important enterprise and social responsibility. We employ sound control measures over workplace safety and environmental protection including, among which, the following:

Workplace Safety Measures

- Regular organization of three-level safety training programs, timely report of potential risks, improvement of employees' awareness over production safety;
- Regular safety check over all projects every month and implementation of remedial measures to rectify the risks if necessary;
- Safety bonus to project management team of each project if no safety incidents occurred throughout the whole project to encourage workplace safety;
- Regular analysis and evaluation of occupational hazards in the workplace; and
- Allocation of a certain percentage of construction cost to implement safety measures such as upgrading our safety equipment and technologies, carrying out potential risks assessment, and running safety checks and trainings.

Environmental Protection Measures

- The establishment and implementation of environmental protection procedures such as the pre-setup of garbage disposal system, noise prevention facilities and dust reduction equipment prior to the commencement of projects;
- Disposal of pollutants emitted during our operations in accordance with local standards, aiming to reduce waste water, waste gas, solid waste and other pollutants; and
- Continuous improvement of our environmental protection system through R&D relating to energy conservation.

Our operations may generate air or water pollution, noise, hazardous materials and solid wastes, and we are subject to relevant laws and regulations on occupational health, safety and environmental protection. See "*Regulations.*" Except for certain workplace safety incidents, we believe that as of the date of this Offering Memorandum, our business operations are in compliance with applicable health, safety and environmental laws and regulations in all material respects. See "*Risk Factors – Risks Relating to our Business – Compliance with PRC laws and regulations regarding environmental protection may cause us to incur additional construction costs and our failure to comply with any law and regulation may result in financial or legal liabilities.*" in this Offering Memorandum.

INSURANCE

We have purchased insurance coverage for our main products, certain real properties, machinery and equipment, automobiles and other assets owned, operated or deemed important to us. The main kinds of insurance policies we have purchased and maintained include property all risks insurance, machinery breakdown insurance, all risks construction insurance, public liability insurance and accidental pollution liability insurance. We maintain insurance coverage in amounts that we believe are commensurate with our risk of loss and industry practice. Consistent with what we believe to be customary practice in the PRC, we do not carry any business interruption insurance, key-man insurance, insurance covering potential environmental damage claims and contractors all-risk and third-party liability insurance. There is a risk that we do not have sufficient insurance coverage for losses, damages and liabilities should any of such arise from our business operation. See “*Risk Factors – Risks Relating to our Business – Our insurance policies may not be adequate to cover all risks of loss associated with our business operations.*” in this Offering Memorandum.

LEGAL PROCEEDINGS

We are from time to time involved in disputes and legal proceedings arising in the ordinary course of our business. To the best of our knowledge, there are no pending litigation, arbitration or administrative proceedings against us as of the date of this Offering Memorandum that could have a material adverse effect on our business, results of operations or financial condition.

REGULATIONS

The following discussion summarizes the principal laws, regulations, policies and administrative directives to which we are subject.

The PRC Legal System

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

The National People's Congress of the PRC, or the NPC, and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws of the PRC. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

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

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

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

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed in June 1981, the Supreme People's Court, the State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional laws is vested in the regional legislative and administrative bodies which promulgate such laws.

The PRC Judicial System

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts. The local courts comprise the basic courts, the intermediate courts and the high courts. The basic courts are organized into civil, criminal, economic and administrative divisions. The intermediate courts are organized into divisions similar to those of the basic courts, and are further organized into other special divisions, such as the intellectual property division. The high level court supervises the basic and intermediate courts. The people's procuratorates also have the right to exercise legal supervision over the proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in China. It supervises the administration of justice by all other courts.

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

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

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

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

PRC Regulations Relating to Property Development

Establishment of a Property Development Enterprise

According to the "Law of the People's Republic of China on Administration of Urban Real Estate" (中華人民共和國城市房地產管理法) (the "Urban Real Estate Law") promulgated by the Standing Committee of the NPC on July 5, 1994, effective on January 1, 1995 and as amended in August 2007 and in August 2009 and August 2019, a property developer is defined as an enterprise which engages in the development and sale of property for the purpose of making profit. Under the "Regulations on Administration of Development of Urban Real Estate" (城市房地產開發經營管理條例) (the "Development Regulations") promulgated and implemented by the State Council in July 1998 and as amended in January 2011, March 2018, March 2019, March 2020 and November 2020, an enterprise which is to engage in property development shall satisfy the following requirements: (i) its registered capital shall be RMB1 million or more; and (ii) have four or more fulltime professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more

stringent requirements on the registered capital and the professional personnel of a property developer. Under the “Regulations on Real Estate Developments of Guangdong Province”(廣東省房地產開發經營條例) issued by the Standing Committee of Guangdong Provincial People’s Congress in 1993 and as amended in 1997, the registered capital of a property developer in the Guangdong Province (“Guangdong”) shall be RMB3 million or more. In May 2009, the State Council issued a “Notice on Adjusting the Ratio of Capital Fund for Investment Projects in Fixed Assets”(關於調整固定資產投資項目資本金比例的通知) setting the portion of capital fund of property projects at 20% for affordable housing projects and ordinary commodity housing projects and 30% for other property projects.

In September 2015, the State Council issued a “Notice to Adjust and Promote the System of Capital Fund for Investment Projects in Fixed Assets”(關於調整和完善固定資產投資項目資本金制度的通知), under which the minimum capital ratio remains 20% for affordable housing projects and ordinary commodity residential projects, and is decreased to 25% for other property projects.

To establish a property development enterprise, the developer should apply for registration with the administration for industry and commerce. The property developer must also report its establishment to the property development registration authority in its respective locality, within 30 days of the receipt of its Business License. Where a foreign-invested enterprise is to be established to engage in the development and sale of property, the relevant requirements of the laws and administrative regulations regarding foreign-invested enterprises must also be observed, the relevant examinations conducted and the relevant approvals obtained.

On September 27, 2007, the PBOC and the CBRC jointly issued a “Circular on Strengthening Commercial Real Estate Loan Administration”(關於加強商業性房地產信貸管理的通知). This circular reaffirmed some of the restrictions applicable to the sale of residential and commercial units imposed by prior regulations as well as introduced new rules that prohibit, among other things, the provision of working capital financing by commercial banks to property developers (other than property development loans, which may only be used on local property development projects and not on projects in other regions without prior approvals from governmental authorities). In the case of a borrower that purchases his first residential unit with GFA of more than 90 sq.m., he is required to make a down payment of not less than 30% of the purchase price, with such percentage increasing to 40% for his subsequent residential unit purchases. In addition, the loan interest rate applicable to such subsequent residential unit purchases cannot be lower than 1.1 times of the benchmark lending rate published by the PBOC during the same period. For commercial units, the down payment should be no less than 50% of the purchase price, with a maximum loan period of 10 years and a minimum loan interest rate of 1.1 times the PBOC lending rate for the same period.

Qualifications of a Property Developer

Under the “Provisions on Administration of Qualifications of Property Developers”(房地產開發企業資質管理規定)(the “Provisions on Administration of Qualifications”) promulgated by the Ministry of Construction in March 2000 and amended in May 2015 and December 2018, respectively, a property developer shall apply for registration of its qualifications in accordance with the Provisions on Administration of Qualifications. An enterprise may not engage in development and sale of property without a qualification classification certificate for property development. The construction authority under the State Council oversees the qualifications of property developers throughout the country, and the property development authority under a local government on or above the county level shall oversee the qualifications of local property developers.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into four classes. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualifications shall be subject to preliminary examination by the construction authority of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the

construction authority under the government of the relevant province, autonomous region or municipality directly under the central government. A developer who fulfills the qualification requirements will be issued a qualification certificate of the relevant class by the qualification examination authority.

Under the Development Regulations, the property development authorities shall examine applications for registration of qualifications of a property developer when it reports its establishment, by considering its assets, professional personnel and business results. A property developer shall only undertake property development projects in compliance with the approved qualification registration.

After a newly established property developer reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate to the eligible developer within 30 days of its receipt of the above report. The Provisional Qualification Certificate shall be effective for one year from the date of its issuance, while the property development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the property development authority within one month before expiry of the Provisional Qualification Certificate.

A developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is restricted to another classification. A class 1 property developer is not restricted as to the scale of property project to be developed and may undertake a property development project anywhere in the country. A class 2 property developer or lower may undertake a project with a gross floor area of less than 250,000 sq.m. and the specific scope of business shall be restricted to those agreed by the construction authority of the relevant province, autonomous region or municipality. Pursuant to the Provisions on Administration of Qualifications, the qualification of a property developer shall be inspected annually. The construction authority under the State Council or its authorized institution is responsible for the annual inspection of a class 1 property developer's qualification. Procedures for annual qualification inspection with developers of class 2 or lower shall be formulated by the construction authority of the relevant province, autonomous region or municipality.

Development of a Property Project

Under the “Interim Regulations of the People’s Republic of China on Grant and Transfer of the Use Right of State-owned Urban Land”(中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例)(“Interim Regulations on Grant and Transfer”) promulgated by the State Council in May 1990 and as amended in November 2020, a system of grant and transfer of the right to use state-owned land is adopted. A land user shall pay a land premium to the government as consideration for the grant of the right to use a land site within a specified term, and the land user may transfer, lease, mortgage or otherwise commercially use the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into a land grant contract with the land user to provide for the grant of land use right. The land user shall pay the land premium as provided by the land grant contract. After payment in full of the land premium, the land user shall register with the land administration authority and obtain a land use right certificate evidencing the acquisition of land use rights. The Urban Real Estate Law and the Development Regulations provide that land use right for a site intended for property development shall be obtained through government grant except for land use right which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council.

Under the “Rules Regarding the Grant of State-owned Land Use Rights for construction by Way of Tender, Auction and Listing-for-sale”(招標拍賣掛牌出讓國有建設用地使用權規定) promulgated by the Ministry of Land and Resources on September 28, 2007, state-owned land use rights for the purposes of industrial use, commercial use, tourism, entertainment and commodity residential property development in the PRC may be granted by the government only through public tender, auction and listing-for-sale. The procedures are as follows:

- The land authority under the people’s government of the city and county (the “assignor”) shall make an announcement at least 20 days prior to the date of the proposed competitive bidding, public auction or listing-for-sale. The announcement should include basic particulars such as the size of the land parcel, the qualification requirement of the bidder and auction applicants, methods and criteria on confirming the winning tender or winning bidder, and other conditions such as the deposit for the bid.
- The assignor shall conduct a qualification verification of the bidding applicants and auction applicants, inform the applicants who satisfy the requirements set out in the announcement and invite them to attend the competitive bidding, public auction or listing-for-sale.
- After determining the winning tender or the winning bidder by either competitive bidding, public auction or listing-for-sale, the assignor and the winning tender or winning bidder shall then enter into a confirmation. The assignor should return the bidding or tender deposits to the unsuccessful bidding or auction applicants.
- The assignor and the winning tender or winning bidder shall enter into a contract for the grant of state-owned land use right according to the time and venue set out in the confirmation. The deposit of the bid paid by the winning tender or winning bidder will be used to set off part of the land premium for the grant of the state-owned land use right.
- The winning tender or winning bidder should apply for the land registration after paying off the land grant premium in accordance with the state-owned land use right grant contract. The people’s government above the city and county level should issue the “Land Use Permit for State-Owned Land.”

When carrying out a feasibility study for a construction project, a construction company shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the “Measures for Administration of Examination and Approval for Construction Sites”(建設用地審查報批管理辦法) promulgated by the Ministry of Land and Resources in March 1999 and as amended in November 2010 and November 2016 and the “Measures for Administration of Preliminary Examination of Construction Project Sites”(建設項目用地預審管理辦法) promulgated by the Ministry of Land and Resources in July 2001 and as amended in October 2004 and November 2008 and November 2016, respectively. After receiving the preliminary application, the land administration authority shall carry out a preliminary process for the approval of various matters relating to the construction project in compliance with the overall zoning plans and land supply policy of the government, and shall issue a preliminary approval report in respect of the project site. The land administration authority of the relevant city or county shall sign a land grant contract with the land user and issue an approval for construction site to the construction company.

According to the Urban Real Estate Law, a land user who obtains land use right under the grant system must develop the land in accordance with the purposes for which the land is acquired and must commence the development within the time frame agreed to under the land grant contract. If the land user fails to commence development and construction within one year of the construction commencement date stipulated in the land grant contract, then the local land administration authority may impose a fine on the land user an “idle land fee” of up to 20% of the land premium agreed. If the land user fails to commence development of the relevant land after two years from the deadline set forth

in land grant contract, the land user's land use right may be forfeited. However, the foresaid penalties do not apply if the failure to commence development and construction is due to force majeure or caused by government actions.

On January 3, 2008, the State Council reiterated the abovementioned policies in the "Notice on Enhancing the Economical and Intensive Use of Land" (關於促進節約集約用地的通知). This notice states, among other things, that (i) policies in relation to the forfeiture of land use rights without compensation for land which has remained idle for more than two years shall be strictly implemented; (ii) if any land remains idle for one year, an idle land fee of 20% of the relevant land premium shall be levied; (iii) the prohibition of land supply for villa projects shall continue; (iv) the Ministry of Land and Resources and other authorities are required to research and commence the drafting of implementation rules concerning the levy on land appreciation value on idle land; (v) in relation to the supply of residential land, planning conditions such as plot ratio limits and the number and type of flats that can be constructed shall be taken into account in land grant contracts and allocation decisions to ensure that at least 70% of the total land grant for residential development will consist of low rental housing, economy housing, limited pricing housing and units of less than 90 sq.m. in size; and (vi) financial institutions are required to exercise caution when approving financing for any property developer who, after one year from the commencement date stipulated in the land grant contract, fails to complete at least one-third of the development of their project or provide at least 25% of the total investment in the project.

On June 1, 2012, the Ministry of Land and Resources revised and promulgated the "Measure for the Disposal of Idle Land" (閒置土地處置辦法), which clarified the scope and definition of idle land, as well as the corresponding punishment measures. Pursuant to the Measures for the Disposal of Idle Land, under the following circumstances, a parcel of land shall be defined as "idle land":

- any State-owned land for construction use, of which the holder of the land use right fails to start the construction and development thereof within one year after the commencement date of the construction and development work as agreed upon and prescribed in the contract for fee-based use of State-owned land for construction use, or the decision on allocation of State-owned land for construction use; and
- any State-owned land for construction uses of which the construction and development have been started but the area of land that is under construction and development is less than one third of the total area of land that should have been under construction and development or the amount invested is less than 25% of the total investment, and the construction and development of which has been suspended for more than one year.

If a parcel of land is deemed as idle land by competent department of land and resources, unless otherwise prescribed by the new Measures for the Disposal of Idle Land, the land shall be disposed of in the following ways:

- where the land has remained idle for more than one year, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a Decision on Collecting Charges for Idle Land to the holder of the right to use the land and collect the charges for idle land at the rate of 20% of the land assignment or allocation fee; and the said charges for idle land shall not be included in the production cost by the holder of the land use right; and
- where the land has remained idle for more than two years, the competent department of land and resources at the municipal or county level shall, with the approval of the people's government at the same level, issue a Decision on Recovering the Right to Use the State-owned Land for Construction Use to the holder of the land use right and recover the right to use the State-owned construction land without compensation.

On September 12, 2014, the Ministry of Land and Resources issued the “Guidelines on Improving Economical and Intensive Use of Land”(關於推進土地節約集約利用的指導意見), which implements the rules regarding idle land and specifies the controlling requirements of the land use standards in the relevant legal documents including land use approvals and land grant contracts.

Under the “Measures for Control and Administration of Grant and Transfer of Right to Use Urban Stateowned Land”(城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992, the grantee to an land grant contract (i.e., a property developer) shall apply for a Permit for Construction Site Planning from the municipal planning authority with the land grant contract.

After obtaining a construction site planning permit, a property developer shall organize the necessary planning and design work in respect of the planning and design requirements. For the planning and design proposal in respect of a property development project, the relevant reporting and approval procedures required by the “PRC City and Rural Planning Law”(中華人民共和國城鄉規劃法) promulgated by the Standing Committee of the NPC in October 2007 and as amended in April 2015 and April 2019, as well as local statutes on municipal planning must be followed and a construction works planning permit must be obtained from the municipal planning authority.

On January 21, 2011, the State Council promulgated the “Regulation on Expropriation and Compensation Related to Buildings on State-owned Land”(國有土地上房屋徵收與補償條例)(the “Expropriation and Compensation Regulation”). The Expropriation and Compensation Regulation provides that, among other things:

- (i) buildings can be expropriated under certain circumstances for public interests, and governmental authorities are responsible for resettlement activities; real estate developers are prohibited from engaging in demolition and relocation operations;
- (ii) compensation shall be paid before the resettlement;
- (iii) compensation to owners of properties to be demolished cannot be less than the market value of similar properties at the time of expropriation. The market value of properties shall be determined by qualified real estate appraisal institutions in accordance with appraisal rules related to property expropriation. Any owner who does not agree with the appraised market value of the property may apply to the real estate appraisal institution for re-appraisal; and
- (iv) neither violence nor coercion may be used to force home owners to leave sites, nor may certain measures, such as illegal suspension of water and power supplies, be used in relocation operations.

In addition to paying the demolition and removal compensation, the property developer undertaking the demolition and removal shall pay a removal allowance to the residents of the buildings to be demolished.

After obtaining the Permit for Construction Work Planning and prior to construction, a property developer is required to apply for a Construction Permit from the construction authority above the county level according to the “Measure for the Administration of Construction Permits for Construction Projects”(建築工程施工許可管理辦法) enacted by the Ministry of Housing and Urban Rural Development on June 25, 2014 and effective from October 25, 2014 and amended on September 28, 2018 and March 30, 2021.

A property project developed by a property developer shall comply with the relevant laws and statutes, requirements on construction quality, safety standards and technical guidelines on survey, design and construction work, as well as provisions of the relevant construction contract. After completion of works for a project, the property developer shall organize an acceptance examination

according to the “Regulations on the Administration of Quality of Construction Works”(建設工程質量管理條例) promulgated and implemented by State Council on January 30, 2000 and as amended on October 7, 2017 and April 23, 2019, and the “Provisions on Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure”(房屋建築和市政基礎設施工程竣工驗收規定) promulgated by the Ministry of Housing and Urban-Rural Development in December 2013, and shall also report details of the acceptance examination according to the “Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure”(房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by the Ministry of Construction in April 2000 and as amended in October 2009. Possession of a property development project may only be delivered after passing the necessary acceptance examination, and may not be delivered before the necessary acceptance examination is completed or without passing such an acceptance examination. For a housing estate or other building complex project, an acceptance examination shall be conducted upon completion of the whole project and, where such a project is developed in phases, an acceptance examination may be carried out for each completed phase.

Land for Property Development

The provisions of the “Regulations on the Development, Operation and Management of Property” provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land for property development shall initially be obtained by government grant. Under the “Rules regarding the Grant of State-Owned Land Use Rights for construction by way of Tender, Auction and Listing-for-Sale”(招標拍賣掛牌出讓國有建設用地使用權規定) promulgated by the Ministry of Land and Resources on September 28, 2007 and effective on November 1, 2007, land for industrial use, commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or listing-for-sale and, in the event that a land parcel for uses other than industry, commerce, tourism, entertainment and commodity housing development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforementioned regulations, the assignor shall prepare the public tender and competitive bidding documents and shall make an announcement 20 days prior to the day of public auction to announce the basic particulars of the land parcel and the time and venue of the public auction. The assignor shall conduct a vetting process of the bidding applicants and auction applicants, accept an open public tender to determine the winning tender; or hold an auction to ascertain a winning bidder. The assignor and the winning tender or winning bidder shall then enter into a confirmation and, then, into a land grant contract. The relevant land use rights certificates will not be issued prior to the full payment of the land premium.

On September 24, 2003, the Ministry of Land and Resources issued the “Notice of the Ministry of Land and Resources on Strengthening the Administration of Land Supply and Promoting the Sustainable Sound Development of Real Estate Market”(關於加強土地供應管理促進房地產市場持續健康發展的通知), which was revised on December 3, 2010, designed to strictly control land supply for high-end luxury property development.

In November 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the PRC Ministry of Supervision and the PRC National Audit Office jointly promulgated the “Notice on Further Enhancing the Revenue and Expenditure Control over Land Grant”(關於進一步加強土地出讓收支管理的通知). The notice raises the minimum down payment level on land premiums to 50% of the total premium and requires the land premium to be paid in full within one year after the signing of a land grant contract, subject to limited exceptions.

On March 8, 2010, the Ministry of Land and Resources promulgated the “Circular on Strengthening Real Estate Land Supply and Supervision”(關於加強房地產用地供應和監管有關問題的通知). Under the circular, the minimum land premium shall not be less than 70% of the benchmark market price in the locality of the parcel of land granted, and the bidding deposit shall not be less than 20% of the minimum land premium. The circular makes further strict provisions on land grant contract

administration. The land grant contract shall be entered into within 10 working days after the land grant deal is concluded. The down payment of 50% of the land premium shall be paid within one month of the date of land grant contract. The remaining balance shall be paid in accordance with provisions of the land grant contract within one year.

In September 2010, the Ministry of Land and Resources and MOHURD jointly promulgated the “Notice on Further Strengthening Control and Regulation of Land and Construction of Property Development”(關於進一步加強房地產用地和建設管理調控的通知), which stipulates, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for affordable housing, housing for resettlement of shanty town and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small to medium-sized, price-capped housing must be increased; (ii) developers and their controlling shareholders are prohibited from participating in land auctions before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers’ own reasons; (3) noncompliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years of commencement; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

In December 2010, the Ministry of Land and Resources promulgated the “Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Property Land and Promotion of the Healthy Development of Land Markets”(關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知), which provides, among other things, that; (i) cities and counties that have less than 70% of their land supply designated for affordable housing, housing for redevelopment of shanty towns or small/medium residential units must not provide land for large-sized and high-end housing before the end of 2010; (ii) land and resource authorities in local cities and counties shall report to Ministry of Land and Resources and provincial land and resource authorities, respectively regarding land with a premium rate of more than 50%; (iii) land designated for affordable housing which is used for property development against relevant policies or involved illegal dealing will be confiscated and the relevant land use rights will be withdrawn. Moreover, amending the plot ratio without approval is strictly prohibited.

On January 26, 2011, the State Council circulated the “Notice on Further Regulating the Real Estate Market”(關於進一步做好房地產市場調控工作有關問題的通知), which became effective on 26 January 2011 and was revised on February 26, 2013, and provides for more stringent management of housing land supply, among other things, that participants or individuals bidding on any land unit shall show proof of funding sources.

According to the “Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition)” and the “Catalog for Prohibited Land Use Projects (2012 Edition)” (關於印發《限制用地項目目錄》(2012年本)和《禁止用地項目目錄》(2012年本)) promulgated by the Ministry of Land and Resources in May 2012, the transferred area of residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, and (iii) 20 hectares for large cities, and plot ratio must be more than 1.0.

On February 26, 2013, the General Office of the State Council issued the “Notice on Continuing to improve the Regulation and Control of Real Estate Market”(國務院辦公廳關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures, expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

To support the demand of buyers of residential properties and promote the sustainable development of China's real estate market, the PBOC and CBRC jointly issued a notice in September 2014, which provides that where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve its living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a household that owns two or more residential properties and has paid off all of its the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions as required by relevant policies.

From September 30, 2016 to date, Beijing, Tianjin, Suzhou, Chengdu and other cities have issued new property market control policies, including restoring the restriction on purchases of residential properties and tightening credit policy. To promote the stable and healthy development of the real estate market in Beijing, among other measures, a new policy was adopted. This new policy requires the government to set a ceiling price for land granting and when bidders all bid at the ceiling price, the bidder with the lowest proposed property selling price would win the land. On October 12, 2016, the MOHURD required investigation and punishment of persons or entities that spread rumors, deliberately hype or disrupt the market to protect the rights and interests of housing buyers.

On February 13, 2017, the Asset Management Association of China issued the “No. 4 Administrative Rules for the Filing of Private Equity and Asset Management Plans Issued by Securities and Futures Institutions”(證券期貨經營機構私募資產管理計劃備案管理規範第4號) which suspends filings by securities and futures institutions for private equity and asset management plans investing in the ordinary residential real estate projects located in 16 cities in China, including Beijing, Shanghai, Guangzhou, Hefei, Suzhou, Hangzhou, Tianjin, Wuhan and Chengdu. It also prevents private equity and asset management plans from funding real estate development enterprises to make payment for land premiums or providing real estate development enterprises with working capitals by means of, among others, entering into entrusted loans and trust plans and transferring beneficial rights of assets.

The MOHURD and the Ministry of Land and Resources jointly issued the “Circular of Relevant Work on Strengthening the Recent Administration and Control of Housing and Land Supply”(關於加強近期住房及用地供應管理和調控有關工作的通知) dated April 1, 2017 which provides, among others, that cities and counties that have more than one million inhabitants should make three-year (2017-2019) and a five-year (2017-2021) plans for housing land supply, and make the plans public by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course based on the period of depleting commodity residential housing inventory. For example, if the above period is longer than 36 months, no more land is to be supplied; if the said period is over 18 months but shorter than 36 months, land supply shall be reduced in size; if the said period is longer than six months but shorter than 12 months, more land shall be provided; however, if the current inventory could be sold in less than six months, land supply shall increase significantly within a short amount of time. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to insure that the property developers use internal funds to acquire lands and that, if the land bid capital originate from a questionable source, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

On May 19, 2018, MOHURD issued the “Notice on Issues of Further Do Good Job of the Regulation of the Real Estate Market”(關於進一步做好房地產市場調控工作有關問題的通知), requiring that local governments shall formulate residential property development plans according to their respective social development level, supply and demand of residential property and population, and certain cities shall increase the supply of construction land for residential properties.

Sale of Commodity Properties

Under the “Measures for Administration of Sale of Commodity Properties”(商品房銷售管理辦法) promulgated by the Ministry of Construction in April 2001, sale of commodity properties can include both post-completion sales and pre-sales.

Any pre-sale of commodity properties shall be conducted in accordance with the “Measures for Administration of Pre-sale of Commodity Properties”(城市商品房預售管理辦法)(the “Pre-sale Measures”) promulgated by the Ministry of Construction in November 1994 and as amended in August 2001 and July 2004, respectively, and the Development Regulations. The Pre-sale Measures provide that pre-sale of commodity properties is subject to certain procedures. According to the Development Regulations and the Pre-sale Measures, a permit shall be obtained before a commodity property may be put up for pre-sale. A developer intending to sell a commodity property before its completion shall make the necessary pre-sale registration with the property development authority of the relevant city or county to obtain a pre-sale permit of commodity properties. A commodity property may only be sold before completion if the following conditions have been met:

- the land premium has been paid in full for the grant of the land use right involved and a land use right certificate has been obtained;
- a construction works planning permit and a construction works commencement permit have been obtained;
- the funds invested in the development of the commodity properties put up for pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and
- the pre-sale has been registered and a pre-sale permit has been obtained.

Local governments also may also have regulations on pre-sales of commodity properties. In Guangdong Province, according to the “Regulations on Administration of Pre-sale of Commodity Properties of Guangdong Province”(廣東省商品房預售管理條例) promulgated by the Standing Committee of Guangdong Provincial People’s Congress in July 1998, as amended in August 2000, July 2010 and September 2014, respectively, and a notice issued by Guangdong Provincial Construction Bureau in January 2001, the following conditions must be satisfied prior to any pre-sale of commodity properties in Guangdong Province:

- a real property development qualification certificate and a business license have been obtained;
- the construction quality and safety monitoring procedures have been performed;
- the structural works and the topping-out must have been completed in respect of properties of not more than seven stories, and at least two-thirds of the structural works must have been completed in respect of properties of more than seven stories;
- a special property pre-sale account with a commercial bank in the place where the project is located has been opened; and
- the properties subject to pre-sale and the related land use rights are free from third-party rights.

In Sichuan Province, under the “Implementation Opinion for the Administration of Pre-sale of Commodity Housing”(關於加強城市商品房預售管理的實施意見) promulgated by the Sichuan Provincial Government in March 2000, any pre-sale of commodity properties in Sichuan Province must satisfy the following conditions:

- the land premium has been paid in full for the grant of the relevant land use right, and a land use right certificate has been obtained;
- a Permit for Construction Works Planning has been obtained;
- in the case of a commodity property with not more than six stories, the structural works and the topping-out must have been completed. In the case of a non-residential property with not more than six stories and a commodity property with seven stories or more, (i) the foundation and ground floor structural works must have been completed if the building has underground facilities and (ii) the foundation and structural construction for the first six floors must have been completed if the building does not have underground facilities; and
- the construction progress and timetable and the completion date have been fixed.

According to the Pre-sale Measures, the proceeds obtained by a real estate developer from the advance sale of commercial housing must be used for the construction of the relevant projects. The specific measures for the supervision on proceeds from the advance sale of commodity properties shall be formulated by the real estate administrative departments.

Pursuant to the “Rules Governing the Administration of Urban and Town Property Transactions in Chongqing Municipality”(重慶市城鎮房地產交易管理條例) promulgated on June 7, 2002 and implemented on August 1, 2002 and as amended on May 27, 2011 and September 26, 2019 by the Standing Committee of the People’s Congress of Chongqing Municipality, a property development entity has to comply with the following conditions in order to obtain a “Commodity Property Pre-sale Permit”:

- possesses a business license and the qualification for property development;
- executes the land grant agreement, hold approval documents of land use rights and obtained the land use rights certificate;
- holds a construction works planning permit and a commencement of construction works permit;
- where the proposed property for pre-sale is less than eight stories, the topping of the superstructure has been completed, and where the proposed property for pre-sale is more than nine stories, the area under construction has exceeded half of the proposed gross floor area approved by planning approvals;
- signs presale funds from pre-sale of commodity property monitoring agreement with presale funds supervising bank and construction supervision institution;
- formulates a temporary management covenant, concludes a prophase realty service contract and file at the local administrative authorities governing construction at the location of the project;
- formulates pre-sale of commodity property proposal. The pre-sale proposal shall specify such information relating to the commodity property, such as the location, area, who and how to assume the quality liability and pre-sale price etc.;

- have obtained the prior written approval from the mortgagee, where security right has been created in respect of the proposed commodity property for pre-sale and the land use rights of the land so occupied;
- the developers jointly applying for the pre-sale permits shall jointly obtained the land use right and execute the real estate cooperation development agreement; and
- other conditions as specified by laws and regulations.

According to the “Measures of Property Transactions in Shanghai Municipality”(上海市房地產轉讓辦法) promulgated on April 30, 1997, as amended on September 20, 2000, April 21, 2004, July 1, 2004 and December 20, 2010, a property developer must comply with the following requirements in order to obtain a “Commodity Property Pre-Sale Permit”:

- the land premium has been fully paid;
- the real estate ownership have been registered with the relevant authority and real estate ownership certificate have been obtained;
- the developer holds a construction works planning permit;
- the developer holds a permit for the commencement of construction work;
- the completed areas of the properties have reached the required standard; and
- the completion time of the properties and the plan for constructing related infrastructure have been confirmed.

In accordance with the above regulation, a property developer must apply to the Housing, Land and Resources Administration Bureau or country housing and land administration authorities of Shanghai Municipality, together with the abovementioned documentations, the floor plans. The review of the application shall be completed within 10 working days and the result of the application will be notified in writing. If the abovementioned requirements are met, the Commodity Property Pre-Sale Permit will be granted.

Under the “Circular of the General Office of the State Council on Forwarding the Opinion of Such Departments as the Ministry of Construction on Good Handling of Stabilizing House Prices”(國務院辦公廳轉發建設部與關於做好穩定住房價格工作意見的通知) promulgated by General Office of the State Council in May 2005, the purchaser of a pre-sold commodity property is prohibited from transferring such pre-sold property before the completion of its construction. Property developers are required to register pre-sales and sales of properties electronically with the local authorities on a real name and real time basis.

On April 13, 2010, the MOHURD issued the “Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses”(關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). Pursuant to the notice, without the pre-sale approval, the commodity houses are not allowed to be pre-sold and the real estate developer is not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on the sale of completed commodity properties in light of the local conditions, and encourages property developers to engage in the practice of selling completed commodity properties.

On March 16, 2011, NDRC promulgated the “Regulation on Price of Commodity Property”(商品房銷售明碼標價規定), which took effect on May 1, 2011. According to this regulation, property developers are required to make public the sale price of each apartment of the commodity properties for

sale or pre-sale and the number of apartments available for sale or pre-sale within a certain time period. Property developers are also required to specify factors that would affect housing prices and relative charges before the property sale, such as commission fee and property management fee. No additional charge beyond what is specified in the price tag or made public by the property developers is permitted

Real Estate Registration

On November 24, 2014, the State Council promulgated the “Interim Regulations on Real Estate Registration”(不動產登記暫行條例), which became effective on March 1, 2015, amended on March 24, 2019 and provides for the following, among others:

- the competent department of land and resources under the State Council shall be responsible for guiding and supervising the real estate registration of the State. The local government at or above the county level shall designate a department as the real estate registration authority within its administrative region, and such department shall be subject to the guide and supervision by the competent real estate registration authority at the higher level;
- the real estate authority shall establish a uniform real estate registration book to record the items including, without limitation, the natural condition, ownership conditions of the real estate and restriction of rights;
- the competent department of land and resources under the State Council shall, in coordination with other related departments, establish a uniform basic management database for real estate registration information. The information registered by the real estate registration authorities at all levels shall be incorporated into the uniform basic database to ensure the real-time sharing of registration information at the national, provincial, municipal and county level; and
- any right holder or interested party may apply for inquiring about or copying the real estate registration materials, and the registration authority shall not refuse to provide such information. Units and individuals inquiring about the real estate registration information shall not use such registration information for any other purpose, and no such information may be disclosed to the public or others without the consent of the right holder.

The “Implementing Rules of the Interim Regulations on Real Estate Registration”(不動產登記暫行條例實施細則), effective from January 1, 2016 and amended in July 24, 2019, authorizes the real estate registration authority to perform a site inspection following an acceptance of the application for real estate registration and sets out regulations regarding real estate registration information management.

Transfer of Real Estate

According to the Urban Real Estate Law and the “Regulations on Administration of Transfer of Urban Real Estate”(城市房地產轉讓管理規定) promulgated by the Ministry of Construction in August 1995, as amended in August 2001, a property owner may sell, bequeath or otherwise legally transfer the property to another person or legal entity. When a property is transferred, the ownership of the property and the land use rights attached to property are transferred. The parties to a transfer shall enter into a real estate transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by government grant, the property may only be transferred on the condition that: (i) the land premium has been paid in full and a land use right certificate has been obtained; (ii) development has been carried out according to the land grant contract; and in the case of a project in which buildings are being developed, development representing more than 25% of the total investment has been completed, or in case of a whole land lot development project,

construction works have been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been installed, and the site has been leveled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by government grant, the term of the land use rights after transfer of the property shall be the remaining life of the original term provided by the land grant contract. In the event that the transferee intends to change the use of the land provided in the original land grant contract, consent shall first be obtained from the original assignor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land grant contract or a new land grant contract shall be signed in order to adjust the land premium accordingly.

If the land use rights were originally obtained by allocation, transfer of the property shall be subject to the approval of the government vested with the necessary approval authority as required by the State Council. After such approval, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Leases of Properties

On December 1, 2010, the MOHURD issued the “Administrative Measures for Commodity Housing Tenancy”(商品房屋租賃管理辦法), according to which parties to a housing tenancy shall go through the housing tenancy registration formalities with the competent governmental construction (real estate) departments of the county, city, or directly-controlled municipality where the housing is located within 30 days of signing the housing tenancy contract. The relevant construction (real estate) departments are authorized to impose a fine of up to RMB1,000 on individuals, and a fine between RMB1,000 and RMB10,000 on other legal entities which are not natural persons and which fail to comply with the regulations within the specified time limit.

On May 17, 2016, the General Office of the State Council issued the “Opinions on Accelerating the Cultivation and Development of Leasing Market”(國務院辦公廳關於加快培育和發展住房租賃市場的若干意見), which encourages real estate developers to carry out house leasing businesses. The said opinions support real estate developers to utilize built residential properties or newly built residential properties to carry out leasing businesses. The opinions also encourage real estate developers to put up the residential properties for rent and to cooperate with residential property leasing enterprises to develop rental properties.

On July 18, 2017, MOHURD, NDRC and other government departments jointly released the “Circular on Accelerating the Development of the Housing Leasing Market in Large and Medium-sized Cities with a Large Inflow Population”(關於在人口淨流入的大中城市加快發展住房租賃市場的通知, hereinafter referred to as the Circular). According to the Circular, the government will take multiple measures to speed up the development of the rental market and increase supply of rental housing, including but not limited to, encouraging the local governments to increase land supply for the development of property for rental-and increasing the proportion of rental housing to the commercial residential building projects.

Mortgages of Real Estate

Under the “Urban Real Estate Law” promulgated in July 1994, as amended in August 2007, the Civil Code of the PRC promulgated on May 28, 2020 and effective on January 1, 2021, the “Measures for Administration of Mortgages of Urban Real Estate”(城市房地產抵押管理辦法) promulgated in May 1997, as amended in August 2001 and March 2021, when a mortgage is created on a building, a mortgage shall be simultaneously created on the land use right of the land on which the property is situated. The mortgager and the mortgagee shall sign a mortgage contract. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authority at the location where the property is situated. A real estate mortgage contract

shall come into effect on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a property ownership certificate has been obtained legally, the registration authority shall make an entry under the “third party rights” item on the original property ownership certificate and then issue a certificate of third-party rights on the property to the mortgagee. If a mortgage is created on the commodity property put up for pre-sale or on property in development, the registration authority shall record the details on the mortgage contract. If construction of a property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the property after issuance of the certificates evidencing the rights and ownership to the property.

In September 2010, PBOC and the CBRC jointly issued the “Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies”(關於完善差別化住房信貸政策有關問題的通知), which provides, among other things, that (i) the minimum down payment is raised to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers (including the borrower, spouse and minor children) on their third or more residential property or to non-local residents who cannot provide documentation payment of local tax or social security for longer than a one-year period; and (iii) all property companies with records of terms of the land contract, changing the land usage, postponing the construction commencement or completion date, hoarding or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities

In addition, certain cities have promulgated measures to restrict the number of residential properties a household is allowed to purchase, such as Guangzhou, Shenzhen, Suzhou, Nanjing, Tianjin, Wuhan, Ningbo, Fuzhou, Nanchang, Hangzhou and Dalian.

In November 2010, MOHURD, the Ministry of Finance, CBRC and PBOC jointly promulgated the “Notice on Relevant Issues Concerning Policies of Regulation of Individual Housing Reserve Loan”(關於規範住房公積金個人住房貸款政策有關問題的通知), which provides that, among other things: (i) where a first-time home buyer (including the borrower, his or her spouse and minor children) applying for housing loans to buy an ordinary residence for self-use with a unit floor area: (a) equal to or less than 90 sq.m., the minimum down payment shall be at least 20%, (b) more than 90 sq.m., the minimum down payment shall be at least 30%; (ii) for a second-time home buyer applying for housing loans, the minimum down payment shall be at least 50% with the minimum lending interest rate of 110% of the benchmark rate; (iii) the second housing loan will only be available to families whose per capital housing area is below the average in locality and such loan must only be used to purchase an ordinary residence for self-use to improve living conditions; and (iv) housing loans to families for their third or more residential property purchase will be suspended.

On January 26, 2011, the State Council issued the “Notice on Further Strengthening Regulation and Control of Real Property Markets”(關於進一步做好房地產市場調控工作有關問題的通知), requiring: (i) a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are local residents with two or more residential properties, non-local residents with one or more residential properties, or non-local residents that are unable to provide documentation evidencing payment of local tax or social security for longer than a specified time period, are not permitted to acquire any residential properties. In order to implement the “Notice on Further Strengthening Regulation and Control of Real Property Markets”, certain cities, including Beijing, Shanghai, Chengdu, Qingdao and Jinan, have promulgated measures to restrict the number of residential properties a household is allowed to purchase.

On February 26, 2013, the General Office of the State Council announced the “Notice on Continuing to Improve the Regulation and Control of the Real Estate Market”(國務院辦公廳關於繼續做好房地產市場調控工作的通知), which provides, among others things, that for those cities with

excessive increase in housing prices, the local counterparts of the PBOC may further increase down payment ratios and interest rates for loans to purchase second properties. Since August 2014, most of the local governments have issued their respective measures to lift the housing purchase restrictions. For example, Foshan eased its home purchase restriction on August 7, 2014 by allowing non-residents to buy one housing unit and registered local residents to buy up to two units.

To support the demand of buyers of residential properties and promote the sustainable development of China's real estate market, the PBOC and CBRC jointly issued a notice in September 2014, which provides that where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve its living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a household that owns two or more residential properties and has paid off all of its the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions as required by relevant policies.

In March 2015, the PBOC, CBRC and MOHURD jointly issued a notice to lower the minimum down payment to 40% for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential property to improve their living conditions, and allow the bank to decide at its own discretion the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower.

On August 27, 2015, the MOHURD, the MOF and PBOC jointly issued the "Notice on the Adjustment of the Rate of the Minimum Down Payment for Personal Housing Loans from Housing Provident Fund" (關於調整住房公積金個人住房貸款購房最低首付款比例的通知) to further improve the policies on the personal housing loans from a housing provident fund and support the needs of depositing workers, under which, from September 1, 2015, with regard to families which have already owned one house and settled the housing payment, when applying for loans from the housing provident fund for a second housing so as to improve living conditions, the lowest down payment rate will be reduced from 30% to 20%.

In February 2016, PBOC and CBRC jointly issued the Circular on Issues Concerning Adjusting the Individual Housing Loan Policies (關於調整個人住房貸款政策有關問題的通知), which provides that in cities where restrictions on the purchase of residential property have not been implemented, the minimum down payment ratio for a first-time home buyer is, in principle, 25% of the property price, which can be adjusted downward by 5% by the local authorities. For existing residential property household owners who have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%. In cities that have implemented restrictions on the purchase of residential property, the personal housing commercial loan policies shall remain unchanged.

Real Estate Financing

The PBOC issued the “Circular on Further Strengthening the Management of Loans for Property Business”(關於進一步加強房地產信貸業務管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

- Property development loans should be granted to property developers that are qualified for property development, with high credit ratings and have no overdue payment for construction. For property developers with a high vacancy rate of commodity properties and high debt ratio, banks shall apply more stringent approval procedures for new property development loans and closely monitor their activities.
- Commercial banks shall not grant loans to property developers to finance the payment of land premium.
- Commercial banks may not provide loans in any form for a property development project without a land use right certificate, construction land planning permit, construction works planning permit and construction works commencement permit.
- Commercial banks may only provide housing loans to individual purchasers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first instalment remains to be 20%. For any additional purchase of residential unit(s), the percentage of the first instalment shall be increased.
- When a borrower applies for mortgage loan of individual commodity property, the mortgage shall not be more than 60% of the purchase price of the property. In addition, the tenure of the loan may not be more than 10 years and the commodity house shall be completed and delivery accepted after inspection.

The down-payment requirement was subsequently increased to 30% of the property price for residential units with a GFA of 90 sq.m. or more, effective on June 1, 2006. See “– *Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices*” below.

The State Council issued the “Circular on Facilitating the Continuously Healthy Development of Property Market”(關於促進房地產市場持續健康發展的通知) issued by the State Council in August 2003, which contains a series of measures to control the property market. They include, but are not limited to, strengthening the construction and management of economical houses, increasing the supply of ordinary commodity properties and controlling the construction of high-end commodity properties. The PRC government also adopted a series of measures in respect of property development loans, which include placing greater effort on provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring procedures over property loans. It is expected that the circular should have a long-term positive effect on the development of the PRC property market by facilitating the healthy growth of the PRC property market.

Pursuant to the “Guidance on Risk Management of Property Loans Granted by Commercial Banks”(商業銀行房地產貸款風險管理指引) issued by the CBRC in August 2004, any property developer applying for property development loans must have at least 35% of the total capital required for the development and a commercial bank should maintain a strict loan system for considering applications for property development loans.

Under the “Notice of the People’s Bank of China on Adjusting the Housing Credit Policies of Commercial Banks and Deposit Interest Rate of the Excess Part of the Reserve”(中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知) issued by the PBOC on March 16, 2005 and

effective from March 17, 2005, the minimum amount of down payment for an individual residence shall be increased from 20% to 30% of the purchase price for properties in cities where the property market is considered to be overheating.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Bureau of Statistics, the State Administration of Taxation and the CBRC jointly issued “Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices”(關於調整住房供應結構穩定住房價格的意見). These opinions stipulate that a commercial bank shall not lend funds to property developers with an internal capital ratio of less than 35%, or grant revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties, or take commodity properties which have been vacant for more than three years as security for mortgage loans. The opinions also require that, from June 1, 2006, the minimum amount of down payment shall not be less than 30% of the purchase price of the underlying individual commodity houses with a GFA of 90 sq.m. or more.

On September 27, 2007, the PBOC and the CBRC issued the “Circular on Strengthening the Credit Management for Commercial Real Property”(關於加強商業性房地產信貸管理的通知), with a supplement issued in December 2007. The circular aims to tighten the control over property loans from commercial banks to prevent excessive credit granting. The measures adopted include:

- for a first time home buyer, increasing the minimum amount to 30% of the purchase price as down payment where the property has a unit floor area of 90 sq.m. or above and the purchaser is buying the property for use as one’s own residence;
- for a second time home buyer, increasing (i) the minimum amount of down payment to 40% of the purchase price; and (ii) the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark bank lending interest rate. If a member of a household (including the buyer, his/her spouse and their children under 18) finances the purchase of a residential unit, any member of the household that buys another residential unit with loans from banks will be regarded as a second time home buyer;
- for commercial property purchases, (i) prohibiting banks from financing any purchase of pre-sold properties; (ii) increasing the minimum amount of down payment to 50% of the purchase price; (iii) increasing the minimum mortgage loan interest rate to 110% of the relevant PBOC benchmark bank lending interest rate; and (iv) limiting the tenure of such bank loans to no more than ten years, although commercial banks are allowed some discretion based on its risk assessment;
- for purchases of commercial/residential dual-purpose properties, increasing the minimum amount of down payment to 45% of the purchase price, with the other terms to be decided by reference to commercial properties; and
- prohibiting commercial banks from providing loans to property developers who have been found by relevant government authorities to be holding excessive amounts of land and properties.

In addition, commercial banks are also prohibited from providing loans to projects that have less than 35% of capital funds (proprietary interests), or where there is failure to obtain land use rights certificates, construction land planning permits, construction works planning permits and construction permits. Commercial banks are also prohibited from accepting commercial premises that have been vacant for more than three years as collateral. In principle, property development loans provided by commercial banks should only be used for projects in areas where the commercial bank is located. Commercial banks may not provide loans to property developers to finance the payment of land use rights grant fees.

According to the notice on “Enlarging the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans”(關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知), the PRC government lowered the minimum interest rate for individual mortgage loans to 70% of the corresponding PBOC benchmark bank lending rates. Further, the minimum down payment ratio of residential properties was lowered to 20% for units with an area of less than 90 sq.m.

In January 2010, the General Office of the State Council issued a “Circular on Facilitating the Stable and Healthy Development of Property Market”(關於促進房地產市場平穩健康發展的通知), adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide guidance on the purchase of property, curb speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a household (including a borrower, his or her spouse and children under 18), which has already purchased a residence through mortgage financing and has applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price.

On April 17, 2010, the State Council issued the “Notice on Resolutely Curbing the Rapid Rising of the House Price in Certain Cities” [Guofa (2010) No. 10] (國務院關於堅決遏制部分城市房價過快上漲的通知) which stipulated that down payment for the first property with an area of more than 90 sq.m. shall not be less than 30% of the purchase price; down payment for the second property bought with mortgage loans shall be not less than 50% of the purchase price and the loan interest rate shall be not less than 1.1 times the benchmark lending rate published by the PBOC. In addition, the down payment and interest rate shall significantly increase for the third or further properties bought with mortgage loans.

On May 26, 2010, the MOHURD, PBOC and the CBRC jointly issued the “Circular on Regulating the Criteria for Identifying the Second Residential Properties in Connection with Commercial Personal Housing Loans”(關於規範商業性個人住房貸款中第二套住房認定標準的通知), which provides, among others, that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by taking into account the total number of residential properties owned by the household of such purchaser (including the purchaser and his or her spouse and children under the age of 18 years). In addition, the circular depicts a number of circumstances under which different credit policies shall be applied in connection with purchases of the second or further residential property.

In September 2010, PBOC and the CBRC jointly issued the “Notice on Relevant Issues Regarding the improvement of Differential Mortgage Loan Policies”(關於完善差別化住房貸款政策有關問題的通知), which provides, among other things, that (i) the minimum down payment is increased to 30% for all first home purchases; (ii) commercial banks in China shall suspend mortgage loans to purchasers (including the borrower, spouse and minor children) for their third or further residential property or to non-local residents who cannot provide documentation evidencing payment of local tax or social security for longer than a one-year period; and (iii) all property companies with records of violating the terms of the land grant, changing the land usage, postponing the construction commencement or completion date, hoarding or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities. In addition, certain cities, such as Guangzhou, Shenzhen, Foshan, Zhuhai, Suzhou, Nanjing, Tianjin, Wuhan, Ningbo, Fuzhou, Nanchang, Hangzhou and Dalian have promulgated measures restricting the number of residential properties a household is allowed to purchase.

In November 2010, MOHURD and SAFE jointly promulgated the “Notice on Further Regulating Administration of Purchase of Houses by Overseas Institutions and Individuals”(關於進一步規範境外機構和個人購房管理的通知), pursuant to which, a foreign individual can only purchase one unit of

residential property for self-use in the PRC and an overseas institution which has established a branch or representative office in the PRC can only purchase non-residential properties for business use in the city where it is registered within the PRC.

On January 26, 2011, the State Council issued the “Notice on Further Strengthening Regulation and Control of Real Property Markets”(關於進一步做好房地產市場調控工作有關問題的通知), which: (i) imposes a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are excessively high or increasing at an excessively high rate, purchasers (including their spouses and minor children) that are local residents with two or more residential properties, non-local residents with one or more residential properties, or non-local residents that are unable to provide documentation evidencing payment of local tax or social security for longer than a specified time period, are not permitted to acquire any residential properties. In order to implement the “Notice on Further Strengthening Regulation and Control of Real Property Markets”, certain cities, including Beijing, Shanghai, Chengdu, Qingdao, Hainan, Nanjing, Guangzhou, Tianjin, Shenyang and Jinan, have promulgated measures to restrict the number of residential properties a household is allowed to purchase.

On February 20, 2013, the executive meeting of the State Council chaired by Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On February 26, 2013, the General Office of the State Council announced the “Notice on Continuing to Improve the Regulation and Control of the Real Estate Market”(國務院辦公廳關於繼續做好房地產市場調控工作的通知), which provides that for those cities with excessive increase in housing prices, the local counterparts of the PBOC may further increase down payment ratios and interest rates for loans to purchase second properties. On November 15, 2013, the General Office of the People’s Government of Guangzhou issued the “Opinions concerning Further Strengthening of the Macroeconomic Control of the Real Property Market”(《廣州市人民政府辦公廳關於進一步做好房地產市場調控工作的意見》), which requires the Guangzhou Branch of PBOC to further increase minimum down payment for loans to purchase second properties in accordance with the price control targets of Guangzhou.

To support the demand of buyers of residential properties and promote the sustainable development of China’s real estate market, the PBOC and CBRC jointly issued a notice in September 2014, which provides that where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve its living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a household that owns two or more residential properties and has paid off all of its the existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions as required by relevant policies.

In March 2015, the PBOC, CBRC and MOHURD jointly issued a notice to lower the minimum down payment to 40% for households that own a residential property and have not paid off their existing mortgage loan applying for a new mortgage loan to purchase another ordinary residential

property to improve their living conditions, and allow the bank to decide at its own discretion the down payment ratio and loan interest rate taking into consideration the solvency and credit standing of the borrower.

On December 28, 2020, the PBOC and CBRC jointly promulgated the Notice of the PBOC and CBRC on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《中國人民銀行、中國銀行保險監督管理委員會關於建立銀行業金融機構房地產貸款集中度管理制度的通知》), which requires a PRC financial institution (excluding its overseas branches) to limit the amount of real estate loans and personal housing mortgage loans it lends to a proportion calculated based on the total amount of RMB loans extended by such financial institution. A relevant financial institution will have a transition period of two years or four years to comply with the requirements depending on whether such financial institution exceeded 2% of the legal proportion based on the statistical data relating to such financial institution as of December 31, 2020. Under the notice, the PBOC and CBRC will have the authority to take measures such as, among other things, imposing additional capital requirements on and reallocating the weight adjustments relating to the risk of real estate assets for financial institutions that fail to rectify the proportion requirements within a certain period.

Property Management

According to the Special Administrative Measures (Negative List) for Foreign Investment Access (2020 Version) (the “**2020 Negative List**”), property management business does not fall within the negative list. The Foreign Investment Law provides that foreign investors shall not invest in the prohibited industries and shall meet the market entry conditions stipulated under the negative list for making investment in restricted industries. According to the 2020 Negative List and the relevant requirements set out under the laws and the administrative regulations on foreign-invested enterprises, a foreign-invested real estate management enterprise can be set up under the laws and the regulations on foreign-invested enterprises. Furthermore, according to The Implementation Rules of the Foreign Investment Law, effective on January 1, 2020, provides that foreign-invested enterprises and other domestic enterprises shall be equally treated with respect to, among others, the allocation of governmental funding, land supply, tax treatment, licensing and permits.

According to the “Regulation on Real Estate Management”(物業管理條例) enacted by the State Council on June 8, 2003 and enforced on September 1, 2003, as amended on August 26, 2007 and effective on October 1, 2007, as amended on February 6, 2016 and March 19, 2018, the state implements a qualification scheme system in monitoring the real estate management enterprises. According to the “Measures for Administration of Qualifications of Real Estate Management Enterprises”(物業管理企業資質管理辦法) enacted by the Ministry of Construction on March 17, 2004, enforced on May 1, 2004, and as amended and effective on November 26, 2007, a newly established real estate management enterprise shall, within 30 days of receiving its business license, apply to the applicable local authority for the grant of qualification certificate. The applicable local authority will assess the qualification of the applicant and issue a “real estate management qualification certificate” based on assessment. The Ministry of Construction amended the “Measures for Administration of Qualifications of Real Estate Management Enterprises” on November 26, 2007 and changed its title to “Measures for Administration of Qualifications of Real Estate Service Enterprises”(物業服務企業資質管理辦法). The amendment removed the requirement of annual inspection of real estate management enterprises and replaced the references to “real estate management enterprises” with references to “real estate service enterprises.”

According to the “Measures for the Administration on Qualifications of Real Estate Service Enterprises,” real estate service enterprise shall be accredited as class one, class two or class three of qualification. The Department of Construction of the State Council is responsible for the issuance and administration of the qualification certificate for class one real estate service enterprises. The competent construction departments of the relevant provincial and regional government are responsible for issuing and administering the qualification certificate for class two real estate service enterprises, and the

competent realty departments of the relevant municipal government are responsible for issuing and administrating the qualification certificate for class two and three real estate service enterprises. The competent realty departments of the people's governments of the cities divided into districts shall be responsible for the issuance and administration of the qualification certificate of the class three real estate service enterprises. The real estate service enterprises with class one qualification may undertake various property management projects. The real estate service enterprises with class two qualification may provide property management services to residential properties of less than 300,000 sq.m. of GFA and non-residential properties of less than 80,000 sq.m. of GFA. The real estate service enterprises with class three qualification may provide property management services to residential properties with less than 200,000 sq.m. of GFA and non-residential properties with less than 50,000 sq.m. of GFA.

According to the "Regulation on Real Estate Management," the general meeting of owners in a property can appoint or dismiss the property management service provider with affirmative votes of more than half of the owners holding, in the aggregate, the non-communal area of more than 50% of the total GFA of the property. Before the formal appointment of a property service enterprise by the general meeting of the owners, a written temporary service contract should be signed by the construction institutions (for example, a developer) and a property service enterprise.

However, on March 8, 2018, the Measures on Administration of Qualification Certificates of Property Service Enterprises was abolished. On March 19, 2018, the Regulation on Real Estate Management was revised accordingly so that no qualification certificate is required for property services.

Insurance

There is no mandatory provision in under PRC laws and regulations requiring a property developer to obtain insurance policies for its property developments. According to the common practice of the real estate industry in Guangdong, construction companies are usually required to submit insurance proposals in the course of tendering and bidding for construction projects. Construction companies are required to pay for the insurance premium at their own costs and obtain insurance to cover their liabilities, such as third-party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all the aforementioned risks ceases immediately after the completion and acceptance upon inspection of construction.

Hotel Development

According to the 2020 Negative List, Construction and operation of common and economic hotels does not fall within the negative list.

A foreign-invested enterprise engaging the hotel business can set up an enterprise according to the 2020 Negative List and the requirements of the relevant laws and the administrative regulations on foreign-invested enterprises.

Hotel developments in China are also subject to regulations governing property development generally, including those relating to land use, project planning and construction.

Currently, no dedicated regulator has been designated for the hotel industry in the PRC. The governmental regulation of operations of hotel business is undertaken by different authorities in accordance with the respective business scopes of different hotels.

Supervision on security and fire control

Pursuant to the "Measures for the Control of Security in the Hotel Industry" (旅館業治安管理办法) issued by the Ministry of Public Security of the People's Republic of China and enforced on November 10, 1987, as amended on January 8, 2011 and November 29, 2020, a hotel can start

operations only after obtaining an approval from the local public security bureau and being issued a business license. The hotel operators should make a filing with the local public security bureau and its branches in the county or city, if the hotel operators has any material change such as closing, transferring business or merging into other business, changing place of business and name. Pursuant to the “Provisions on the Administration of Fire Control Safety of State Organs, Organizations, Enterprises and Institutions”(機關、團體、企業、事業單位消防安全管理規定) enacted by the Ministry of Public Security on November 14, 2001 and enforced on May 1, 2002, and as amended on May 21, 2009, hotels (or motels) are subject to special regulation in terms of fire control and safety. When a hotel is under construction, renovation or re-construction, a fire control examination procedure is required and when the construction, renovation or reconstruction project is completed, a hotel can only open for business after passing a fire control inspection.

Supervision on public health

According to relevant regulations and rules in relation to public health, hotels are subject to public health regulation. The operating enterprise should gain the sanitation license. The measures for granting and managing sanitation license are formulated by public health authority of the province, autonomous region, and municipality directly under the central government. The sanitation license is signed by the relevant public health administration and the public health and epidemic prevention institutions grant the license. The sanitation license should be reviewed once every two years.

Supervision on food hygiene

According to the relevant regulations and rules in relation to food hygiene supervision, hotels operating catering services should obtain food hygiene licenses. Food hygiene licenses are granted by food hygiene administrative bodies above county level. The purchase, reserve and processing of food, tableware, and service should meet relevant requirements and standards of food hygiene.

Supervision on entertainment

According to the “Regulation on the Administration of Entertainment Venues”(娛樂場所管理條例) enacted by the State Council on January 29, 2006 and effective on March 1, 2006 and as amended in February 2016 and in November 2020, hotels that operate singing, dancing and game facilities for profit should apply to the relevant local competent authorities of culture administration for entertainment commercial operations approvals. The relevant local competent authorities for entertainment administration shall issue a license for entertainment business operations, which verifies the number of consumers acceptable to the entertainment venue according to the prescriptions by the competent authorities of entertainment administration under the State Council in its approval. According to the regulations concerning broadcast, movies and television, hotels with three stars or above or with the second rank of the national standards may apply to local broadcast and television administration of the county or above for setting ground equipment receiving satellite signal to receive entertainment programs from abroad. After finishing setting ground equipment and gaining the approval from broadcast and television administration from the relevant provincial, regional and municipal government and the approval from state security administration, the permit of receiving foreign television program from satellite is issued.

Supervision on disposition of sewage and pollutants

According to “Regulations of the Ministry of Construction on the Conditions for the Fifteen Items of Administrative Licensing that are Included in the Decisions of the State Council”(建設部關於納入國務院決定的十五項行政許可的條件的規定) enacted by the Ministry of Construction on October 15, enforced on December 1, 2004, and as amended on September 7, 2011, hotels that use or plan to use the city sewage system for water drainage should apply to the local city construction authority for city water-draining permit.

Supervision on special equipment security

Elevators (lifts or escalators), boilers and pressure containers are treated as special equipment under relevant PRC regulations. According to the “Regulations on Security Supervision of Special Equipment”(特種設備安全監察條例) enacted by the State Council on January 24, 2009 and enforced on May 1, 2009, hotels should register with the special equipment security supervision authority of municipal government or city which has set up districts, and should undergo periodic inspection by the special equipment examination institution.

Major Taxes Applicable to Property Developers

Income tax

According to the EIT Law which was promulgated by the National People’s Congress on March 16, 2007 and became effective on January 1, 2008 and as amended on February 24, 2017 and December 29, 2018 respectively, a uniform income tax rate of 25% is applied towards foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises.

Furthermore, the EIT Law and its implementation rule provide that a withholding tax rate of 10% will normally be applicable to dividends payable to non-PRC enterprise investors which are derived from sources within the PRC, unless there exists a tax treaty between the PRC and the relevant jurisdictions in which such non-PRC enterprise shareholders reside whereupon the relevant tax may be reduced or exempted.

Business tax and value added tax

Pursuant to the “Interim Regulations of the People’s Republic of China on Business Tax”(中華人民共和國營業稅暫行條例) promulgated by the State Council in 2008, the tax rate of the transfer of immovable properties, their superstructures and attachments is 5%. The business tax rate for our property management and hotel operation businesses is also 5%. Pursuant to the “Notice on the Full Implementation of Pilot Program for Transition from Business Tax to Value-Added Tax”(關於全面推開營業稅改徵增值稅試點的通知) and the “Implementing Measures for the Pilot Program for Transition from Business Tax to Value-added Tax”(營業稅改徵增值稅試點實施辦法) issued by the MOF and SAT on March 23, 2016. On May 1, 2016, the “transitioning from business tax to value-added tax” scheme became effective. The sale of self-developed old real estate projects (refers to real estate projects launched time before April 30, 2016 stating on the construction works commencement permit) by common taxpayer among real estate developers shall be subject to a simple tax rate of 5%. Real estate developers selling real estate project by advance payment will be subject to an appreciation tax of 3% when receiving the advance payment. Pursuant to the “Interim Measures on the Management of Value Added Tax of Self-developed Real Estate Project by the Sale of Real Estate Developers”(房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on March 31, 2016 and implemented on May 1, 2016 and June 15, 2018 by SAT, “self-development” means infrastructure facilities and buildings erected on the land with land use rights which are developed by a real estate development company (“taxpayer”). These measures are also applicable to a development completed by a taxpayer after such project is taken over.

VAT is payable by taxpayers in the calendar month immediately following receipt of the presale proceeds of real estate self-development in accordance with the following formula:

$$\text{Prepaid VAT} = \text{Presale proceeds} \div (1 + \text{applicable rate or simplified rate}) \times 3\%$$

The applicable rate is 11%. Nevertheless, for taxpayers conducting old real estate projects and have chosen simplified tax method, the simplified rate of 5% will be applied in calculating the Prepaid VAT. Once simplified tax method is chosen, it will be applicable for 36 months.

Old real estate projects refer to (1) real estate projects with commencement dates of construction stated in the Construction Permits prior to April 30, 2016, and (2) construction projects which commencement dates of construction are not stated in the Construction Permits, or construction projects with commencement dates of construction stated in the construction contracts prior to April 30, 2016 but has yet to receive Construction Permits.

On November 19, 2017, the Interim Regulations of the People's Republic of China on Business Tax was abolished and the Interim Regulations of the People's Republic of China on Value added Tax (中華人民共和國增值稅暫行條例) was revised by the State Council. According to the revised Interim Regulations of the People's Republic of China on Value added Tax, selling goods, providing labor services of processing, repairs or maintenance, or selling services, intangible assets or real property in the PRC, or importing goods to the PRC, shall be subject to value added tax. According to a notice jointly issued by MOF and SAT in April 2018, starting from May 1, 2018, the VAT rate will be lowered from 17 percent to 16 percent for manufacturing and some other industries, and from 11 percent to 10 percent for transportation, construction, real estate leasing service, sale of real estate, basic telecommunication services, and farm produce.

LAT

According to the requirements of the “Provisional Regulations of the People's Republic of China on Land Appreciation Tax”(中華人民共和國土地增值稅暫行條例)(the “Provisional Regulations”) promulgated on December 13, 1993 and effective on January 1, 1994, and as amended on January 8, 2011, and the “Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax”(中華人民共和國土地增值稅暫行條例實施細則)(the “Detailed Implementation Rules”) promulgated and effective on January 27, 1995, any appreciation amount gained from taxpayer's transfer of property shall be subject to LAT. LAT is levied according to four progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 60% for the appreciation amount exceeding 200% of the sum of deductible items. The related deductible items aforesaid include the following:

- amount paid for obtaining the land use rights;
- costs and expenses for land development;
- costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- related tax payable for transfer of property;
- other deductible items as specified by the Ministry of Finance.

According to the requirements of the Provisional Regulations and the Detailed Implementation Rules, LAT shall be exempted under any one of the following circumstances:

- Taxpayers constructing ordinary standard residences for sale (i.e., the residences built in accordance with the local standard for general use residential properties; deluxe apartments, villas, resorts, for example, are not categorized as ordinary standard residences) in which the appreciation amount does not exceed 20% of the sum of deductible items;
- Property taken over and reposessed according to the law due to the construction requirements of the government; or

- Due to redeployment of work or improvement of living standard, individuals transfer originally self-used residential property, of which they have been living there for 5 years or more, and after obtaining tax authorities' approval.

After the enactment of the Provisional Regulations and the Detailed Implementation Rules, due to the longer period for the property development and transfer, many local tax authorities in the course of implementing the regulations and rules did not force the property developers to declare and pay the LAT. Therefore, in order to assist the local tax authorities in the collection of LAT, the Ministry of Finance, State Administration of Taxation, Ministry of Construction and State Land Administration Bureau had separately and jointly issued several notices to restate the requirement that after the assignment contracts are signed, the taxpayers should declare the tax to the local tax authorities with jurisdiction over the underlying property, and pay LAT in accordance with the amount calculated by the tax authority and the time as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the real estate administration authority shall not process the relevant title change and shall not issue the property ownership certificate.

The State Administration of Taxation also issued the "Notice issued by State Administration of Taxation in respect of the Serious Handling of Administration Work in relation to the Collection of Land Appreciation Tax" (關於認真做好土地增值稅徵收管理工作的通知) on July 10, 2002 to request local tax authorities to modify the management system of LAT collection and operation details, to build up sound taxpaying declaration system for LAT, to modify the methods of pre-levying for the pre-sale of property. Such notice also pointed out that either for the property assignment contracts which were signed before January 1, 1994 or where the project proposal has been approved and capital was injected for development, the privilege policy for LAT exemption for the properties that are transferred within 5 years after January 1, 1994 for the first time is expired, and such tax shall be levied again.

On August 2, 2004, the State Administration of Taxation issued the "Notice of the State Administration of Taxation in Respect of Enhancing the Administration of Land Appreciation Tax" (關於加強土地增值稅管理工作的通知) in order to further clarify the taxpayers' duties in relation to filing of periodic tax returns. On August 5, 2004, the State Administration of Taxation issued the "Notice of the State Administration of Taxation in Respect of Further Enhancing the Administration on Collection of Urban Land Use Tax and Land Appreciation Tax" (關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知) to further enhance the administrative efforts relating to the collection of LAT. It is stipulated in this notice that the waiver of LAT on any land grant contracts executed prior to January 1, 1994 has expired, and that appreciation in land value shall be subject to LAT irrespective of the time of assignment.

On March 2, 2006, the State Administration of Taxation and the Ministry of Finance issued the "Circular of the Ministry of Finance and the State Administration of Taxation on Land Appreciation Tax" (關於土地增值稅若干問題的通知). The Circular stipulated the following:

- Taxpayers constructing both ordinary residential properties and other commodity houses should calculate the LAT separately, and declare the tax to the local tax authorities where the properties are located.
- Local authorities shall determine, and adjust as appropriate, the provisional LAT rates considering the relevant real property market, the type of building constructed and any other applicable factors.
- A taxpayer who fails to prepay the LAT within the stipulated time frame may be liable to a penalty under the "Administrative Law of the People's Republic of China on the Levying and Collection of Taxes."

- In relation to completed property projects, if 85% or more of the saleable GFA has been assigned or transferred, then the local tax authority may require the taxpayer to pay tax on the income from the assigned or transferred property.

On December 28, 2006, the State Administration of Taxation issued the “Notice on the Administration of the Settlement of Land Appreciation Tax of Property Development Enterprises”(關於房地產開發企業土地增值稅清算管理有關問題的通知) which came into effect on February 1, 2007.

Pursuant to the notice, a property developer shall settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT tax rates. The LAT shall be settled for projects approved by the competent authorities; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (1) the property development project has been completed and fully sold; (2) the property developer transfers the whole uncompleted development project; or (3) the land-use rights with respect to the project is transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if any of the following criteria is met: (1) for completed property development projects, the transferred GFA represents more than 85% of total salable GFA, or the proportion represented is less than 85%, but the remaining salable GFA has been leased out or used by the developer; (2) the project has not been sold out for more than three years after obtaining the sale or pre-sale permit; (3) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

The notice also indicated that if a property developer satisfies any of the following circumstances, the tax authorities shall levy and collect LAT as per the levying rate no lower than the pre-payment rate with reference to the bearing rate of LAT of local enterprises with a similar development scale and income level: (i) failure to maintain account book required by law or administrative regulation; (ii) destroying the account book without authorization or refusing to provide taxation information; (iii) the accounts are in a state of mess or cost materials, income vouchers and cost vouchers are damaged and incomplete, making it difficult to determine transferred income or amount of deductible items; (iv) failure to go through LAT settlement within the prescribed period, and such failure is not cured within the period required by the relevant tax authorities; (v) the basis for tax calculation as submitted is obviously low without justifiable cause. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situation.

To further strengthen LAT enforcement, in May 2009, the State Administration of Taxation released the “Rules on the Administration of the Settlement of Land Appreciation Tax”(土地增值稅清算管理規程), which became effective on June 1, 2009.

On May 19, 2010, the State Administration of Taxation has issued the “Circular on Issues Concerning Settlement of Land Appreciation Tax”(關於土地增值稅清算有關問題的通知) which clarifies revenue recognition in the settlement of LAT and other relevant issues. According to the said circular, in the settlement of LAT, if the sales invoices of commodity properties are issued in full, the revenue shall be recognized based on the amount indicated in the invoices; if the sales invoices of commodity properties are not issued or are issued in part, the revenue shall be recognized based on the purchase price indicated in the sales contract as well as other proceeds. If the area of a commodity property specified in a sales contract is inconsistent with the result obtained by the relevant authorities after on-site survey, and if purchase price for the property is made up or refunded before the settlement of LAT, adjustments shall be made accordingly in the calculation of LAT. The said circular also provides that the deed tax paid by a real estate development enterprise for land use rights shall be treated as the “relevant fees paid in accordance with the uniform regulations of the state” and be deducted from the “amount paid for land use rights.”

On May 25, 2010, the State Administration of Taxation published the “Circular on Strengthening the Collection and Administration of Land Appreciation Tax”(關於加強土地增值稅徵管工作的通知) to require all local governments to scientifically formulate the tax rate and strengthen provisional LAT taxation. According to this circular, all local governments shall make adjustments to the current provisional LAT rate. In addition to safeguarding housing, the provisional LAT rate of provinces in the eastern region shall not be lower than 2%, while the provinces in middle and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%. The local governments shall determine the provisional LAT rate applicable to different types of real estate.

Deed tax

Pursuant to the “Interim Regulations of the People’s Republic of China on Deed Tax”(中華人民共和國契稅暫行條例) promulgated by the State Council in July 1997 and as amended on March 2, 2019, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be responsible for the payment of deed tax. The rate of deed tax is 3%-5% of the purchase price. The governments of provinces, autonomous regions and municipalities may, within the foresaid range, determine and report their effective tax rates to the Ministry of Finance and the State Administration of Taxation for the record. Pursuant to the “Implementation Provisions on Deed Tax in Guangdong Province” promulgated by the People’s Government of Guangdong in June 1998, the rate of deed tax in Guangdong is 3%.

Urban land use tax

Pursuant to the “Interim Regulations of the People’s Republic of China on Land Use Tax in respect of Urban Land”(中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council in September 1988 as amended in December 2006, December 2013 and March 2019, the land use tax in respect of urban land is levied according to the area of relevant land. The annual tax on every square meter of urban land shall be between RMB0.6 and RMB30. Any foreign investment enterprise using urban land is required to pay the tax on urban land use accordingly from January 1, 2007. According to the “Notice on Land Use Tax Exemption of Foreign-Invested Enterprises and Institutions of Foreign Enterprises in China” promulgated by the Ministry of Finance on November 2, 1988 and the “Approval on Land Use Tax Exemption of Foreign-Invested Enterprises” issued by State Administration of Taxation on March 27, 1997, land use fees should be collected instead of land use tax in a foreign-invested enterprise. However, the Interim Regulations of the People’s Republic of China on Land Use Tax in respect of Urban Land were revised by the State Council on December 31, 2006 and last amended on March 2, 2019. As of January 1, 2007, land use tax shall be collected from foreign-invested enterprises. The annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.0.

Property tax

Under the “Interim Regulations of the People’s Republic of China on Property Tax”(中華人民共和國房產稅暫行條例) enacted by the State Council on September 15, 1986 and enforced on October 1, 1986 and as amended on January 8, 2011, the property tax rate is 1.2% if it is calculated on the basis of the residual value of a building, and 12% if it is calculated on the basis of the rental.

On January 27, 2011, the government of Chongqing Municipality issued the “Interim Measures Concerning Pilot Property Tax Scheme on Certain Personal Residential Properties”(關於進行對部分個人住房徵收房產稅改革試點的暫行辦法) and the “Implementation Rules for Collecting Administration Regarding Property Tax on Personal Residential Properties”(重慶市個人住房房產稅徵收管理實施細則), each effective on January 28, 2011 and as amended on January 13, 2017. The Chongqing government will execute the pilot scheme to impose property tax on personal residential properties within the nine major districts of Chongqing Municipality in stages from January 28, 2011. The first batch of personal properties subject to property tax include (i) stand-alone residential properties (such as villas) owned by individuals, (ii) high-end residential properties purchased by individuals on or after January 28, 2011, the purchase prices per square meter of which are two or more times of the average

price of new residential properties developed within the nine major districts of Chongqing in the last two years, and (iii) the first or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals in Chongqing who are not employed in and do not own an enterprise in Chongqing. Stand-alone residential properties (such as villas) and high-end residential properties that are priced less than three times, three to four times or more than four times of the average price per square meter of new residential properties developed within the nine major districts in the last two years will be subject to property tax rates at 0.5%, 1% or 1.2%, respectively, of the property's purchase price. The second or further ordinary residential properties purchased on or after January 28, 2011 by non-resident individuals who are not employed in and do not own an enterprise in Chongqing will be subject to property tax rate at 0.5% of the property's purchase price. The following area will be deductible from the tax base: (i) 180 sq.m. for stand-alone residential properties (such as villas) purchased before January 28, 2011, and (ii) 100 sq.m. for stand-alone residential properties (such as villas) and high-end residential properties purchased on or after January 28, 2011. The deductible area will apply to only one taxable residential property for a household, but not to any non-resident individual who is not employed in and does not own an enterprise in Chongqing.

On January 27, 2011, the government of Shanghai Municipality issued the "Interim Measures on Pilot Property Tax Scheme on Certain Personal Residential Properties in Shanghai" (上海市開展對部分個人住房徵收房產稅試點的暫行辦法), which provides that, within the territory of the administrative regions of the Shanghai Municipality, property tax will be imposed on any purchase of a second (or further) residential property by local residents or any purchase of a residential property by non-local residents on or after January 28, 2011, at rates ranging from 0.4% to 0.6% based on 70% of the purchase price of the property. These measures became effective on January 28, 2011.

Stamp duty

Under the "Interim regulations of the People's Republic of China on Stamp Duty" (中華人民共和國印花稅暫行條例) promulgated by the State Council in August 1988 and as amended in January 2011, for building property transfer instruments, including those in respect of property ownership transfer, the duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Municipal maintenance tax

Under the "Interim Regulations of the People's Republic of China on Municipal Maintenance Tax" (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council in 1985 and as amended in 2011, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

In October 2010, the State Council issued the "Notice on Unification of the Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals" (關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知), pursuant to which, from December 1, 2010, municipal maintenance tax is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Education surcharge

Under the "Interim Provisions on Imposition of Education Surcharge" (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990, August 20, 2005 and November 8, 2011, a taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is instead required to pay a rural area education surcharge as provided by the "Notice of the State Council on Raising Funds for Schools in Rural Areas" (國務院關於籌措農村學校辦學經費的通知). Under the

“Supplementary Notice Concerning Imposition of Education Surcharge”(國務院關於教育費附加徵收問題的補充通知) issued by the State Council on October 12, 1994, the “Circular Concerning Temporary Exemption from Municipal Maintenance Tax and Education Surcharge For Enterprises with Foreign Investment and Foreign Enterprises” and the “Reply on Exemption of Municipal Maintenance Tax and Education Surcharge in Foreign-Invested Freightage Enterprises” issued by the State Administration of Taxation on February 25, 1994 and on September 14, 2005, respectively, whether foreign-invested enterprises are subject to the education surcharge will be determined in accordance with notices issued by the State Council; and such tax is not applicable to enterprises with foreign investment for the time being, until further explicit stipulations are issued by the State Council.

Pursuant to the aforesaid “Unification of Application of Municipal Maintenance Tax and Education Surcharge by Domestic and Foreign Enterprises and Individuals”, from December 1, 2010, an education surcharge is applicable to both foreign-invested enterprises, foreign enterprises and foreign individuals as well as domestic enterprises and individuals.

Pursuant to the aforesaid “Notice on Relevant Issues of Imposition of Municipal Maintenance and Education Surcharge on Foreign-invested Enterprises”, foreign-invested enterprises must pay an education surcharge on any value-added tax, consumption tax and business tax incurred on or after December 1, 2010. However, foreign-invested enterprises will be exempted from paying an education surcharge on any value-added tax, consumption tax and business tax incurred before December 1, 2010.

Measures on Stabilizing Housing Prices

The General Office of the State Council promulgated the “Circular on Stabilizing Housing Prices”(關於切實穩定住房價格的通知) in March 2005 requiring measures to be taken to keep housing prices from increasing too fast and to promote the healthy development of the property market. The “Opinions on Work of Stabilizing Housing Price,” jointly issued by the Ministry of Construction, NDRC, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Administration of Taxation and the CBRC in May 2005 provides that:

- Where housing prices grow too fast at a time when the supply of medium- or low-priced ordinary commodity houses and affordable housing is insufficient, construction of new names should mainly focus on projects of medium- or low-priced ordinary commodity houses and affordable housing. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium- or low-priced ordinary commodity houses, before land supplying, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the property authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be established as preconditions of land grant to ensure adequate supply of medium- or low-priced houses and houses with medium or small area. Local governments are asked to strengthen the supervision of planning permit for property development projects. Housing projects that have not been commenced within two years must be examined again, and those not in compliance with the planning permits shall have their permits revoked.
- Where the price of land for residential use and residential house grows too fast, the proportion of land for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses with medium or low price and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.

- Idle land fee shall be imposed on land that has not been developed for one year from the contractual construction commencement date. Land use right of land that has not been developed for two years shall be forfeited without compensation.
- Starting from June 1, 2005, business tax on the transfer of a residential house by an individual within two years from date of purchase shall be levied on the basis of the full amount of the income therefrom. For an individual having transferred an ordinary residential house for two years or more from date of purchase, the business tax will be exempted. For an individual having transferred a residential property other than ordinary residential house for two years or more from date of purchase, the business tax will be levied on the basis of the difference between the income from selling the house and the purchase price.
- Low- to medium-cost ordinary residential houses with medium or small area may enjoy such preferential policies as planning permit, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy the following conditions in principle: the plot ratio of the residential development is above 1.0, the floor area of a single unit is less than 120 sq.m., and the actual transfer price is lower than 1.2 time of the average transfer price of houses located on the land of the same level. The local government of a province, autonomous region or municipality may, based on actual circumstances, set up the specific standard for ordinary residential houses enjoying the preferential policies. Under the “Circular on Setting up the Standard for Ordinary Residential House in Guangdong Province” issued by Guangdong Provincial Construction Bureau in June 2005, ordinary houses in Guangdong Province enjoying preferential policies must also satisfy the following conditions: the plot ratio of the residential district is above 1.0, the gross floor area of one single unit is less than 120 sq.m. or the internal gross floor area of a single unit is less than 144 sq.m., and the actual transfer price is lower than 1.44 time of the average transfer price of houses located on the land of the same level.
- The transfer of uncompleted commodity properties by any pre-sale purchaser shall be prohibited. A system shall be adopted to require purchasers to buy properties in their real names. Any commodity property pre-sale contract shall be filed through the Internet immediately after its execution.

On May 24, 2006, the Ministry of Construction, NDRC, the Ministry of Supervision, the Ministry of Finance, the Ministry of Land and Resources, the PBOC, the State Bureau of Statistics, the State Administration of Taxation and the CBRC jointly issued the “Opinions on Adjusting Housing Supply Structure and Stabilization of Housing Prices”(關於調整住房供應結構穩定住房價格的意見). Such opinions reiterated the existing measures and introduced new measures intended to further curtail the rapid increase in property prices in large cities and to promote healthy development of the PRC property market. These measures, among others, include the following:

- requiring that at least 70% of the land supply approved by a local government for residential property development for any given year must be used for developing low- to medium-cost and small to medium-size units and low-cost rental properties;
- requiring that at least 70% of residential projects approved or constructed on or after June 1, 2006 must consist of units with a GFA less than 90 sq.m. per unit and that projects which have received project development approvals prior to that date but have not obtained construction permits must adjust their planning in order to be in conformity with this new requirement, with the exception that municipalities under direct administration of the PRC central government and provincial capitals may deviate from such ratio under special circumstances upon approval from the Ministry of Construction;

- increasing the minimum amount of down payment from 20% to 30% of the purchase price of the underlying residential property if the underlying property has a GFA of 90 sq.m. or more, as effective from June 1, 2006;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio, calculated by dividing the internal funds by the total project capital required for the project, of less than 35%; restricting the grant or extension of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties; and prohibiting commercial banks from taking commodity properties which have been vacant for more than three years as security for mortgage loans; and
- imposing a business tax levy on the entire sales proceeds from re-sale of properties if the holding period is shorter than five years, effective from June 1, 2006, as opposed to two years as such levy was initially implemented from June 2005; where an individual transfers a residential property other than an ordinary residential property after five years from his/her purchase, the business tax will be levied on the difference between the price for such re-sale and the original purchase price.

To carry out “Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices,” the Ministry of Construction promulgated “Opinions on Carrying Out Structure Proportion of Newly-Built Housing”(關於落實新建住房結構比例要求的若干意見) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

- from June 1, 2006, in any city (including county), the floor area of the housing which is less than 90 sq.m. should total at least 70% of the total floor area of commercial commodities newly approved or constructed in a given year;
- according to the above requirements, the governments should guarantee the conditions of planning and design of newly built commodity buildings and that such buildings conform to the structure proportion requirements. Any digression from the above-mentioned requirements without authorization is forbidden. Construction works planning permits should not be issued by the municipal planning authority if there is any noncompliance with the planning permits; certifications should not be issued by the authority charged with censoring construction documents; construction works permits should not issued by the construction authority; permits for pre-sale of commodity buildings should not be issued by the property development authority; and
- for projects which were approved before June 1, 2006 but that have not obtained construction permits, the city governments should adjust specific projects to conform to the structure proportion requirements in that year.

On October 10, 2007, the Ministry of Land and Resources issued a regulation, which provides that property developers must fully pay the land premium for the entire parcel under the land grant contract before they can receive a land use rights certificate and/or commence development on the land, effective November 1, 2007.

Pursuant to the “Notice on Enlarging the Floating Range of the Downward Movement of Interest Rates for Individual Mortgage Loans,”(關於擴大商業性個人住房貸款利率下浮幅度等有關問題的通知) the PRC government lowered the minimum interest rate for individual mortgage loans to 70% of the corresponding PBOC benchmark bank lending rates. Further, the minimum down payment ratio of residential properties was lowered to 20%. Pursuant to the “Notice on the Adjustments to Taxation on Real Property Transactions”(關於調整房地產交易環節稅收政策的通知) issued by the Ministry of Finance and the State Administration of Taxation on October 22, 2008 and amended on September 29,

2010, being the only residence of the family, individuals who are to sell or purchase residential properties are temporarily exempted from stamp duty and individuals who are to sell residential properties are temporarily exempted from LAT.

On December 20, 2008, the General Office of the State Council issued the “Several Opinions on Facilitating the Healthy Development of the Real Estate Market”(關於促進房地產市場健康發展的若干意見), which aims to, among other things, encourage the consumption of ordinary residential units and support property developers in changing market conditions. Pursuant to the opinion, in order to encourage the consumption of ordinary residential units, from January 1, 2009 to December 31, 2009, (i) business tax will be imposed on the full amount of the sale price, upon the transfer of a non-ordinary residential unit by an individual within two years from the purchase date; (ii) for the transfer of a non-ordinary residential unit which has been held by the purchaser for more than two years from the purchase date and an ordinary residential unit which has been held by the purchaser for two years or less from the purchase date, the business tax is to be levied on the difference between the sale price and the purchase price; (iii) and in the case of an ordinary residential unit, business tax is fully exempted if that transfer occurs after two years from the purchase date. Furthermore, individuals with an existing ordinary residential unit that is smaller than the average size for their locality may buy a second ordinary residential unit under favorable loan terms similar to first time buyers. In addition, support for property developers to deal with the changing market is to be provided by increasing credit financing services to “low- to medium-level price” or “small- to medium-sized” ordinary commercial housing projects, particularly those under construction, and providing financial support and other related services to property developers with good credit standing for merger and acquisition activities.

On January 26, 2011, the State Council issued the “Notice on Further Strengthening Regulation and Control of Real Property Markets”(關於進一步做好房地產市場調控工作有關問題的通知), under which the transfer of all residential properties purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation jointly issued a “Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties”(關於調整個人住房轉讓營業稅收政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential property by an individual owner within five years from such individual owner’s purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than five years from such individual owner’s purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner’s purchase. This notice became effective on January 28, 2011 and was replaced by a notice of the same name on March 30, 2015, which stipulated that business tax is imposed on (i) the full amount of transfer price upon the transfer of any residential property by an individual owner within two years from such individual owner’s purchase and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential property by an individual owner more than two years from such individual owner’s purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after two years from the date of the individual owner’s purchase.

On February 20, 2013, the executive meeting of the State Council chaired by Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On February 26, 2013, the General Office of the State Council announced the “Notice on Continuing to Improve the Regulation and Control of the Real Estate Market”(國務院辦公廳關於繼續做好房地產市場調控工作的通知), which among others, provides the following requirements: (i)

limitations on the purchase of commodity properties must be strictly implemented, and the scope of such limitations must cover all newly constructed commodity properties and second-hand properties located within the entire administrative area of the city; (ii) for those cities with excessive increase in housing prices, the local counterparts of the PBOC may further increase down payment ratios and interest rates for loans to purchase second properties; and (iii) the gains generated from the sale of a self-owned property shall be subject to individual income tax at a rate of 20%, if the original value of such property can be verified through historical information such as tax filings and property registration. On November 15, 2013, the general office of the People's Government of Guangzhou issued the "Opinions concerning Further Strengthening of the Macroeconomic Control of the Real Property Market" (《廣州市人民政府辦公廳關於進一步做好房地產市場調控工作的意見》), which requires: (1) the speeding up of low-cost commodity housing supply and controlling of high-end commodity housing supply. The low-density commodity housing projects under construction will be approved for sale only after the completion of the initial registration of the real estate; (2) non-local resident families who can provide local tax clearance certificates or local social insurance payment certificates for three consecutive years are permitted to purchase only one house (including newly built houses and second-hand houses); and (3) the Guangzhou Branch of PBOC should further increase minimum down payment for loans to purchase second properties in accordance with the price control targets of Guangzhou.

On September 29, 2014, the PBOC and CBRC jointly issued the "Notice on Further Improving Financial Services for Real Estate Sector" (關於進一步做好住房金融服務工作的通知), which provides that where a household that owns a residential property and has paid off its existing mortgage loan applies for a new mortgage loan to buy another residential property to improve its living conditions, the bank may apply the first-time housing purchase mortgage loan policy. In cities that have lifted housing purchase restrictions on residents or those that have not imposed such restrictions, when a household that owns two or more residential properties and has paid off all of its existing mortgage loans applies for a new mortgage loan to buy another residential property, the bank is required to assess the credit profile of the borrower, taking into consideration the solvency and credit standing of the borrower and other factors, and decide the down payment ratio and loan interest rate. In view of the local urbanization plan, banks may provide mortgage loans to non-local residents that meet the conditions as required by relevant policies.

In March 2015, the PBOC, CBRC and MOHURD jointly issued the "Notice on Relevant Issues Concerning the Individual Housing Loan Policy" (關於個人住房貸款政策有關問題的通知), which provides that where households that own a residential property and have not paid off their existing mortgage loan applies for a new mortgage loan to buy another residential property to improve their living conditions, the minimum down payment will be 40% of the property price, with the specific terms of such loan to be decided by the banking financial institution that provides the loan based on the risk profile of the borrower.

On February 1, 2016, the PBOC and CBRC jointly issued the "Notice on the Adjustment of Individual Housing Loans Policies" (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

On October 10, 2016, the MOHURD issued the "Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Real Estate Market Order" (關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include releasing or

spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

Regulations on Transactions of Commodity Buildings

According to the Development Regulations and the Pre-sale Measures, for pre-sale of commodity buildings, the developer shall sign a contract on the pre-sale of a commodity building with the purchaser. The developer shall, within 30 days after signing the contract, apply for registration and filing of the pre-sale commodity building to the relevant property administrative authorities.

Pursuant to the “Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Departments on Stabilizing House Prices” on May 9, 2005, there are several regulations when conducting commodity building transactions:

- A buyer of a commodity building is prohibited from conducting any transfer of a pre-sold commodity before completion of construction and obtaining the Property Ownership Certificate. If there is discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the pre-sale contract, the registration organ of the property administration shall not record the application of property ownership.
- A real name system is applied for each property purchase transaction and an immediate archival filing network system is in place for pre-sale contracts of commodity buildings.

On July 6, 2006, the Ministry of Construction, the NDRC, and the SAIC jointly promulgated “Notice on Reorganizing and Regulating the Transaction Procedures of Property”(關於落實新建住房結構比例要求的若干意見) the details of which are as follows:

- A developer should start to sell the commodity buildings within 10 days after receiving the permit for pre-sale of commodity buildings. Without this permit, the pre-sale of commodity buildings is prohibited, as well as subscription (including reservation, registration and number-selecting) and acceptance of any kind of pre-sale payments.
- The property administration authority should establish an immediate network system for pre-sale contracts of commodity buildings and the system should, issue the transaction information of a piece of property. The basic location and information of the commodity building, the schedule of the sale and the rights status should be duly, truly and fully published on the network system and at the locale of sale. The advance buyer of a commodity building is prohibited from conducting any transfer of the advance sale of the commodity building that he has bought but which is still under construction.
- Without the permit for pre-sale of commodity buildings, no advertisement of the pre-sale of commodity buildings may be issued.
- The property developers with a record of serious irregularity or developers which do not satisfy the requirements of the pre-sale of commodity buildings are not allowed to take part in such sale activities.
- The property administration authority should strictly carry out the regulations of the pre-sale contractor registration and record and apply the real name system for house purchases.

PRC Regulations Relating to Building Construction

Regulatory Authorities

The principal governmental authorities in the PRC that regulate the business of the Group are:

- The MOHURD and the local administrative authorities governing construction, which are responsible for: (i) the administration of requirements and qualifications of enterprises in the construction industry, including the review and approval of market entry requirements for, and the endorsement and confirmation of qualifications of, various types of construction enterprises, the establishment of industry standards and codes, and the supervision and administration of industry quality; (ii) the supervision and administration of the qualifications for carrying out national construction, engineering exploration, design and engineering cost consulting businesses; (iii) the supervision and administration of construction, engineering exploration, design and engineering cost consulting activities; (iv) the supervision and administration of the examination of working drawings and design documents of construction projects; and (v) the supervision and administration of urban-rural planning formulation;
- The NDRC and the local development and reform commissions, which are responsible for the planning, review and approval of construction projects with fixed asset investments;
- The MOFCOM and the local administrative authorities for commerce, which are responsible for the supervision and administration of the qualifications and bidding processes of enterprises contracting for overseas projects and the establishment of any overseas company through outbound investments by such enterprises, as well as foreign investments in the construction industry;
- The State Administration of Work Safety and the local administrative authorities for work safety, which are responsible for the supervision and administration of construction safety in the PRC; and
- The Ministry of Environmental Protection and the local administrative authorities for environmental protection, which are responsible for the administration of environmental protection issues of construction projects, including the review and approval of environmental impact assessment documents for construction projects, the assessment of qualifications of enterprises that conduct environmental impact assessment for construction projects and the inspection and acceptance of environmental protection facilities of construction projects.

Qualifications

Administration of qualifications

Pursuant to the Construction Law of the PRC and other relevant laws and regulations, an enterprise engaged in construction, survey, design and project supervision activities shall obtain different classes of qualifications, which have varying requirements for registered capital, specialized technical personnel, technical equipment in their possession and achievements in construction projects completed and may only be permitted to contract for those construction works that fall within the scope permitted by its qualification class. According to Article 23 of the Provisions on the Administration of the Qualifications of Construction Enterprises, the relevant government authorities shall not grant the Premium Class Certificate to applicants who have had two or more general accidents in the past year.

Specialized technical personnel engaging in building operations shall obtain corresponding qualification certificates for operations in accordance with PRC law and engage in building operations within the scope permitted by the qualification certificates.

Qualifications for construction contracting

The Construction Law of the PRC, Provisions on the Administration of the Qualifications of Construction Enterprises, Qualification Standards of Construction Enterprises, issued on November 6, 2014 and effective on January 1, 2015, and as amended on November 11, 2016, the Premium Class Standards, the Implementing Measures of Premium Class Qualification Standards for General Construction Contractors, issued and effective on November 30, 2010 and amended on November 9, 2015, the Construction Enterprise Qualification Management Regulations and the Implementation of Quality Standards, issued on January 31, 2015 and effective on March 1, 2015, and as amended on October 20, 2016, December 22, 2018 and January 16, 2020, the Qualification Standards of Construction Labor Subcontracting Enterprises, issued and effective on March 8, 2001, together with other regulations stipulate the application requirements and the scope of contracting of construction enterprises.

Construction enterprises shall comply with the aforesaid regulations and apply for relevant qualifications accordingly to engage in the construction contracting business. Qualifications for construction enterprises are categorized into three groups, namely, general construction contracting, specialized subcontracting and labor subcontracting. The general construction contracting qualification is divided into four classes, namely, the premium class, the first class, the second class and the third class. The specialized subcontracting qualification is divided into three classes, namely, the first class, the second class and the third class.

The Qualification Standards of Construction Enterprises sets forth detailed provisions on the requirements for each type and class of qualification mentioned above and the premium class qualification standards are prescribed separately in the Premium Class Standards.

Enterprises holding the Premium Class Certificate may undertake all grades of general contracting for construction and design and carry out the business of general contracting for engineering and project management in accordance with the scope of the qualification.

Enterprises holding the qualification for general construction contracting work may undertake construction project management services in accordance with the scope of the qualification. Such enterprises may undertake all aspects of the construction works themselves, or subcontract non-essential construction works to subcontracting enterprises. Such enterprises may also hire labor subcontracting agents to carry out the construction work. Construction work should be subcontracted to subcontracting enterprises with relevant qualifications, and labor work should be subcontracted to labor subcontracting agents with relevant qualifications.

Enterprises holding subcontracting certificates may undertake projects subcontracted from a general construction contractor in compliance with relevant regulations. An enterprise that has obtained subcontracting certifications should undertake the entire subcontracting project itself but a subcontracting enterprise may subcontract any labor work to labor subcontracting agents with relevant qualifications in accordance with relevant PRC laws and regulations.

If the construction enterprise needs to continue to use qualification certificates after the period of validity expires, an application for renewal shall be made within three months before the expiration.

Qualifications for construction design and survey

Pursuant to the Regulations on the Administration of Survey and Design of Construction Projects, issued on September 25, 2000 and amended and newly effective on October 7, 2017, and the Provisions on the Administration of Qualifications for Survey and Design of Construction Projects, issued on June 26, 2007 and amended and newly effective on December 22, 2018, the PRC government has implemented a system of qualification administration for enterprises engaged in construction survey and design. Enterprises engaged in construction survey and design shall apply for certifications based on a number of criteria, including their registered capital, professional and technical such as personnel,

technical equipment and achievements of survey and design before they undertake construction survey and design activities. According to Article 23 of the Provisions on the Administration of the Qualifications of Construction Enterprises, the relevant government authorities shall not grant the Engineering Design Certificate to applicants who have had two or more general accidents in the past year.

Construction design certifications are classified into four types and four grades. The four types are comprehensive construction design certifications, industry-specific construction design certifications, specialty construction design certifications, and specific construction design certifications. The four grades are Grades A, B, C and D. Grade A is the only level for the comprehensive construction design certification. Industry-specific construction design certifications, specialty construction design certifications and specific construction design certifications are generally categorized into Grade A and Grade B. Depending on the nature and technical characteristics of the relevant construction engineering projects, there may be an additional Grade C category for certain industry-specific and specialty construction design certifications, and an additional Grade C and D category for specific construction design certifications.

The scope of work that enterprises are allowed to provide depends on the specific type and grade of their certificates:

- (i) An enterprise with the Grade A comprehensive construction design certificate may provide construction design services for all types of construction projects;
- (ii) An enterprise with the industry-specific construction design certificate may provide construction design services within the scope of the qualifications grade and related specialty and specific construction design services (other than those requiring integrated design and construction certifications) in the relevant industry and of the same grade;
- (iii) An enterprise with the specialty construction design certificate may provide construction design services within the relevant specialty of a corresponding qualifications grade and related specific construction design business (other than those requiring integrated design and construction certifications) of the same grade; and
- (iv) An enterprise with the specific construction design certificate may provide specific construction design services of a corresponding qualifications grade.

The Qualification Standards of Construction Design, issued and effective on March 29, 2007, sets forth detailed provisions on application requirements of each type and grade mentioned above.

Pursuant to the Provisions on the Administration of Qualifications for Survey and Design of Construction Projects, an enterprise shall submit an application to the original licensing department for renewal of registration within 60 days before the expiration date. The renewal process is based on various factors, including whether the company has complied with relevant laws, regulations and technical standards during the validity period, has poor credit history, and has met the standard for registered capital, professional and technical staff. The period of validity for the renewal qualification shall be five years.

Bids

According to the Construction Law of the PRC and the Tender and Bidding Law of the PRC, issued on August 30, 1999 and amended and newly effective on December 28, 2017, certain large-scale infrastructure and public works projects relating to social and public welfare and safety within the PRC, including the survey, design, engineering and supervision of such projects, as well as the procurement of

major equipment and materials regarding engineering and construction, shall be subject to bidding. The bid winner may, according to the provisions of the contract or the consent of the project owner, subcontract non-vital parts of the project.

The Provisions on the Construction Projects Required for Bidding (《必須招標的工程項目規定》), issued on March 27, 2018 and effective on June 1, 2018, provides the specific requirements for bidding. For example, for certain categories of construction projects stipulated in the aforesaid provision, any single construction contract with an estimated price of more than RMB4 million, any single procurement contract of important equipment, materials and other goods with an estimated price of more than RMB2 million, or any single procurement contract of survey, design, supervision and other services with an estimated price of more than RMB1 million, shall be subject to bidding. The Provisions on Tender and Bidding of Survey and Design of Construction Project, issued on June 12, 2003, amended on March 11, 2013 and newly effective on May 1, 2013, the Provisions on Tender and Bidding of Construction Projects, issued on March 8, 2003, amended on March 11, 2013 and newly effective on May 1, 2013, the Regulation on the Implementation of the Tender and Bidding Law of the PRC, issued on December 20, 2011, amended on March 1, 2017 and March 2, 2019, and effective on March 2, 2019, and relevant specific provisions specify the requirements and procedures for bidding.

Construction Safety

The Work Safety Law of the PRC, issued on June 29, 2002, last amended on August 31, 2014 and newly effective on December 1, 2014, provides that a production enterprise must meet the national legal standards or industry standards on work safety and provide work conditions set out in relevant laws, administrative rules and national or industry standards. An entity that cannot provide required work conditions may not engage in production activities. The designers and the design firms for the safety facilities of a construction project are liable for their designs. A production enterprise must present prominent warning signs at relevant dangerous operation sites, facilities and equipment.

According to the Regulations on the Administration of Work Safety of Construction Projects, issued on November 24, 2003 and effective on February 1, 2004, an enterprise responsible for the work safety of a construction project shall assume the liabilities of the work safety of the construction project. In the case of a project covered by a main contract, the general contractor will be liable for the general work safety of the construction site and assume joint and several liabilities for the sub-contracted portions of the project together with the sub-contractors. A construction enterprise must purchase accidental injury insurance for the workers engaged in dangerous works on the construction site for injuries suffered in work-related accidents, and the insurance premium will be paid by the construction entity. In the case of a construction work covered by a main contract, the insurance premium will be paid by the general contractor. The period covered by the insurance policies should commence on the start date of the construction project and terminate on the date of the inspection and acceptance upon the completion of the project.

According to the Regulations on the Administration of Work Safety of Construction Projects, the competent construction administrations under the PRC government at the county level or above shall carry out supervision and administration of work safety of the construction projects within the relevant administrative areas.

Work Safety Accidents Regulations

Pursuant to the Regulations on the Reporting, Investigation and Handling of Work Safety Accidents (the “Accident Regulation”) promulgated by the State Council on April 9, 2007 and effective on June 1, 2007, work safety accidents that cause personal injuries or deaths or direct economic losses shall be generally categorized as follows:

- (i) Particularly significant accidents shall refer to accidents that cause more than 30 deaths, or serious injuries of more than 100 people (including acute industrial poisoning, hereinafter the same), or direct economic losses of more than RMB100 million;

- (ii) Significant accidents shall refer to accidents that cause more than ten deaths but less than 30 deaths, or serious injuries of more than 50 people but less than 100 people, or direct economic losses of more than RMB50 million but less than RMB100 million;
- (iii) Relatively significant accidents shall refer to accidents that cause more than three deaths but less than ten deaths, or serious injuries of more than ten people but less than 50 people, or direct economic losses of more than RMB10 million but less than RMB50 million; and
- (iv) General accidents shall refer to accidents that cause less than three deaths, or serious injuries of less than ten people, or direct economic losses of less than RMB10 million.

Work Safety Permits

Pursuant to the Work Safety Law of the PRC, the Regulation on the Work Safety Permits, issued on January 13, 2004, last amended on July 29, 2014 and effective on the same day, the Regulation on the Administration of Work Safety of Construction Projects, and the Provisions on the Administration of Construction Enterprises' Work Safety Permits, issued on July 5, 2004 and amended and newly effective on January 22, 2015, and other relevant laws and regulations, constructing enterprises shall be subject to the work safety permit system implemented by the PRC government and apply for a Work Safety Permit. Before undertaking any construction activity, a construction enterprise shall file an application to the competent department of construction at or above the provincial level for obtaining a work safety license. Without work safety permits, construction enterprises shall not engage in construction activities.

The competent department of construction shall, when making examination and issuing a construction license, examine whether the construction enterprise has obtained a work safety license. If the enterprise failed to obtain a work safety license, it shall not be issued a construction license.

If a construction enterprise suffers any major safety accidents, its work safety permit will be suspended temporarily and it shall make rectification within a prescribed time.

Accident Prevention

In order to ensure construction safety and prevent accidents, the MOC introduced the Provisions on the Falling Substance Accident Prevention of the Construction Projects, issued and effective on April 17, 2003, where it sets out strict rules on staff and equipment requirements for height operation under a strict liability regime.

Pursuant to the Provisions on Collapse Prevention of Construction Projects, issued and effective on April 17, 2003, in order to prevent accidents and ensure construction safety, the unit engaged in engineering construction, reconstruction, expansion and other activities is required to prepare the construction plan, which should be strictly based on the geological conditions, construction technologies, working conditions and the surrounding environment.

Safety Training and Labor Protection

The Interim Measures of Construction Workers Using Personal Protective Equipment, issued and effective on November 5, 2007, provides strict rules on the construction site and the use and management of the personal safety equipment.

Quality Control

The Administrative Regulations on the Quality Management of Construction Engineering provides that enterprises that develop a project or undertake the survey, design, construction or supervision work of the project are responsible for the quality control of the project. All construction activities must be conducted in strict compliance with basic construction procedures and in the order of survey, design and then construction. The quality warranty system shall be applied to construction projects. If any quality issues of the construction project arise within the warranty period, the construction enterprise shall

perform the warranty obligations and compensate for any losses incurred thereof. The PRC government implemented a quality supervision and administration system for construction projects. The relevant construction administrative authorities of the State Council are responsible for the overall supervision and administration of the quality of construction projects in the PRC. The competent authorities of the State Council, such as the Ministry of Railways, the Ministry of Transport and the Ministry of Water Resources shall be responsible for the supervision and administration of the quality of professional construction projects in the PRC. A survey enterprise shall conduct surveying in accordance with the relevant PRC laws and regulations regarding the quality of construction projects, the mandatory standards for project construction, and the relevant surveying contract and shall be responsible for the quality of its survey.

Project Price

The Provisional Regulations on Construction Project management for Contracting Price, issued and effective on January 5, 1999, the Pricing Management Approach of Contracting of Construction Projects, issued on December 11, 2013 and effective on February 1, 2014, and the Interim Measures for Settling Construction Price, issued and effective on October 20, 2004, sets forth the construction cost, pricing, valuation methods, the time of payment and dispute resolution methods of the construction projects.

Inspection and Acceptance of Construction Projects

Pursuant to the Rules of As-built Inspection of Housing, Building and Municipal Infrastructure Projects, issued and effective on December 2, 2013, after completing the project, an inspection team comprising design, survey, construction, supervision units should be established. Each unit is required to report the compliance status of engineering contracts, the implementation of laws, regulations and mandatory standards for construction in various aspects of the construction.

Pursuant to the Administrative Measures for the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects, issued and effective on October 19, 2009, the filing of the as-built inspection of various housing, building and municipal infrastructure projects, including new building, expansion and rebuilding projects, within the territory of the PRC shall be governed by the measures. A construction entity shall, in accordance with the measures, go through the filing formalities with the construction administrative department of the people's government at or above the county level at the place where the project is located within 15 days as of the date on which the as-built inspection of the project is passed.

Administration of Environmental Protection of Construction Projects

A construction enterprise shall adopt measures to control environmental pollution and damage caused by dust, waste gas, sewage, solid waste, noise and vibration at the construction site in accordance with the laws and regulations on environmental protection and work safety. The PRC government implemented an environmental impact evaluation system for construction projects.

Pursuant to the Environmental Protection Law of the PRC, issued on December 26, 1989, last amended on April 24, 2014 and newly effective on January 1, 2015, units that cause environmental pollution and other public nuisances shall adopt effective measures to avoid and control the pollution and damage caused to the environment. Pollution prevention facilities in construction projects shall be designed, built and put into operation together with the main part of the project. Enterprises and institutions discharging pollutants shall report to and register with the relevant authorities in accordance with the provisions of the environmental protection authority under the State Council. According to the currently effective Environmental Protection Law of the PRC, the administrative authorities of environmental protection will record wrongful acts in the social credit history and timely disclose information. In addition, a company that breaches relevant rules to discharge pollutants shall be fined

and ordered to take correction measures. If the company refuses, the competent authority may continuously impose fine for each day the violation remains uncorrected based on the original fine from the next day after making the decision.

Pursuant to the Environmental Impact Assessment Law of the PRC, issued on October 28, 2002, amended on July 2, 2016 and December 29, 2018, and effective on December 29, 2018, the PRC government sets up a system to appraise the environmental impact of construction projects, classify and administer the environmental impact appraisals in accordance with the degree of environmental impact.

Other Laws and Regulations

Labor Laws and Regulations

Pursuant to the Labor Law of the PRC, issued on July 5, 1994 and amended and newly effective on August 27, 2009 and December 29, 2018 respectively, companies must enter into employment contracts with their employees, based on the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring occupational safety and health, educate employees on occupational safety and health, prevent work-related accidents and reduce occupational hazards. Companies must also pay for their employees' social insurance premium.

Labor contract

Pursuant to the Labor Contracts Law of the PRC, issued on June 29, 2007, amended on December 28, 2012 and newly effective on July 1, 2013, employers shall establish employment relationships with employees on the date that they start working. To establish employment relationship, a written employment contract shall be concluded, or employers will be liable for the illegal action. Furthermore, the probation period and liquidated damages shall be restricted by law to safeguard employees' rights and interests.

Social security and housing provident fund

As required under the Regulation of Insurance for Work-Related Injury, issued on April 27, 2003, amended on December 20, 2010 and newly effective on January 1, 2011, the Provisional Measures on Insurance for Maternity of Employees, issued on December 14, 1994 and effective on January 1, 1995, the Social Insurance Law of the People's Republic of China, issued on October 28, 2010 and effective on July 1, 2011 and as amended on December 29, 2018, and the Regulation on Administration of Housing Provident Funds, issued on April 3, 1999 and amended and newly effective on March 24, 2002 and March 24, 2019, respectively, enterprises in China are obligated to provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance and housing provident funds.

Rehiring retirees

Pursuant to the Notice of the Ministry of Labor on the Implementation of the Labor Contract System, issued and effective on October 31, 1996, if retirees who have enjoyed pension benefits are rehired, the employers should conclude a written agreement with them. Such agreement should include the clear content of the job, compensation, medical care, labor protection treatment, other rights and obligations.

Laws and Regulations Relating to Intellectual Property Protection

Trademark law

Pursuant to the Trademark Law of the PRC, issued on August 23, 1982, last amended on 23 April 2019 and effective on November 1, 2019, the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten years from

the day the registration is approved. According to the Trademark Law of the PRC, using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer shall, in accordance with the regulations, cease the infringement, take remedial action, and pay damages.

Patent law

Pursuant to the Patent Law of the PRC, issued on March 12, 1984, last amended on December 27, 2008 and newly effective on October 1, 2009, after the grant of the patent right for an invention or utility model, except where otherwise provided for in the Patent Law of the PRC, no entity or individual may, without the authorization of the patent owner, exploit the patent, that is, make, use, offer to sell, sell or import the patented product, or use the patented process, or use, offer to sell, sell or import any product which is a direct result of the use of the patented process, for production or business purposes. After a patent right is granted for a design, no entity or individual shall, without the permission of the patent owner, exploit the patent, that is, for production or business purposes, manufacture, offer to sell, sell, or import any product containing the patented design. Where the infringement of patent is decided, the infringer shall, in accordance with the regulations, cease the infringement, take remedial action, and pay damages.

Contract Law

Pursuant to the the Civil Code of the PRC promulgated on May 28, 2020 and effective on January 1, 2021, the parties may terminate a contract pursuant to terms set forth in the contract or pursuant to mutual agreement. In addition, the parties to a contract may terminate the contract under any of the following circumstances:

- (i) it is rendered impossible to achieve the purpose of contract due to an event of force majeure;
- (ii) prior to the expiration of the period of performance, the other party expressly states, or indicates through its conduct, that it will not perform its main obligation;
- (iii) the other party delayed performance of its main obligation after such performance has been demanded and fails to perform within a reasonable period;
- (iv) the other party delays performance of its obligations, or breaches the contract in some other manner, rendering it impossible to achieve the purpose of the contract; or
- (v) other circumstance as provided by the law.

Regulations relating to Public-Private Partnership (PPP)

The principal rules of PPP projects include the Guiding Opinion on Carrying Out the Public-Private Partnership of the NDRC, issued and effective on December 2, 2014, the Notice on Implementing Demonstration Project of the Public-Private Partnership, issued and effective on November 30, 2014, and the Notice on Extending the Models of the Public-Private Partnership, issued and effective on September 23, 2014.

Pursuant to the Operation Guide for Modes of the Public-Private Partnership (Trial), infrastructure and public service projects, which have large-scale investments, long-term steady demands, flexible price adjustment mechanisms and high marketization degrees, may apply the modes of PPP.

As for the risk allocation between the public entity and the private entity, it should be in accordance with the principle of optimizing risk allocation and balancing the risk-return and risk control. It should also consider the risk management capability of the government, the return mechanisms of projects and market risk management capability. Generally, the private entity is liable for commercial

risks of project-designing, project-building, financial affairs and O&M (Operation and Maintenance); the public entity is liable for risks of laws, policies and minimum requirements; the force majeure risk should be reasonably distributed to the public entity and the private entity.

Modes of PPP project operation include Operations and Maintenance (O&M), Management Contract (MC), Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Transfer-Operate-Transfer (TOT), and Rehabilitate-Operate-Transfer (ROT).

Regulatory approaches of PPP include performance management, administrative supervision and public supervision.

Foreign Exchange

With effect from January 1, 1994, the PRC government abolished its two-tier exchange rate system and replaced it with a unified floating exchange rate system based largely on supply and demand. Financial institutions authorized to deal in foreign currency may enter into foreign exchange transactions at exchange rates within an authorized range above or below the exchange rate published by the PBOC according to market condition. However, despite such developments, RMB is still not a freely-convertible currency.

Pursuant to the Foreign Exchange Control Regulations of the PRC issued by the State Council which came into effect on April 1, 1996 and last amended on August 5, 2008 and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment of the PRC, which came into effect on July 1, 1996 and amended on May 19, 2004, foreign investment enterprises are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange from their foreign exchange bank accounts in the PRC.

If foreign investment enterprises require foreign exchange services for transactions relating to current account items, they may, without approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, on the strength of valid receipts and proof. If such enterprises need foreign exchange services for the distribution of dividends to their shareholders, they may, on the strength of a board of directors resolution authorizing the distribution of dividends and any other relevant documents, effect payment from their foreign exchange accounts and make such payments at the designated foreign exchange bank.

However, convertibility of foreign exchange in respect of capital account items, like direct investment and capital contributions, is still subject to restriction, and prior approval from SAFE or its relevant branches must be sought.

On April 28, 2013, SAFE issued the “Notice regarding Promulgation of Administrative Measures on Foreign Debt Registration”(國家外匯管理局關於發布《外債登記管理辦法》的通知), which became effective on May 13, 2013 and amended on May 4, 2015 and includes three appendices: (i) Administrative Measures on Foreign Debt Registration, (ii) Operating Guidelines for Foreign Debt Registration Administration, and (iii) List of Repealed Regulations. The measures stipulate the general provisions on foreign debt registration, administrative provisions on foreign debt account management, use and settlement of foreign debt funds, foreign guarantee for domestic loans, foreign exchange managements for outbound transfer of non- performing assets, as well as relevant penalty provisions. The Operating Guidelines for Foreign Debt Registration Administration (外債登記管理操作指引) provide specific operational rules in relation to foreign debts administration, which contain 15 items. Among these 15 items, foreign debt registration of foreign invested real estate enterprises is regulated as follows: (i) foreign invested real estate enterprises established before June 1, 2007, which have increased the registered capital on and after June 1, 2007, may raise foreign debt financing limited to the balance of the difference between its total investment and registered capital. Provided that such difference between its total investment and registered capital after increasing its capital is smaller than that of before increasing its capital, the smaller one shall prevail, (ii) that SAFE will no longer process foreign

debt registration or foreign exchange settlement for foreign debt for foreign invested real estate enterprises that obtained approval certificates from and filed with MOFCOM on or after June 1, 2007, and (iii) foreign invested real estate enterprises of which the land use rights certificate has not been obtained, or the project capital is less than 35% of the total investment of the project, are prohibited from raising foreign debt financing, and SAFE will not process foreign debt registration for such enterprises.

On September 14, 2015, the NDRC issued Circular 2044 to remove the quota review and approval system for the issuance of foreign debts by enterprises, reform and innovate the ways that foreign debts are managed, and implement the administration of record-filing and the registration system.

On May 11, 2013, SAFE issued the “Notice on Printing and Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and its Ancillary Documents”(國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知), amended on October 10, 2018 and December 30, 2019, which includes three appendices as follows: (i) the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China, (ii) the List of Repealed Regulations on Foreign Exchange Administration over Direct Investment in China, and (iii) the Business Operating Guidelines for Domestic Direct Investment.

The “Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China”(外國投資者境內直接投資外匯管理規定), effective on May 13, 2013 and amended on October 10, 2018 and December 30, 2019, set out the general principles for foreign exchange control in direct investments by foreign investors, and specific provisions on the foreign exchange registration, foreign exchange account management, foreign exchange settlement and sales, as well as supervision and administration of banks engaging in the foreign exchange business related to direct investments by foreign investors. The provisions apply to foreign investors setting up foreign invested enterprises, foreign invested projects and foreign invested financial institutions in China through methods of new establishment, mergers or acquisitions, and obtaining the ownership right, control right and business management right of domestic enterprises.

On January 10, 2014, SAFE issued the “Notice of the State Administration of Foreign Exchange on the Further Improvement and Adjustment of the Foreign Exchange Control Policy for Capital Projects”(國家外匯管理局關於進一步改進和調整資本項目外匯管理政策的通知), effective on February 10, 2014, which provides for, among others: (i) loosening of certain administrative procedures for the initial expenses outlay for overseas direct investments by domestic enterprises; (ii) loosening of certain restrictions on overseas lending by domestic enterprises; (iii) simplifying the procedures for remitting profits offshore by domestic enterprises.

MANAGEMENT

DIRECTORS

The board of directors of our Company consists of 11 members, including a chairman, six directors and four independent directors. Each director has a term of three years, which may be extended for another term upon re-election and re-appointment.

The board of directors determines major matters of our Company, such as annual business plans, investment plans, financial budget plans and profit distribution plans. The board of directors has the authority to appoint and discharge the general manager and the board secretary of our Company, to appoint and discharge the deputy general managers and other senior management according to the nomination of the general manager, and to decide their remuneration package. The board of directors reports to the shareholders of our Company.

The following table sets forth our Company's directors as of the date of this Offering Memorandum:

Name	Age	Position
Mr. Chen Jinshi (陳錦石)	59	Chairman of the board of directors
Ms. Chen Yuhan (陳昱含)	36	Director and general manager
Mr. Xin Qi (辛琦)	45	Director, chief financial officer and deputy general manager
Mr. Bai Lizhong (柏利忠)	56	Director
Mr. Yao Ke (姚可)	47	Director
Mr. Tang Xiaodong (唐曉東) . .	45	Director
Mr. Hu Hongwei (胡紅衛)	54	Director and deputy general manager
Mr. Huang Feng (黃峰)	51	Independent director
Mr. Cao Yitang (曹益堂)	45	Independent director
Mr. Shi Jun (石軍)	49	Independent director
Mr. Hou Qicai (侯其財)	56	Independent director

Mr. Chen Jinshi (陳錦石), aged 59, has been the chairman of the board of directors of our Company since October 1996. Mr. Chen is the founder of our Group. He currently also serves as the chairman of the board of directors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司) and of Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司), the vice chairman of the 7th Industry Association of the China Real Estate Association (中國房地產業協會產業協作會), a deputy to the 13th NPC, and a part-time professor in Southeast University (東南大學). He previously served as the general manager of our company. Mr. Chen obtained his EMBA degree from Fudan University (復旦大學) in 2006 and his DBA degree from City University of Hong Kong (香港城市大學) in 2019. He is a senior engineer.

Ms. Chen Yuhan (陳昱含), aged 36, joined our Group in 2009 and has been a director of our Company since August 2010 and the general manager of our Company since April 2021. She currently also serves as the vice chairman of the board of directors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司). She previously served as the chairman of the board of directors of Zhongnan Wujiang Real Estate Co., Ltd. (中南吳江房地產公司) and Zhongnan Commercial Hotel Management Co., Ltd. (中南商業酒店管理公司) from August 2011 to February 2016, and a deputy general manager of our Company from April 2018 to April 2021. Ms. Chen obtained her bachelor's degree in business administration from University of Technology Sydney (悉尼科技大學) in 2008. Ms. Chen Yuhan (陳昱含) is the daughter of Mr. Chen Jinshi (陳錦石), the chairman of our board of directors.

Mr. Xin Qi (辛琦), aged 45, joined our Group in 2017 and has been a director, the chief financial officer and a deputy general manager of our Company since May 2018, April 2019 and April 2018, respectively. He currently also serves as the vice chairman of the board of directors of Zhongnan

Holdings Group Co., Ltd. (中南控股集團有限公司). He previously served as the chief financial officer of China Overseas Development (Shanghai) Co., Ltd. (中海發展(上海)有限公司) from September 2010 to September 2012, and the chief financial officer of Sunshine City Group Co., Ltd. (陽光城集團股份有限公司) from September 2012 to February 2017. Mr. Xin obtained his master's degree in business administration from Arizona State University (亞利桑那州立大學) in 2011 and is a certified public accountant.

Mr. Bai Lizhong (柏利忠), aged 56, joined our Group in 2019 and has been a director of our Company since May 2019. He currently also serves as a deputy general manager and a special assistant to the chairman of the board of directors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司). He previously worked for several government bodies. He previously worked for Haimen Public Security Bureau (海門市公安局) from July 1988 to April 1996 and from May 1999 to April 2002, the highest positions he attained was deputy director and political commissar; worked for Haimen Party Committee Office (海門市委辦公室) from May 1996 to April 1999, the highest position he attained was deputy secretary; served as the director and a political commissar of the Public Security Bureau of Haian County (海安縣公安局) from May 2002 to April 2004; worked for Jiangsu Provincial Public Security Department (江蘇省公安廳) from May 2004 to July 2013, the highest position he attained was deputy director; and served as the deputy director of Jiangsu Administration of Work Safety (江蘇省安監局) from August 2013 to September 2015. Mr. Bai obtained his master's degree in regional economics from CPC Jiangsu Provincial Party School (中共江蘇省委黨校) and Jiangsu Administration Institute (江蘇行政學院) in 2009 and his EMBA degree from Fudan University (復旦大學) in 2019.

Mr. Yao Ke (姚可), aged 47, joined our Group in 2009 and has been a director of our Company since June 2020. He currently also serves as an executive vice president of our property development segment branded as Zoina Land (中南置地). He previously worked for Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司) from July 1998 to May 2008 as a tech lead and a project manager. He also previously served as a deputy general manager of Nantong Zhongnan New World Center Development Co., Ltd. (南通中南新世界中心開發有限公司) and the general manager of our commercial property platform from March 2012 to March 2016. Mr. Yao obtained his EMBA degree from Fudan University (復旦大學) in 2015 and is a first-class constructor and an intermediate engineer.

Mr. Tang Xiaodong (唐曉東), aged 45, joined our Group in 2009 and has been a director of our Company since June 2020. He currently also serves as an investment vice president of our property development segment branded as Zoina Land (中南置地). He previously served as an assistant to chairman of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司) from February 2004 to December 2008. Mr. Tang obtained his EMBA degree from Fudan University (復旦大學) in 2015.

Mr. Hu Hongwei (胡紅衛), aged 54, joined our Group in 2009 and has been a director and a deputy general manager of our Company since June 2020. He currently also serves as the president of our building construction business. He previously served as a project manager of Nantong Zhongnan Construction Engineering Co., Ltd. (南通市中南建築工程有限公司) and its predecessor from May 1996 to September 2009 and the president of Jiangsu Zhongnan Construction Industry Group Co., Ltd. (江蘇中南建築產業集團有限責任公司) from July 2014 to September 2019. Mr. Hu obtained his EMBA degree from Fudan University (復旦大學) in 2017 and is a senior engineer.

Mr. Huang Feng (黃峰), aged 51, joined our Group in 2016 and has been an independent director of our Company since April 2016. He currently also serves as a partner of Zhongxingcai Guanghua Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合夥)), an independent director of China TransInfo Technology Co., Ltd. (北京千方科技股份有限公司) and Shanghai Zhongyida Co., Ltd. (上海中毅達股份有限公司). He previously served as a clerk of Beijing No. 1 Municipal Construction Engineering Co., Ltd. (北京市政一建設工程有限責任公司) from 1992 to 1993, and a clerk and deputy chief of the Beijing Chongwen District Branch of Bank of China (中國銀行北京崇文區支行) from October 1993 to January 1999. He also previously worked for Beijing Jingdu Certified Public Accountants (北京京都會計師事務所) from 1998 to 2007 as a senior auditor, project manager

and department manager. He also previously served as a partner of Beijing Zhongqiheng Certified Public Accountants (北京中啟恒會計師事務所) from April 2008 to September 2008, and an independent director of Tibet Guo Ce Environmental Co., Ltd. (西藏國策環保科技股份有限公司) from September 2014 to April 2018, and a partner of Ruihua Certified Public Accountants (瑞華會計師事務所) from August 2008 to December 2019. Mr. Huang obtained his bachelor's degree in sociology and his master's degree in finance from Renmin University of China (中國人民大學) in 1992 and 2011, respectively. He is a certified public accountant and a certified tax agent.

Mr. Cao Yitang (曹益堂), aged 45, joined our Group in 2017 and has been an independent director of our Company since May 2017. He currently also serves as an independent director of Zhejiang Red Dragonfly Footware Co., Ltd. (浙江紅蜻蜓鞋業股份有限公司) and Guangzhou Dikeni Fashion Co., Ltd. (廣州迪柯尼服飾股份有限公司), and a deputy general manager and the board secretary of Hangzhou Xpower Technology Co., Ltd. (杭州小電科技股份有限公司). Mr. Cao previously served as the head of strategic development department of Metersbonwe Group (美特斯邦威集團) from March 2004 to May 2007, the officer-in-charge of investment department of Debang Securities Co., Ltd. (德邦證券有限公司) from May 2007 to August 2009, the director of strategy management centre of Joeone Clothing Co., Ltd. (九牧王服飾有限公司) from August 2009 to March 2010, the general manager of Zhejiang Lihao Furniture Co., Ltd. (浙江利豪傢俱有限公司) from March 2010 to September 2011, a partner of the Shanghai Jinshiyuan Hehui Equity Investment Management Partnership (Limited Partnership) (上海金石源和薈股權投資管理合夥企業(有限合夥)) from October 2011 to June 2015, an independent director of V Grass Fashion Co., Ltd. (維格娜絲時裝股份有限公司) from August 2012 to August 2018, and the managing director of Shanghai Touzhong Asset Management Co., Ltd. (上海投中資產管理有限公司) from July 2017 to July 2018. Mr. Cao obtained his bachelor's degrees in industrial trade and mechanical engineering from Shanghai Jiao Tong University (上海交通大學) in 1998 and his master's degree in industrial economics from Fudan University (復旦大學) in 2001.

Mr. Shi Jun (石軍), aged 49, joined our Group in 2020 and has been an independent director of our Company since June 2020. He currently also serves as a managing director of CICC Capital Management Co., Ltd. (中金資本運營有限公司). He previously worked for China National Investment & Guaranty Co., Ltd. (中國投資擔保有限公司) and its predecessor from 1996 to 2012 as a business manager, department deputy general manager and general manager, and the head of a center. He also previously served as the chief executive officer and president of China National Investment & Guaranty Corporation (中國投融資擔保股份有限公司) from 2012 to 2019, the chairman of the board of directors of I&G Enriching Asset Management (Beijing) Co., Ltd. (中投保信裕資產管理(北京)有限公司) from 2014 to 2019, the chairman of the board of directors of Zhong Yu Capital (Beijing) Asset Management Co., Ltd. (中裕睿信(北京)資產管理有限公司) from 2015 to 2019, a director and the chairman of the board of directors of Zhejiang Internet Financial Asset Trading Center Co., Ltd. (浙江互聯網金融資產交易中心股份有限公司) from 2015 to 2019, and a director of China International Capital Corporation Limited (中國國際金融股份有限公司) from 2013 to 2020. Mr. Shi obtained his master's degree in business administration from Tsinghua University (清華大學) in 2008 and his EMBA degree from China Europe International Business School (中歐國際商學院) in 2014. He is a chartered financial analyst (CFA) and a lawyer.

Mr. Hou Qicai (侯其財), aged 56, joined our Group in 2021 and has been an independent director of our Company since May 2021. He currently also serves as the general manager of BE Financial Service (Beijing) Investment Holdings Limited (北控金服(北京)投資控股有限公司). He previously served as an assistant to the general manager, chief financial officer and a deputy general manager of Shenzhen Securities Business Department of China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), the director of investment banking of Everbright Securities Company Limited (光大證券股份有限公司), a deputy general manager of China Everbright Real Estate Development Limited (中國光大房地產開發有限公司) and the president of AJ Securities (愛建證券). Mr. Hou obtained his bachelor's degree from Nankai University (南開大學) in 1987 and his master's degree from Nankai University in 1990. He is a certified public accountant.

SUPERVISORS

The board of supervisors of our Company consists of three members, including a chairman and one employee supervisor who are elected by and among the employees of the Group. Each supervisor has a term of three years, which may be extended for another term upon re-election and re-appointment.

The board of supervisors reviews our Company's periodic reports, monitors our Company's financial affairs and supervises the conduct of the directors and other senior management.

The following table sets forth our Company's board of supervisors as of the date of this Offering Memorandum:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Qian Jun (錢軍)	44	Chairman of the board of supervisors
Mr. Zhang Jianbing (張劍兵) . .	60	Supervisor
Ms. Zhao Guixiang (趙桂香) . .	45	Supervisor

Mr. Qian Jun (錢軍), aged 44, joined our Group in 1999 and has been the chairman of the board of supervisors of our Company since May 2018. He currently also serves as he chairman of the board of supervisors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司). He previously served as the chief financial officer of Jiangsu Zhongnan Construction Industry Group Co., Ltd. (江蘇中南建築產業集團有限責任公司) from May 2011 to April 2015, a director and the chief financial officer of our Company from May 2017 to May 2018 and April 2015 to April 2018, respectively, a director and senior deputy general manager of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司) from April 2015 to April 2018. Mr. Qian obtained his EMBA degree from Fudan University (復旦大學) in 2010.

Mr. Zhang Jianbing (張劍兵), aged 60, joined our Group in 2014 and has been the supervisor of our Company since May 2017. He also currently serves as the vice chairman of the board of supervisors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司). He previously served as the chief of the police main team and deputy director of Haimen Public Security Bureau (海門公安局) from June 1998 to August 2006 and a team leader of a police team of Nantong Public Security Bureau (南通市公安局) from August 2006 to July 2014. Mr. Zhang obtained his bachelor's degree in law from Central Party School (中央黨校) in 2001.

Ms. Zhao Guixiang (趙桂香), aged 45, joined our Group in 1995 and has been the supervisor of our Company since May 2017. She previously served as the executive vice chairwoman of the board of supervisors of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司) from January 2016 to January 2019. Ms. Zhao obtained her EMBA degree from Fudan University (復旦大學) in 2013.

SENIOR MANAGEMENT

Our Company's senior management currently consists of the general manager, two deputy general managers, the chief financial officer and the Board secretary. The general manager is appointed by the board of directors and has a term of three years, which may be extended for another term upon re-appointment. The general manager is primarily responsible for management of our Company and reporting to the board of directors, implementation of the decisions of the board of directors and the establishment of our Company's basic management system and company regulations.

The following table sets forth our Company's senior management as of the date of this Offering Memorandum:

Name	Age	Position
Ms. Chen Yuhua (陳昱含)	36	Director and general manager
Mr. Xin Qi (辛琦)	45	Director, chief financial officer and deputy general manager
Mr. Hu Hongwei (胡紅衛)	54	Director and deputy general manager
Mr. Liang Jie (梁潔)	44	Board secretary

For the biographies of Ms. Chen Yuhua (陳昱含), Mr. Xin Qi (辛琦) and Mr. Hu Hongwei (胡紅衛), see “*Directors*” above.

Mr. Liang Jie (梁潔), aged 44, joined our Group in 2018 and has been the board secretary of our Company since June 2018. He previously served as a securities affairs representative of China Vanke Co., Ltd. (萬科企業股份有限公司) from June 2005 to June 2018. Mr. Liang obtained his bachelor's degrees in urban and environmental sciences and computer science from Peking University (北京大學) in 1999 and his master's degree in human geography from Peking University (北京大學) in 2002.

CORPORATE GOVERNANCE

We believe we have implemented a sound and efficient corporate governance structure. Our board of directors, board of supervisors and the internal governance bodies operate collegially while independently. We have established a multi-tiered management structure comprising the shareholders, the board of supervisors, the board of directors, four board committees, the general manager, the deputy general managers and 17 departments.

The primary duties of our four board committees are set forth as follows:

- Audit Committee (審計委員會) consists of three directors, two among whom are independent directors. It is primarily responsible for reviewing the periodic financial reports and internal control reports of our Company, as well as determining the external auditors of our Group.
- Remuneration and Appraisal Committee (薪酬與考核委員會) consists of three directors, two among whom are independent directors. It is primarily responsible for conducting annual performance appraisal on our directors and senior management, as well as reviewing the remuneration of our directors, supervisors and senior management.
- Nomination Committee (提名委員會) consists of three directors, two among whom are independent directors. It is primarily responsible for reviewing and approving the nomination of our proposed directors, senior management and board secretary.
- Strategic Committee (戰略委員會) consists of three directors. It is primarily responsible for studying the government policies related to our industries and analysing the industrial trends, as well as determining the business plans and development strategies of our Company.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding beneficial ownership and shareholding information of the Company's ordinary shares as of December 31, 2020 by (i) the Company's directors, supervisors and senior management and (ii) each person known to the Company to hold or beneficially own 5% or more of the Company's outstanding shares other than its directors, supervisors and senior management:

Name of Shareholders or Beneficial Owners	Number of Shares Held or Beneficially Owned (^{'000})	Approximate percentage of the issued share capital of the Company (%)
(i) Directors, supervisors and senior management		
Mr. Chen Jinshi (陳錦石) ⁽¹⁾	2,056,822	53.83%
Ms. Chen Yuhan (陳昱含) ⁽²⁾	14,414	0.38%
Mr. Xin Qi (辛琦) ⁽³⁾	2,985	0.08%
Mr. Yao Ke (姚可) ⁽³⁾	239	0.01%
Mr. Tang Xiaodong (唐曉東) ⁽³⁾	233	0.01%
Mr. Hu Hongwei (胡紅衛) ⁽³⁾	1,180	0.03%
Ms. Zhao Guixiang (趙桂香) ⁽³⁾	142	0.004%
Mr. Liang Jie (梁潔) ⁽³⁾	1,024	0.03%
(ii) Greater than 5% Shareholders or Beneficial Owners		
Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司) . .	2,056,822	53.83%

Notes:

- (1) Mr. Chen Jinshi, our chairman, held, through indirect shareholding and together with his immediate family members through acting-in-concert arrangement, namely Ms. Lu Yaxing (his spouse) and Ms. Chen Yuhan (his daughter), 33.31% of our issued share capital and was the Company's de facto controller through his control over Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司), which directly held 53.83% of our issued share capital as of December 31, 2020. As of the same date, Ms. Lu Yaxing indirectly held approximately 1.07% of our issued share capital. Mr. Chen Jinshi, directly and through his immediate family members held approximately 62.97% of the issued share capital of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司), which held 75.10% of the issued share capital of and was the controlling shareholder of Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司) as of December 31, 2020.
- (2) Ms. Chen Yuhan, our director and general manager, is the daughter of Mr. Chen Jinshi, and is one of the parties acting-in-concert with Mr. Chen Jinshi and Ms. Lu Yaxin in their shareholding of Zhongnan Holdings Group Co., Ltd. (中南控股集團有限公司), which is the controlling shareholder of Zhongnan Urban Construction Investment Co., Ltd. (中南城市建設投資有限公司).
- (3) They held shares of the Company through exercise of their respective share options.

RELATED PARTY TRANSACTIONS

From time to time, we have entered into a number of transactions with our related parties. We believe that each of our related party transactions was entered into in the ordinary course of business on fair and reasonable commercial terms in our interest and the interest of our shareholders as a whole. For further information, see our audited consolidated financial statements as of and for the years ended December 31, 2019 and 2020 included elsewhere in this Offering Memorandum.

DESCRIPTION OF MATERIAL INDEBTEDNESS AND OTHER OBLIGATIONS

We finance our operations primarily through cash generated from operating activities, interest-bearing bank and other borrowings and funds raised from the capital markets such as the issuance of corporate bonds. As of December 31, 2020, we had total indebtedness of approximately RMB79,901.1 million (US\$12,245.4 million). See “*Capitalization and Indebtedness*.” From time to time, we may enter into additional financing agreements in ordinary course of business to fund the capital needs of our operations and expansion and to replenish our working capital. Set forth below is a summary of the material terms and conditions of such material indebtedness and other obligations.

Bank Loan Agreements

We have entered into loan agreements with local branches of various PRC banks and various financial institutions, including but not limited to Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, China Construction Bank, China Bohai Bank, China CITIC Bank, China Minsheng Bank, Bank of Jiangsu and Ping An Bank. As of December 31, 2020, the aggregate outstanding amount under these loans amounted to approximately RMB41,308.2 million (US\$6,330.8 million), of which RMB9,322.7 million (US\$1,428.8 million) would mature within one year. These loans are mainly used to replenish our working capital and facilitate our property development projects.

Interest

The principal amounts outstanding under our PRC bank loans generally bear interest at fixed rates. Interest payments are payable either monthly or quarterly and must be made on each payment date as provided in the particular loan agreement.

Covenants

Under these loans with PRC banks, many of our subsidiary borrowers have agreed, among other things, not to take including, without limitation, some of the following actions without obtaining the relevant lender’s prior consent:

- creating encumbrances on any part of their property or assets or dealing with their assets in a way that may adversely affect their ability to repay their loans;
- granting guarantees to any third parties that may adversely affect their ability to repay their loans;
- making any major changes to their corporate structures, such as entering into joint ventures, mergers, acquisitions and reorganizations;
- altering the nature or scope of their business operations in any material respect;
- transferring part or all of their liabilities under the loans to a third-party;
- prepaying the loans;
- declaring or paying dividends;
- selling or disposing of assets that may adversely affect their ability to repay their loans; and
- incurring other indebtedness that may adversely affect their ability to repay their loans.

Events of Default

The PRC loan agreements with banks contain certain customary events of default, including failure to pay the amount payable on the due date, unauthorized use of loan proceeds, failure to obtain the lender's approval for an act that requires the latter's approval and material breach of the terms of the loan agreement. The banks are entitled to terminate their respective agreements and/or demand immediate repayment of the loans and any accrued interest upon the occurrence of an event of default.

Guarantee and Security

Certain of our PRC subsidiaries have entered into guarantee agreements with PRC banks in connection with some of the PRC loans, pursuant to which these subsidiaries have guaranteed all liabilities of the subsidiary borrowers under these loans. Further, some of these loans are secured by our assets such as fixed assets and equity interests of certain subsidiaries.

Onshore Debt Securities

2016 Corporate Bonds

On July 27, 2016, we issued a total principal amount of RMB1.2 billion of domestic corporate bonds with a tenor of five years as approved by the CSRC ("**16 Zhongnan 02**" (16中南02) or the "**2016 Corporate Bonds**"). The 2016 Corporate Bonds have a coupon rate of 6.00% and will mature on July 27, 2021. The 2016 Corporate Bonds are listed on the SZSE. Golden Credit Rating assigned an "AA+" rating to each of the Company and the 2016 Corporate Bonds. We mainly used the proceeds from the issue of the 2016 Corporate Bonds to repay bank loans. According to the announcement we published on the SZSE on July 3, 2019, we had decided to exercise our option to increase the coupon rate of the 2016 Corporate Bonds to 7.30% based on current market conditions. We partially redeemed the 2016 Corporate Bonds on July 27, 2020 and we resold such redeemed bonds from July 28, 2020 to August 24, 2020 at a price of RMB100 each. As of the date of this Offering Memorandum, the aggregate outstanding principal amount of the 2016 Corporate Bonds is RMB1,134.0 million.

2016 Second Private Placement Bonds

On November 7, 2016, Jiangsu Zhongnan Construction Industry Group Co., Ltd. (江蘇中南建築產業集團有限責任公司) issued a total principal amount of RMB1.0 billion of domestic small-and-medium sized enterprises private placement bonds with a tenor of five years as approved by the CSRC ("**16 Zhongzhu 01**" (16中築01) or the "**2016 Second Private Placement Bonds**"). The 2016 Second Private Placement Bonds have a coupon rate of 6.50% and will mature on November 7, 2021. The 2016 Second Private Placement Bonds are listed on the Shanghai Stock Exchange (the "SSE"). Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司) assigned an "AA" rating to each of the Company and the 2016 Second Private Placement Bonds. We mainly used the proceeds from the issue of the 2016 Second Private Placement Bonds to replenish our working capital.

2017 Corporate Bonds

On December 14, 2017, we issued a total principal amount of RMB1.0 billion of domestic corporate bonds with a tenor of five years as approved by the CSRC ("**17 Zhongnan 01**" (17中南01)). 17 Zhongnan 01 has a coupon rate of 7.50% and will mature on December 14, 2022. On December 28, 2017, we further issued a total principal amount of RMB500.0 million of domestic corporate bonds with a tenor of four years as approved by the CSRC ("**17 Zhongnan 02**" (17中南02), together with 17 Zhongnan 01, the "**2017 Corporate Bonds**"). 17 Zhongnan 02 has a coupon rate of 7.20% and will mature on December 28, 2021. The 2017 Corporate Bonds are listed on the SZSE. Golden Credit Rating assigned an "AA+" rating to each of the Company and the 2017 Corporate Bonds. We used the proceeds from the issue of the 2017 Corporate Bonds to repay bank loans. We partially redeemed 17 Zhongnan 02 on December 30, 2019 and 17 Zhongnan 01 on December 14, 2020 respectively. As of the date of this Offering Memorandum, the aggregate outstanding principal amount of 17 Zhongnan 01 and 17 Zhongnan 02 is RMB1.0 million and RMB289.0 million respectively.

2019 Private Placement Bonds

On June 27, 2019, we issued a total principal amount of RMB1,180.0 million of domestic private placed bonds with a tenor of four years as approved by the CSRC (“**19 Zhongnan 02**” (19中南02) or the “**2019 Private Placement Bonds**”). The 2019 Private Placement Bonds have a coupon rate of 7.80% and will mature on June 27, 2023. The 2019 Private Placement Bonds are listed on the SZSE. We used the proceeds from the issue of the 2019 Private Placement Bonds to repay bank loans.

2019 Corporate Bonds

In November 2019, we issued a total principal amount of RMB1.0 billion of domestic corporate bonds with a tenor of four years as approved by the CSRC (“**19 Zhongnan 03**” (19中南03) or the “**2019 Corporate Bonds**”). The 2019 Corporate Bonds have a coupon rate of 7.60% and will mature on November 22, 2023. The 2019 Corporate Bonds are listed on the SZSE. United Credit Ratings Co., Ltd. (聯合信用評級有限公司) assigned an “AA+” rating to each of the Company and the 2019 Corporate Bonds. We used the proceeds from the issue of the 2019 Corporate Bonds to redeem some of our onshore debt securities.

2020 Corporate Bonds

On March 6, 2020, we issued a total principal amount of RMB1.7 billion of domestic corporate bonds as approved by the CSRC (the “**2020 Corporate Bonds**”). The 2020 Corporate Bonds consist of two series: (i) the domestic corporate bonds titled “20 Zhongnan 01 (20中南01)” with a principal amount of RMB800.0 million and a coupon rate of 6.80%; and (ii) the domestic corporate bonds titled “20 Zhongnan 02 (20中南02)” with a principal amount of RMB900.0 million and a coupon rate of 7.40%. 20 Zhongnan 01 has a tenor of four years and will mature on March 6, 2024. 20 Zhongnan 02 has a tenor of five years and will mature on March 6, 2025. The 2020 Corporate Bonds are listed on the SZSE. United Credit Ratings Co., Ltd. assigned an “AA+” rating to each of the Company and the 2020 Corporate Bonds. We used the proceeds from the issue of the 2020 Corporate Bonds mainly to redeem our onshore debt securities and partially to support our business related to combating COVID-19.

2020 Asset-Backed Securities

On April 28, 2020, we issued a total principal amount of RMB2.0 billion of domestic asset-backed securities with a tenor of two years as approved by the CSRC (the “**2020 Asset-Backed Securities**”). The 2020 Asset-Backed Securities have a coupon rate of 7.00% and will mature on April 28, 2022. The 2020 Asset-Backed Securities are listed on the SZSE. Golden Credit Rating assigned an “AAA” rating to the 2020 Asset-Backed Securities. We used the proceeds from the issue of the 2020 Asset-Backed Securities to repay our onshore indebtedness.

2020 Medium-Term Notes

On June 22, 2020, we issued a total principal amount of RMB1.2 billion of domestic medium-term notes (“**20 Zhongnan Construction MTN001**” (20中南建設MTN001)) with a tenor of four years. 20 Zhongnan Construction MTN001 has a coupon rate of 7.20% and will mature on June 23, 2024. We used the proceeds from the issue of 20 Zhongnan Construction MTN001 to redeem our domestic medium-term notes titled “15 Zhongnan Construction MTN001 (15中南建設MTN001)”. On August 25, 2020, we issued a total principal amount of RMB1.8 billion of domestic medium-term notes (“**20 Zhongnan Construction MTN002**” (20中南建設MTN002), together with 20 Zhongnan Construction MTN001, the “**2020 Medium-Term Notes**”) with a tenor of four years. 20 Zhongnan Construction MTN002 has a coupon rate of 7.20% and will mature on August 26, 2024. 20 Zhongnan Construction MTN002 was issued in China’s Interbank Bond Market. We used the proceeds from the issue of 20 Zhongnan Construction MTN002 to redeem our domestic medium-term notes titled “15 Zhongnan Construction MTN002 (15中南建設MTN002)”. The 2020 Medium-Term Notes were issued in China’s Interbank Bond Market. Golden Credit Rating assigned an “AA+” rating to each of the Company and the 2020 Medium-Term Notes.

2021 Corporate Bonds

On March 17, 2021, we issued a total principal amount of RMB1.0 billion of domestic corporate bonds titled “21 Zhongnan 01 (21中南01)” as approved by the CSRC. The 2021 Corporate Bonds have a tenor of four years with a coupon rate of 7.30% and will mature on March 17, 2025. The 2021 Corporate Bonds are listed on the SZSE. Golden Credit Rating and Dagong Global Credit Rating Co., Ltd. assigned an “AA+” rating to each of the Company and the 2021 Corporate Bonds. We plan to use the proceeds from the issue of the 2021 Corporate Bonds to redeem some of our onshore debt securities.

Offshore Debt Securities

The Original Notes, the First Tap Notes and the Second Tap Notes (the 2019 Notes)

On June 18, 2019, we entered into an indenture, pursuant to which the Issuer issued the Original Notes in an aggregate principal amount of US\$350.0 million and further issued the First Tap Notes in an aggregate principal amount of US\$50.0 million on June 25, 2019 and the Second Tap Notes in an aggregate principal amount of US\$100.0 million on July 16, 2019. Both the First Tap Notes and the Second Tap Notes have consolidated and formed a single series with the Original Notes. The 2019 Notes are unconditionally and irrevocably guaranteed by us and are listed on HKSE. The 2019 Notes will mature on June 18, 2022. In April 2021, the 2019 Notes in principal amount of US\$190.25 million were accepted for exchange by us and cancelled. We further repurchased and cancelled the 2019 Notes in principal amount of US\$10.0 million in April 2021. As of the date of this Offering Memorandum, the aggregate outstanding principal amount of the 2019 Notes is US\$299.75 million.

2020 August Notes

On August 4, 2020, we entered into an indenture dated, pursuant to which the Issuer issued the 2020 August Notes in an aggregate principal amount of US\$200.0 million. The 2020 August Notes are unconditionally and irrevocably guaranteed by us and are listed on HKSE. The 2020 August Notes will mature on August 3, 2021.

2021 April Notes

On April 7, 2021, we entered into an indenture, pursuant to which the Issuer issued the 2021 April Notes in an aggregate principal amount of US\$250.0 million. The 2021 April Notes are unconditionally and irrevocably guaranteed by us and are listed on HKSE. The 2021 April Notes will mature on April 7, 2024. The 2021 Notes in principal amount of US\$190.25 million were issued by the Issuer as part of the exchange consideration of the 2019 Notes validly tendered and accepted for exchange.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Issuer” refers only to Haimen Zhongnan Investment Development (International) Co., Ltd. and any successor obligor on the Notes, and not to any of its Subsidiaries, and the term “Parent Guarantor” refers only to Jiangsu Zhongnan Construction Group Co., Ltd. (江蘇中南建設集團股份有限公司) and not to any of its Subsidiaries (the “Parent Guarantor”). The Parent Guarantor’s guarantee of the Notes is referred to as the “Parent Guarantee.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Issuer, the Parent Guarantor, and Citicorp International Limited, as trustee (the “Trustee”).

The following is a summary of certain provisions of the Indenture, the Notes and the Parent Guarantee. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Parent Guarantee. It does not restate those documents in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available for inspection on or after the Original Issue Date at the corporate trust office of the Trustee at 20th Floor, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

Brief Description of the Issuer

The Issuer:

- is a special-purpose financing vehicle established to issue the Notes; and
- has no operating activities other than acting as issuer of Indebtedness, including the Notes.

The Issuer does not have any operating activities or revenue. See “Risk Factors – Risks Relating to the Notes and the Parent Guarantee – The Issuer is an indirect, wholly owned subsidiary of the Parent Guarantor and currently does not have operating activities or revenue, therefore its ability to make payments under the Notes are dependent upon cash flow from other members of our Group.”

Brief Description of the Notes

The Notes are:

- general obligations of the Issuer;
- senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law);
- guaranteed by the Parent Guarantor on a senior basis, subject to the limitations described below under the caption “– The Parent Guarantee” and in “Risk Factors – Risks Relating to the Notes and the Parent Guarantee”;
- effectively subordinated to the secured obligations (if any) of the Issuer and the Parent Guarantor, to the extent of the value of the assets serving as security therefor; and

- effectively subordinated to all existing and future obligations of the Parent Guarantor's Subsidiaries (other than the Issuer).

The Notes will mature on June 8, 2022, unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at 12.00% from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable in arrears on December 9, 2021 and June 8, 2022 (each an "Interest Payment Date"). Interest on the Notes will be paid to Holders of record at the close of business on November 24, 2021 or May 24, 2022 immediately preceding an Interest Payment Date (each, a "Record Date"), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months. So long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the holder of the Notes 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 December 25 and January 1.

Except as described under "Optional Redemption," "Redemption for Taxation Reasons" and otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity (unless they have been repurchased by the Issuer or the Parent Guarantor).

In any case in which the date of the payment of principal of, premium (if any) on or interest on the Notes is not a Business Day in the relevant place of payment, then payment of such principal, premium or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "– Further Issues." Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the specified office of the Paying Agent, currently located at Citibank, N.A., Dublin Branch, 1 North Wall Quay, Dublin 1, Ireland), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided that*, at the option of the Issuer, payment of interest may be made by check mailed to the address of the Holders as such address appears in the Note Register maintained by the Note Registrar (as defined below). Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

As of the date of the Indenture, all of the Parent Guarantor's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the caption "– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries," the Parent Guarantor will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Parent Guarantor's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture.

The Parent Guarantee

The Parent Guarantee:

- is a general obligation of the Parent Guarantor;
- is effectively subordinated to all existing and future secured obligations of the Parent Guarantor, to the extent of the value of the assets serving as security therefor;
- is senior in right of payment to all existing and future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- ranks at least *pari passu* in right of payment with all other unsecured and unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsecured and unsubordinated Indebtedness pursuant to applicable law); and
- effectively subordinated to all existing and future obligations of its Subsidiaries.

Under the Indenture and any supplemental indenture to the Indenture, as applicable, the Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture (other than in respect of the Parent Guarantee) and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee.

Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid or restored, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payment as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; and
- upon a defeasance as described under “– Defeasance – Defeasance and Discharge.”

Registration of the Parent Guarantee

Guarantees of foreign indebtedness arising from offshore bond issuances by a PRC-incorporated entity are subject to registration by the State Administration of Foreign Exchange of the PRC (“SAFE”). The Parent Guarantor understands from its discussion with the SAFE that:

- (i) under PRC law, the Parent Guarantee will be the legal, valid and binding obligations of the Parent Guarantor upon execution;
- (ii) under PRC law, the Parent Guarantor is required to register the Parent Guarantee of the Notes with the Nantong Branch of SAFE (the “Nantong Branch”) as soon as possible and in any event before the date that is 15 Nantong Business Days after the execution of the Parent Guarantee of the Notes on the Original Issue Date. The Parent Guarantor can perform its obligations under the Parent Guarantee only upon the completion of administrative registration procedures with the Nantong Branch. The enforceability of the Parent Guarantee is subject to certain risks. See “Risk Factors – Risks Relating to the Notes and the Parent

Guarantee – The Parent Guarantee may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Parent Guarantee” and “Enforcement of Civil Liabilities”; and

- (iii) the Parent Guarantee will cover all sums due under the Notes (including any principal, premium if any, interest and related financial obligations).

Under the Indenture, upon completion of registration of the Parent Guarantee with the Nantong Branch, the Parent Guarantor is required to deliver to the Trustee an Officer’s Certificate attaching a copy of the relevant certificate of registration from the Nantong Branch and certifying that such copy is a true and correct copy. If such registration is not completed by 150 Nantong Business Days after the closing date of the offering, the Issuer will be required under the Indenture to make an offer to repurchase all of the Notes at a price equal to 100% of the principal amount of the Notes then outstanding, plus accrued and unpaid interest to but excluding the date of repurchase, as described below under “– Repurchase upon a SAFE Noncompliance Event.”

The Parent Guarantor intends to register the Parent Guarantee as soon as reasonably practicable after the closing date of the offering of the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue additional notes (the “Additional Notes”) having the same terms and conditions as the Notes (including the benefit of the Parent Guarantee) in all respects (or in all respects except for the issue date, issue price and the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions and any limitations associated with the registration of the Parent Guarantee with the Nantong Branch and any related rights of the Holders of Additional Notes set forth under “– Repurchase Upon a SAFE Noncompliance Event”) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single series with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided that* (a) the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below; (b) that the “Original Issue Date” as used under “– Repurchase Upon a SAFE Noncompliance Event” shall be deemed to mean the issue date of the applicable Further Issue; (c) that such tranche of Additional Notes shall be assigned a temporary ISIN, Common Code or other identifying number until the SAFE Completion Event (as defined below) has occurred with respect to such Additional Notes; and (d) until the SAFE Completion Event has occurred with respect to such Additional Notes, such Additional Notes will not be consolidated or form a single series with the previously outstanding Notes or vote together as one class on matters with respect to the Notes; *provided further that* if such Additional Notes are issued within 15 Nantong Business Days after the Original Issue Date and the Parent Guarantor registers the Parent Guarantee with respect to both the Notes and the Additional Notes with the Nantong Branch together, the preceding paragraphs (c) and (d) shall not apply. In connection with any such issuance of Additional Notes, the Issuer shall deliver an Officers’ Certificate to the Trustee directing the Trustee to authenticate and deliver Additional Notes in an aggregate principal amount specified therein and the Trustee, in accordance with such Officers’ Certificate, shall authenticate and deliver such Additional Notes.

Prior to the time such tranche of Additional Notes may be consolidated to form a single series with the previously outstanding Notes, such tranche of Additional Notes shall have a temporary ISIN and Common Code and be represented by the temporary Global Note substantially in the form set out in the Indenture (the “Temporary Global Note”), which shall bear a legend as set forth below:

“THIS IS A TEMPORARY GLOBAL NOTE. THIS TEMPORARY GLOBAL NOTE MAY BE EXCHANGED BY THE TRUSTEE, UPON RECEIPT OF THE SAFE COMPLETION CERTIFICATE WITH RESPECT TO SUCH ADDITIONAL NOTES ON OR PRIOR TO THE SAFE NONCOMPLIANCE EVENT OCCURRENCE DATE AND WITHOUT THE CONSENT OF THE HOLDERS, FOR A PERMANENT GLOBAL NOTE PURSUANT TO THE INDENTURE.”

The Trustee shall, upon receipt of the SAFE Completion Certificate with respect to such tranche of Additional Notes in the form set out in the Indenture, and without the consent of the Holders, exchange the Temporary Global Note for a permanent Global Note (the “Permanent Global Note”) substantially in the form set out in the Indenture, except for the first Interest Payment Date and issue date, which shall have the same ISIN and Common Code as the previously outstanding Notes. The Parent Guarantee endorsed on the Temporary Global Note shall, upon such exchange, be endorsed on the Permanent Global Note.

Optional Redemption

At any time prior to June 8, 2022, the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. Neither the Trustee nor any of the Agents shall be responsible for verifying or calculating the redemption price.

At any time and from time to time prior to June 8, 2022, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of the Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 112.00% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; *provided that* at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

If the optional redemption date is on or after a Record Date and on or before the related Interest Payment Date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such Record Date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

Selection and Notice

The Issuer will give not less than 30 days’ nor more than 60 days’ notice of any redemption to the Holders and the Trustee. If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected as follows:

- (1) if the Notes are listed on any recognized securities exchange or held through a clearing system, in compliance with the requirements of the principal recognized securities exchange on which the Notes are listed or the requirement of the clearing system; or
- (2) if the Notes are not listed on any recognized securities exchange or held through a clearing system, on a *pro rata* basis, unless otherwise required by applicable law.

No Note of U.S.\$200,000 in principal amount or less shall be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on the Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control Triggering Event

Not later than 30 days following a Change of Control Triggering Event, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

Each of the Issuer and the Parent Guarantor has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor, as the case may be, is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the Issuer’s or the Parent Guarantor’s failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control Triggering Event under the Notes may also constitute an event of default under certain debt instruments of the Parent Guarantor and its Subsidiaries. Future debt of the Parent Guarantor and its Subsidiaries may also (1) prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control Triggering Event; (2) provide that a Change of Control Triggering Event is a default; or (3) require repurchase of such debt upon a Change of Control Triggering Event. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control Triggering Event itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The Issuer’s or the Parent Guarantor’s ability to pay cash to the Holders following the occurrence of a Change of Control Triggering Event may be limited by the Issuer’s and the Parent Guarantor’s then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See “Risk Factors – Risks Relating to the Notes and the Parent Guarantee – We may not be able to repurchase the Notes upon a Change of Control Triggering Event.”

The definition of Change of Control includes a phrase relating to the sale of “all or substantially all” the assets of the Parent Guarantor. Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of Notes to require the Parent Guarantor to repurchase such Holder’s Notes as a result of a sale of less than all the assets of the Parent Guarantor to another person or group may be uncertain and will depend upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Parent Guarantor has occurred.

Notwithstanding the above, the Issuer or the Parent Guarantor will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the same manner within the same time frame and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer or the Parent Guarantor and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer. The Trustee shall not be required to take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to a Change of Control Triggering

Event has occurred and shall not be liable to any person for any failure to do so. The Trustee shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer or the Parent Guarantor. The Trustee shall not be required to take any steps to ascertain whether the condition for the exercise of the rights herein has occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for redemption and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee shall not be under any duty to determine, calculate or verify the redemption amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

Except as described above with respect to a Change of Control Triggering Event, the Indenture does not contain provisions that permit the Holders to require the Issuer or the Parent Guarantor to purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

No Mandatory Redemption or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium (if any) and interest on the Notes or under the Parent Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, the Parent Guarantor or a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”) is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein), including, without limitation, if applicable, the PRC, or the jurisdiction through which payments are made or any political subdivision or taxing authority thereof or therein (each, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law.

Where such withholding or deduction is made by the Issuer, the Parent Guarantor or a Surviving Person by or within the PRC up to and including the aggregate rate applicable on June 3, 2021 (the “Applicable Rate”), the Issuer or Surviving Person will increase the amounts paid by it to the extent required, so that the net amount received by Holders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer, the Parent Guarantor or a Surviving Person is required to make a deduction or withholding (i) by or within the PRC in excess of the Applicable Rate or (ii) by or within any Relevant Jurisdiction other than the PRC, the Issuer or Surviving Person, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

(a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(i) the existence of any present or former connection between the Holder or beneficial owner of such Note or Parent Guarantee as the case may be, and the Relevant Jurisdiction (other than merely acquiring or holding such Note or the receipt of payments or enforcement of rights thereunder or under the Parent Guarantee), including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

- (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, the Parent Guarantor or a Surviving Person addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge; or
 - (c) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a) and (b); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under the Parent Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Paying Agent and the Trustee will make payments free of withholdings or deductions on account of taxes unless required by applicable law. If such a deduction or withholding is required, the Paying Agent or the Trustee will not be obligated to pay any Additional Amount to the recipient unless such an Additional Amount is received by the Paying Agent or the Trustee.

Each Holder, by accepting the Notes agrees, for the benefit of the Trustee, that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the offering of the Notes and has not relied on and will not at any time rely on the Trustee in respect of such risks.

Notwithstanding any other provision of the Indenture, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or 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 (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory

legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “FATCA Withholding”). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

Repurchase upon a SAFE Noncompliance Event

Upon completion by the Parent Guarantor of registration of the Parent Guarantee for the Notes with the Nantong Branch, the Parent Guarantor will be required to deliver an Officer’s Certificate in a form set forth in the Indenture attaching a copy of the relevant certificate of registration from the Nantong Branch and certifying that such copy is true and correct (such registration and delivery of an Officer’s Certificate attaching the Nantong Branch certificate referred to collectively as the “**SAFE Completion Event**”). If, on the date that is 150 Nantong Business Days after the Original Issue Date, the SAFE Completion Event shall not have occurred (such non-occurrence, a “SAFE Noncompliance Event”), the Issuer will be required to make an offer to repurchase all of the Notes at a price in cash equal to 100% of the principal amount of the Notes offered for repurchase, plus accrued and unpaid interest on the principal amount of the Notes being repurchased to but excluding the date of repurchase (a “SAFE Noncompliance Offer”).

Within 10 calendar days following a SAFE Noncompliance Event, the Issuer will be required to give written notice of the SAFE Noncompliance Offer to the Trustee and the Holders of the Notes offering to repurchase all of the Notes on the date specified in the notice, which date will be no earlier than 30 calendar days and no later than 60 calendar days from the date such notice is given. See “Risk Factors – Risks Relating to the Notes and the Parent Guarantee – We may not be able to redeem the Notes upon the occurrence of a SAFE Noncompliance Event.”

The Trustee shall not be required to take any steps to ascertain whether a SAFE Noncompliance Event has occurred or may occur, and shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer.

A holder of Notes will have no right to require the Issuer to repurchase portions of Notes if it would result in the issuance of Notes, representing the portion not repurchased, in an amount of less than U.S.\$200,000. The Issuer will comply, to the extent applicable, with the requirements of applicable securities laws or regulations in connection with the repurchase of the Notes pursuant to this covenant.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer or a Surviving Person, as a whole but not in part, at any time upon giving not less than 30 days’ nor more than 60 days’ notice to the Holders and the Trustee (which notice shall be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Surviving Person, as the case may be, for redemption (the “Tax Redemption Date”) if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (or in the case of an official position, is announced) with respect to the Issuer or the Parent Guarantor, on or after the date of the final Offering Memorandum relating to the issue of the Notes, with respect to any payment due or to become due under the Notes or the Indenture, the Issuer, or the Parent Guarantor or a Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer or the Parent Guarantor or a

Surviving Person, as the case may be; *provided that* no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Parent Guarantor or a Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer or the Parent Guarantor or such Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that such change, amendment, or stating of an official position referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer or the Parent Guarantor or such Surviving Person, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized standing with respect to tax matters of the Relevant Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change, amendment, or stating of an official position referred to in the prior paragraph.

The Trustee shall be and is entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above without further verification, in which event it shall be conclusive and binding on the Holders. The Trustee will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion and is not obligated to investigate or verify any information in such certificate and opinion.

Any Notes that are redeemed for tax reasons will be cancelled.

Open Market Purchases

Subject to compliance with applicable law, the Issuer or the Parent Guarantor may purchase the Notes in the open market or by tender or by any other means at any price, so long as such acquisition does not otherwise violate the terms of the Indenture; *provided that* all Notes redeemed or repurchased by the Issuer or the Parent Guarantor may not be reissued or resold.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), and the Parent Guarantor will not permit any Restricted Subsidiary to issue Preferred Stock, *provided that* the Parent Guarantor may Incur Indebtedness (including Acquired Indebtedness), any Finance Subsidiary may Incur Finance Subsidiary Indebtedness, and the Issuer may issue Additional Notes, and any Restricted Subsidiary (other than any Finance Subsidiary) may Incur Permitted Subsidiary Indebtedness or Public Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than (x) 2.0 to 1.0.

Notwithstanding the foregoing, the Parent Guarantor will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Issuer or the Parent Guarantor, so long as it is so held).

- (2) Notwithstanding the foregoing, the Parent Guarantor and any Restricted Subsidiary may Incur, to the extent provided below, each and all of the following (“Permitted Indebtedness”) *provided that*, on the date of the Incurrence of any Indebtedness Incurred pursuant to clauses (2)(l), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) and (2)(v) and after giving effect thereto, the sum of the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to clauses (2)(l), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) and (2)(v), (together with any refinancings thereof, but excluding any Contractor Guarantee or guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or guarantee is otherwise reflected in such aggregate principal amount) does not exceed an amount equal to 35% of Total Assets:
- (a) Indebtedness under the Notes (excluding any Additional Notes) and the Parent Guarantee;
 - (b) any *Pari Passu* Guarantees;
 - (c) Indebtedness of the Parent Guarantor or any Restricted Subsidiary outstanding on the Original Issue Date excluding Indebtedness permitted under clause (2)(d) of this covenant; *provided that* such Indebtedness of Restricted Subsidiaries (other than Finance Subsidiaries) shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clauses (a), (d), (f) and (g) of this paragraph (2));
 - (d) Indebtedness of the Parent Guarantor or any Restricted Subsidiary owed to the Parent Guarantor or any Restricted Subsidiary; *provided that* (i) any event which results in any such Restricted Subsidiary to whom such Indebtedness is owed ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Parent Guarantor or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) if the Issuer is the obligor on such Indebtedness (other than any intercompany loan from a Finance Subsidiary to the Parent Guarantor to transfer the proceeds of a Finance Subsidiary Indebtedness), such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, and if the Parent Guarantor is the obligor on such Indebtedness and the Issuer is not the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Parent Guarantee;
 - (e) Indebtedness (“Permitted Refinancing Indebtedness”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness that is no longer outstanding but that is refinanced substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clauses (a), (b), (c), (l), (m), (n), (o), (q), (r), (s), (t), (u) and (v) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced (plus premiums, accrued interest, fees and expenses); *provided that* (i) Indebtedness the proceeds of which are used to refinance the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or the Parent Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or the Parent Guarantee such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or the Parent Guarantee or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or the Parent Guarantee, such new Indebtedness, by its terms or by the terms of

any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinated in right of payment to the Notes or the Parent Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or the Parent Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced and (iii) in no event may Indebtedness of the Issuer, the Parent Guarantor be refinanced pursuant to this clause (e) by means of any Indebtedness of any Restricted Subsidiary;

- (f) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Parent Guarantor or any of its Restricted Subsidiaries from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (g) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case in the ordinary course of business and other than for an obligation for borrowed money);
- (h) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit, trade guarantees or similar instruments are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Parent Guarantor or such Restricted Subsidiary of a demand for reimbursement;
- (i) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Parent Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided that* the maximum aggregate liability in respect of all such Indebtedness in the nature of such guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;
- (j) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided that* such Indebtedness is extinguished within five Business Days of Incurrence;
- (k) Guarantees by the Parent Guarantor or any Restricted Subsidiary of Indebtedness of any another Restricted Subsidiary or the Parent Guarantor that was permitted to be Incurred under another provision of this covenant;
- (l) Indebtedness of the Parent Guarantor or any Restricted Subsidiary:
 - (i) representing Capitalized Lease Obligations incurred in the ordinary course of business; or

- (ii) constituting purchase money Indebtedness incurred to finance (x) all or any part of the purchase price of equipment, real or personal property (including the purchase price of land use rights) or assets to be used in the ordinary course of a Permitted Business of the Parent Guarantor or any Restricted Subsidiary (including the purchase of Capital Stock of any Person holding such equipment, real or personal property or assets that is, or will upon such purchase become, a Restricted Subsidiary) or (y) the cost of development, construction or improvement of equipment, real or personal property (including the purchase price of land use rights) or assets to be used in the ordinary course of a Permitted Business by the Parent Guarantor or a Restricted Subsidiary,

provided that, (A) such purchase money Indebtedness shall not exceed the purchase price of such equipment, property or assets or the cost for the development, construction or improvement of such equipment, property or assets, and (B) such purchase money Indebtedness shall be Incurred no later than 180 days after the acquisition of such equipment, property or assets or completion of such development, construction or improvement;

- (m) Indebtedness of the Parent Guarantor or any Restricted Subsidiary consisting of local lines of credit, bilateral facilities, working capital facilities and/or other operating facilities, in each case, with a maturity of one year or less used for working capital purposes; *provided that*, on the date of the Incurrence of any Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (m) (together with any refinancings thereof) does not exceed U.S.\$50 million (or the Dollar Equivalent thereof);
- (n) Acquired Indebtedness of any Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary became a Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of transactions pursuant to which a Person becomes a Restricted Subsidiary or (ii) otherwise in contemplation of a Person becoming a Restricted Subsidiary or any such acquisition);
- (o) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed U.S.\$20 million (or the Dollar Equivalent thereof);
- (p) Indebtedness of the Parent Guarantor or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Parent Guarantor or such Restricted Subsidiary enters into such Staged Acquisition Agreement;
- (q) Indebtedness of the Parent Guarantor or any Restricted Subsidiary constituting an obligation to pay the deferred purchase price of Capital Stock of a Person pursuant to a Minority Interest Staged Acquisition Agreement, to the extent that such deferred purchase price is paid within 12 months after the date the Parent Guarantor or such Restricted Subsidiary enters into such Minority Interest Staged Acquisition Agreement and becomes obligated to pay such deferred purchase price;
- (r) Indebtedness Incurred or Preferred Stock issued by the Parent Guarantor or any Restricted Subsidiary arising from any Investment made by a Trust Company Investor in any PRC Restricted Subsidiary, and Indebtedness of the Parent Guarantor or a Restricted Subsidiary constituting a guarantee by, or grant of a Lien on the assets of the

- Parent Guarantor or any PRC Restricted Subsidiary in favor of a Trust Company Investor with respect to the obligation to pay a guaranteed or preferred return to such Trust Company Investor on Capital Stock of such Restricted Subsidiary;
- (s) Bank Deposit Secured Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary;
 - (t) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties, and Guarantees thereof by the Parent Guarantor or any Restricted Subsidiary;
 - (u) Indebtedness incurred by the Parent Guarantor or any Restricted Subsidiary under Credit Facilities;
 - (v) Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary constituting a guarantee of Indebtedness of any Person (other than the Parent Guarantor, any Restricted Subsidiary, or any Person described in clauses (x) or (y) of the first paragraph of the covenant under the caption “– Limitation on Transactions with Shareholders and Affiliates;”);
 - (w) Pre-Registration Mortgage Guarantees by the Parent Guarantor or any Restricted Subsidiary;
 - (x) Indebtedness Incurred by the Parent Guarantor constituting a Subordinated Shareholder Loan; and
 - (y) Indebtedness of the Parent Guarantor or any Restricted Subsidiary in respect of Non-recourse Receivable Financing.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Parent Guarantor, in its sole discretion, shall classify, and from time to time may reclassify, such item of Indebtedness in one or more types of Indebtedness described above.
- (4) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant will not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies *provided that* such Indebtedness was permitted to be incurred at the time of such Incurrence. For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided that* if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currency in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Parent Guarantor’s or any of its Restricted Subsidiaries’ Capital Stock (other than dividends or distributions payable or paid in shares of the Parent Guarantor’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Parent Guarantor or any Wholly Owned Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Parent Guarantor or any Restricted Subsidiary or any direct or indirect parent of the Parent Guarantor (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons (other than the Parent Guarantor or any Wholly Owned Restricted Subsidiary) other than (i) the purchase of Capital Stock of a Restricted Subsidiary pursuant to a Staged Acquisition Agreement permitted to be entered into under the Indenture or (ii) the purchase of Capital Stock of a Restricted Subsidiary held by any Trust Company Investor in connection with Indebtedness Incurred under clause (2)(r) of the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock;”
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or the Parent Guarantee (excluding any intercompany Indebtedness between or among the Parent Guarantor and any of its Restricted Subsidiaries); or
- (4) make any Investment, other than a Permitted Investment if, at the time of, and after giving effect to, the proposed Restricted Payment:
 - (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
 - (b) the Parent Guarantor could not Incur at least U.S.\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock;” or
 - (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Parent Guarantor and its Restricted Subsidiaries after the Measurement Date, shall exceed the sum of (without duplication):
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Parent Guarantor (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter during which the Measurement Date occurred and ending on the last day of the Parent Guarantor’s most recently ended fiscal quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner) are available (which may include internal consolidated financial statements); plus

- (ii) 100% of the aggregate Net Cash Proceeds received by the Parent Guarantor after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Parent Guarantor, including any such Net Cash Proceeds received upon (A) the conversion by a Person who is not a Subsidiary of the Parent Guarantor of any Indebtedness (other than Subordinated Indebtedness) of the Parent Guarantor into Capital Stock (other than Disqualified Stock) of the Parent Guarantor, or (B) the exercise by a Person who is not a Subsidiary of the Parent Guarantor of any options, warrants or other rights to acquire Capital Stock of the Parent Guarantor (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Parent Guarantor or any Restricted Subsidiary; plus
- (iii) the amount by which Indebtedness of the Parent Guarantor or any of its Restricted Subsidiaries is reduced on the Parent Guarantor's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Parent Guarantor) subsequent to the Measurement Date of any Indebtedness of the Parent Guarantor or any of its Restricted Subsidiaries convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Parent Guarantor (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Parent Guarantor upon such conversion or exchange), provided, however, that the foregoing amount shall not exceed the Net Cash Proceeds received by the Parent Guarantor or any of its Restricted Subsidiaries from the Incurrence of such Indebtedness; plus
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (B) the unconditional release of a guarantee provided by the Parent Guarantor or a Restricted Subsidiary after the Measurement Date of an obligation of another Person, (C) to the extent that an Investment made after the Measurement Date was, after such date, or is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Parent Guarantor or a Restricted Subsidiary after the Measurement Date in any such Person or Unrestricted Subsidiary; plus
- (v) U.S.\$20 million (or the Dollar Equivalent thereof).

The foregoing provision shall not be violated by reason of any of the following:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Finance Subsidiary with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a substantially concurrent sale (other than to a Subsidiary of the Parent Guarantor) of, shares of the Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided that* the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph;
- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of the Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock); *provided that* the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) the declaration and payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a *pro rata* basis or on a basis more favorable to the Parent Guarantor, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Parent Guarantor;
- (6) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Parent Guarantor; *provided that*, any such cash payment shall not be for the purpose of evading the limitation of this "Limitation on Restricted Payments" covenant (as determined in good faith by the Board of Directors of the Parent Guarantor); or
- (7) the repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Parent Guarantor or any Restricted Subsidiary held by an employee benefit plan of the Parent Guarantor or any Restricted Subsidiary, any current or former officer, director, consultant, or employee of the Parent Guarantor or any Restricted Subsidiary (or permitted transferees, estates or heirs of any of the foregoing); *provided that* the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed U.S.\$5 million (or the Dollar Equivalent thereof) in the aggregate;
- (8) the purchase of Capital Stock of a Person pursuant to a Staged Acquisition Agreement to acquire the Capital Stock of such Person; *provided that* such Person becomes a Restricted Subsidiary on or before the last date in the period stipulated in such Staged Acquisition Agreement for which the purchase price can be made;
- (9) payments pursuant to a Minority Interest Staged Acquisition Agreement, *provided that*, on the date that such Minority Interest Staged Acquisition Agreement was entered into, the Parent Guarantor delivers to the Trustee a Board Resolution set forth in Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock, provided further

that the aggregate principal amount paid by the Parent Guarantor or any Restricted Subsidiary for any purchase made pursuant to this clause (9) does not exceed an amount equal to 10.0% of Total Assets;

- (10) the declaration and payment of dividends by the Parent Guarantor and/or the repurchase of the Parent Guarantor's Common Stock, with respect to any fiscal year, in an aggregate amount not to exceed 30% of the distributable profits of the Parent Guarantor in such fiscal year so long as the Capital Stock of the Parent Guarantor is listed on the Shenzhen Stock Exchange or as otherwise required by Shenzhen Stock Exchange;
- (11) dividends paid to, or the purchase of Capital Stock of any PRC Restricted Subsidiary held by, any Trust Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under clause (2)(r) under the caption "Limitation on Indebtedness and Preferred Stock;"
- (12) distributions or payments of Securitization Fees in connection with Receivable Financing permitted under the Indenture; or
- (13) the purchase by the Parent Guarantor or a Restricted Subsidiary of Capital Stock of any Restricted Subsidiary that is not Wholly Owned, directly or indirectly, by the Parent Guarantor from an Independent Third Party pursuant to an agreement entered into between/ among the Parent Guarantor or any Restricted Subsidiary and such Independent Third Party solely for the purpose of acquiring real property or land use rights, *provided that* (A) such purchase occurs within 12 months after such Restricted Subsidiary acquires the real property or land use rights it was formed to acquire and (B) the Parent Guarantor delivers to the Trustee a Board Resolution set forth in an Officers' Certificate confirming that, in the opinion of the Board of Directors, the purchase price of such Capital Stock is less than or equal to the Fair Market Value of such Capital Stock;

provided that, in the case of clause (2), (3), (4) or (5) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1), (5) and (10) of the preceding paragraph after the Original Issue Date shall be included in calculating whether the conditions of clause (c) of the first paragraph of this "– Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds U.S.\$10 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in an amount in excess of U.S.\$10 million (or the Dollar Equivalent thereof) (other than any Restricted Payments set forth in clauses (5) through (13) other than (9) in the second paragraph of this "– Limitation on Restricted Payments", the Parent Guarantor will deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

If a payment or other action meets the criteria of more than one of the clauses in the second paragraph of this covenant, or is permitted under the first paragraph of this covenant (including by virtue of qualifying as a Permitted Investment), the Parent Guarantor and the Restricted Subsidiaries will be permitted to classify such payment or other action on the date of its occurrence in any manner that complies with this covenant. Payments or other actions permitted by this covenant need not be permitted solely by reference to one provision permitting such payment or other action but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such payment or other action (including pursuant to any section of the definition of “Permitted Investment”).

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Parent Guarantor or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Parent Guarantor or any other Restricted Subsidiary;
 - (c) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Parent Guarantor or any other Restricted Subsidiary,

provided that for the avoidance of doubt the following shall not be deemed to constitute such an encumbrance or restriction: (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Parent Guarantor and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm’s length basis.

- (2) The provisions of paragraph (1) under this covenant do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Parent Guarantee or the Indenture and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) arising or existing under or by reason of applicable law, rule, regulation or order;
 - (c) existing with respect to any Person or the property or assets of such Person acquired by the Parent Guarantor or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided that* the encumbrances and restrictions in

any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

- (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, or (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of the property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or any Restricted Subsidiary;
- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale, transfer or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or Preferred Stock of the type permitted under clauses (2)(l), (2)(m), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) and (2)(v) of the “– Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payment on the Notes or the Parent Guarantor to make required payment on its Parent Guarantee, as the case may be, and, with respect to Indebtedness of the type permitted under (2)(l), (2)(m), (2)(n), (2)(o), (2)(p), (2)(q), (2)(r), (2)(s), (2)(t), (2)(u) and (2)(v), any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
- (g) any encumbrance or restriction existing by reason of any Lien permitted under the “–Limitation on Liens” covenant;
- (h) existing with respect to Hedging Obligations permitted to be Incurred under clause (2)(f) of the covenant described under the caption “–Limitation on Indebtedness and Preferred Stock” solely to the extent that such restriction or encumbrance is only encumbering customary initial deposits or margin deposits or is otherwise within the general parameters customary in the industry with respect to such Hedging Obligations;
- (i) existing in customary provisions in leases, licenses, joint venture agreements and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary (as determined in good faith by the Board of Directors) and (i) the encumbrances or restrictions are customary for a lease, license, joint venture or similar agreement of that type and (ii)

the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect the ability of the Parent Guarantor to make the required payments on the Notes; and

- (j) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Unrestricted Subsidiary or its subsidiaries or the property or assets of such Unrestricted Subsidiary or its subsidiaries, and any extensions, refinancings, renewals or replacements thereof; *provided that*, the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Parent Guarantor will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Parent Guarantor or a Wholly Owned Restricted Subsidiary, or in the case of a Restricted Subsidiary that is not Wholly Owned, *pro rata* to its shareholders or incorporators or on a basis more favorable to the Parent Guarantor and its Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Parent Guarantor or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and *provided that* the Parent Guarantor complies with the "– Limitation on Asset Sales" covenant; or
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided that* the Parent Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "– Limitation on Asset Sales" covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Parent Guarantor will not permit any Restricted Subsidiary which is not the Issuer, directly or indirectly, to guarantee any Indebtedness ("Guaranteed Indebtedness") of the Parent Guarantor or any Restricted Subsidiary, unless (1)(a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated and unconditional subsidiary guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its guarantee until the Notes have been paid in full or (2) such guarantee and such Guaranteed Indebtedness are permitted by clauses (2)(b), (2)(c) or (2)(d) or 2(k) (in the case of clauses (2)(k), other than a guarantee by a PRC

Restricted Subsidiary of the Indebtedness of a non-PRC Restricted Subsidiary or a guarantee by a Restricted Subsidiary of the Indebtedness of a Finance Subsidiary), under the caption “– Limitation on Indebtedness and Preferred Stock.”

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes or the Parent Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Parent Guarantee or (2) is subordinated in right of payment to the Notes or the Parent Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Parent Guarantee, as the case may be, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Parent Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10.0% or more of any class of Capital Stock of the Parent Guarantor or (y) any Affiliate of the Parent Guarantor (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm’s length transaction by the Parent Guarantor or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Parent Guarantor or such Restricted Subsidiary; and
- (2) the Parent Guarantor delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$15 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of U.S.\$17.5 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness to the Parent Guarantor or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular compensation to directors of the Parent Guarantor or any Restricted Subsidiary who are not employees of the Parent Guarantor or any Restricted Subsidiary;
- (2) transactions between or among the Parent Guarantor and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clauses (1) or (2) of the first paragraph of the covenant described above under the caption “– Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor;

- (5) the payment of compensation to officers and directors of the Parent Guarantor or any Restricted Subsidiary pursuant to an employee stock or share option scheme; and
- (6) any repurchase, redemption or other acquisition or retirement for value of any Capital Stock of the Parent Guarantor or any Restricted Subsidiary pursuant to clause (7) of the second paragraph of the covenant described under “–Limitation on Restricted Payments.”

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “– Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in the Offering Memorandum, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Parent Guarantor and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date and (iii) any transaction (A) between or among the Parent Guarantor, any Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or (B) between or among the Parent Guarantor or a Restricted Subsidiary on the one hand and any Unrestricted Subsidiary, Jointly Controlled Entity or Associate on the other hand; *provided that* in the case of clause (iii) (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary that is not Wholly Owned by the Parent Guarantor is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary or by reason of being a Subsidiary of the Parent Guarantor) and (c) in the case of a Unrestricted Subsidiary, Jointly Controlled Entity or Associate, none of the shareholders or partners which beneficially owns more than 10% of the Capital Stock of or in such Unrestricted Subsidiary, Jointly Controlled Entity or Associate is a Person described in clauses (x) or (y) of the first paragraph of this covenant (other than by reason of such shareholder or partner being an officer or director of such entity or by reason of being a Subsidiary of the Parent Guarantor).

Limitation on Liens

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Parent Guarantor will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale and Leaseback Transaction; *provided that* the Parent Guarantor or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Parent Guarantor or such Restricted Subsidiary could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described above under “– Limitation on Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “– Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Parent Guarantor or such Restricted Subsidiary applies the proceeds of such transaction in compliance with, the covenant described below under the caption “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75.0% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided that* in the case of an Asset Sale in which the Parent Guarantor or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration with Fair Market Value in excess of U.S.\$10 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Parent Guarantor's most recent consolidated balance sheet, of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or the Parent Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, set-off, novation or similar agreement that releases the Parent Guarantor or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Parent Guarantor or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Parent Guarantor (or any Restricted Subsidiary) may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Issuer or the Parent Guarantor or any Indebtedness of a Restricted Subsidiary (other than the Issuer) (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Parent Guarantor or a Restricted Subsidiary; or
- (2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in clause (1) or (2) above, the Parent Guarantor or any Restricted Subsidiary may make an Investment in cash or Temporary Cash Investments.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) and (2) in the immediately preceding paragraph will constitute "Excess Proceeds." Excess Proceeds of less than U.S.\$10 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceeds U.S.\$10 million (or the Dollar Equivalent thereof), within 10 days thereof, the Issuer or the Parent Guarantor must make an Offer to Purchase Notes having a principal amount equal to:

- (3) accumulated Excess Proceeds, multiplied by

- (4) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest U.S.\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount of the Notes and such other *pari passu* Indebtedness plus any accrued and unpaid interest to (but excluding) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Parent Guarantor or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee will select the Notes (and such other *pari passu* Indebtedness) to be purchased on a *pro rata* basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Parent Guarantor's Business Activities

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Parent Guarantor or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “– Limitation on Restricted Payments”; provided further, that the Parent Guarantor shall at all times own all the Capital Stock of the Issuer.

Limitation on the Issuer's Activities

Notwithstanding anything contained in the Indenture to the contrary, the Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the offering, sale or issuance of the Notes, the incurrence of Indebtedness represented by the Notes or any Additional Notes issued under the Indenture (if such offering, sale or issuance is permitted under the Indenture), (b) relating to the offering, sale or issuance of debt obligations in the future and the incurrence of Indebtedness represented by such debt obligations (or guarantees thereof) (if such offering, sale or issuance is permitted under the Indenture), (c) contributing to, lending to or otherwise using the proceeds of the issuance of Indebtedness incurred by the Issuer to fund the activities of, the Parent Guarantor or any Restricted Subsidiary, (d) undertaken with the purpose of fulfilling any obligations under the Indebtedness referred to in clause (a) and (b) or the Indenture or any future indenture related to such Indebtedness or for purposes of any consent solicitation or tender for such Indebtedness or refinancing of such Indebtedness or (e) directly related to the establishment and/or maintenance of the Issuer's corporate existence.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent Guarantor or (b) acquire or receive any property or assets (including, without limitation, any Capital Stock or Indebtedness of any Person), other than (x) any future intercompany Indebtedness owed by the Parent Guarantor or any Restricted Subsidiary to the Issuer in respect of the borrowing of the gross proceeds of the issuance of Indebtedness by the Issuer or payments in respect thereof or (y) cash for ongoing corporate activities of the Issuer described in the preceding paragraph.

The Issuer will not create, incur, assume or suffer to exist any Lien of any kind against or upon any of its property or assets, or any proceeds therefrom unless otherwise permitted under the Indenture.

The Issuer will at all times remain, directly or indirectly, a Wholly Owned Restricted Subsidiary of the Parent Guarantor.

For so long as any Notes are outstanding, the Issuer will not, and the Parent Guarantor will procure that none of the Restricted Subsidiaries will, commence or take any action to cause a winding-up or liquidation of the Issuer.

The Issuer will not consolidate with, merge with or into, another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets to any Person.

Use of Proceeds

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than as specified under the caption “Use of Proceeds” in the Offering Memorandum.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary; *provided that* (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) neither the Parent Guarantor nor any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Parent Guarantor, the Issuer or any other Restricted Subsidiary; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Parent Guarantor or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Parent Guarantor or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under the caption “– Certain Covenants – Limitation on Liens;” (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “– Certain Covenants – Limitation on Restricted Payments”; provided further that, the Issuer shall be a Restricted Subsidiary for so long as any Notes are outstanding.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;” (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “– Certain Covenants – Limitation on Liens;” and (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary).

Government Approvals and Licenses; Compliance with Law

The Parent Guarantor will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply with

would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Issuer or the Parent Guarantor to perform its obligations under the Notes, the Parent Guarantee or the Indenture.

Anti-Layering

The Parent Guarantor will not Incur, and will not permit the Issuer to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Parent Guarantor or the Issuer, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the Parent Guarantee, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness.

Suspension of Certain Covenants

If, on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the three Rating Agencies and no Default has occurred and is continuing (a “Suspension Event”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from two of the three Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

- (1) “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”;
- (2) “– Certain Covenants – Limitation on Restricted Payments”;
- (3) “– Certain Covenants – Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries”;
- (4) “– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries”;
- (5) “– Certain Covenants – Limitation on Transactions with Shareholders and Affiliates”;
- (6) “– Certain Covenants – Limitation on Issuances of Guarantees by Restricted Subsidiaries”;
- (7) “– Certain Covenants – Limitation on the Parent Guarantor’s Business Activities”;
- (8) “– Certain Covenants – Limitation on Sale and Leaseback Transactions”;
- (9) “– Certain Covenants – Limitation on Asset Sales.”; and
- (10) Clause (4) under the first and second paragraphs of the covenants described under the caption “– Certain Covenants – Consolidation, Merger and Sale of Assets.”

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any of the Restricted Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant summarized under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries” or the definition of “Unrestricted Subsidiary.”

Such covenants will be reinstituted and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant summarized under “– Certain Covenants – Limitation

on Restricted Payments” will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the Notes will ever achieve a rating of Investment Grade or that any such rating will be maintained.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 30 calendar days after they are filed with the Shenzhen Stock Exchange or any other recognized exchange on which the Parent Guarantor’s Common Stock are at any time listed for trading, true and correct copies of any financial report filed with such exchange; *provided that* if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on a recognized stock exchange, the Parent Guarantor will file with the Trustee and furnish to the Holders:
 - (a) as soon as they are available, but in any event within 150 calendar days after the end of the fiscal year of the Parent Guarantor, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of a nationally or an internationally-recognized firm of independent accountants, in each case together with an English translation thereof;
 - (b) as soon as they are available, but in any event within 120 calendar days after the end of the second financial quarter of the Parent Guarantor, copies of its financial statements (on a consolidated basis) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of a nationally or an internationally-recognized firm of independent accountants, in each case together with an English translation thereof; and
 - (c) as soon as they are available, but in any event within 90 calendar days after the end of each of the first and third financial quarters of the Parent Guarantor, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Parent Guarantor together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements are true in all material respects and present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, the relevant quarterly period, in each case together with an English translation thereof.
- (2) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee (a) within 150 days after the close of each fiscal year, an Officers’ Certificate stating the Fixed Charge Coverage Ratio with respect to the two most recent fiscal semi-annual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Parent Guarantor’s external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided that* the Parent Guarantor shall not be required to provide such certification if its external auditors refuse to provide such certification as a result of a policy of such external auditors not to provide such certification; and (b) as soon as possible and in any event within

30 days after the Parent Guarantor becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate setting forth the details of the Default, and the action which the Parent Guarantor proposes to take with respect thereto.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) (a) default in the performance or breach of the provisions of the covenants described under "– Consolidation, Merger and Sale of Assets," and "– Limitation on Liens" or (b) the failure by the Issuer or the Parent Guarantor to make or consummate an offer to purchase in the manner described under the captions "– Repurchase of Notes upon a Change of Control Triggering Event", "– Repurchase of Notes upon a SAFE Noncompliance Event", or "– Limitation on Asset Sales,";
- (4) the Parent Guarantor or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Holders of 25.0% or more in aggregate principal amount of the Notes then outstanding;
- (5) there occurs with respect to any Indebtedness of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount of U.S.\$20 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any of its Restricted Subsidiaries and are not paid or discharged within the time frame specified in such final judgment or order, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$15 million (or the Dollar Equivalent thereof) (in excess of amounts which the Parent Guarantor's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Parent Guarantor or any Significant Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Restricted Subsidiary or for any substantial part of the property and assets of the Parent Guarantor or any Significant Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any Significant Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Parent Guarantor or any Significant Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) other than in connection with a solvent liquidation or reorganization, consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Restricted Subsidiary or for all or substantially all of the property and assets of the Parent Guarantor or any Significant Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) the Parent Guarantor denies or disaffirms its obligations under the Parent Guarantee, except as permitted by the Indenture, the Parent Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Holders of at least 25.0% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer and the Parent Guarantor and to the Trustee, may, and the Trustee at the request of such Holders shall (subject to being indemnified and/or secured and/or prefunded and/or pre-funding to its satisfaction), declare the principal of, premium, if any, and any accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and any accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Parent Guarantor or any Restricted Subsidiary, the principal of, premium, if any, and any accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and the Parent Guarantor and to the Trustee may on behalf of the Holders of Notes waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee shall upon request of Holders of at least 25.0% in aggregate principal amount of outstanding Notes, pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction in advance of the proceedings. However, the Trustee may refuse to follow any direction that is unclear or equivocal, or conflicts with law or the Indenture, that may involve the Trustee in personal liability, and may take any other action it deems proper that is not

inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if it does not believe that reimbursement or satisfactory indemnification and/or security and/or pre-funding is assured to it.

A Holder of Notes may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25.0% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity and/or security and/or prefunding reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security and/or prefunding; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired or affected without the consent of the Holder.

Officers of the Parent Guarantor must certify to the Trustee in writing, on or before a date not more than 150 calendar days after the end of each fiscal year ending after the Original Issue Date and within 14 days after written request from the Trustee, that a review has been conducted of the activities of the Parent Guarantor and its Restricted Subsidiaries and the Parent Guarantor's and the Issuer's performance under the Indenture and that the Parent Guarantor and the Issuer have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Parent Guarantor will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture. See "– Provision of Financial Statements and Reports."

None of the Trustee or any Agent is obligated to do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and each of the Trustee and the Agents may assume that no such event has occurred and that the Issuer and the Parent Guarantor are performing all of their respective obligations under the Indenture, the Notes and the Parent Guarantee, unless the Trustee or the Agent, as the case may be, has received written notice of the occurrence of such event or facts establishing that a Default or an Event of Default has occurred or that the Issuer and the Parent Guarantor are not performing all of their respective obligations under the Indenture, the Notes and the Parent Guarantee. The Trustee is entitled to rely on any Opinion of Counsel or Officers' Certificate regarding whether an Event of Default or Default has occurred.

Consolidation, Merger and Sale of Assets

The Parent Guarantor will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person, unless:

- (1) the Parent Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the PRC and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor or the Surviving Person, as the case may be, could Incur at least U.S.\$1.00 of Indebtedness under the first paragraph of part (1) of the covenant under the caption "– Limitation on Indebtedness and Preferred Stock;" and
- (5) the Parent Guarantor delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that (A) such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and (B) if the Parent Guarantor is the surviving person, the Parent Guarantee provided by the Parent Guarantor and all the obligations of the Parent Guarantor under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain valid and in full force and effect, and that no registration with, or approval from, any government authority shall be required with respect to such documents' validity or enforceability other than any such registration or approval that has been made or obtained prior to such transaction.

The Issuer will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Parent Guarantor), unless:

- (1) the Issuer shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets shall be a corporation organized and validly existing under the laws of the British Virgin Islands, or

Hong Kong and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes, as the case may be, including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes, as the case may be, shall remain in full force and effect;

- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Parent Guarantor immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Parent Guarantor could Incur at least U.S.\$1.00 of Indebtedness under the first paragraph of part (1) of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock;”
- (5) the Issuer delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) the Parent Guarantor, unless the Parent Guarantor is the Person with which the Issuer has entered into a transaction described under the caption “– Consolidation, Merger and Sale of Assets,” shall execute and deliver a supplemental indenture to the Indenture confirming that its Parent Guarantee, shall apply to the obligations of the Issuer or the Issuer Surviving Person in accordance with the Notes and the Indenture,

provided that this paragraph shall not apply to any sale or other disposition that complies with the “– Certain Covenants – Limitation on Asset Sales” covenant.

Although there is a limited body of case law interpreting the phrase “substantially all,” there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

No Payments for Consents

The Parent Guarantor will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts and to hold monies for payment in trust) if, among other things:

- (1) the Issuer (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or any combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any of its Restricted Subsidiaries is a party or by which the Parent Guarantor or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Parent Guarantee will terminate.

Defeasance of Certain Covenants

The Indenture will provide that (i) the provisions of the Indenture will no longer be in effect with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under “– Consolidation, Merger and Sale of Assets” and all the covenants described herein under “– Certain Covenants,” other than as described under “– Certain Covenants- Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering,” and (ii) clause (3) under “Events of Default” with respect to clauses (3), (4), (5)(x) and (7) under the first paragraph and clauses (3), (4), (5)(x) and (6) under the second paragraph under “Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in the above clause (i), clause (4) under “Events of Default” with respect to such other covenants and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain Other Events of Default

In the event that the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture or the Notes;
- (2) comply with the provisions described under “– Consolidation, Merger and Sale of Assets;”
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (5) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (6) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
- (7) make any other change that does not materially and adversely affect the rights of any Holder; or
- (8) conform the text of the Indenture, the Notes or the Parent Guarantee to any provision of this “Description of the Notes” to the extent that such provision in this “Description of the Notes” was intended to be a verbatim recitation of a provision in the Indenture, the Notes or the Parent Guarantee.

Amendments With Consent of Holders

The Indenture, the Notes or the Parent Guarantee may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the Holders of a majority in principal amount of the outstanding Notes may amend or waive future compliance by the Parent Guarantor or any of its Restricted Subsidiaries with any provision thereof; provided, however, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;

- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or the Parent Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (8) amend, change or modify the Parent Guarantee in a manner that adversely affects the Holders;
- (9) reduce the amount payable upon a Change of Control Offer, a SAFE Noncompliance Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer, a SAFE Noncompliance Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer, a SAFE Noncompliance Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;
- (10) change the redemption date or the redemption price of the Notes from that stated under the caption “– Optional Redemption” or “– Redemption for Taxation Reasons;”
- (11) amend, change or modify the obligation of the Issuer or the Parent Guarantor to pay Additional Amounts; or
- (12) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or the Parent Guarantee in a manner which adversely affects the Holders.

Unclaimed Money

Claims against the Issuer or the Parent Guarantor for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or the Parent Guarantor in the Indenture, or in any of the Notes or the Parent Guarantee, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or the Parent Guarantor, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Parent Guarantee. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws.

Concerning the Trustee and the Agents

Citicorp International Limited has been appointed as Trustee under the Indenture. Citibank, N.A., London Branch has been appointed as note registrar (the “Note Registrar”) and Citibank, N.A., London Branch has been appointed as paying and transfer agent (the “Paying Agent” and together with the Note

Registrar, the “Agents”) with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture or the Notes, and no implied covenant or obligation shall be read into the Indenture or the Notes against the Trustee. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. The Trustee will be under no obligation to exercise and have absolute and uncontrolled discretion as to exercise or non-exercise of any of its rights or powers under the Indenture at the request of any Holder, unless such Holder shall have offered to the Trustee indemnity and/or security and/or pre-funding satisfactory to it against any loss, liability or expense. The Trustee will not be responsible for any loss, liability, cost, claim, actions, demand, expense or inconvenience which may result from their exercise or non-exercise. Whenever in the Indenture, the Notes or by law, the Trustee shall have discretion or permissive power it may decline to exercise the same in the absence of approval by the Noteholders. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification submitted to it by the Issuer or the Parent Guarantor and is entitled to rely exclusively on the certification contained therein, and take action based on the information contained in, the certification or legal opinion. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Issuer and the Parent Guarantor in the fulfillment of its obligations under the Indenture and the Notes.

The Trustee shall not be deemed or implied to have any duties or obligations under any documents to which it is a party. Furthermore, the Trustee shall not be deemed to have knowledge of any event unless it has been actually notified in writing of such event.

The Trustee shall not be responsible for the performance by any other person appointed by the Issuer or the Parent Guarantor in relation to the Notes and, unless notified in writing to the contrary, shall assume that the same are being duly performed. The Trustee shall not be liable to any Holders or any other person for any action taken by the Holders or the Trustee in accordance with the instructions of the Holders.

The Trustee is entitled to rely on all instructions, notices, declarations and certifications received pursuant to the Indenture without investigating or being responsible for the accuracy, authenticity and validity of these instructions, notices, declarations and certifications.

Neither the Trustee nor the Agents will be responsible for making calculations or for verifying calculations performed by the Issuer, the Parent Guarantor or any other persons unless otherwise specified in the Indenture.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Parent Guarantor or the Issuer to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer, the Parent Guarantor and their respective Affiliates and shall not be obligated to account for any profits therefrom; provided, however, that if it acquires any conflicting interest that may have a materially prejudicial effect upon the Holders, it must eliminate such conflict or resign. The Trustee and the Agents may have an interest in, may be providing, or may in the future provide financial or other services to other parties.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the “Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of

Euroclear and Clearstream. Any additional Notes will be represented by additional global notes in registered form without interest coupons attached (the “Additional Global Notes” and, together with the Global Note, the “Global Notes”).

Global Notes

Ownership of beneficial interests in the Global Notes (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Notes for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book- entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Notes (including principal, premium, interest and Additional Amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Issuer and the Parent Guarantor will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts.”

Under the terms of the Indenture, the Issuer, the Parent Guarantor and the Trustee will treat the registered holder of the Global Notes (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- any action or failure to take action by Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; provided, however, that no book-entry interest of U.S.\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Notes will be subject to the restrictions on transfer discussed under "Transfer Restrictions."

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the applicable settlement procedures. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream participants on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days, (2) either Euroclear or Clearstream, or a successor 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 to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Note Registrar in sufficient quantities and authenticated by the Note Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Note Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the Note Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or first-class mail (if intended for the Issuer and the Parent Guarantor) addressed at Room 1028, Zhongnan Tower, 899 Shanghai Road, Haimen, Jiangsu Province, China (Attention: Chen Wufeng; Facsimile number +86-0513-68700051), (if intended for the Trustee), at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note Register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer and the Parent Guarantor will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, the Parent Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Cogency Global Inc. at 122 East 42nd Street, 18th Floor, New York, NY 10168 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Parent Guarantee and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after June 8, 2022, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case, calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 100% of the principal amount of such Note on the maturity date of the Notes, plus (y) all required remaining scheduled interest payments due on such Note through the maturity date of the Notes (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an Investment by the Parent Guarantor or any of its Restricted Subsidiaries in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Parent Guarantor or any of its Restricted Subsidiaries; or (2) an acquisition by the Parent Guarantor or any of its Restricted Subsidiaries of the property and assets of any Person other than the Parent Guarantor or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Parent Guarantor or any of its Restricted Subsidiaries (other than to the Parent Guarantor or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Parent Guarantor or any of its Restricted Subsidiaries.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock of a Restricted Subsidiary) in one transaction or a series of related transactions by the Parent Guarantor or any of its Restricted Subsidiaries to any Person; *provided that* “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “– Certain Covenants – Limitation on Restricted Payments” covenant;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of U.S.\$1.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Parent Guarantor or its Restricted Subsidiaries;

- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant under the caption “– Consolidation, Merger and Sale of Assets;”
- (7) any sale, transfer or other disposition by the Parent Guarantor or any of its Restricted Subsidiaries, including the sale or issuance by the Parent Guarantor or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Parent Guarantor or any Restricted Subsidiary; and
- (8) (i) any disposition of Receivable Financing Assets in connection with any Receivable Financing (other than Non-recourse Receivable Financing) permitted under the Indenture, and (ii) the sale or discount of accounts receivable arising in the ordinary course of business in connection with the compromise or collection thereof or in bankruptcy or similar proceeding.

“Associate” means any corporation, association or other business entity primarily engaged in a Permitted Business, of which at least 20% of the Capital Stock and the Voting Stock is owned, directly or indirectly, by the Parent Guarantor or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Parent Guarantor or any Restricted Subsidiary that (i) is secured by a pledge of one or more bank accounts or deposits of the Parent Guarantor or a Restricted Subsidiary and/or (ii) is guaranteed by a guarantee, letter of credit or similar instruments from or arranged by the Parent Guarantor or a Restricted Subsidiary and is used by the Parent Guarantor and its Restricted Subsidiaries to effect exchange of foreign currencies.

“Nantong Business Day” means a day other than a Saturday, Sunday or a day on which the Nantong Branch is authorized or obligated by law or executive order to remain closed.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Parent Guarantor to manage the business of the Parent Guarantor or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible or exchangeable into such equity.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Parent Guarantor with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Parent Guarantor, or the sale of all or substantially all the assets of the Parent Guarantor to another Person (other than one or more Permitted Holders);
- (2) the Permitted Holders are collectively the beneficial owners of less than 30% of the total voting power of the Voting Stock of the Parent Guarantor;
- (3) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Parent Guarantor greater than such total voting power held beneficially by the Permitted Holders;
- (4) individuals who on the Original Issue Date constituted the Board of Directors of the Parent Guarantor, together with any new directors whose election to the Board of Directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the Board of Directors of the Parent Guarantor then in office; or
- (5) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

“Change of Control Triggering Event” means the occurrence of a Change of Control.

“Clearstream” means Clearstream Banking S.A.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed on June 8, 2022 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities with a comparable maturity to June 8, 2022.

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the definition of the Adjusted Treasury Rate is applicable, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Parent Guarantor and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Parent Guarantor and its Restricted Subsidiaries (which the Parent Guarantor shall use its reasonable efforts to compile in a timely manner) are available (which may be internal consolidated financial statements).

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Parent Guarantor and its Restricted Subsidiaries in conformity with GAAP; *provided that* (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Parent Guarantor or any of its Restricted Subsidiaries and (2) in the case of any PRC CJV (consolidated in accordance with GAAP), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with GAAP) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such PRC CJV to the PRC CJV Partner, or to which the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Parent Guarantor or any Restricted Subsidiary held by Persons other than the Parent Guarantor or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Parent Guarantor’s Capital Stock (other than Disqualified Stock).

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with GAAP for such period of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Parent Guarantor and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to

letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is guaranteed by, or secured by a Lien on any asset of, the Parent Guarantor or any Restricted Subsidiary (other than Pre-Registration Mortgage Guarantees), and (7) any capitalized interest, *provided that* interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided that* the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Parent Guarantor’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Parent Guarantor or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (b) the Parent Guarantor’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Parent Guarantor or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any of its Restricted Subsidiaries or all or substantially all of the property and assets of such Person are acquired by the Parent Guarantor or any of its Restricted Subsidiaries;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Parent Guarantor or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Parent Guarantor realized on sales of Capital Stock of the Parent Guarantor or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

provided that (A) solely for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains derived from direct or indirect sale by the Parent Guarantor or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the

holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the current book value and the cash sale price shall be added to Consolidated Net Income; (B) for purposes of this Consolidated Net Income calculation (but not for purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio) any net after tax gains derived from direct or indirect sale by the Parent Guarantor or any Restricted Subsidiary of (i) Capital Stock of a Restricted Subsidiary primarily engaged in the holding of Investment Property or (ii) an interest in any Investment Property arising from the difference between the original cost basis and the cash sale price shall be added to Consolidated Net Income to the extent not already included in the net income for such period as determined in conformity with GAAP and Consolidated Net Income and (C) solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, any net after tax gains on Investment Properties arising from fair value adjustments made in conformity with GAAP shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available quarterly, semi-annual or annual consolidated balance sheet of the Parent Guarantor and its Restricted Subsidiaries prepared in accordance with GAAP, plus, to the extent not included, any Preferred Stock of the Parent Guarantor, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Parent Guarantor or any of its Restricted Subsidiaries, each item to be determined in conformity with GAAP.

“Credit Facilities” means one or more of the facilities or arrangements with one or more banks or other lenders or institutions providing for revolving credit loans, term loans, receivables or financings (including without limitation through the sale of receivables or assets to such institutions or to special purpose entities formed to borrow from such institutions against such receivables or assets or the creation of any Liens in respect of such receivables or assets in favor of such institutions), letters of credit or other Indebtedness, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with any of the foregoing, including but not limited to any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledge agreements, security agreements and collateral documents, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part, whether with the original banks, lenders or institutions or other banks, lenders or institutions or otherwise, and whether provided under any original Credit Facility or one or more other credit agreements, indentures, financing agreements or other Credit Facilities or otherwise). Without limiting the generality of the foregoing, the term “Credit Facility” shall include any agreement (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled

maturity prior to the date that is 183 days after Stated Maturity of the Notes; *provided that* any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 183 days after Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s or the Parent Guarantor’s repurchase of such Notes as are required to be repurchased pursuant to the “– Certain Covenants – Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control Triggering Event” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York on the date of determination.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided that* such borrowings are not reflected on the consolidated balance sheet of the Parent Guarantor.

“Equity Offering” means (i) any underwritten primary public offering or private placement of Common Stock of the Parent Guarantor after the Original Issue Date or (ii) any underwritten secondary public offering or secondary private placement of Common Stock of the Parent Guarantor beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a Person controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Parent Guarantor at the same price as the public offering or private placing price; *provided that* any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Parent Guarantor being no less than U.S.\$20 million (or the Dollar Equivalent thereof).

“Euroclear” means Euroclear Bank S.A./N.V., as operator of the Euroclear System.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended.

“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 the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“Finance Subsidiary” means a Subsidiary of the Parent Guarantor or another Finance Subsidiary (including the Issuer) (i) that is a Restricted Subsidiary and whose operations are comprised of Incurring Indebtedness to Persons other than the Parent Guarantor or any Restricted Subsidiary from time to time to finance the operations of the Parent Guarantor and/or its Restricted Subsidiaries, (ii) that has not lent the proceeds of any Finance Subsidiary Indebtedness to any Person other than the Parent Guarantor or the Issuer and (iii) which conducts no business and owns no material assets other than any equity interests in a Finance Subsidiary or intercompany Indebtedness Incurred in connection with the Indebtedness described in clauses (i) and (ii).

“Finance Subsidiary Indebtedness” means Indebtedness of a Finance Subsidiary that is guaranteed by the Parent Guarantor, as the case may be; *provided that* no Non-Guarantor Subsidiary shall provide any guarantee to or be an obligor under such Indebtedness.

“Fitch” means Fitch Ratings Ltd., a subsidiary of the Fitch Group, a jointly owned subsidiary of Fimalae, S.A. and Hearst Corporation, and its successors.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent four fiscal quarter periods prior to such Transaction Date for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable best efforts to compile in a timely manner) are available (which may be internal consolidated financial statements) (the “Four Quarter Period”) to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (a) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Four Quarter Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Four Quarter Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided that*, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Parent Guarantor or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness, Disqualified Stock or Preferred Stock;
- (b) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (c) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (d) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (e) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or consolidated into the Parent Guarantor or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (d) or (e) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the four full fiscal quarter periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“GAAP” means generally accepted accounting principles in PRC as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with GAAP applied on a consistent basis.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided that* the term “guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided that* (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;

- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided that* the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) any Preferred Stock issued by any Person that is a Restricted Subsidiary and all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and
- (10) Receivable Financing Assets sold, transferred or discounted (other than pursuant to a Non-recourse Receivables Financing) by such Person to the extent of the consideration or proceeds received or receivable (prior to the payment of any subordinated tranche of interests (if any)) by such Person from another Person other than the Parent Guarantor or a Restricted Subsidiary.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligation, pre-sale receipts in advance from customers, performance obligations or similar obligations (or guarantee thereof) Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business or Entrusted Loans; *provided that* such Indebtedness is not reflected as borrowings or indebtedness on the consolidated balance sheet of the Parent Guarantor or any Restricted Subsidiary (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided that*:

- (1) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP,
- (2) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest, and
- (3) the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the "Limitation on Indebtedness and Preferred Stock" covenant, or (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

"Independent Third Party" means any Person that is not an Affiliate of the Parent Guarantor.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

"Investment" means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any guarantee of any obligation of another Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Parent Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Parent Guarantor’s proportional interest in the Fair Market Value of the assets (net of the Parent Guarantor’s proportionate interest in the liabilities owed to any Person other than the Parent Guarantor or a Restricted Subsidiary and that are not guaranteed by the Parent Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (2) if the Parent Guarantor or any Restricted Subsidiary sells or otherwise disposes of any Capital Stock of any direct or indirect Restricted Subsidiary of the Parent Guarantor such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Parent Guarantor will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Capital Stock of such Person not sold or disposed of and (3) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

“Investment Grade” means a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P or any of its successors or assigns, a rating of “Aaa,” or “Aa,” “A” or “Baa,” as modified by a “1,” “2” or “3” indication, or an equivalent rating representing one of the four highest Rating Categories, by Moody’s, or any of its successors or assigns, or a rating of “AAA,” “AA,” “A” or “BBB,” as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest Rating Categories, by Fitch or any of its successors or assigns, or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P, Moody’s or Fitch or two or three of them, as the case may be.

“Investment Property” means any property that is owned and held by the Parent Guarantor or any of its Restricted Subsidiaries primarily for rental yield or for capital appreciation or both, or any hotel, residential or commercial real property owned by the Parent Guarantor or any Restricted Subsidiary as an investment property.

“Jointly Controlled Entity” means any corporation, association or other business entity of which 20% or more of the voting power of the outstanding Capital Stock is owned, directly or indirectly, by the Parent Guarantor or a Restricted Subsidiary and such corporation, association or other business entity is treated as a “jointly controlled entity” in accordance with GAAP and is primarily engaged in a Permitted Business, and such Jointly Controlled Entity’s Subsidiaries.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Listed Subsidiary” means any Restricted Subsidiary any class of the Capital Stock of which is listed on a Qualified Exchange and any Subsidiary of a Listed Subsidiary.

“Measurement Date” means June 18, 2019.

“Minority Interest Staged Acquisition Agreement” means an agreement between the Parent Guarantor or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Parent Guarantor or such Restricted Subsidiary agrees to acquire less than a majority of the Capital Stock of a Person for a consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Parent Guarantor or such Restricted.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Parent Guarantor or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Note Register” means the register of Noteholders which the Parent Guarantor will procure to be kept by the Note Registrar.

“Non-recourse Receivable Financing” means Receivable Financing (i) under which neither the Parent Guarantor nor any Restricted Subsidiary (other than pursuant to Standard Non-recourse Receivable Financing Undertakings) provides guarantee or recourse with respect to the Receivable Financing Assets, undertakes to repurchase any Receivable Financing Assets, subjects any of its properties or assets, directly or indirectly, contingently or otherwise, to the satisfaction of any obligation

related to the Receivable Financing Assets or undertakes to maintain or preserve the financial condition or operating results of the entity that purchases or otherwise receives the Receivable Financing Assets and (ii) is not reflected as liability on the consolidated balance sheet of the Parent Guarantor.

“Offer to Purchase” means an offer to purchase Notes by the Parent Guarantor or the Issuer, as the case may be, from the Holders commenced by the Parent Guarantor or the Issuer, as the case may be, mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note Register stating:

- (1) the provision in the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Parent Guarantor or the Issuer, as the case may be, defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the tender agent (the “Tender Agent”) at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Tender Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided that* each Note purchased and each new Note issued shall be in a principal amount of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Parent Guarantor or the Issuer, as the case may be, shall deposit with the Tender Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted. On the Offer to Purchase Payment Date, the Parent Guarantor or the Issuer, as the case may be, shall (a) accept for payment on a *pro rata* basis Notes or portions thereof tendered pursuant to an Offer to Purchase and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Parent Guarantor or the Issuer, as the case may be. The Tender Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided that* each Note purchased and each new Note issued shall be in a principal amount of U.S.\$200,000 or integral multiples of U.S.\$1,000 in excess thereof. The Parent Guarantor or the Issuer, as the case may be, will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Parent Guarantor or the Issuer, as the case may be, will comply with Rule 14e-1

under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

To the extent that the provisions of any securities laws or regulations of any jurisdiction conflict with the provisions of the Indenture governing any Offer to Purchase, the Issuer and the Parent Guarantors will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance. The Issuer will not be required to make an Offer to Purchase if a third party makes the Offer to Purchase in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Parent Guarantor or the Issuer, as the case may be, to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

“Offering Memorandum” means this offering memorandum for the offer and sale of Notes dated June 3, 2021.

“Officer” means one of the executive officers of the Parent Guarantor or, in the case of the Issuer, one of the directors of the Issuer, as the case may be.

“Officers’ Certificate” means a certificate signed by two Officers; provided, however, with respect to the Officers’ Certificate required to be delivered by the Issuer under the Indenture, Officers’ Certificate means a certificate signed by one Officer if there is only one Officer in the Issuer at the time such certificate is required to be delivered.

“Opinion of Counsel” means a written opinion from legal counsel who is reasonably acceptable to the Trustee.

“Original Issue Date” means the date on which the Notes are originally issued under the Indenture.

“Parent Guarantee” means any guarantee of the obligations of the Issuer under the Indenture and the Notes by the Parent Guarantor.

“Pari Passu Guarantee” means a guarantee by the Parent Guarantor or the Issuer (including the Additional Notes), as the case may be; *provided that* (1) the Parent Guarantor or the Issuer was permitted to Incur such Indebtedness under the covenant under the caption “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with any outstanding Parent Guarantee.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Parent Guarantor and its Restricted Subsidiaries as described in the Offering Memorandum on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Mr. Chen Jinshi, Ms. Chen Yuhan and Ms. Lu Yaxing;

- (2) any Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of the Person specified in clause (1);
- (3) the estate, trust and any immediate family member of the Persons listed in (1) or the legal representative of any of the foregoing; and
- (4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are at least majority owned by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or will be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) any Investment in cash or Temporary Cash Investments;
- (3) payroll, travel and similar advances made in the ordinary course of business to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation entered into in the ordinary course of business (and not for speculation) and designed solely to protect the Parent Guarantor or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;
- (7) receivables, trade credits or other current assets owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Parent Guarantor or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “– Certain Covenants – Limitation on Asset Sales”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “– Certain Covenants – Limitation on Liens”;
- (10) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (11) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Parent Guarantor’s consolidated balance sheet;

- (12) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims, unemployment insurance or other types of social security and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (13) repurchases or redemption of the Notes;
- (14) any Investment not to exceed the greater of U.S.\$20 million and 5% of Total Assets (a) in a joint venture, including any guarantee thereof or loans or letters of credit thereto, that is engaged in a Permitted Business or (b) that consists of a minority investment in or loan to an entity engaged in a Permitted Business; *provided that* if an Investment is made pursuant to this clause (14) in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary, such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (1) of the definition of “Permitted Investments” and not this clause;
- (15) Investments in existence on the Original Issue Date;
- (16) guarantees permitted under clause (2) of the covenant under “– Limitation on Indebtedness and Preferred Stock”;
- (17) any Investment (including without limitation any deemed Investment upon the sale of Capital Stock of a Restricted Subsidiary or the designation of a Restricted Subsidiary as an Unrestricted Subsidiary) by the Parent Guarantor or any Restricted Subsidiary in any Person (excluding the Investments permitted to be made or incurred under other clauses of this definition of “Permitted Investment”); *provided that* the following conditions are satisfied:
 - (i) the aggregate of all Investments made under this clause (17) since the Original Issue Date shall not exceed in aggregate an amount equal to 20% of Total Assets, *provided that* such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (17) since the Original Issue Date resulting from:
 - (A) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause (17), in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),
 - (B) the unconditional release of the Parent Guarantee provided by the Parent Guarantor after the Original Issue Date under this clause of an obligation of any such Person,
 - (C) to the extent that an Investment made after the Original Issue Date under this clause (17) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, not to exceed, in each case, the amount of Investments made by the Parent Guarantor or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (17),
 - (D) redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, or

- (E) any such Person becoming a Restricted Subsidiary (whereupon all Investments made by the Parent Guarantor or any Restricted Subsidiary in such Person since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of the definition of “Permitted Investment”),
 - (ii) none of the other shareholders or partners in such Person in which such Investment was made pursuant to this clause (17) is a Person described in clauses (x) or (y) of the first paragraph of the covenant under the caption “– Certain Covenants – Limitation on Transactions with Shareholders and Affiliates” (other than by reason of such shareholder or partner being an officer or director of the Parent Guarantor or a Restricted Subsidiary or by reason of being a Restricted Subsidiary), except to the extent that such Investment (x) would have satisfied the requirements of the covenant under the caption “– Certain Covenants – Limitation on Transactions with Shareholders and Affiliates” as if such Investment were an Affiliate Transaction and (y) would otherwise be permitted under applicable laws, regulations or the requirements of the Shenzhen Stock Exchange; and
 - (iii) no Default has occurred and is continuing or would occur as a result of such Investment.
- (18) any Investment pursuant to Pre-Registration Mortgage Guarantees or Contractor Guarantees by the Parent Guarantor or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
 - (19) any Standard Non-recourse Financing Undertakings;
 - (20) any obligation, undertaking, agreement or arrangement to repurchase, indemnify or make up difference in payments in connection with any Receivable Financing permitted under the Indenture;
 - (21) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business;
 - (22) deposits made in order to secure the performance or obligations to provide indemnity, compensation, reimbursement or warranty of the Parent Guarantor or any of its Restricted Subsidiaries in connection with the acquisition, construction, development, sale and delivery of, or prepayments made in connection with the direct or indirect acquisition of, real property or land use rights or personal property (including without limitation, Capital Stock) by the Parent Guarantor or any of its Restricted Subsidiaries (including, without limitation, by way of acquisition of Capital Stock of a Person), in each case in the ordinary course of business;
 - (23) advances or prepayments to, or advances, prepayments or expenses made or incurred for or on behalf of government authorities or government-affiliated entities, collective economic organizations, existing land or building owners, holders, occupants or lessees, or related agents in the PRC in connection with the financing of primary land development, land resettlement or urban redevelopment plans in the ordinary course of business that are recorded as assets in the Parent Guarantor’s balance sheet; and
 - (24) any Investment in a subordinated tranche of interests in a Receivable Financing Incurred pursuant to clause (ii) of the definition thereof with multiple tranches offered and sold to investors that, in the good faith determination of the Board of Directors, are necessary or advisable to effect such Receivable Financing.

For the avoidance of doubt, the value of each Investment made pursuant to this clause shall be valued at the time such Investment is made.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Parent Guarantor or its Restricted Subsidiaries relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided that* such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets acquired; *provided further that* such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Parent Guarantor or any Restricted Subsidiary;
- (8) Liens arising from the attachment or rendering of a final judgment or order against the Parent Guarantor or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (e) of part (2) of the covenant described under the caption entitled “– Limitation on Indebtedness and Preferred Stock”; *provided that* such

Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Parent Guarantor or any Restricted Subsidiary;
- (15) Liens on assets or property of the Parent Guarantor or any Restricted Subsidiary for the purpose of securing any Capitalized Lease Obligation or purchase money Indebtedness permitted to be Incurred under clause (2)(l) of the covenant described under “–Certain Covenants–Limitation on Indebtedness and Preferred Stock”; provided, however, that (i) the Liens do not extend to any property or assets which is not subject to such Capitalized Lease Obligation or purchase money Indebtedness and cover only the equipment, property or assets acquired, developed, constructed or improved with such Indebtedness and (ii) is created prior to, at the time of or within 180 days of such acquisition, development, construction or improvement;
- (16) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims, unemployment insurance or other types of social security and other purposes specified by statute or regulations made in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;
- (17) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause (2)(m) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”
- (18) Liens on deposits securing letters of credit, trade guarantees or similar instruments (and reimbursement obligations relating thereto) incurred in the ordinary course;
- (19) Liens arising by virtue of any statutory or common law provisions relating to banker’s Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (20) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (21) Liens Incurred on deposits made to secure Entrusted Loans;
- (22) Liens *provided that* the maximum amount of Indebtedness secured in the aggregate at any one time pursuant to this clause (22) does not exceed U.S.\$10 million;
- (23) Liens on the Capital Stock of the Person that is to be acquired under the relevant Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(p) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”
- (24) Liens on the Capital Stock of the Person that is to be acquired under the relevant Minority Staged Acquisition Agreement securing Indebtedness permitted to be Incurred under clause (2)(q) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”

- (25) Liens granted by the Parent Guarantor or a PRC Restricted Subsidiary in favor of a Trust Company Investor in respect of, and to secure the Indebtedness or Preferred Stock permitted to be Incurred or issued under clause (2)(r) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”
- (26) Liens Incurred on bank accounts made to secure Bank Deposit Secured Indebtedness permitted to be Incurred under clause (2)(s) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”
- (27) Liens on the Investment Properties to secure Indebtedness Incurred pursuant to clause (2)(t) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;”
- (28) Liens placed on the Capital Stock of any non-Wholly Owned Subsidiary or joint venture in the form of a transfer restriction, purchase option, call or similar right of a third party joint venture partner;
- (29) Liens on Receivable Financing Assets in respect of a Non-recourse Receivable Financing;
- (30) Liens on current assets securing Indebtedness under Credit Facilities which is permitted to be Incurred under clause (2)(u) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock;” and
- (31) Liens securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary under any Pre-Registration Mortgage Guarantee which is permitted to be Incurred under clause (v) of the second paragraph of the covenant under the caption “– Certain Covenants –Limitation on Indebtedness and Preferred Stock”.

“Permitted Subsidiary Indebtedness” means Indebtedness (other than Public Indebtedness) of, and all Preferred Stock issued by, the Restricted Subsidiaries (other than any Finance Subsidiary) taken as a whole; *provided that*, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness or issuance of such Preferred Stock, as the case may be (excluding any Indebtedness of any Restricted Subsidiary permitted under clauses (2)(a), (b), (d), (f) and (m) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of the Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding, solely for the purposes of this definition, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 13, 2000) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Parent Guarantor or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Pre-Registration Mortgage Guarantee” means any Indebtedness of the Parent Guarantor or any Restricted Subsidiary consisting of a guarantee in favor of any bank or other similar financial institutions in the ordinary course of business of secured loans of purchasers of individual units of properties from the Parent Guarantor or any Restricted Subsidiary; *provided that*, any such guarantee shall be released in full on or before the perfection of a security interest in such properties under applicable law in favor of the relevant lender.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Qualified Exchange” means (1) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), or (2) the Shenzhen Stock Exchange, the Shanghai Stock Exchange, the New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Singapore Exchange Securities Trading Limited or the Nasdaq Stock Market.

“Rating Agencies” means (1) S&P, (2) Moody’s and (3) Fitch, *provided that* if S&P, Moody’s or Fitch, two of any of the three or all three of them shall not make a rating of the Notes publicly available, a nationally recognized securities rating agency or agencies, as the case may be, selected by the Parent Guarantor, which shall be substituted for S&P, Moody’s or Fitch, two of any of the three or all three of them, as the case may be.

“Rating Category” means (1) with respect to S&P, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); (2) with respect to Moody’s, any of the following categories: “Ba,” “B,” “Caa,” “Ca,” “C” and “D” (or equivalent successor categories); (3) with respect to Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (4) the equivalent of any such category of S&P, Moody’s or Fitch used by another Rating Agency.

“Receivable Financing” means any financing transaction or series of financing transactions that have been or may be entered into by the Parent Guarantor or any Restricted Subsidiary pursuant to which the Parent Guarantor or any Restricted Subsidiary may sell, convey or otherwise transfer to another Person, or may grant a security interest in, any receivables, royalty, other revenue streams or interests therein (including without limitation, all security interests in goods financed thereby (including equipment and property), the proceeds of such receivables, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization or factoring transactions involving such assets) for credit or liquidity management purposes (including discounting, securitization or factoring transactions) either (i) in the ordinary course of business or (ii) by way of selling securities that are, or are capable of being, listed on any stock exchange or in any securities market and are offered using an offering memorandum or similar offering document.

“Receivable Financing Assets” means assets that are underlying and are sold, conveyed or otherwise transferred or pledged in a Receivable Financing.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

“Replacement Assets” means, on any date, (1) properties or assets that replace the properties and assets that were the subject of such Asset Sale that are used in a Permitted Business or (2) property or assets (other than current assets) that are used in a Permitted Business, including the Capital Stock of any Person holding such property or assets that is primarily engaged in a Permitted Business and is or will become, upon the acquisition by the Parent Guarantor or any of its Restricted Subsidiaries of such Capital Stock, a Restricted Subsidiary.

“Restricted Subsidiary” means any Subsidiary of the Parent Guarantor (including the Issuer) other than an Unrestricted Subsidiary.

“S&P” means S&P Global Ratings and its affiliates.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Parent Guarantor or any Restricted Subsidiary transfers such property to another Person and the Parent Guarantor or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Securitization Fees” means distributions or payments made directly or by means of discounts with respect to any Receivable Financing Asset or participation interest therein issued or sold in connection with and other fees paid to a Person that is not a Restricted Subsidiary in connection with any Receivable Financing.

“Significant Restricted Subsidiary” means a Restricted Subsidiary, or group of Restricted Subsidiaries, that would, when taken together, be a “significant subsidiary” within the meaning of the definition of “significant subsidiary” in Article 1, Rule 1-02(w) of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the Original Issue Date; provided that in each instance in such definition in which the term “10 percent” is used, the term “5 percent” shall be substituted therefor.

“Senior Indebtedness” of the Parent Guarantor or a Restricted Subsidiary, as the case may be, means all Indebtedness of the Parent Guarantor or the Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to (a) in respect of the Issuer, the Notes or (b) in respect of the Parent Guarantor, the Parent Guarantee; *provided that* Senior Indebtedness does not include (1) any obligation to the Parent Guarantor or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Staged Acquisition Agreement” means an agreement between the Parent Guarantor or a Restricted Subsidiary and an Independent Third Party (x) pursuant to which the Parent Guarantor or such Restricted Subsidiary agrees to acquire not less than a majority of the Capital Stock of a Person for consideration that is not more than the Fair Market Value of such Capital Stock of such Person at the time the Parent Guarantor or such Restricted Subsidiary enters into such agreement and (y) which provides that the payment of the purchase price for such Capital Stock is made in more than one instalment over a period of time.

“Standard Non-recourse Receivable Financing Undertakings” means representations, warranties, undertakings, covenants and indemnities entered into by the Parent Guarantor or any Restricted Subsidiary which the Parent Guarantor has determined in good faith to be customary for a seller or servicer of assets in Non-recourse Receivable Financings.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Issuer or Parent Guarantor, which is contractually subordinated or junior in right of payment to the Notes or the Parent Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subordinated Shareholder Loan” means any loan to the Parent Guarantor from Permitted Holders which (i) is expressly subordinated in right of payment to the Notes or the Parent Guarantee pursuant to a written agreement to such effect, and (ii) does not provide any cash payment of interest.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (1) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (2) of which 50% or less of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person and in each case which is “controlled” and consolidated by such Person in accordance with GAAP; provided, however, that with respect to clause (2) the occurrence of any event as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be an Investment by such Person in such entity, which shall be made in compliance with the covenant under the caption “– Limitation on Restricted Payments.”

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally guaranteed by the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of U.S.\$100 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Parent Guarantor) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “F1” (or higher) according to Fitch or “A-1” (or higher) according to S&P;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by Moody’s or Fitch or S&P;
- (6) any money market fund that has at least 95.0% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) (i) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any banks or financial institutions organized under the laws of the PRC or Hong Kong, or (ii) any financial products for which any such bank or financial institutions guarantees or undertake for the return of at least 100% of the principal amount thereof, *provided that* in the case of (ii) such deposits do not exceed U.S.\$10.0 million (or the Dollar Equivalent thereof) with any single bank or U.S.\$30.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter; and
- (8) investment products that are principal protected with any bank or financial institution organized under the laws of the PRC or Hong Kong if held to maturity (which shall not be more than one year) and can be withdrawn at any time with no more than six months’ notice.

“Total Assets” means, as of any date, the total consolidated assets of the Parent Guarantor and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recent fiscal quarter for which consolidated financial statements of the Parent Guarantor (which the Parent Guarantor shall use its reasonable efforts to compile in a timely manner) are available (which may be internal consolidated financial statements); *provided that*, (1) only with respect to clause (2)(l) of “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, in each case as of such date, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Parent Guarantor or any of its Restricted Subsidiaries to the bank or other similar financial institutional lender providing such Indebtedness; (2) only with respect to clause (2)(n) of “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving *pro forma* effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Parent Guarantor as a result of such Person becoming a Restricted Subsidiary; and (3) only with respect to clauses (2)(l), (2)(p), (2) (q), (2)(r), (2)(s), (2)(t), (2)(u) and (2)(v) of “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant, Total Assets as of such last day shall be calculated to give effect to the appraised value of assets classified under the line item “investment properties” appearing under the consolidated balance sheet of such financial statements, to the extent that (a) such appraised value shall be determined by a recognized property valuer that shall be an Independent Third Party, (b) such appraisal shall be made no earlier than six months prior to the date of such last day and (c) such appraisal shall be based on assumptions and estimates that are reasonable and customary, consistent with market practice for real estate developers operating in a similar geographical location, based upon an opinion from an accounting or investment banking firm of recognized international standing.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Trust Company Investor” means an Independent Third Party that is a financial institution, an insurance or a trust company organized under the laws of the PRC, or an Affiliate thereof, that Invests in any Capital Stock of a PRC Restricted Subsidiary.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Parent Guarantor that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

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

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided that* Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries unless such Person or one or more Wholly Owned Subsidiaries of such Person is entitled to 95.0% or more of the economic benefits distributable by such Subsidiary.

TAXATION

The following summary of certain BVI, PRC and HK tax consequences of the purchase, ownership and disposition of Notes is based upon applicable laws, regulations, rulings and decisions as of the date of this Offering Memorandum, 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 Notes and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Notes, including such possible consequences under the laws of their country of citizenship, residence or domicile.

BVI TAXATION

Under existing BVI laws, payments of interest and principal on the Notes will not be subject to taxation in the BVI and no withholding will be required on the payment of interest and principal to any holder of the Notes nor will gains derived from the disposal of the Notes be subject to BVI income or corporation tax, provided that the payments are made to persons who are not resident in the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the BVI with respect to the Notes.

There are currently no withholding taxes or exchange control regulations in the BVI applicable to the Company.

If neither the Company nor any subsidiary holds an interest in real estate in the BVI, no stamp duty is payable in respect of the issue of the Notes or on an instrument of transfer in respect of the Notes.

PRC TAXATION

Income Tax on Interest and Capital Gains

The Company has been advised by its PRC legal advisor that there is uncertainty as to whether the Issuer will be treated as a PRC “resident enterprise” for the purpose of the PRC Enterprise Income Tax Law. Under the PRC Enterprise Income Tax Law and the related regulations, if the Issuer is treated as a PRC “resident enterprise” or in the event that the Parent Guarantor is required to perform its obligations under the Parent Guarantee, PRC income tax at a rate of 10% would be required to be withheld from interest payments to holders that are “non-resident enterprises” and that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant interest income is not effectively connected with such establishment or place of business, if such interest is treated as income from sources within the PRC. The PRC Individual Income Tax Law also imposes a withholding tax at the rate of 20% on interest from PRC source paid to non-resident individual holders. In addition, any gain realized on the transfer of the Notes by such holders would be subject to PRC income tax at the rate of 10% for non-resident enterprise holders or 20% for non-resident individual holders if such gain is regarded as income derived from sources within the PRC. The Company currently takes the position that the Issuer is not a PRC resident enterprise. If the Issuer is treated as a PRC “resident enterprise”, the interest the Issuer pays in respect of the Notes, and the gain any non-resident holder may realize from the transfer of the Notes, may be treated as income derived from sources within the PRC and be subject to the PRC tax described above, which may materially and adversely affect the value of investment in the Notes. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

Value Added Tax

On March 23, 2016, the MOF and the SAT issued Circular 36 which confirms that business tax was replaced by value-added tax from May 1, 2016. Since then, the income derived from the provision of financial services which attracted business tax will be entirely replaced by, and subject to, value-added tax. According to Circular 36, the entities and individuals providing the services within the PRC shall be subject to VAT. The services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to value-added tax include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of Notes may be treated as though holders of the Notes are providing loans to the Issuer, which may be regarded as financial services subject to the value-added tax.

It is also not clear from the interpretation of Circular 36 if the provision of loans to the Issuer could be considered services provided within the PRC, in order to be regarded as the provision of financial services that could be subject to VAT. As there is no assurance that the Issuer will not be treated as “resident enterprises” under the EIT Law, PRC tax authorities could take the view that the holders of the Notes are providing loans within the PRC because the Issuer is treated as a PRC tax resident. In such case, the issuance of the Notes could be regarded as the provision of financial services within the PRC that is subject to VAT.

If the Issuer is treated as a PRC tax resident and if PRC tax authorities take the view that the holders of the Notes are providing loans within the PRC, or if the interest component of the amount paid by the Parent Guarantor to the holders of the Notes under the Parent Guarantee is viewed as interest income arising within the territory of the PRC, the holders of the Notes would be subject to the value-added tax at the rate of 6% when receiving the interest payments or Parent Guarantee payments under the Notes or Parent Guarantee, as the case may be. In addition, the holders of the Notes would be subject to the local levies at approximately 12% of the value-added tax payment and consequently, the combined rate of value-added tax and local levies would be approximately 6.72%. Given that the Issuer or the Parent Guarantor makes payments to the holders of the Notes who are located outside of the PRC, the Issuer or the Parent Guarantor, acting as the obligatory withholder in accordance with applicable law, would withhold the value-added tax and local levies from the payment of interest income or under the Parent Guarantee to holders of the Notes who are located outside of the PRC.

Where a holder of the Notes who is an entity or individual located outside of the PRC resells the Notes to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, Circular 36 does not apply and the Issuer does not have the obligation to withhold the value-added tax or the local levies. However, there is uncertainty as to the applicability of value-added tax if either the seller or buyer of Notes is located inside the PRC.

Given Circular 36 has been issued recently, 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. Accordingly, there is uncertainty as to the application of Circular 36.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Note (for so long as the register of holders of the Notes is maintained outside the PRC and the sale of the Notes is made outside of the PRC, as is expected to be the case).

Hong Kong Taxation

Withholding Tax

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

Profits Tax

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

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

- (i) interest on the Notes is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Notes is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Notes is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Notes is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16 (3) of the IRO).

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

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

Stamp Duty

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

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 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. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and the Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in a purchase agreement between the Issuer, the Company and Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Barclays Bank PLC, Haitong International Securities Company Limited, BOCOM International Securities Limited, CMBC Securities Company Limited, Orient Securities (Hong Kong) Limited, Admiralty Harbour Capital Limited, CRIC Securities Company Limited, JQ Securities (Hong Kong) Limited and Vision Capital International Holdings Limited (each an “**Initial Purchaser**”, together, the “**Initial Purchasers**”), we have agreed to sell to the Initial Purchasers, and the Initial Purchasers have agreed, severally and not jointly, to purchase from us the principal amount of the Notes set forth opposite each of their name below.

Initial Purchasers	Principal Amount of Notes
Guotai Junan Securities (Hong Kong) Limited	US\$80,000,000
Standard Chartered Bank	US\$10,000,000
Barclays Bank PLC	US\$10,000,000
Haitong International Securities Company Limited	US\$10,000,000
BOCOM International Securities Limited	US\$10,000,000
CMBC Securities Company Limited	US\$5,000,000
Orient Securities (Hong Kong) Limited	US\$5,000,000
Admiralty Harbour Capital Limited	US\$5,000,000
CRIC Securities Company Limited	US\$5,000,000
JQ Securities (Hong Kong) Limited	US\$5,000,000
Vision Capital International Holdings Limited	US\$5,000,000
Total	US\$150,000,000

The purchase agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of legal matters by counsel and to other conditions. The purchase agreement may be terminated by the Initial Purchasers in certain circumstances prior to the delivery and payment of the Notes.

We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of those liabilities.

Commissions

The Initial Purchasers, severally and not jointly, agree to purchase from the Issuer the Notes at the offering price set forth on the cover page of this Offering Memorandum in reliance on Regulation S. We will pay the Initial Purchasers customary fees and commissions in connection with the offering and will reimburse the Initial Purchasers for certain expenses incurred in connection with the offering. In addition, we have agreed with the Initial Purchasers that certain private banks will be paid a commission in connection with the purchase of the Notes by their private bank clients.

Listing of the Notes

Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. However, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that there will be an active trading market for the Notes. The Initial Purchasers have advised us that they currently intend to make or continue to make a market in the Notes. However, it is not obligated to do so and it may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

Settlement

We expect that delivery of the Notes will be made to investors on or about the date specified on the cover page of this Offering Memorandum.

No Sales of Similar Securities

We have agreed that, prior to the Closing Date, we will not, without the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer or agree to sell, pledge, grant any option to purchases, make a short sale or otherwise dispose of, any other debt securities of the Issuer or the Parent Guarantor or debt securities guaranteed by the Issuer or the Parent Guarantor or securities of the Issuer or the Parent Guarantor that are convertible into, or exchangeable for, the Securities or such other debt securities.

Stabilization and Short Positions

In connection with the offering, any of the Initial Purchasers appointed and acting as a stabilizing manager (as “**Stabilizing Manager**”) (or any person(s) acting for it) may directly, or through the other Initial Purchasers in coordination with the Stabilizing Manager, purchase and sell the Notes in the open market. These transactions may, to the extent permitted by applicable laws and regulations, include short sales, purchases on the open market to cover positions created by short sales and stabilizing purchases. Short sales involve the sale by a Stabilizing Manager of a greater principal amount of the Notes than they are required to purchase in the offering. A Stabilizing Manager must close out any short position by purchasing the Notes in the open market. A short position is more likely to be created if the Initial Purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions involve bids to purchase the Notes so long as the stabilizing bids do not exceed a specified maximum.

Similar to other purchase transactions, a Stabilizing Manager’s purchases to cover the syndicate short sales and stabilizing managers may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither the Parent Guarantor nor the Initial Purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither the Parent Guarantor nor any of the Initial Purchasers makes any representation that the Initial Purchasers will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

Other Relationships

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

In connection with the offering of the Notes, the Initial Purchasers and/or their respective affiliates, or affiliates of the Issuer or the Parent Guarantor, may act as investors and place orders, receive allocations and trade the Notes for their own account and such orders, allocations or trade of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer or the Parent Guarantor, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the

offering of the Notes. Accordingly, references herein to the offering of the Notes should be read as including any offering of the Notes to the Initial Purchasers and/or their respective affiliates, or affiliates of the Issuer or the Parent Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Notes may be impacted.

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

In the ordinary course of their various business activities, the Initial Purchasers 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 Parent Guarantor, including the Notes and could adversely affect the trading price and liquidity of the Notes. The Initial Purchasers and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Notes or other financial instruments of the Issuer or the Parent Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Notes or other financial instruments of the Issuer or the Parent Guarantor.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by us or the Initial Purchasers that would permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

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

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

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in compliance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to UK Retail Investors

Each of the Initial Purchasers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

Each Initial Purchaser has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

Each Initial Purchaser has represented and agreed that:

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

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Initial Purchaser has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or 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.

Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the CMP Regulations 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)

PRC

The Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by the securities laws of the PRC. According to legal and regulatory requirements of the PRC, the Notes may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

British Virgin Islands

No invitation has been or will be made directly or indirectly to the public in the British Virgin Islands or any natural person resident in the British Virgin Islands to subscribe for any of the Notes and this Offering Memorandum does not constitute and will not be an offering of the Notes to any person in the British Virgin Islands.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, charge or other transfer of the Notes.

The Notes and the Parent Guarantee have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

By its purchase of the Notes, including the Parent Guarantee, each purchaser of the Notes will be deemed to:

1. represent that it is purchasing the Notes, including the Parent Guarantee, in an offshore transaction in accordance with Regulation S;
2. represent that it is purchasing the Notes, including the Parent Guarantee, for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a purchaser that is outside the United States, not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act;
3. acknowledge that the Notes and the Parent Guarantee have not been and will not be registered under 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 registration under the Securities Act;
4. agree that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;
5. understand that the Notes will be represented by the Global Note and that transfers thereof are restricted as described under “*Description of the Notes- Book-Entry; Delivery and Form*”;
6. acknowledge that the Issuer, the Parent Guarantor, the Trustee, the Agents, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements contained herein, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Issuer, the Parent Guarantor, the Trustee, the Agents and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
7. acknowledge that neither the Company nor the Parent Guarantor nor the Initial Purchasers nor any person representing the Company nor the Parent Guarantor or the Initial Purchasers has made any representation with respect to the Company or the offering of the Notes, other than the information contained in this Offering Memorandum, and agree that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes including an opportunity to ask questions of and request information from us;
8. represent that it is relying only on this Offering Memorandum in making its investment decision with respect to the Notes; and

9. acknowledge that each Note will contain a legend substantially to the following effect.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

Our consolidated financial statements included in this Offering Memorandum have been prepared and presented in accordance with PRC GAAP. Certain differences exist between PRC GAAP and IFRS which might be relevant to our financial information included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to us. The differences identified below are limited to those significant differences that are appropriate to our financial statements. We are responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the summary.

We have not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and have not quantified such differences. Had any such quantification or reconciliation been undertaken by us, other potentially significant accounting and disclosure differences may be required that are not identified below. In addition, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard.

Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects on-going that could affect future comparisons such as this one. Furthermore, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. As a result, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

In making an investment decision, you must rely upon your own examination of our financial information, the terms of the offering and other disclosure contained herein.

Accounting Year

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

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

Format of Financial Statements and Items Presented

PRC GAAP contains detailed requirements on the format of financial statements and the items to be presented.

IFRS sets out overall principles and minimum line items to be presented but does not prescribe the formats in detail.

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

Under PRC GAAP, expenses must be classified based on their function in the income statement.

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

Statement of Cash Flows

Under PRC GAAP, the direct method together with a supporting note reconciling operating result to cash flows arising from operations is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

Accounting for Business Combinations Involving Entities under Common Control

Under PRC GAAP, business combinations involving entities under common control shall be accounted for using a method of accounting similar to the pooling of interests method.

IFRS provides a definition of “Business combinations involving enterprises under common control.” However, it uses this definition to scope out such business combinations from the requirements of IFRS and does not contain any alternative detailed accounting rules for such transactions.

In practice, divergent accounting treatments exist under IFRS. For example, some enterprises refer to generally accepted accounting principles in the United States, which is similar to PRC GAAP in principle. However, other enterprises apply the accounting treatments of business combinations not involving enterprises under common control as set out in IFRS.

Non-Controlling Interest/Minority Interest

Under PRC GAAP, the acquirer should always recognize the minority interest at the minority shareholders’ proportionate interest in the acquiree’s identifiable net assets.

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

Fixed Assets and Intangible Assets

Under PRC GAAP, only the cost model is permitted.

Under IFRS, an enterprise should make a policy choice, on a class by class basis, to carry items of property, plant and equipment held for own use using either the cost model or the revaluation model.

Borrowing Costs Eligible for Capitalization

Under PRC GAAP all exchange differences arising from the retranslation of the principal and interest of a specific foreign currency borrowing are eligible for capitalization.

Under IFRS, borrowing costs eligible for capitalization include exchange differences arising from foreign currency borrowings only to the extent that they represent an adjustment to interest costs.

Impairment of Assets (Including Long-Term Assets Measured At Historical Cost, Such As Fixed Assets and Intangible Assets, and Assets Held For Sale)

Under PRC GAAP, once an impairment loss is recognized, it shall not be reversed in a subsequent period.

Under IFRS, impairment losses recognized in prior periods for an asset other than goodwill should be reversed when the recoverable amount of the asset increases as a result of a change in estimates.

RATINGS

The Notes will not be rated. The Parent Guarantor has been assigned a long-term corporate credit rating of “B1” with a stable outlook by Moody’s and a long-term issuer credit rating of “B+” with a stable outlook by S&P. The ratings do not constitute recommendations to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. Each such rating should be evaluated independently of any other rating on our other securities or on us. A suspension, reduction or withdrawal of the rating assigned to us may adversely affect the market price of our debt securities. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by King & Wood Mallesons as to matters of United States federal and New York law, JunHe LLP as to matters of PRC law and Walkers (Hong Kong) as to matters of BVI law. Certain legal matters will be passed upon for the Initial Purchasers by Linklaters as to matters of United States federal and New York law and Jingtian & Gongcheng as to matters of PRC law.

INDEPENDENT AUDITOR

Our consolidated financial statements as of and for the years ended December 31, 2019 and 2020 have been audited by our independent auditor, Grant Thornton, as stated in their audit reports appearing herein.

Grant Thornton has acknowledged the inclusion in this Offering Memorandum of all references to its name, its audit reports on our consolidated financial statements as of and for the years ended December 31, 2019 and 2020, in the form and context in which they are respectively included in this Offering Memorandum.

GENERAL INFORMATION

Consents

All necessary consents, approvals and authorizations have been obtained in the PRC and the BVI in connection with the issue and performance of the Notes, and the execution and delivery of the Parent Guarantee. The issue of the Notes was authorized by resolutions of the sole director of the Issuer on May 20, 2021. The entering into and performance of the Parent Guarantee has been authorized by a resolution of the Company's Board of Directors on June 24, 2019 and the Company's shareholders' meeting on July 10, 2019.

Documents Available

For so long as any of the Notes are outstanding, upon prior written request and satisfactory proof of holding, copies of the Indenture may be inspected during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

Clearing System and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream under the Common Code number 234974459 and the International Securities Identification Number for Notes is XS2349744594. Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream. The Legal Entity Identifier of the Issuer is 3003003UPHPYKRFXNT08.

Listing of the Notes

Application will be made to HKSE for the listing of, and permission to deal in, the Notes by way of debt issues to Professional Investors only. It is expected that dealing in, and listing of, the Notes on HKSE will commence on or about June 10, 2021. Listing of the Notes on HKSE is conditional upon satisfaction of the requirements of HKSE. HKSE takes no responsibility for the correctness of any statements made on opinions or reports contained in this Offering Memorandum. Admission of the Notes to the official list of HKSE is not to be taken as an indication of the merits of the Notes or us.

Litigation

There are no legal or arbitration proceedings against or affecting us or any of our subsidiaries, nor are we aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes.

No Material Adverse Change

Except as disclosed in this Offering Memorandum, there has been no material adverse change in our financial condition, business operations or prospects since December 31, 2020.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020

	PAGE
Auditor's Report	F-4
Consolidated and Company Balance Sheets	F-10
Consolidated and Company Income Statements	F-12
Consolidated and Company Cash Flow Statements	F-13
Consolidated and Company Statement of Changes in Shareholders' Equity	F-14
Notes to the Financial Statements	F-18

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2019

	PAGE
Auditor's Report	F-245
Consolidated and Company Balance Sheets	F-251
Consolidated and Company Income Statements	F-253
Consolidated and Company Cash Flow Statements	F-254
Consolidated and Company Statement of Changes in Shareholders' Equity	F-255
Notes to the Financial Statements	F-259

**JIANGSU ZHONGNAN CONSTRUCTION GROUP
CO., LTD.
FOR THE YEAR ENDED 31 DECEMBER 2020
AUDIT REPORT**

(ENGLISH TRANSLATION FOR REFERENCE ONLY)

Grant Thornton

CONTENTS

Auditor's Report

Consolidated and Company Balance Sheets 1-2

Consolidated and Company Income Statements 3

Consolidated and Company Cash Flow Statements 4

Consolidated and Company Statements of Changes in Shareholders' Equity 5-6

Notes to the Financial Statements 7-233

Auditor's Report

[English Translation for Reference Only]

GTCSZ (2021) No. 110A013685

To all shareholders of Jiangsu Zhongnan Construction Group Co., Ltd.:

I. Opinion

We have audited the financial statements of Jiangsu Zhongnan Construction Group Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and Company balance sheets as at 31 December 2020, and the consolidated and Company income statements, consolidated and Company cash flow statements and consolidated and Company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Company as at 31 December 2020, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



(I) Revenue recognition on real estate development project

Relevant disclosures of information refer to Note III.27, Note V.45 and Note XIV of the notes to financial statements.

1. Descriptions of the matter

Revenue of real estate development projects accounts for 74.52% of the Company's revenue in 2020. Revenue of real estate development projects is significant to the Company, and the effect of aggregation of errors in revenue recognition in each of the single real estate development project could result a significant impact on the profit of the Company, thus, we identified revenue from real estate development projects as a key audit matter.

2. Addressed in the context of our audit

The audit procedures that we have performed on the recognition of revenue of real estate development projects are mainly as follows:

(1) Evaluated and tested the effectiveness of design and operation of key internal controls on the revenue recognition of real estate development projects;

(2) For the real estate projects sold in the year, inspected the contract terms of the standard real estate sale contract, and evaluated whether the revenue recognition of real estate development projects in compliance with the requirement of relevant accounting standards;

(3) Selected samples from the sale revenue of real estate projects recognized in the year and checked the sale contracts to the registered information of authority as well as the supporting documents that proofing the real estate reached the condition of delivery, and also checked the money collected and the arrangement of collection, and evaluated whether the sale revenue of real estate are recognized in according to the revenue recognition policy;

(4) Selected samples from the sale revenue of real estate projects recognized immediately before and after the balance sheet date and checked to supporting documents that proofing the real estate reached the condition of delivery, and evaluated whether the relevant sale revenue of real estate are recognized in proper accounting periods;

(5) For the projects with housing stock in the year, evaluated whether the sale revenue of housing stock are recognized in proper accounting period by physical inspection on a test basis together with the comparison between the sales ledgers and public sales information;

(6) Obtained the sale ledgers from sales departments and checked against the recording of sale revenue of real estate, and evaluated whether the sale revenue of real estate are complete.

(II) Net realizable value of inventories

Relevant disclosures of information refer to Note III.12, Note III.36 and Note V.8 of the notes to financial statements.

1. Descriptions of the matter

As at 31 December 2020, the total book balance of the Company's developed products and development costs (together as "inventories") is RMB 183.20 billion and decline in value of inventories is RMB 596.17 million. Inventories are stated at the lower of cost and net realizable value. In determination of the net realizable value of inventories, management needs to estimate the construction costs to be incurred in bringing the inventories to their completion states and the future net selling price.

Inventories are significant assets to the Company and there is inherent risk in regard of the estimation of the construction costs to be incurred in bringing the inventory item to its completion state as well as the future net selling price, thus, we identified the net realizable value of inventories as a key audit matter.

2. Addressed in the context of our audit

The audit procedures that we have performed on the assessment of the net realizable value of inventories are mainly as follows:

(1) Evaluated and tested the effectiveness of design and operation of key internal controls on the preparation and monitoring of management budget and forecast in regard of the construction costs of each project of inventories;

(2) Selected samples of inventories for physical observations, and inquired management about the progress and total budget of development costs of these items;

(3) Interviewed the valuation experts engaged by management and evaluated their independence and capability;

(4) Evaluated the valuation methodologies adopted by management and the valuation experts, and compared the key estimates and assumptions of the valuation to the observable market data and the Company's sales budget, and the auditor's expert performed an review;

(5) Compared the estimate of construction costs of each project to the latest budget, and analysed the costs to be incurred until completion by comparison with similar products competed previously;

(6) Selected samples of net realizable value estimated by management in prior years and compared with the actual amount of realization happened, and evaluated the reasonableness of management estimate;

(7) On a sample basis, compared the actual selling price of certain development products, which sold subsequent to the balance sheet date, to the estimated selling price made by management, and evaluated the reasonableness of estimates made by management.

IV. Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2020 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation of the financial statements to achieve fair presentation in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) 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.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



China · Beijing

Auditor's signature and stamp
(Engagement partner)



Auditor's signature and stamp



25 April 2021

Consolidated and Company Balance Sheets

As at 31 December 2020

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit:RMB

Item	Note	31 December 2020		31 December 2019	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	V.1	32,860,745,740.82	3,159,780,071.53	25,409,736,687.50	1,066,133,691.46
Trading financial assets	V.2	227,273,855.02	151,280.00	1,521,271,332.24	1,250,380,533.69
Bills receivable	V.3	2,438,152,560.60		1,387,357,126.67	
Accounts receivable	V.4	7,110,262,209.93		11,732,392,315.46	
Receivable financing	V.5	18,387,826.70		42,395,544.00	
Prepayments	V.6	6,665,529,007.18	6,229,013.81	6,015,364,971.25	11,515,404.79
Other receivables	V.7	33,767,601,440.24	133,346,523,453.02	29,842,897,867.03	104,956,602,917.00
Including: Interest receivable		-			
Dividends receivable		47,360,000.00	3,017,351,545.57	47,360,000.00	3,017,351,545.57
Inventories	V.8	184,374,911,160.62		165,586,813,570.85	
Contract assets	V.9	18,825,264,366.82			
Assets held for sale		-			
Non-current assets due within one year	V.10	2,500,000.00	2,500,000.00	50,000,000.00	50,000,000.00
Other current assets	V.11	13,531,843,508.21	78,146,354.74	10,846,764,318.34	181,965,305.74
Total current assets		299,822,471,676.14	136,593,330,173.10	252,434,993,733.34	107,516,597,852.68
Non-current assets:					
Debts investment	V.12	-			
Other debts investment		-			
Long-term receivables	V.13	-		13,104,703,611.41	2,500,000.00
Long-term equity investments	V.14	27,054,872,056.89	22,171,363,921.80	13,486,192,849.00	21,751,221,251.59
Other equity instruments investment		-			
Other non-current financial assets	V.15	744,535,448.03	367,013,060.03	473,898,830.00	368,331,771.00
Investment properties	V.16	6,361,020,900.00		4,419,480,000.00	
Fixed assets	V.17	3,236,381,506.28	743,892,615.08	3,266,882,504.35	764,926,080.86
Construction in progress	V.18	120,433,904.04		12,146,322.42	
Productive biological assets		-			
Oil and gas assets		-			
Intangible assets	V.19	633,289,406.85	72,448,851.02	667,424,271.04	80,069,204.82
Development costs		-			
Goodwill	V.20	4,188,653.58		4,188,653.58	
Long-term deferred expenses	V.21	636,615,636.64		565,741,455.35	
Deferred tax assets	V.22	2,019,438,290.26		2,134,935,595.96	
Other non-current assets	V.23	18,620,205,254.64	30,000,000.00		
Total non-current assets		59,430,981,057.21	23,384,718,447.93	38,135,594,093.11	22,967,048,308.27
Total assets		359,253,452,733.35	159,978,048,621.03	290,570,587,826.45	130,483,646,160.95

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2020

Item	Note	31 December 2020		31 December 2019	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V.24	10,556,646,092.49	1,132,264,943.81	13,082,301,949.63	3,758,886,188.08
Trading financial liabilities		-			
Bills payable	V.25	10,771,701,674.64	30,491,402.84	10,999,265,923.35	47,610,285.52
Accounts payable	V.26	31,335,779,458.89	1,444,317.42	23,791,119,530.01	1,812,217.42
Advances from customers	V.27	19,388,397.48		123,359,236,032.48	
Contract liabilities	V.28	120,291,130,216.05			
Employee benefits payable	V.29	1,631,315,330.70	34,749.35	1,240,142,617.05	1,369,020.80
Taxes payable	V.30	6,996,711,852.61	111,383,746.07	4,575,771,268.66	34,505,218.28
Other payables	V.31	46,834,071,519.42	126,738,908,131.43	26,834,129,458.46	95,505,330,521.34
Including: Interest payables		-			
Dividends payable		8,363,233.97		3,886,630.96	211,969.52
Liabilities held for sale		-			
Non-current liabilities due within one year	V.32	12,813,972,964.74	6,087,400,307.65	11,132,439,328.17	4,824,521,373.58
Other current liabilities	V.33	11,949,929,505.42	2,290,641.51	1,402,261,230.12	
Total current liabilities		253,200,647,012.44	134,104,218,240.08	216,416,667,337.93	104,174,034,825.02
Non-current liabilities:					
Long-term loans	V.34	43,068,640,457.58	664,980,000.00	36,006,261,820.71	2,849,970,000.00
Bonds payable	V.35	13,462,077,016.54	11,349,977,617.69	10,356,127,886.19	9,546,360,481.49
Including: Perpetual debts		849,913,761.10	999,913,761.10	548,417,950.60	998,417,950.60
Long-term payables	V.36	252,490,000.00		262,831,028.12	15,131,028.12
Provisions	V.37	6,929,890.13			
Deferred income	V.38	201,850,587.58	36,846,299.78	128,379,575.29	37,964,358.53
Deferred tax liabilities	V.22	697,651,807.42		577,713,413.35	
Other non-current liabilities		-			
Total non-current liabilities		57,689,639,759.25	12,051,803,917.47	47,331,313,723.66	12,449,425,868.14
Total liabilities		310,890,286,771.69	146,156,022,157.55	263,747,981,061.59	116,623,460,693.16
Share capital	V.39	3,821,284,303.00	3,821,284,303.00	3,756,854,798.00	3,756,854,798.00
Capital reserve	V.40	3,256,760,778.73	6,336,102,395.99	2,822,937,703.18	5,923,491,020.66
Less: Treasury stock		-			
Other comprehensive income	V.41	1,199,360,918.32		1,162,050,510.10	
Special reserve	V.42	258,567,589.99			
Surplus reserve	V.43	777,671,252.34	627,017,584.71	723,361,348.55	572,707,680.92
Undistributed profits	V.44	19,387,466,779.48	3,037,622,179.78	12,974,056,355.67	3,607,131,968.21
Total shareholders' equity attributable to parent company		28,701,111,621.86	13,822,026,463.48	21,439,260,715.50	13,860,185,467.79
Minority interests		19,662,054,339.80		5,383,346,049.36	
Total shareholders' equity		48,363,165,961.66	13,822,026,463.48	26,822,606,764.86	13,860,185,467.79
Total liabilities and shareholders' equity		359,253,452,733.35	159,978,048,621.03	290,570,587,826.45	130,483,646,160.95

Legal representative:

Person in charge of financial function:

The head of the accounting department:

Consolidated and Company Income Statements

For the year ended 31 December 2020

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Item	Note	2020		2019	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.45	78,600,848,306.78	521,225,383.66	71,830,786,061.08	103,496,790.49
Less: Operating costs	V.45	65,009,285,134.78		59,801,503,631.40	
Taxes and surcharges	V.46	1,955,693,255.67	12,611,012.85	1,878,292,023.98	8,871,212.10
Selling expenses	V.47	1,730,219,683.01	26,747,606.72	1,462,806,748.56	
Administrative expenses	V.48	2,820,566,385.06	299,812,695.66	3,216,234,749.90	252,268,055.34
Research and development expenses	V.49	60,842,722.63		1,283,730.79	
Financial expenses	V.50	549,521,775.19	246,290,809.69	674,667,964.26	9,261,098.38
Including: Interest expenses		706,112,451.47	54,723,631.41	752,006,698.91	
Interest income		224,834,399.37	25,529,698.01	212,080,549.16	30,659,066.16
Add: Other income	V.51	143,840,056.65	1,787,019.35	107,808,755.89	13,246,352.27
Investment income ("-" for losses)	V.52	4,289,525,410.75	608,315,186.63	2,091,683,676.53	589,900,832.28
Including: Income from investment in associates and joint ventures		2,509,226,724.37	306,173,162.99	1,242,242,213.46	105,411,070.82
Gain from derecognition of financial assets at amortized cost ("-" for losses)		31,431,776.39	8,838,440.87	-312,668.68	
Gain from exposure of hedging ("-" for losses)					
Gains from changes in fair value ("-" for losses)	V.53	289,418,278.96	-1,360,870.97	50,965,322.75	49,993,318.69
Credit impairment loss ("-" for losses)	V.54	-46,844,947.39	2,005,854.65	-479,388,698.98	-108,479,165.08
Assets impairment loss ("-" for losses)	V.55	-498,352,812.02		-266,729,938.72	
Gains from assets disposal ("-" for losses)	V.56	14,346,853.66		8,939,574.16	
II. Operating profit ("-" for losses)		10,666,652,191.05	546,510,448.40	6,309,275,903.82	377,757,762.83
Add: Non-operating income	V.57	73,861,649.03	58,905.86	51,091,056.96	374,731.76
Less: Non-operating expenses	V.58	223,769,803.62	3,470,316.38	205,310,069.39	2,946,558.33
Total profit ("-" for loss)		10,516,744,036.46	543,099,037.88	6,155,056,891.39	375,185,936.26
Less: Income tax expenses	V.59	2,712,677,896.27		1,532,490,071.46	
Net profit ("-" for loss)		7,804,066,140.19	543,099,037.88	4,622,566,819.93	375,185,936.26
I. Classified by continuity of operations					
1. Net profit from continuing operations ("-" for loss)		7,804,066,140.19	543,099,037.88	4,622,566,819.93	375,185,936.26
2. Net profit from discontinued operations ("-" for loss)					
II. Classified by attribution to ownership					
1. Net profit attributable to owners of the parent		7,077,790,442.07		4,163,085,623.09	
2. Net profit attributable to non-controlling interests		726,275,698.12		459,481,196.84	
V. Other comprehensive income, net of tax		35,236,014.10		689,610.23	
Other comprehensive income (net of tax) attributable to shareholders of the company		37,310,408.22		482,727.16	
A. Items that will not be reclassified to profit or loss					
B. Items that may be reclassified to profit or loss		37,310,408.22		482,727.16	
1. Translation differences on foreign currency financial statements		-5,019,555.08		482,727.16	
2. Self-use properties or properties as inventory is converted into investment properties measured at fair value on the conversion date, the fair value of which is greater than the book value		42,329,963.30			
Other comprehensive income attributable to minority interests after tax		-2,074,394.12		206,883.07	
VI. Total comprehensive income for the year		7,839,302,154.29	543,099,037.88	4,623,256,430.16	375,185,936.26
Attributable to: Shareholders of the company		7,115,100,850.29		4,163,568,350.25	
Non-controlling interests		724,201,304.00		459,688,079.91	
VII. Earnings per share:					
(1) Basic earnings per share		1.8679		1.1151	
(2) Diluted earnings per share		1.8670		1.1151	

Legal representative:

Person in charge of financial function:

The head of the accounting department:

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2020

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Item	Note	2020		2019	
		Consolidated	Company	Consolidated	Company
I.Cash flows from operating activities					
Proceeds from sales of goods or rendering of services		88,980,320,415.29	554,789,548.19	78,653,253,469.40	
Refund of taxes					
Proceeds from other operating activities	V.60	40,334,579,375.54	31,930,978,493.60	32,316,802,380.33	17,001,988,343.72
Sub-total of cash inflows		129,314,899,790.83	32,485,768,041.79	110,970,055,849.73	17,001,988,343.72
Payment for goods and services		74,325,177,698.98		61,803,924,357.52	
Payment to and for employees		7,588,057,987.35	114,646,095.24	6,469,567,009.20	92,805,468.64
Payments of various taxes		6,621,686,266.34	11,379,558.88	6,109,881,776.83	10,000,210.83
Payment for other operating activities	V.60	32,312,529,002.92	25,463,624,198.00	28,390,351,841.82	5,092,738,600.23
Sub-total of cash outflows		120,847,450,955.59	25,589,649,852.12	102,773,724,985.37	5,195,544,279.70
Net cash flows from operating activities		8,467,448,835.24	6,896,118,189.67	8,196,330,864.36	11,806,444,064.02
II.Cash flows from investing activities					
Proceeds from disposal of investments		1,635,538,700.56	1,250,000,000.00	29,650,272,390.39	29,170,200,000.00
Investment returns received		1,748,866,909.99	261,378,423.64	415,877,995.42	337,775,974.26
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		31,224,058.24		18,282,175.00	
Net proceeds from disposal of subsidiaries and other business units		582,681,984.05	250,713,695.55	214,424,944.50	220,250,000.80
Proceeds from other investing activities	V.60			421,390,456.15	
Sub-total of cash inflows		3,998,311,652.84	1,762,092,119.19	30,720,247,961.46	29,728,225,975.06
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,195,887,690.62	8,826,939.52	7,851,261,096.31	6,018,949.56
Payment for acquisition of investments		12,711,932,130.03	1,018,626,501.03	36,249,510,516.83	32,875,270,826.64
Net payment for acquisition of subsidiaries and other business units					
Payment for other investing activities					
Sub-total of cash outflows		17,907,819,820.65	1,027,453,440.55	44,100,771,613.14	32,881,289,776.20
Net cash flows from investing activities		-13,909,508,167.81	734,638,678.64	-13,380,523,651.68	-3,153,063,801.14
III.Cash flows from financing activities					
Proceeds from investors		13,769,757,832.27	567,563,630.87	2,760,728,462.41	110,782,487.04
Including: Proceeds from non-controlling shareholders of subsidiaries		13,202,194,201.40		2,649,945,975.09	
Proceeds from borrowings		55,974,056,555.28	7,324,604,668.65	52,311,069,200.79	7,556,110,000.00
Proceeds from issuance of debentures		12,194,724,700.00	8,800,000,000.00	7,088,200,000.00	4,180,000,000.00
Proceeds from other financing activities	V.60	3,208,906,857.20		1,362,421,878.74	40,000,000.00
Sub-total of cash inflows		85,147,445,944.75	16,692,168,299.52	63,522,419,541.94	11,886,892,487.04
Repayments of borrowings		59,282,274,128.99	17,796,030,000.00	47,206,208,095.59	14,632,192,004.70
Payment for dividends, profit distributions or interest		7,921,113,704.69	4,257,896,617.92	6,989,968,413.73	5,074,690,164.24
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		15,419,852.04			
Payment for other financing activities	V.60	4,227,249,547.38	176,804,588.84	1,267,626,026.28	511,017,970.92
Sub-total of cash outflows		71,430,637,381.06	22,230,731,206.76	55,463,802,535.60	20,217,900,139.86
Net cash flows from financing activities		13,716,808,563.69	-5,538,562,907.24	8,058,617,006.34	-8,331,007,652.82
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-28,331,303.64		-17,192,361.63	
V.Net increase in cash and cash equivalents		8,246,417,927.48	2,092,193,961.07	2,857,231,857.39	322,372,610.06
Add: Cash and cash equivalents as at beginning of year		16,168,294,277.21	1,066,133,691.46	13,311,062,419.82	743,761,081.40
VI.Cash and cash equivalent as at year end		24,414,712,204.69	3,158,327,652.53	16,168,294,277.21	1,066,133,691.46

Legal representative:

Person in charge of financial function:

The head of the accounting department:

For the year ended 31 December 2020

Unit: RMB

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Company's Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

	2020						Total shareholders' equity
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	
I. Balance at end of prior year	3,756,854,798.00	5,923,491,020.66				572,707,680.92	13,860,185,467.79
Add: Changes in accounting policies							
Correction of prior period errors							
Others							
II. Balance at beginning of the year	3,756,854,798.00	5,923,491,020.66				572,707,680.92	13,860,185,467.79
III. Changes in equity during the year(" - "for decrease)	64,429,505.00	412,611,375.33				54,309,903.79	-38,159,004.31
(I) Total comprehensive income							543,099,037.88
(II) Shareholders' contributions and decrease of capital							477,040,880.33
1. Contribution by ordinary shareholders	64,429,505.00	412,611,375.33					430,004,996.07
2. Equity settled share-based payments	64,429,505.00	365,575,491.07					47,035,884.26
3. Others		47,035,884.26					
(III) Appropriation of profits							
1. Appropriation for surplus reserves						54,309,903.79	-1,058,298,922.52
2. Distributions to shareholders						54,309,903.79	
3. Others							
(IV) Transfer within equity							
1. Share capital increased by capital reserves transfer							
2. Share capital increased by surplus reserves transfer							
3. Transfer of surplus reserve to offset losses							
4. Transfer of other comprehensive income to retained earnings							
5. Others							
(V) Specific Reserve							
1. Appropriation during the year							
2. Utilisation during the year							
(VI) Others							
IV. Balance at end of the year	3,821,284,303.00	6,336,102,395.99				627,017,584.71	13,822,026,463.48

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Company's Statement of Changes in Shareholders' Equity

For the year ended 31 December 2020

	Item	2019						Total shareholders' equity
		Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits
I. Balance at end of prior year	Add: Changes in accounting policies Correction of prior period errors Others	3,709,788,797.00	5,545,937,621.57				535,189,087.29	3,739,202,815.21
II. Balance at beginning of the year		3,709,788,797.00	5,545,937,621.57				535,189,087.29	3,714,639,281.22
III. Changes in equity during the year(" - "for decrease)		47,066,001.00	377,553,399.09				37,518,593.63	-107,507,313.01
(I) Total comprehensive income								375,185,936.26
(II) Shareholders' contributions and decrease of capital								424,619,400.09
1. Contribution by ordinary shareholders		47,066,001.00	377,553,399.09					292,279,866.21
2. Equity settled share-based payments		47,066,001.00	245,213,865.21					132,157,116.42
3. Others			132,157,116.42					182,417.46
(III) Appropriation of profits			182,417.46					-445,174,655.64
1. Appropriation for surplus reserves							37,518,593.63	-482,693,249.27
2. Distributions to shareholders							37,518,593.63	-37,518,593.63
3. Others								-445,174,655.64
(IV) Transfer within equity								
1. Share capital increased by capital reserves transfer								
2. Share capital increased by surplus reserves transfer								
3. Transfer of surplus reserve to offset losses								
4. Transfer of other comprehensive income to retained earnings								
5. Others								
(V) Specific Reserve								
1. Appropriation during the year								
2. Utilisation during the year								
(VI) Others								
IV. Balance at end of the year		3,756,854,798.00	5,923,491,020.66				572,707,680.92	3,607,131,968.21

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd. Unit: RMB

The head of the accounting department:

The person in charge of accounting affairs:

Legal representative:

Notes to the Financial Statements

I. Company basic information

1. Company information

Jiangsu Zhongnan Construction Group Co., Ltd. (hereinafter the "Company") is formerly known as Dalian Jinniu Co., Ltd. (hereinafter the "Dalian Jinniu"). Dalian Jinniu was being a listed company owned by Dongbei Special Steel Group Co., Ltd. (hereinafter the "Dongbei Special Steel") and was found by Dongbei Special Steel, Jilin Carbon Co., Ltd., Wafangdian Bearing Group Corporation, Lanzhou Carbon (Group) Co., Ltd., Dalian Huaxin Trust Investment Co., Ltd. and Jilin Ferroalloys Group Co., Ltd. with the approval by Dalian Municipal People's Government (1998) No.58 document. The Company obtained enterprise business license number 21020011035276-2916 on 28 July 1998 from Dalian Municipal Industry and Commerce Bureau and the registered capital was RMB 170.53 million which was verified by capital verification report Dahuishi Neiyanzi (1998) No.9 issued by Dalian Certified Public Accounting Firm on 8 August 1998. By the Circular of Approval of China Securities Regulatory Commission "Zhengjian Faxingzi (1999) No. 128, the Company was placing a public offering of 100 million RMB common shares on 8 December 1999 and the Company's registered capital was increased to RMB 270.53 million which was verified by capital verification report Dazhenghui Neiyanzi (1999) No.19 issued by Dalian Zhengyuan Certified Public Accounting Firm on 22 December 1999. In 2001, in accordance with the 2000 annual shareholders meeting of Dalian Jinniu Co., Ltd. and the approval of China Securities Regulatory Commission Zhengjian Gongsizi (2001) No.93, 30 million common shares were issued to public shareholders by a placement of 10:3 and the Company's registered capital was increased to RMB 300.53 million which was verified by capital verification report Hualian Neiyanzi (2001) No.30 issued by Dalian Hualian Certified Public Accounting Firm on 7 November 2001. In March 2006, under the approval of Liaoning Province People's Government State-owned Assets Supervision and Administration Commission 《Reply of questions about Dalian Jinniu Co., Ltd. non-tradable shares reform》 Liaoguozi Jingying [2006] No. 31 and the resolution of the Company's shareholders meeting, the shareholders of the Company's non-tradable shares paid a consideration of 44.20 million shares of the Company's shares to shareholders of tradable shares, for shareholders of every 10 tradable shares to receive 3.4 shares as consideration, the non-tradable shares held by the original shareholders is converted to tradable shares subject to restricted terms. After such change, the Company's total capital was remained RMB 300.53 million shares.

On 19 May 2009, according to China Securities Regulatory Commission 《About approval of Dalian Jinniu Co., Ltd. major assets reorganization and reply on issuance of shares to Zhongnan Real Estate Industry Co., Ltd. and others to purchase of assets》 (Zhengjian Xuke [2009] No.418) and 《About approval of exemption of Zhongnan Real Estate Industry Co., Ltd. and persons acting in concert to announce acquisition report of Dalian Jinniu Co., Ltd and reply of exemption of its general offering obligations》 (Zhengjian Xuke [2009] No.419), the Company sold all assets and liabilities to Dongbei Special Steel Dalian Special Steel Co., Ltd. on 31 May 2009.

On 10 June 2009, Zhongnan Real Estate Industry Co., Ltd. (already changed its name to "Zhongnan City Construction Investment Co., Ltd.") bought 90 million shares of the Company from Dongbei Special Steel Group Co., Ltd. which was 29.9471% of the Company's shareholding, for a transfer price of RMB 9.489 per share. The transaction had been completed and obtained 《China Securities Depository and clearing Co., Ltd. Shenzhen branch securities transfer registration confirmation》. After the completion of the transaction, Zhongnan Real Estate Industry Co., Ltd. became the major shareholder of the

Company.

The Company made placement of 478,029,484 shares of RMB common shares to Zhongnan Real Estate Industry Co., Ltd. and Chen Lin for the acquisition of 100% shareholdings of eight real estate companies, that is Nantong Zhongnan New World Centre Development Co., Ltd., Changshu Zhongnan Century City Real Estate Development Co., Ltd., Qingdao Haiwan Xincheng Real Estate Development Co., Ltd., Haimen Zhongnan Century City Development Co., Ltd., Wenchang Zhongnan Real Estate Development Co., Ltd., Zhongnan Zhenjiang Real Estate Development Co., Ltd., Nanjing Changjin Real Estate Development Co., Ltd. and Nantong Huacheng Zhongnan Real Estate Development Co., Ltd., and 80% shareholdings of Nantong Zhongnan Century City Property Management Co., Ltd. and 100% shareholdings of Nantong Construction Engineering General Contractor Co., Ltd. The share price of this non-public shares offering was RMB 7.82 per share and the face value was RMB 1. Amongst the above, 474,496,845 shares were issued to Zhongnan Real Estate Industry Co., Ltd. and 3,532,639 shares were issued to Chen Lin. After this non-public shares offering, Zhongnan Real Estate Industry Co., Ltd. held 72.5053% of the Company's shareholding. The Company's capital is changed to RMB 778,559,484 and was verified by capital verification report Zhonghe Zhengxin Yanzi (2009) No.1-020 issued by Zhonghe Zhengxin Certified Public Accounting Firm on 18 June 2009.

The changes of Industrial and commercial registration information after the reorganization is as below:

Company's name: Jiangsu Zhongnan Construction Group Co., Ltd.

Company's registered address: Jiangsu Province Haimen City Changle Town

Company's legal representative: Chen Jinshi

Company's registration number: 320600000241314

Company's registered capital: RMB 778,559,484.00

On 30 March 2010, in accordance with the resolution of 2009 annual shareholders' meeting, based on the total number of outstanding shares of 778,559,484 shares, the Company distributed 5 shares for every 10 outstanding shares to all shareholders by utilizing the capital reserve. Accordingly the Company's total capital was increased to 1,167,839,226 shares.

The Company held the 2015 sixth extraordinary shareholders' meeting and resolved the proposal of 《About the non-public shares offering amendment proposal》 on 1 September 2015, and obtained approval from China Securities Regulatory Commission 《About approval of non-public share offering of Jiangsu Zhongnan Construction Group Co., Ltd. 》 (Zhengjian Xuke [2015] No.2851) on 14 December 2015, the Company was approved to issue new shares of common shares not more than 320,163,487 shares in non-public shares offering. This non-public shares offering issued 316,076,293 shares of common shares with restricted period and the issuance price was RMB 14.68 per share, and the total capital raised was RMB 4,639,999,981.24. As of 29 March 2016, all capital raised in this issuance of common shares were fully collected and was verified by capital verification report Daxin Yanzi (2016) No.15-00009 issued by Daxin Certified Public Accounting Firm (Special General Partnership). Total capital of the Company after this issuance became RMB 1,483,915,519.00 and the paid-in capital was RMB 1,483,915,519.00.

On 24 May 2016, in accordance with the resolution of 2015 annual shareholders' meeting, based on the total number of outstanding shares of 1,483,915,519 shares in year 2016, the Company distributed a cash dividend of RMB 0.4 per shares (including tax) for every 10 outstanding shares and total profit

distribution was RMB 59,356,620.76; and distributed 15 shares for every 10 outstanding shares to all shareholders by utilizing the capital reserve. After the distribution, the Company's total capital was increased to 3,709,788,797 shares.

On 13 August 2018, the Company's twenty-seventh meeting of the seventh Board of Directors and the ninth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Stock Options to the Incentive Targets of the 2018 Stock Option Incentive Plan". On 16 August 2019, the Company's Fiftieth meeting of the seventh Board of Directors reviewed and approved the "Proposal on the exercise of the first exercise period for the first grant of options for the 2018 stock option incentive plan". The vesting conditions for the first vesting period of the first grant of options for the 2018 stock option incentives plan have been fulfilled. A total of 60,522,000 stock options held by 38 incentive participants were approved to be vested in the first vesting period. As of 31 December 2019, the Company's option incentive participants had totally exercised 47,066,001 units of option, and the Company's total share capital was increased to 3,756,854,798 shares.

On May 30, 2019, at the 45th meeting of the 7th Board of Directors and the 14th meeting of the 7th Board of Supervisors, the "Proposal on the 2019 Stock Option Incentive Plan (Draft) and Summary" was reviewed and approved. On July 3, 2012, the 2nd meeting of the 8th session of the Company's board of directors deliberated and approved the "Proposal on the Exercise of the First Exercise Period for the First Grant of Options in the 2019 Stock Option Incentive Plan", the exercise conditions for the first exercise period of the first grant of option in the Company's 2019 stock option incentive plan have been fulfilled. A total of 27,598,080 options granted to 336 incentive participants were agreed to be eligible for exercise during the first exercise period.

On July 17, 2018, at the 24th meeting of the 7th Board of Directors and the 8th meeting of the 7th Board of Supervisors, the "Proposal on the 2018 Stock Option Incentive Plan (Draft) and Summary" was reviewed and approved. On August 17, 2020 the 5th meeting of the 8th session of the Board of Directors of the Company deliberated and approved the " Proposal on the Exercise of the Second Exercise Period for the First Grant of Options in the 2018 Stock Option Incentive Plan", the exercise conditions for the second exercise period of the first grant of option in the Company's 2018 stock option incentive plan have been fulfilled. A total of 50,721,000 options granted to 31 incentive participants were agreed to be eligible for exercise during the second exercise period.

On August 5, 2019, at the 49th meeting of the 7th Board of Directors and the 16th meeting of the 7th Board of Supervisors, the "Proposal on Granting of Reserved Stock Options under the 2018 Stock Option Incentive Plan" was reviewed and approved. On August 17, 2020 the 5th meeting of the 8th session of the Board of Directors of the Company deliberated and approved the " Proposal on the Exercise of the First Exercise Period for the Grant of Reserve Options in the 2018 Stock Option Incentive Plan", the exercise conditions for the first exercise period of the grant of reserve option in the Company's 2018 stock option incentive plan have been fulfilled. A total of 4,413,750 options granted to 37 incentive participants were agreed to be eligible for exercise during the second exercise period.

As of December 31, 2020, the above-mentioned incentive plans of the Company has met the conditions for exercise. The incentive participants have exercised a total of 64,429,505 shares, and the total share capital of the Company has increased to 3,821,284,303 shares.

Company's registered address: Jiangsu Province Haimen City Changle Town.

The Company established governance structure with shareholders' meeting, board of directors, and Board of Supervisors. Currently, the Company establishes real estate business unit, construction business unit, investment development center, Information management department, legal department,

human resources department, administrative department, finance department, audit department and securities department.

Business nature and major business scope of the Company's and its subsidiaries (the "Group") includes: development and sale of real estate (undertake business with qualification certificates) ; civil construction engineering, property management and industrial investment. (For those projects subject to government approval, business activities can only be carried out after the approval by relevant authority).

The parent company of the Group is Zhongnan City Construction Investment Co., Ltd. and the ultimate controlling party is Zhongnan Holding Group Co., Ltd. The controlling party of the Group is Mr. Chen Jinshi.

The financial statements and notes to the financial statements have been approved by the Company's Fifteenth meeting of the Eighth Seventh Board of Directors on 25 April 2021.

2. Scope of Consolidated Financial Statements

The scope of the Group's consolidated financial statements for this year refers to Note VI "Changes in scope of consolidation" and Note VII "Interests in other entities".

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises"). In addition, the Group also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15 - General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

The financial statements of the Group have been prepared on going concern basis.

The Group adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Group determines the policies of depreciation of fixed assets, amortization of intangible assets, capitalization of research and development expenditures and revenue recognition according to the characteristics of the production and operation. Specific accounting policies refer to Note III. 15, Note III. 19, Note III. 20 and Note III. 27.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the consolidated and Company's financial positions as at 31 December 2020 and the consolidated and Company's operating results and cash flows for the year then ended.

2. Accounting period

The financial year of the Group is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Group's operating cycle is 12 months.

4. Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as functional currency. Overseas subsidiaries of the Group determine its functional currency in accordance with its primary economic environment of the business location. The financial statements of the Group have been prepared in RMB.

5. Business Combinations

(1) Business combinations involving enterprises under common control

For the business combinations involving enterprises under common control, assets and liabilities obtained by combining party in the business combination are recognized at their carrying amounts at the date of merger as recorded by the party being combined, except for the items that are adjusted being the accounting policies applied by the absorbing party are inconsistent with those adopted by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to capital reserves (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Business combinations involving entities under common control achieved in stages that involves multiple transactions

In the separate financial statements, initial investment cost is the acquirer's share of the carrying amount of the net assets of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In the consolidated financial statements, assets acquired and liabilities assumed by acquirer in a business combination are measured at their carrying amount as recorded in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. The profit or loss, other comprehensive income and changes in other owner's equity recognized by the acquirer during the period from the later of initial investment date and the date that the acquirer and acquiree both under common ultimate control to the combination date are offset the opening retained earnings or profit for loss for the current period in the comparative statements.

(2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs

include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquiree. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control achieved in stages that involves multiple transactions

In the separate financial statements, the initial investment cost is the sum of the carrying amount of equity investment of the acquiree held prior to the acquisition date and additional investment cost at the acquisition date. When the previously-held equity investment which was accounted for under the equity method before the acquisition date, any other comprehensive income previously recognized is not adjusted on acquisition date. When the investment is disposed in later date, the amount that was recognized in other comprehensive income is recognized on the same basis as would be required if the investee had disposed directly of the related assets or liabilities. The owners' equity recognized as the changes of the investee's other owners' equity except for net profit or loss, other comprehensive income and profit distribution, are transferred to profit or loss for the current period when disposing the investment. When the previously-held equity investment which was measured at fair value before the acquisition date, the accumulated changes in fair value included in other comprehensive income is transferred to profit or loss for the current period upon commencement of the cost method.

In the consolidated financial statements, the combination cost is the sum of the consideration paid at the acquisition date and the fair value of equity investment of the acquiree held prior to the acquisition date. The cost of equity investment of the acquiree held prior to the acquisition date is re-measured at the fair value at the acquisition date, the difference between the fair value and carrying value is recognized as profit or loss for the current period. Other comprehensive income and changes of other owners' equity from the equity interest held in the acquiree prior to the acquisition date are transferred to profit or loss for the current period, except for other comprehensive income resulted in the change of net liabilities or assets in the investee's re-measurement of defined benefit plan.

(3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

6. Basis for preparation of consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Group has power over the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. A subsidiary is an entity that is controlled by the Group (including enterprise, a portion of an investee as a deemed separate entity, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Group based on the financial statements of the Group and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Group, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their operating results and cash flows are included in the consolidated income statement and consolidated cash flow statement respectively from the date they are controlled by the ultimate controlling party.

Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control in the reporting period, the operating results and cash flow of the subsidiary or business after the acquisition date are included in the consolidated income statement and consolidated cash flow statement respectively.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the loss of the subsidiary attributable to minority interests is more than minority interests in that subsidiary at beginning of the period, the minority interest is reversed by the balance of the loss of the subsidiary attributable to minority interests.

(3) Acquiring minority interests of subsidiary

Where the Group acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Group and to the minority interest is adjusted to reflect the change in the Group's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(4) Losing control over the subsidiary

When the Group loses control over subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when losing control over the subsidiary. A gain or loss is recognized in profit or loss for the current period and is calculated by the aggregate of the consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of carrying value of net assets in proportion to previous shareholding percentage in former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss for the current period when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

7. Joint arrangement classification and accounting treatments

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any liabilities incurred jointly;
- B. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement

The Group adopts equity method under long-term equity investment in accounting for its investment in joint venture.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions conversion

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prevailing exchange rate on initial

recognition or on the previous balance sheet date are recognized in profit or loss for the current period.

(2) Translation of foreign currency financial statements

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to RMB using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for "undistributed profits", are translated at the spot exchange rate at the dates on which such items arose.

The revenue and expenditure in the statement of income are translated using the spot exchange rate at the transaction date.

Items of the cash flow statement are translated using the spot exchange rate when it incurs. Effects arising from changes of exchange rates on cash and cash equivalents are presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

Differences arising from the translation of financial statements are separately presented as "other comprehensive income" in the shareholders' equity of the balance sheet.

When the control on foreign operation is lost due to disposal, exchange differences of foreign currency financial statements attributable to the foreign operation as presented under shareholders' equity item in the balance sheet are transferred to profit or loss for the current period entirely or partially on disposed portion.

10. Financial instruments

Financial instruments refer to the contracts of forming entity's financial assets and other entities' financial liabilities or equity instruments.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes one party of financial instrument contracts.

If one of the following conditions is met, the financial assets are terminated:

- ① The right of the contract to receive the cash flows of financial assets terminates;
- ② The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

While prevailing obligations of financial liability is relieved entirely or partially, the financial liability is derecognized accordingly. If the Group (borrower) makes an agreement with the lender to replace the original financial liability by assuming a new financial liability which contract terms are different substantially, the original financial liability is extinguished and the new financial liability is recognized.

Conventionally traded financial assets are recognized and de-recognized on trade date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Group classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other

comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in profit or loss for the current period, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Group classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Group irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Group irrevocably designates them as financial assets at fair value through other comprehensive income at initial recognition. The designation

is made on a single investment basis and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Subsequent to initial recognition, these financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in Other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Group assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Group evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Group changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable without significant financing component are initially recognised based on the transaction price expected to be entitled by the Company.

(3) Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or financial liabilities at amortized cost. For financial liabilities not classified as at fair value through profit or loss, the transaction costs are recognized in the initial recognition amounts.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trade and financial liabilities designated as at fair value through profit or loss in the initial recognition. Such financial liabilities are subsequently measured at fair value, gains and losses arising from changes in fair value are recognized in profit or loss for the current period.

Financial liabilities at amortized cost

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for

the current period.

Distinction between financial liabilities and equity instruments

A financial liability is recognized if one of the following conditions is satisfied:

- ① a contractual obligation to deliver cash or another financial asset to another entity;
- ② contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group;
- ③ non-derivative contract that will or may be settled in the Group's own equity instruments and the Group is obliged to deliver a variable number of the Group's own equity instruments;
- ④ derivative contract that will or may be settled in the Group's own equity instruments, except for a derivative contract that is settled by the exchange of a fixed number of the Group's own equity instruments for a fixed amount of cash or other financial assets.

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

If the Group cannot avoid performing a contract obligation by cash or other financial assets unconditionally, then the contract obligation meets the definition of financial liabilities.

If a financial instrument must or can be settled by enterprise's own equity instrument, the enterprise's own equity instrument used as settled instrument need to be considered whether as the substitute of cash or other financial assets or for the holder of the instrument enjoys the residual interest of assets after the issuer deducted all liabilities. If meets the former condition, the financial instrument should be recognized as financial liabilities; If meets the later condition, the financial instrument is recognized as equity instruments.

(4) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(5) Impairment of financial assets

The Group makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;
- Contract assets as defined in "Accounting Standards for Business Enterprises No. 14-Revenue"
- Lease receivables;
- Financial guarantee contract (Except those measured at fair value through profit or loss, the transfer of financial assets does not meet the conditions for derecognition or continuing involvement in transferred financial assets).

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Group takes into consideration of account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Group measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Group makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Group calculates the interest income based on the book balance and the effective interest rate before deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For Bills receivable, accounts receivable and contract assets, regardless of whether there is a significant financing component, the Group always makes provision for impairment at an amount equal to lifetime ECLs.

When the Group is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies Bills receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Bills receivable

- Bills receivable portfolio 1: Bank acceptance bills

- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivables from government agencies
- Accounts receivable portfolio 2: Receivables from related parties not in scope of consolidation
- Accounts receivable portfolio 3: Receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 4: Receivables from other parties

C. Contract assets

- Contract assets portfolio 1: Contract assets of the project under execution
- Contract assets portfolio 2: Contract assets that have been accepted or delivered but not settled
- Contract assets portfolio 3: Unexpired warranty retention
- For note receivables classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.
- For accounts receivable classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs.

Receivables financing

The Group classified receivables at fair value through other comprehensive income as receivable financing. Regarding the receivable financing generated from daily operating activities such as sales of goods and rendering of services, regardless of any significant financing component, the Group measures its ECLs at an amount equivalent to expected credit losses for the lifetime.

When individual receivable financing cannot assess the expected credit loss information at a reasonable cost, the Group divides the receivables financing into several portfolios based on credit risk characteristics, calculates the ECLs on portfolio basis, and determines the portfolio basis as follows:

- Receivable financing portfolio 1: Bills receivable
- Receivable financing portfolio 2: Accounts receivable

For receivables financing divided into portfolios, the Group considers to historical credit loss experience, together with local conditions and forecasts of future economic conditions, in determination of ECLs based on the default risk exposure and the expected credit loss rate for the lifetime.

Other receivables

The Group classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

- Other receivables portfolio 1: Receivables from government agencies
- Other receivables portfolio 2: Receivables from cooperating parties
- Other receivables portfolio 3: Receivables from related parties not in scope of consolidation
- Other receivables portfolio 4: Receivables from related parties within the scope of consolidation
- Other receivables portfolio 5: Receivables from security deposits
- Other receivables portfolio 6: Receivables from petty cash and withholding amount
- Other receivables portfolio 7: receivables from other parties

For other receivables divided into portfolio, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime.

Long-term receivables

Long-term receivables of the Group includes receivables of security deposits under financing leases.

- Long-term receivables portfolio 1: Long-term receivables not yet past due
- Long-term receivables portfolio 2: Over-due long-term receivables

For long-term receivables classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

Debt investment and other debt investment

For debt investments and other debt investments, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the entire lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Group compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Group considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Group includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;

- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Group assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

Credit-impaired financial assets

At balance sheet date, the Group assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; ;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Group makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(6) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Group derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset are retained, the financial asset is not derecognized.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, then accounting for the following circumstances: if control over the financial assets is surrendered, derecognize the financial assets and recognize any assets and liabilities arose; if the Group retains the control of the financial assets, recognize the financial assets to the extent of the continuing involvement in the transferred financial assets by the Group and recognize any relating liability.

(7) Offset between financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are separately shown in the balance sheet and not allowed to offset.

Financial instruments refer to the contracts of forming entity's financial assets and other entities' financial liabilities or equity instruments.

11. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Group can normally enter into a transaction on measurement date. The Group adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Group uses the quoted prices in active markets as their fair value. If there is no active market, the Group uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the

lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Group evaluates for assets and liabilities that are measured at fair value on a recurring basis so as to determine any transfer between fair value hierarchies is necessary.

12. Inventories

(1) Category of inventories

Inventories of the Group are divided into two categories, namely real estate inventories and non-real estate inventories. Real estate inventories includes properties under development (development costs), developed properties. Non-real estate inventories includes raw materials, work-in-progress, finished goods, reusable materials and consumptive biological assets.

(2) Costing method of inventories

Inventories are measured at the actual cost. Actual cost of property development includes land-transferring fees, infrastructure and affiliated spending, construction and installation expenditure, the borrowing cost before the completion of property development and other related expenditures. When the completed properties are transferred, the Group uses the specific identification of their individual costs.

① Accounting of land development

The acquisition costs, compensation for land acquisition and demolition and infrastructure spending relevant to land development are separately recorded in development costs, and are allocated to property development costs according to occupation of land by each development project.

② Accounting of public supporting facilities

For public supporting facilities that cannot be transferred with compensation, the cost incurred is recorded in commercial property cost based on a standard allocation according to proportion of benefits. For public supporting facilities that can be transferred with compensation, the costs incurred for each supporting facility are accounted separately.

③ Developed property refers to real estate completed and held for sale

Non-real estate inventory are measured at the actual cost. Raw materials and reusable materials are measured using the weighted average method when issued.

(3) Basis of determination of net realizable value and provision for decline in value of inventories

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

At balance sheet date, when the cost of inventory exceeds its net realizable value, provision for decline in value of inventories is recognized. The Group usually recognizes provision for decline in value of inventories by a single inventory item. When the factors causing the inventory impairment no longer exist, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Group adopts perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The Group adopts one-time write off when low-value consumables are taken for use.

Formwork, steel pipe and fastener for construction and other reusable materials are amortized by straight line method over of their estimated economic useful lives.

13. Long-term equity investments

Long-term equity investments include equity investment in subsidiaries, joint ventures and associates. Where the Group can exercise significant influence over the investee, the investee is an associate of the Group.

(1) Determination of investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the shareholders' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

The Group accounts for investment in subsidiaries by using the cost method, except those satisfied the conditions of held for sale. The investment in associates and joint ventures are accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the

long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Group. The Group's share of the investee's shareholders' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve), and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group.

When the Group becomes capable of exercising significant influence or joint control (but not sole control) over an investee due to additional investment or other reasons, the accounting is changed to the equity method and the initial investment cost on the date of change is the sum of the fair value of the previously-held equity investment and additional investment cost. The differences between the fair value and carrying amount of previously-held equity investment and the accumulated changes in fair value included in other comprehensive income are transferred to profit or loss for the current period upon commencement of the equity method.

When the Group can no longer exercise joint control or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment on the date of losing joint control or significant influence is accounted for in accordance with Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence is charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized are accounted for on the same basis as if the Group directly disposes of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of shareholders' equity related to previously-held equity investment is transferred in profit or loss for the current period.

When the Group can no longer exercise control over an investee due to partial disposal of equity investment or other reasons and the remaining equity investment after disposal can exercise joint control or significant influence over an investee, the remaining equity investment is accounted for under equity method and re-measured by equity method as if it has been acquired since date of acquisition. Where the remaining equity investment can no longer exercise joint control or significant influence over an investee, the remaining equity investment is accounted for in accordance with Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of control is charged to profit or loss for the current period.

When the Group can no longer exercise control over an investee due to dilution of shareholding by issuance of new shares to other investors by the investee but the Group can still exercise joint control or significant influence on the investee, the difference between the Group's share of the increment of net assets in investee by the new shareholding percentage after new share issuance and the pro-rata portion of carrying value of long-term equity investment for the decreased shareholding percentage is recognized in profit or loss in the current period. The remaining equity investment is accounted for equity method as if it was acquired since initial acquisition.

The unrealized profit or loss from internal transactions entered into between the Group and its associate or joint venture is offset according to the shareholding percentage held by the Group and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Group and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Group firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, stock options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible be considered.

When the Group, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Group has significant influence on the investee unless there is clear evidence to show that the Group cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Group owns less than 20% of the voting shares of the investee, the Group has no significant influence on the investee unless there is clear evidence to show that the Group can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Held-for-sale equity investment

Any equity investment not classified as held-for-sale is accounted for using the equity method.

When an equity investment in an associate or a joint venture previously classified as held-for-sale but no longer meets the criteria to be so classified, it is accounted for using the equity method retrospectively as from the date of its classification as held-for-sale.

(5) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 21 for the Group's method of asset impairment.

14. Investment properties

Investment property is a property held to earn rentals or for capital appreciation or both. The Group's investment property mainly includes leased buildings and construction.

The Group is located in an active real estate market. Moreover, the Group can obtain market prices and

other relevant information of similar investment properties from the real estate market, so as to make a reasonable estimate of the fair value of investment properties. Therefore, the Group adopts the fair value model for investment properties, the gains and losses arising from changes in fair value are recognized in profit or loss for the current period.

Referring to the current market price of the same or similar properties in the active market when determine the fair value of investment properties. If the current market price of the same or similar properties cannot be obtained, refer to the recent transaction price of the same or similar properties in the active market and taking transaction situation, transaction date, location and other factors into consideration, so as to make a reasonable estimate of the investment properties fair value, or to determine its fair value based on the expected future rental income and the present value of the relevant cash flows.

In rare cases, if there is evidence that the fair value of an investment properties can not be obtained continuously and reliably when the Group first acquires a non-construction investment properties (or when an existing properties becomes an investment properties after completing construction or development activities or changing its use), assuming the investment properties have no residual and is measured at acquisition cost until disposal.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes and surcharges is recognized in profit or loss for the current period.

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Fixed assets category and depreciation methods

The Group uses the straight line method for depreciation. Fixed assets begin to be depreciated from the state of intended use, and stop being depreciated when derecognized or classified as held for sale non-current assets. Without considering impairment provision, the Group's annual depreciation rates are shown as follows according to the category, expected useful lives and estimated net residual values rates:

Category	Useful lives	Residual rate %	Annual depreciation rate %
Buildings and construction	20-30 years	3.00	4.85-3.23
Machinery equipment	8 years	3.00	12.13
Transportation equipment	5 years	3.00	19.40
Electronic equipment	5 years	3.00	19.40
Office equipment	5 years	3.00	19.40
Other equipment	5 years/15 years	3.00/5.00	19.40/6.33

Amongst these, for impaired fixed assets item, its depreciation rate is determined after deducted its cumulative amount of impairment.

(3) Impairment testing and the impairment provision of fixed assets refer to Note III. 21.

(4) Determination and measurement of fixed assets under financing lease

Fixed assets under lease arrangement are determined as fixed assets under financing lease if they meet one or more of the following criteria:

- ① The ownership of leased assets is transferred to the Group by the end of the lease term.
- ② The Group has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date of the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
- ③ Even if the ownership of assets isn't transferred, lease term is for the major part of the useful life of the asset.
- ④ At the inception of lease, the present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- ⑤ Leased assets are of such a specialized nature that only the Group can use them without major modifications.

At inception date of lease, the Group recognizes amount of leased assets at the lower of the fair value of leased asset at inception date and the present value of minimum lease payments. Amount of minimum lease payments is recorded as long-term payables, and the difference between them is recorded as unrecognized financing charges. Initial direct costs such as service charges, legal fee, travelling expenses and stamp duty of the lease incurred for the lease are recognized in the amount of leased assets. Unrecognized financing charges are amortized over the lease term by effective interest method.

Fixed assets under financing lease are depreciated using the same policy as that for owned fixed assets. If there is reasonable certainty that the ownership of the leased assets is transferred by the end of the leases, the leased assets are depreciated over their useful life. If there is no reasonable certainty that the ownership of leased assets be transferred by the end of the lease term, the assets are depreciated over the shorter of the lease term and their useful life.

- (5) The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each financial year.

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(6) Overhaul costs

The overhaul costs occurred in regular inspection of fixed assets are recognized in the cost of fixed assets if there is undoubted evidence to confirm that this part meets the recognition criteria of fixed assets, otherwise, the overhaul costs are recognized in profit or loss for the current period. Depreciation continues during the period of regular overhaul.

16. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to note III. 21.

17. Borrowing costs

(1) Recognition of borrowing costs capitalization

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalized and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Capitalization of such borrowing costs commenced only when all of the following conditions are satisfied:

- ① Expenditures for the asset are being incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalization;
- ② Borrowing costs are being incurred; and
- ③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Borrowing costs capitalization period

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. Borrowing cost incurred after the qualifying assets became ready for their intended use or sale is recognized as an expense when incurred and recorded in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Borrowing costs continues to be capitalized during the normal suspension period.

(3) Borrowing costs capitalization rate and calculation of capitalization amount

For funds borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. Capitalization rate is determined as calculating weighted average interest rate of general borrowings.

In the capitalization period, exchange differences of specific borrowings in foreign currency are fully capitalized. Exchange differences of general borrowings in foreign currency are recorded in profit or loss for the current period.

18. Biological assets

(1) Criteria of recognition of the biological assets

Biological assets refer to the assets constituted by living animals and plants. Biological assets are recognized only when the Company can satisfy all of the following conditions:

- ① The Company owns or controls the biological asset due to past transactions or events.
- ② The associated economic benefits are likely to flow into the Company ;
- ③ The costs of biological assets can be measured reliably.

(2) Classification of biological assets

Biological assets of the Group includes consumptive biological assets.

Consumptive biological assets include biological assets held for sale, or harvested in the future as agricultural products. Consumptive biological assets are initially measured at cost. The cost of consumptive biological assets by self-cultivating, constructing, breeding or planting is the necessary expenditure directly attributable to the consumptive biological assets incurred before sell including qualifying borrowing costs. Subsequent expenditures for the management and maintenance and feeding costs of consumptive biological assets after they are acquired are included in profit or loss for the current period.

When consumptive biological assets are harvested or sold, the carrying value of individual item is recognised as costs of sale.

(3) Impairment of biological assets

If the net realizable value of consumptive biological assets is less than the carrying amount, the difference is recognized as provision for diminution in value and recorded in profit or loss for the current period. When the factors causing the impairment of consumptive biological assets no longer exist, the

provision for diminution in value previously made is reversed and the amount being reversed is recognized in profit or loss for the current period.

19. Intangible assets

The Group's intangible assets include land use right, software, patent, right of use of sea areas, and franchise.

Intangible asset is initially measured cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of an intangible asset with a finite useful life are shown as follows:

Category	Useful lives	Method	Note
Land use rights	Lease period of land use right	Straight line method	
Software	5 years	Straight line method	
Patent	10 years	Straight line method	
Right of use of sea areas	46 years	Straight line method	
Franchise	10 years	Straight line method	

The Group reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. A change in the useful life or amortization method used is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Group at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 21.

20. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Group can satisfy all of the following conditions: A. it is technical feasible that the intangible asset can be used or sold upon completion; B. there is intention to complete the intangible asset for use or sale; C. the intangible asset can generate economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; D. there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; E. the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Group will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.

Capitalized expenditure on the development phase is presented as “development costs” in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

21. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, investment property measured subsequently at cost model, fixed assets, construction in progress, intangible assets and goodwill (excluding inventories, investment property measured subsequently at fair value model, deferred income tax assets and financial assets) are determined as follows:

At each balance sheet date, the Group determines whether there may be indication of impairment of the assets, if there is any, the Group will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount is estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Group reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Group.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is conducted impairment test by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

An impairment loss once recognized not be reversed in subsequent period.

22. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expense that cannot benefit in future accounting period, their

amortized value is recognized in profit or loss for the current period.

23. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Group's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to their liquidities, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Group recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Group only involves in defined contributions plan.

Defined contribution plans

Defined contribution plans include basic pension insurance and unemployment insurance.

In the accounting periods which employees rendered services, the amount of defined contribution plan is recognized as liability and charged to profit or loss for the current period or cost of relevant assets.

Defined benefit plan

For defined benefit plans, independent actuaries estimate the actuarial value at the balance sheet date to determine the cost of welfare by using the Projected Unit Credit method. The Group recognizes the following components of employee benefits cost arising from defined benefit plan:

- ① service cost, comprising current service cost, past service cost and any gain or loss on settlement. Current service cost is the increase in the present value of the defined benefit plan obligation resulting from employee service in the current period. Past service cost is the increase or decrease in the present value of the defined benefit plan obligation for employee service in prior periods, resulting from a plan amendment.
- ② net interest on the defined benefit plan net liabilities or assets, including interest income on plan

assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.

③ changes as a result of remeasurement of the net defined benefit plan liabilities or assets.

Item ① and item ② above are recognized in profit or loss for the current period unless another Accounting Standard requires or permits the inclusion of the employee benefit costs in the cost of assets. Item ③ is recognized in other comprehensive income and is not reclassified to profit or loss in subsequent period. On termination of defined benefit plans, other comprehensive income previously recognized is transferred to retained earnings.

(4) Termination benefits

Termination benefits provided by the Group to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

For early retirement arrangement, early retirement benefits are accounted for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are charged to the profit or loss for the current period. Compensations after the normal retirement date (such as formal endowment insurance) are accounted for as post-employment benefits.

(5) Others long-term employee benefits

Other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefits plan, they are accounted for in accordance with the above requirements relating to defined benefits plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan is recorded in profit or loss for the current period or cost of relevant assets.

24. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Group reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a

third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount not exceeds the carrying value of the provision.

25. Share-based payment and equity instruments

(1) Types of share-based payment

The share-based payment can be distinguished into equity-settled and cash-settled share-based payment.

(2) Determination of fair value of equity instruments

If there exists an active market for options and other equity instruments granted by the Group, their fair value is determined on the price quotes in an active market. If an active market does not exist for options and other equity instruments granted by the Group, their fair value is determined by using an option pricing model. Selection of option pricing model considers the following factors: A) Exercise price of option; B) Validity period of option; C) Spot price of subject shares; D) Estimated volatility of share price; E) Estimated dividend of shares; F) Risk-free interest rate in the validity period of option.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Group revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfilment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Cash-settled share-based payments are measured based on the value of shares or other equity instruments undertaken by the Group. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and a liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfilment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting a liability accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. The fair value of the liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value recognized in profit or loss for the current period.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity

instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Group nevertheless continue to account for the services received as if that modification had not occurred, other than the Group cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfil non-vesting conditions but have not fulfilled during the vesting period, the Group deems the granted equity instruments are cancelled.

26. Preference shares, perpetual bonds and other financial instruments

(1) Classification of financial liabilities and equity instruments

Financial instruments issued by the Group are classified into financial assets, financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial asset, financial liability and equity instruments on initial recognition.

(2) Accounting treatment of preference shares, perpetual bonds and other financial instruments

The Group initially recognizes and measures financial instrument in accordance with the standards of financial instrument. On the basis of the category of financial instrument issued, interest is accrued or dividends are paid at each balance sheet date according to the relevant specific enterprise accounting standards. For the financial instrument classified as equity instrument, the interest or dividend paid is treated as profit distribution of the Group and the repurchase and cancellation of the financial instrument is treated as the movement in equity. For the financial instrument classified as financial liability, the interest or dividend paid is treated as borrowing cost for accounting treatment and gains or losses arising from the repurchase or redemption of financial instrument is recognized in profit or loss for the current period.

The transaction costs such as handle charges and commission in issuance of financial instrument are recognized in the initial recognition amount of issued instrument if it is classified as liability instrument and measured by amortized cost. The transaction costs are deducted from equity if it is classified as equity instrument.

27. Revenue

(1) General principal

The Group recognises revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

Where a contract has two or more performance obligations, the Group allocates the transaction price to each performance obligation based on the percentage of respective unit price of goods or services guaranteed by each performance obligation, and recognises as revenue based on the transaction price that is allocated to each performance obligation.

If one of the following conditions is fulfilled, the Group performs its performance obligation within a

certain period; otherwise, it performs its performance obligation at a point of time:

- ① when the customer simultaneously receives and consumes the benefits provided by the Group when the Group performs its obligations under the contract;
- ② when the customer is able to control the goods in progress in the course of performance by the Group under the contract;
- ③ when the goods produced by the Group under the contract are irreplaceable and the Group has the right to payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Group recognises revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Group are expected to be compensated, the revenue shall be recognised at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Group recognises revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indications:

- ① the Group has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods;
- ② the Group has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods;
- ③ the Group has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods;
- ④ the Group has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer;
- ⑤ the customer has accepted the goods;
- ⑥ other information indicates that the customer has obtained control of the goods.

The Group's right to consideration in exchange for goods or services that the Group has transferred to customers (and such right depends on factors other than passage of time) is accounted for as contract assets, and contract assets are subject to impairment based on ECLs (refer to Note III.10(5)). The Group's unconditional right to receive consideration from customers (only depends on passage of time) is accounted for as accounts receivable. The Group's obligation to transfer goods or services to customers for which the Group has received or should receive consideration from customers is accounted for as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. Where the net amount has a debit balance, it is presented in "contract assets" or "other non-current assets" according to its liquidity. Where the net amount has a credit balance, it is presented in "contract liabilities" or "other non-current liabilities" according to its liquidity.

(2) Specific revenue recognition method

① Specific revenue recognition method of real estate sale is as follow:

Revenue recognition of real estate sale is determined when the property is qualified for completion acceptance, sales contract is entered, agreed conditions of delivery in sale contract had been reached, and payment evidence had been received from purchaser based on the terms in sale contract upon delivery of property (usually receipt of first instalment of sale contract and payment arrangement of the remaining balance has been confirmed), and the customer obtained control of the relevant product.

② Construction revenue

The general construction contract between the Group and its customers usually includes construction performance obligations. The Group regards them as performance obligations performed within a certain period of time, and revenue is recognized based on the performance progress, unless the performance progress cannot be reasonably determined. The Group determines the performance progress of services provided in accordance with the input method, that is, the proportion of the cost already incurred in the estimated total cost of the contract to determine the performance progress. When the performance progress cannot be reasonably determined, but the cost incurred by the Group is expected to be compensated by the customer, the revenue is recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

28. Contract cost

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- ① the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- ② the costs enhance resources of the Group that will be used in satisfying performance obligations in the future;
- ③ the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- ① remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;
- ② the cost estimated to be happened for the transfer of related goods or services.

The costs of contract performance recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Inventories” item, and if the amortisation period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other non-current assets” item.

The contract obtaining costs recognised as assets, if the amortisation period is less than one year or a normal operating cycle upon the initial recognition, are presented as “Other current assets” item, and if the amortization period is more than one year or a normal operating cycle upon the initial recognition, are presented as “Other noncurrent assets” item.

29. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

A government grant related to an asset is a grant obtained by the Group for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of grant is treated as government grant related to income.

A government grant related to an asset is recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period, or deduction of related expenditure. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized, or deduction of related expenditure. Government grants measured at nominal amounts are directly recognized in profit or loss for the period. The Group adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is either recorded as other income. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, if the book value of relevant assets is deducted during initial recognition, the book value of the assets is adjusted; if there exists of the related deferred

income balance, the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

30. Deferred tax assets and deferred tax liabilities

Income tax comprises of current income tax and deferred income tax. Current tax and deferred tax are included in profit or loss for the current period as income tax, other than deferred tax related to transactions or events that are directly recognized in shareholders' equity and arising from business combination should adjust the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Group reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

31. Operating leases and finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of

an asset. An operating lease is a lease other than a finance lease.

(1) As lessor

In finance leases, at the commencement of the lease, the Group will recognize the sum of minimum lease receipt amount and initial direct costs as the recognized amount of finance leases receivable and also recognized the unguaranteed residual value. The difference of carrying amount and the sum of minimum lease receipt amount, initial direct costs and unguaranteed residual value is treated as unrealized financing income. Unrealized financing income is amortized over the lease period by effective interest method and finance income is recognized in profit or loss for the current period.

Rental receipt from operating leases is recognized in profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

(2) As lessee

In finance leases, at the commencement of the lease, the Group will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the book value of the leased asset. Present value of minimum lease payments is recognized as long-term payables. The difference between fair value of lease asset and the present value of minimum lease payments is recognized as future finance charge. Initial direct costs are recognized in value of leased assets. Future finance charge is amortized over the lease period by effective interest method and finance expenses are recognized in profit or loss for the current period. The Group adopts the same depreciation policy of with self-owned fixed assets in calculating the depreciation charge.

Rental paid for operating leases is recognized as related asset cost or profit or loss for the current period using the straight-line method over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

(3) COVID-19 related rental concessions

For rental concession, such as rent reduction or deferral of payment, that the Group and lessees or lessors have reached in agreement directly caused by COVID-19, when all of the following conditions are met, the Group's rental of properties or buildings are using simplified approach:

- ① the change in lease payments results in revised consideration for the lease that is substantially the same, or less than, the consideration for the lease immediately preceding the change. In particular, the lease payments can be undiscounted or discounted at the discount rate preceding the concessions;
- ② any reduction in lease payments affects only payments originally due on or before 30 June 2021;
- ③ there is no substantive change to other terms and conditions of the lease.

The Group does not assess whether it is a lease modification.

Where the Group as the lessee under operating leases, the Group will continue to account the rent of original contract into relevant asset or expenses in accordance with the same method preceding to the concession. If there is rent reduction or exemption, the Group will treat the exempted rent as contingent rent, and reduce costs or expenses during the relevant period. If the payment of rent is deferred, the Group recognizes the rent as payables during the original payment period, and offsets the payables accrued when the actual payment is made. For financing lease, the Group continues to recognize unrecognized financing expenses as financial cost for the current period by the same discount rate

preceding to the concession, and continues to carry out subsequent measurement such as depreciation of assets under financing lease in the same manner preceding to the concession. When there is rent reduction or exemption, the Group will treat the exempted rent as contingent rent which will offset against the cost of assets or expenses when a reduction agreement is reached to relieve the original rent payment obligation. Long-term payable is also adjusted accordingly based on the discount rate preceding to the concession and the difference is recognised in profit or loss. Unrecognized financing expenses should also be adjusted. If the rental payment is deferred, the Group will offset the long-term payables previously recognised when actual payment is made.

Where the Group as a lessor under operating leases, the Group continues to recognize the rental income of original contract in the same method preceding to the concession. If there is rent reduction or exemption, the Group will treat the exempted rent as contingent rent and offset the rental income during the exemption period. If the collection of rent is deferred, the Group recognizes a rent receivable during the original collection period, and offsets the receivables previously recognised when actual payment is received. For financing leases, the Group continues to recognize lease income on the unrealized financing income at the same interest rate implicit in the lease preceding the concession. If there is rent reduction or exemption, the Group will treat the reduced or exempted rent as contingent rent which offset the lease income previously recognised when a concession agreement is reached and the right to collect the original rent is waived. When lease income previously recognised is insufficient to offset, the excess amount is charged against investment income. Other receivable is also adjusted accordingly based on the discount rate preceding to the concession and the difference is recognised in profit or loss. Unrecognized financing income should also be adjusted. If the rental payment is deferred, the Group will offset other receivables previously recognised when actual payment is made.

32. Safety production fund and simple reproduction maintenance fees

In accordance with the relevant regulations of the construction industry, the Group accrues 2% of the project construction revenue for safety production expenses, and does not accrue for simple reproduction maintenance fees.

Safety production fund is recorded to the costs of related products or recognized in the profit or loss for the current period, and credited to special reserve.

When payment is made for safety production fee within the specified scope, if it is an expense, it is directly deducted from special reserve. If it is related to fixed assets, the expenditures incurred are initially accounted in "Construction in progress" and transfer to fixed assets when the safety project is completed and reaches the predetermined usable status and after that, the cost of fixed assets is deducted from special reserve and the same amount is recognised in accumulated depreciation. Such fixed assets will not accrue for depreciation in subsequent periods.

33. Maintenance fund

The Group collects maintenance fund from property buyers at a certain percentage of selling price of commercial property and the amount is recognized as other payables. It is reduced when payment is made to land and housing administration bureau.

According to the relevant local regulation where the property project located, maintenance fund is collected from purchasers of the developed property and paid to administrative bureau of maintenance fund.

34. Quality guarantee deposits

The Group reserves quality guarantee deposit by certain percentage of project payment as stipulated in the engineering contract of civil work and installation and the amount is recorded as other payables. Maintenance expenditures due to quality issue during the warranty period is charged against other payable and the remaining balance is cleared at the end of warranty period.

35. Asset securitization business

The securitization of all claims on leasees of underlying property lease contracts owned by the Group (being receivables as "Trusted Properties") refers to selling of these assets to special purpose entities and then issue securities to investors by these entities. The equities of securitized financial assets are retained in the form of credit enhancement, subordinated debt or other residual interests (retained equities). Retained equities are measured in the Group's balance sheet at fair value. Security gains or losses depend on the carrying amount of financial assets transferred, and are allocated between the fair value on the date of transfer of derecognized financial assets and retained equities. Security gains or losses are charged to profit or loss for the current period.

In the application of policies of securitization of financial assets, the Group considers the degree of risks and rewards on the asset transferred to another entity, as well as the degree of control over the entity by the Group:

① When the Group has transferred almost all the risks and rewards of the ownership of financial assets, the Group will derecognize the financial assets;

② When the Group retains almost all the risks and rewards of the ownership of financial assets, the Group will continue to recognize the financial assets;

③ If the Group does not transfer or retain almost all the risks and rewards of the ownership of financial assets, the Group will consider whether it has control over the financial assets. If the Group doesn't retain the right to control, the Group will derecognize the financial assets and recognize the rights and obligations generated or retained by the transfer as assets or liabilities. If the Group retains the right to control, financial assets should be recognized according to its continued involvement.

36. Significant accounting judgments and estimates

The Group makes continuous evaluation on critical accounting estimates and key assumptions based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The followings are the critical accounting estimations and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Measurement of the ECLs of accounts receivable

The Group calculates the ECLs of accounts receivable using the exposure to default risk and ECL rate of accounts receivable, and determines the ECL rate based on default probability and default loss rate. When determining the ECL rate, the Group adjusts its historical data by referring to information such as historical credit loss experience as well as current situation and forward-looking information. When considering the forward-looking information, indicators used by the Group include the risk of economic downturn, external market environment, technology environment and changes in customers. The assumptions relating to the ECL calculation are monitored and reviewed by the Group on a regularly

basis.

Provision for decline in value of inventories

The Group measures the inventories at the lower of the cost and net realizable value at the balance sheet date. The calculation of net realizable value requires the use of assumptions and estimates. Management assesses the recoverable amount based on the estimated net realizable value of the underlying property, including the current market price analysis of the comparable properties with similar standard and region and forecast of the contraction costs to completion based on the existing assets structure and materials prices. If the actual net realizable value of the underlying property is higher or lower than expected due to significant changes in market conditions or significant deviation of development costs, the provision for decline in value of inventories will be affected.

Taxes

The Group's real estate development business is subjected to various taxes. In the normal course of business operation, certain transactions may have uncertainty on the calculation and final tax treatment. The Group makes significant accounting estimates in accrual of land appreciation tax and enterprise income tax. If there exists of discrepancies between the initial estimate amount and the final decision of tax matters, such difference will impact the current year income tax.

Deferred tax assets

Deferred tax asset is recognized on unused tax losses to the extent of possible profit that can be generated. This requires management to use substantial judgments to estimate the timing and amount of future taxable profits, and combine with tax planning strategies in determining the amount of deferred tax assets that should be recognized.

The Group recognised the deferred tax assets to the extent of the estimated probably amount of future profits that can be set-off by the deductible tax losses carried forward.

Construction contract

The Group's construction contract determines the performance progress of the provision of services in accordance with the input method, and the performance obligations performed within a certain period of time are recognized in accordance with the performance progress. Management estimates the percentage of completion of the construction project based on the actual costs incurred in proportion to the total budget cost, and estimates the relevant contract revenue. In view of the nature of the activities carried out in the construction contract, the day of the activity and the date of completion of the activity are usually included in different accounting periods. The Group will review the contractual revenue and contract cost estimates in the course of the contract process review and revise the budget (if the actual contract proceeds are less than the expected or actual contract costs, then provision for contract loss will be made).

Recognition and allocation of real estate development costs

In determining the development cost, the Group needs to make significant estimates and judgements in line with the budget costs and development schedule of the development project. When the final accounting cost and budget cost of real estate development project are inconsistent, the difference will affect the corresponding product development cost.

The construction cost of the real estate is recorded as inventory during the construction period and will

be carried into the income statement after confirmation of real estate sales revenue. Before the finalization of contraction costs and other relevant costs of real estate development, these costs are estimated by management according to budget costs and the progress of development. Usually real estate development of the Group is divided by different phases. Costs that directly attributable to a specific phase will be recorded as cost of that specific phase. The common costs at different stages are apportioned to each stage in terms of saleable area. If the final settlement of the cost of the project and the associated cost allocation are different from the original estimate, the increase or decrease in the cost of the project and other costs will affect the profit or loss of the future year.

Classification between investment properties and inventories

Properties constructed by the Group may be used for sale and may also be used to earn rental and / or capital appreciation. At the initial stage of property construction of the Group, the property is classified into inventories or investment properties according to the purposes of ownership. In the course of construction, the property used for sale after completion is classified as the inventory-product development in progress, and the property used to earn rental and / or capital appreciation after completion is classified as investment properties. Upon completion, the property used for sale is transferred to the inventory-developed products and the property used to earn rental and / or capital appreciation is transferred to the investment properties.

Classification between investment properties and fixed assets

The Group determines whether the property held is in conformity with the definition of investment properties and establishes relevant standards when making a judgment. The Group classifies those properties (including buildings that are being used for rental in the course of construction or development) into investment properties when they are held for the purpose of earning rental income or capital appreciation, or both. Accordingly, the Group will consider whether the way in which the property generates cash flows is largely independent of the other assets held by the Group. Some of the properties are used to earn rental or capital appreciation, and the remainders are used to produce goods, provide services or manage operations. If the portion for the purpose of earning a rental or capital appreciation can be sold separately or rent out under a financial lease, the Group is accounting them separately. If not, then the property will only be classified as investment properties if the portion used for the production of the goods, provision of services or operation management is not significant. In addition, the Group separately judges the relevant properties and considers whether the ancillary services provided to the leased property are significant so that the property would not meet the recognition criteria for investment properties.

37. Changes in accounting policies and accounting estimates

(1) Changes in accounting policies

① New revenue standard

In 2017, the Ministry of Finance have issued “the Accounting Standards for Business Enterprises No. 14 - Revenue (Revised)” (hereinafter referred to as the “New Revenue Standards”). The 62th meeting of the 7th session of Board of Directors had approved the adoption of the new standard since January 1, 2020, and adjusted the relevant contents of accounting policies.

The Group recognizes revenue when the contract performance obligations have been fulfilled, that is the customer has gained control of the relevant goods and services. When certain condition is met, the Group shall be obliged to fulfil its performance obligations within a certain period, otherwise, it shall be

obliged to fulfil its performance obligations at a certain point. If two or more performance obligations are included in the contract, the Group shall, on the commencement date of the contract, apportion the transaction price to the individual performance obligations according to the relative proportion of the individual selling prices of the commodities or services promised by the individual performance obligations, and measure the income according to the transaction price apportioned to the individual performance obligations.

The Group has adjusted the related accounting policies in accordance with the specific provisions of the new revenue standards on specific matters or transactions. For sales involving rights of return, the revenue is limited to the amount of cumulative recognized revenue that is unlikely to be reversed on goods return, and a refund liability is recognized based on the expected amount of return. At the same time, the balance of the book value of the goods expected to be returned after deducting the expected cost of return in collecting the returned goods (including the value impairment of returned goods) is included in other current assets.

The right to receive consideration for transferring goods to the customer, which depends on factors other than the passage of time, shall be presented as contract assets. The obligation to transfer goods to the customer after consideration received or receivable shall be presented as contract liabilities.

The Group adjusted the retained earnings at the beginning of 2020 and the amount of other relevant items in the financial statements based on the cumulative impact of the initial adoption of the new revenue standard, and did not adjust the comparative financial statement data. The Group only adjusted the beginning balance of 2020 on the relevant items in the Company's financial statements by the amount of cumulative impact of contracts that have not been completed on 1 January 2020.

Contents and reasons of changes in accounting policies	Financial item being affected	Impact amount (as of 1 January 2020)
Due to the application of the New Revenue Standard, the Group recognised the rights to consideration relating to completed but not settled contracts of infrastructure construction, certain manufacturing and installation business and services rendering, which do not meet the unconditional collection right, in contract assets; recognised the contract obtaining costs in relevant to sales of goods in other current assets; reclassified settled but incomplete advances relating to infrastructure construction, partial manufacturing and installation and advances relating to sales of goods and rendering of services to contract liabilities.	Accounts receivable	-5,719,468,773.96
	Inventories	-9,900,777,649.56
	Contract assets	15,141,946,436.92
	Other current assets	746,555,409.88
	Long-term receivables	-13,102,203,611.41
	Deferred tax assets	-135,575,685.99
	Other non-current assets	13,110,036,574.30
	Advances from customers	-120,865,320,359.37
	Contract liabilities	110,468,759,236.80
	Taxes payable	116,503,021.19
	Other current liabilities	9,872,097,846.56
	Provisions	391,014.14

Compared with the previous revenue standard, the impact on adoption of New Revenue Standard on relevant financial statements items in 2020 are as follows:

Affected items on the balance sheet	Affected amount 2020.12.31
Accounts receivable	-3,035,298,321.07
Inventories	-16,491,706,883.34
Contract assets	18,825,264,366.82
Other current assets	1,003,647,787.34
Long-term receivables	-18,455,326,040.30
Deferred tax assets	-251,641,210.65
Other non-current assets	18,590,205,254.64
Advances from customers	-131,117,331,935.50
Contract liabilities	120,291,130,216.05
Taxes payable	355,682,881.81
Other current liabilities	10,460,340,152.70
Provisions	574,216.66

(Continued)

Affected items on the income statement	Affected amount Year ended 2020.12.31
Operating cost	574,216.66
Selling expenses	-257,092,377.46
Credit impairment loss	166,303,135.37
Asset impairment loss	-166,877,352.03
Income tax expense	61,194,522.42
Net profit	194,749,421.72
Including: Equity attributable to shareholders of the parent company	182,492,025.53
Minority interests	12,257,396.19

② Accounting Standards for Business Enterprises Interpretation No. 13

In December 2019, the Ministry of Finance issued the Accounting Standards for Business Enterprises Interpretation No. 13 (Cai Kuai [2019] No. 21) (hereinafter referred to as the "Interpretation No. 13").

The Interpretation No. 13 modified the three factors constituting a business, specified the determining conditions for businesses, and introduced "concentration test" for purchasers in business combinations under common control when determining whether the operating activities or asset portfolio acquired constitutes a business.

The Interpretation No. 13 clarified that the related parties of an enterprise include the associates and joint ventures of other common member units, including parent companies and subsidiaries, of the group, as well as the associates and joint ventures of investors in joint control of the enterprise.

The Interpretation No. 13 came into effect on 1 January 2020. The Group has applied the prospective application method for the accounting treatment of the above change in accounting policies.

The application of Interpretation No. 13 did not have any material effect on the financial position, operating results or related party disclosure of the Group.

③ In June 2020, the Ministry of Finance issued the Notice on Provisions on Accounting Treatment of Covid-19-related Rent Concessions (Cai Kuai [2020] No. 10). Under such accounting treatment, a simplified approach may be applied for the Covid-19-related rent concessions

The Group has adopted the simplified approach in the accounting treatment (refer to Note III. 31 (3)) for the related rent reductions for lease of properties and buildings that occurred after 1 January 2020. During the period of reduction or exemption or when a concession agreement is reached in releasing or waiver of relevant rights and obligations, the relevant rent concession is recognised in profit or loss. The impact of the above simplified method on the profit for the current period is RMB 18,307,443.63.

The Group does not apply the above simplified approach to rent reductions incurred before January 1, 2020.

(2) Changes in accounting estimates

Contents and reasons of changes in accounting estimates	Approval procedure	Timing of application	Financial item being affected	Impact amount
According to the general situation in the market, mid-range chain hotels generally undergo renovations in about 8 years of operation. Therefore, the amortization period of amortized expenses for the main body of the hotel decoration project is generally 8 years. The long-term amortization period of the Group's hotel business was previously 5 years. Considering the actual situation of the Group's hotel business and the general reality of the hotel industry, the long-term amortization period of the hotel's main project was changed from 5 years to 8 years or the lease period when it is shorter.	After the 8th meeting of the 8th Board of Directors on October 29, 2020, the "Proposal on Changing the Accounting Estimates for the Amortization Period of Long-term Amortization Expenses of Hotel" was reviewed and approved	1 July 2020	Long-term deferred expenses	14,543,936.58
			Primary operating cost	-14,543,936.58
			Net profit	10,907,952.43
			Equity attributable to parent company	10,907,952.43

- (3) Adjustment of related items of the financial statements at the beginning of the year of first time adoption according to the new revenue standard (No impact on the financial statements of the parent company at the beginning of the year)

Consolidated balance sheet

Item	2019.12.31	2020.01.01	Adjustment
Accounts receivable	11,732,392,315.46	6,012,923,541.50	-5,719,468,773.96
Inventories	165,586,813,570.85	155,686,035,921.29	-9,900,777,649.56
Contract assets		15,141,946,436.92	15,141,946,436.92
Other current assets	10,846,764,318.34	11,593,319,728.22	746,555,409.88
Long-term receivables	13,104,703,611.41	2,500,000.00	-13,102,203,611.41
Deferred tax assets	2,134,935,595.96	1,999,359,909.97	-135,575,685.99
Other non-current assets		13,110,036,574.30	13,110,036,574.30
Advances from customers	123,359,236,032.48	2,493,915,673.11	-120,865,320,359.37
Contract liabilities		110,468,759,236.80	110,468,759,236.80
Taxes payable	4,575,771,268.66	4,692,274,289.85	116,503,021.19
Other current liabilities	1,402,261,230.12	11,274,359,076.68	9,872,097,846.56
Provisions		391,014.14	391,014.14
Undistributed profit	12,974,056,355.67	13,422,285,163.72	448,228,808.05
Total owner's equity attributable to the parent company	21,439,260,715.50	21,887,489,523.55	448,228,808.05
Minority interests	5,383,346,049.36	5,483,199,182.17	99,853,132.81

IV. Taxation

1. Major taxes and tax rate

Taxes	Tax Basis	Tax Rate %
Value-added tax	Domestic sales, processing and repairing services income	13, 9, 6, 5, 3
Consumption tax	Taxable income	5
Land appreciation tax	Land appreciation amount	Progressive tax rate in excess of specific amount, Prepay tax rate is being 1.5% to 4% of advance housing receipts
Urban maintenance and construction tax	Subject to turnover tax payable	7, 5
Education surcharge	Subject to turnover tax payable	3
Local education surcharge	Subject to turnover tax payable	1, 2
River embankment fund	Advance housing receipts, operating revenue	0.03, 0.08, 0.1
Enterprise income tax	Taxable profit	25

Note: The overseas subsidiaries controlled by the Company pay relevant taxes in accordance with their local laws and regulations.

2. Tax preferences and approval documents

The Company's subsidiaries, Nantong Teng kai Hotel Management Company, Haimen Zhongnan Pile Foundation Inspection Co., Ltd., Nanchang Construction Labor Service Co., Ltd., Nantong Zhongnan Road and Bridge Co., Ltd., Nantong Zhongnan Construction Industrial Development Co., Ltd., Zhongnan (Xi'an) Construction Investment Co., Ltd. and Jiangsu Zhongnan Construction Technology Development Co., Ltd. are small and micro enterprises. According to the "Notice of the Implementation of the Inclusive Tax Relief Policy for Small and Low-profit Enterprises" (Caishui [2019] No. 13) issued by the State Administration of Taxation and the Ministry of Finance, for the period from 1 January 2019 to 31 December 2021: VAT small-scale taxpayers with monthly sales of less than RMB 100,000 are exempt from VAT; For small and low-profit enterprises whose annual taxable profit does not exceed RMB 1 million, the taxable profit shall be reduced by 25% and the enterprise income tax shall be paid at the rate of 20%; For the portion of annual taxable profit exceeding RMB 1 million but not exceeding RMB 3 million, 50% shall be deducted from the taxable profit and enterprise income tax shall be paid at the rate of 20%.

Guizhou Jinrong Real Estate Co., Ltd., a subsidiary of the Group, is a preferential tax enterprise in the western development. According to the Announcement No. 12 of 2012 issued by the State Administration of Taxation, from 1 January 2011 to 31 December 2020, the industrial projects with main business as set in the "Western Region Encouraging Industry Catalog", and revenue of that main business accounted for more than 70% of the total revenue of the enterprise in that year, after the application by the enterprise and the review and confirmation by the supervising tax authority, the enterprise income tax may be reduced to the rate of 15%.

In accordance with the "Enterprise Income Tax Law of the People's Republic of China" and its implementation regulations, the "Notice of the Ministry of Finance, the State Administration of Taxation, and the Ministry of Science and Technology on Improving the Policy for the Pre-tax Deduction of Research and Development Expenses" (Caishui [2015] No. 119), "Notice of the Ministry of Finance, the State Administration of Taxation, and the Ministry of Science and Technology on Increasing the Pre-tax Deduction Ratio of Research and Development Expenses" (Caishui [2018] No. 99), the Group enjoys the preferential policy of super-deduction of research and development expenses incurred in the development of new technologies, new products and new processes for the taxable profit of enterprise income tax..

According to the relevant provisions of the "Notice of the Ministry of Finance and the State Administration of Taxation on Further Supporting Taxation Policies Concerning the Starting Business and Employment of Retired Soldiers" (Caishui [2019] No. 21), the Company recruits self-employed retired soldiers and signs a labor contract for a period of more than one year and contributes social securities in accordance with the law, based on the number of recruits for the 3 years from the month of signing the labor contract and contributing social insurance, an amount of RMB 9,000 per person per year can be deducted in the sequence of value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and corporate income tax.

According to the relevant provisions of the "Notice of the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security of the State Council's Poverty Alleviation Office on Further Supporting and Promoting the Entrepreneurship and Employment of Key Groups' Tax Policies" (Caishui [2019] No. 22), the Company's subsidiary, Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd. employs the persons who have been registered as unemployed by the public employment service agencies of the human resources and social security departments for more than half a year and hold the "Employment Entrepreneurship Certificate" or

“Employment and Unemployment Registration Certificate” (indicating “Enterprise Taxation Policy”) and signs labor contract for a period of more than one year and contributes social securities in accordance with the law, based on the actual number of recruits for the 3 years from the month of signing the labor contract and contributing social insurance, a fixed amount per person per year can be deducted in the sequence of value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and corporate income tax.

According to the relevant provisions of the "Announcement of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Deepening the Value-added Tax Reform Relevant Policies" (Announcement No. 39, 2019 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs), the Group's subsidiaries, Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd. and Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd., allowed an additional 10 % of VAT input tax in deduction of tax payable from 1 April 2019 to 31 December 2021. The hotel management company of the Group, as a living service company, allowed an additional 15% of of VAT input tax in deduction of tax payable from 1 October 2019 to 31 December 2021.

V. Notes to significant items of the financial statements

1. Cash and bank balances

Item	2020.12.31	2019.12.31
Cash on hand	8,644,197.30	8,773,529.54
Cash at bank	27,240,876,137.61	20,414,035,434.06
Other monetary fund	5,611,225,405.91	4,986,927,723.90
Total	32,860,745,740.82	25,409,736,687.50
Including: Total deposits placed in overseas	209,464,591.94	1,520,428,483.98

Note:

The closing balance of cash at bank and on hand subject to restriction is RMB 8,446,033,536.13. Cash at bank and on hand subject to restriction includes security deposit and certificates of deposit.

2. Trading financial assets

Item	2020.12.31	2019.12.31
Trading financial assets	227,273,855.02	1,521,271,332.24
Including: Debt instrument investment	-	246,820,479.51
Funds and stock investment	17,273,855.02	24,263,759.04
Wealthy financial products	210,000,000.00	1,250,187,093.69
Total	227,273,855.02	1,521,271,332.24

Note:

Funds and stock investment held by the Group are as follows:

Name	Code	Quantity held at 31/12/2020	Net value on reporting date	Fair value at 31/12/2020
Kevin Education Stock	002659.SZ	31,000.00	4.88	151,280.00
E-House (China) Enterprise Holdings Limited stock	02048.HK	2,861,500.00	5.98	17,122,575.02
Total	--	--	--	17,273,855.02

3. Bills receivable

Category	2020.12.31			2019.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	12,220,000.00	-	12,220,000.00	-	-	-
Commercial acceptance bills	2,425,932,560.60	-	2,425,932,560.60	1,387,357,126.67	-	1,387,357,126.67
Total	2,438,152,560.60	-	2,438,152,560.60	1,387,357,126.67	-	1,387,357,126.67

Closing balance of notes receivable being endorsed or factored and not yet matured

Category	Amount derecognized at year end	Amount not derecognized at year end
Commercial acceptance bills	-	818,550,406.05

4. Accounts receivable

(1) Disclosure by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	3,595,116,467.31	8,152,581,859.67
1 to 2 years	2,312,608,808.17	2,084,406,980.98
2 to 3 years	927,431,821.37	1,206,992,596.04
3 to 4 years	367,024,346.69	719,681,062.59
4 to 5 years	286,996,996.55	501,212,541.95
Over 5 years	545,769,870.70	290,914,754.41
Sub-total	8,034,948,310.79	12,955,789,795.64
Less: Provision for bad debts	924,686,100.86	1,223,397,480.18
Total	7,110,262,209.93	11,732,392,315.46

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB)
[English Translation for Reference Only]

(2) Disclosure by bad debts provision methods

Category	2020.12.31				2019.12.31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Amount	Ratio (%)	Amount	Expected credit loss rate (%)
Individually assessed for provision for bad debts	304,424,693.20	3.79	76,272,883.41	25.05	360,690,498.42	2.78	64,758,804.26	17.95
Assessed by portfolio for provision for bad debts	7,730,523,617.59	96.21	848,413,217.45	10.97	12,595,099,297.22	97.22	1,158,638,675.92	9.20
Including: Receivables from government agencies	972,546,658.90	12.10	2,917,639.98	0.30	1,598,634,363.66	12.34	4,795,262.55	0.30
Receivables from related parties not in scope of consolidation	578,211,326.02	7.20	1,680,512.69	0.29	786,651,612.51	6.07	2,360,595.38	0.30
Receivables from other parties	6,179,765,632.67	76.91	843,815,064.78	13.65	10,209,813,321.05	78.81	1,151,482,817.99	11.28
Total	8,034,948,310.79	100.00	924,686,100.86	11.51	12,955,789,795.64	100.00	1,223,397,480.18	9.44
								11,732,392,315.46

Individually assessed for provision for bad debts:

Name	2020.12.31				2019.12.31			
	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision	Book balance	Provision for bad debts	Expected credit loss rate (%)	Reason of provision
Receivables from other parties	277,424,693.20	49,272,883.41	17.76	Estimated future cash flow	359,842,683.42	63,910,989.26	17.76	Estimated future cash flow
Receivables from other parties	27,000,000.00	27,000,000.00	100.00	Estimated future cash flow	847,815.00	847,815.00	100.00	Estimated future cash flow
Total	304,424,693.20	76,272,883.41	25.05	--	360,690,498.42	64,758,804.26	17.95	--

Assessed by portfolio for provision for bad debts:

Assessed by portfolio: Receivables from other parties

Name	2020.12.31				2019.12.31			
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)	Accounts receivable	Provision for bad debts
Within 1 year	3,827,037,036.16	191,404,915.01	5.00	6,466,840,738.63	323,342,036.93	5.00	6,466,840,738.63	323,342,036.93
1 to 2 years	1,030,887,707.59	92,779,893.72	9.00	1,732,154,679.53	156,004,467.23	9.00	1,732,154,679.53	156,004,467.23
2 to 3 years	503,554,730.77	80,568,756.90	16.00	1,014,641,831.17	162,342,692.99	16.00	1,014,641,831.17	162,342,692.99
3 to 4 years	278,613,616.84	58,508,859.54	21.00	467,393,014.60	98,152,533.07	21.00	467,393,014.60	98,152,533.07
4 to 5 years	243,101,840.18	123,981,938.48	51.00	239,065,243.57	121,923,274.22	51.00	239,065,243.57	121,923,274.22
Over 5 years	296,570,701.13	296,570,701.13	100.00	289,717,813.55	289,717,813.55	100.00	289,717,813.55	289,717,813.55
Total	6,179,765,632.67	843,815,064.78	--	10,209,813,321.05	1,151,482,817.99	--	10,209,813,321.05	1,151,482,817.99

(3) Additions, recoveries or reversals of provision for bad debts during the year

	Provision for bad debts
2019.12.31	1,223,397,480.18
Adjustment of initial adoption of new revenue standard	-164,482,084.60
2020.01.01	1,058,915,395.58
Provision for the year	-
Recovery or reversal in the year	58,226,710.29
Written-off in the year	75,951,337.47
Decrease in disposal of subsidiary	51,246.96
2020.12.31	924,686,100.86

(4) Accounts receivable written off during this year

Item	Written-off amount
Actual written-off of accounts receivable	75,951,337.47

(5) Accounts receivable due from top five debtors

Total accounts receivable due from the top five debtors is RMB 1,434,104,527.57, accounting for 17.85% of the total accounts receivable and the closing balance of provision for bad debts is RMB 139,166,019.72.

(6) Derecognition of accounts receivable due to transfer of financial assets

At year end, the Group's applied accounts receivable factoring transactions obtained a short-term loan of RMB 926,469,558.49, which did not meet the conditions for derecognition.

5. Receivable financing

(1) Information of receivable financing

Item	2020.12.31	2019.12.31
Bills receivable	18,387,826.70	42,395,544.00
Less: Other comprehensive income - Changes in fair value	-	-
Fair value at year end	18,387,826.70	42,395,544.00

Note:

Some of the subsidiaries of the Group discount and endorse some bank acceptance bills according to their daily capital management needs. Therefore, the bank acceptance bills of these subsidiaries are classified as financial assets measured at fair value through other comprehensive income.

The Group has no provision for impairment of any individual single bank acceptance bill for. As of 31 December 2020, the Group believed that the outstanding bank acceptance bills did not have significant credit risk and would not cause major losses due to bank defaults.

(2) Bills receivables that have been endorsed or discounted at the end of the period and have not yet expired as of 31/12/2020

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	133,965,013.65	-

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Credit risk and deferred payment risk are minimal, so the Group determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

6. Prepayments

(1) Prepayments by ageing

Ageing	2020.12.31		2019.12.31	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	4,963,154,656.19	74.46	2,352,367,866.99	39.11
1 to 2 years	536,621,455.19	8.05	1,951,988,300.35	32.45
2 to 3 years	474,423,544.59	7.12	1,050,305,600.47	17.46
Over 3 years	691,329,351.21	10.37	660,703,203.44	10.98
Total	6,665,529,007.18	100.00	6,015,364,971.25	100.00

Note Prepayments mainly includes prepaid land guarantee deposit, construction work funding. Prepayments with aging over 1 year are mainly due to land not yet delivered and construction work not yet finished and billed.

(2) Top five amount of prepayments

Total prepayment due from the top five is RMB 3,081,163,737.36, accounting for 46.23% of the closing balance of prepayment.

7. Other receivables

Item	2020.12.31	2019.12.31
Dividend receivable	47,360,000.00	47,360,000.00
Other receivables	33,720,241,440.24	29,795,537,867.03
Total	33,767,601,440.24	29,842,897,867.03

(1) Dividend receivable

Item	2020.12.31	2019.12.31
Dividends	47,360,000.00	47,360,000.00

(2) Other receivables

① Disclosure by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	20,199,636,629.04	16,719,986,772.67
1 to 2 years	5,807,856,699.81	8,013,127,292.95
2 to 3 years	4,172,380,033.32	2,819,046,359.06
3 to 4 years	2,757,260,229.52	2,037,603,193.72
4 to 5 years	1,091,691,666.80	260,955,996.38
More than 5 years	365,602,748.92	585,150,712.84
Sub-total	34,394,428,007.41	30,435,870,327.62
Less: Provision for bad debts	674,186,567.17	640,332,460.59
Total	33,720,241,440.24	29,795,537,867.03

② Disclosure by nature

Item	2020.12.31	2019.12.31
Government agencies	1,741,035,478.71	1,623,869,050.42
Cooperating parties	6,407,401,860.97	3,211,804,824.75
Related parties outside the scope of consolidation	19,388,562,894.80	19,252,554,318.12
Security deposit and deposits	2,397,944,808.90	2,999,682,771.05
Petty cash and withholding fund	509,140,879.11	286,039,717.19
Others	3,950,342,084.92	3,061,919,646.09
Total	34,394,428,007.41	30,435,870,327.62

③ Information of provision for bad debts

As at 31 December 2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts Including:				
Receivables from government agencies	1,741,035,478.71	0.30	5,223,106.44	1,735,812,372.27
Receivables from cooperating parties	6,407,401,860.97	0.30	19,222,205.59	6,388,179,655.38
Receivables from related parties not in scope of consolidation	19,388,562,894.80	0.30	58,350,277.61	19,330,212,617.19

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Receivables of security deposit and deposits	2,397,944,808.90	0.30	7,193,834.44	2,390,750,974.46
Receivables of petty cash and withholding fund	509,140,879.11	0.30	1,527,241.58	507,613,637.53
Other receivables	2,124,701,809.81	4.00	84,988,072.39	2,039,713,737.42
Total	32,568,787,732.30	0.54	176,504,738.05	32,392,282,994.25

As at 31 December 2020, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Company 1	886,315,015.42	9.75	86,436,834.25	799,878,181.17
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	879,186,906.90	39.94	351,106,642.08	528,080,264.82
Total	1,765,501,922.32	24.78	437,543,476.33	1,327,958,445.99

As at 31 December 2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	60,138,352.79	100.00	60,138,352.79	-

As at 31 December 2019, provision for bad debts is as follow:

Provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from government agencies	1,623,869,050.42	0.30	4,871,607.15	1,618,997,443.27
Receivables from cooperating parties	3,211,804,824.75	0.30	9,635,414.47	3,202,169,410.28
Receivables from related parties not in scope of consolidation	19,252,554,318.12	0.30	57,757,662.95	19,194,796,655.17
Receivables of security deposit and deposits	2,999,682,771.05	0.30	8,999,048.31	2,990,683,722.74
Receivables of petty cash and withholding fund	286,039,717.19	0.30	858,119.15	285,181,598.04
Receivables from others	1,392,168,265.44	4.00	55,686,730.62	1,336,481,534.82
Total	28,766,118,946.97	0.48	137,808,582.65	28,628,310,364.32

As at 31 December 2019, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Company 1	885,198,787.25	9.76	86,436,834.25	798,761,953.00
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	734,397,250.02	49.83	365,931,700.31	368,465,549.71
Total	1,619,596,037.27	27.93	452,368,534.56	1,167,227,502.71

As at 31 December 2019, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	50,155,343.38	100.00	50,155,343.38	-

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the lifetime (no credit impairment occurred)	Third stage Expected credit loss for the lifetime (credit impairment has occurred)	Total
Balance at 1 January 2020	137,808,582.65	452,368,534.56	50,155,343.38	640,332,460.59
Movement of balance at 1 January 2020				
-- transfer to second stage	-14,368,423.65	14,368,423.65	-	-
-- transfer to third stage	-	-46,573,526.92	46,573,526.92	-
-- back to second stage	-	-	-	-
-- back to first stage	-	-	-	-
Provision for the year	53,156,431.10	19,949,169.05	31,966,057.53	105,071,657.68
Recovered or reversal in the year	-	-	-	-
Written-off in the year	62,073.31	334,702.49	68,556,575.04	68,953,350.84
Other change	-29,778.74	-2,234,421.52	-	-2,264,200.26
Balance at 31 December 2020	176,504,738.05	437,543,476.33	60,138,352.79	674,186,567.17

⑤ Actual written-off amount of other receivables in current year

Item	Written-off amount
Actual written-off of other receivables	68,953,350.84

⑥ Top five debtors of other receivables

Total other receivables due from the top five debtors is RMB 5,104,019,804.95, accounting for 14.84% of the total other receivable and they are mainly receivables from related parties and cooperating parties.

8. Inventories

(1) Inventories by category

Item	2020.12.31			2019.12.31		
	Book balance	Provision for decline in value / impairment of contract performance costs	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Raw materials	883,877,873.63	-	883,877,873.63	936,306,989.09	-	936,306,989.09
Work-in-process	16,138,125.12	-	16,138,125.12	19,470,108.16	-	19,470,108.16
Finished goods	272,591,036.80	-	272,591,036.80	164,015,377.95	-	164,015,377.95
Contract performance costs	305,023,796.04	-	305,023,796.04	—	—	—
Reusable materials	264,446,324.01	-	264,446,324.01	223,638,726.77	-	223,638,726.77
Development costs	169,063,534,394.00	448,041,043.04	168,615,493,350.96	146,357,412,478.36	219,755,806.67	146,137,656,671.69
Developed products	14,133,847,934.12	151,127,296.78	13,982,720,637.34	8,236,886,479.03	117,130,091.50	8,119,756,387.53
Construction contract – completed but not yet billed	—	—	—	9,986,360,323.80	391,014.14	9,985,969,309.66
Consumptive biological assets	34,620,016.72	-	34,620,016.72	-	-	-
Total	184,974,079,500.44	599,168,339.82	184,374,911,160.62	165,924,090,483.16	337,276,912.31	165,586,813,570.85

Note: Details of pledged inventories at year end refer to Note XII.2 (3).

(2) Provision for decline in value / Provision for impairment of contract performance costs

Item	2019.12.31	Increase		Decrease		2020.12.31
		Provision	Other	Reversal or written-off	Other	
Finished goods	-	1,767,235.00	-	1,767,235.00	-	-
Development costs	219,755,806.67	296,285,236.37	-	68,000,000.00	-	448,041,043.04
Developed products	117,130,091.50	33,997,205.28	-	-	-	151,127,296.78
Construction contract – completed but not yet billed	391,014.14	-	-	391,014.14	-	—
Total	337,276,912.31	332,049,676.65	-	70,158,249.14	-	599,168,339.82

(3) Amount of interest capitalization in closing balance of inventories is RMB 14,636,625,959.21. The amount of interest capitalized in inventories during the year is RMB 6,213,989,895.34, and the capitalization rate is 9.40%.

(4) The amount of inventories transferred to investment properties is RMB 1,602,582,048.92.

(5) Development costs

Item	Start time of the latest batch	Expected completion time of the next batch	Expected total investment	2020.12.31	2019.12.31	Provision for impairment at year end
Hangzhou Jianggan Tangyue Bay Project	2019.07	2022.03	7,084,000,000.00	5,373,344,498.20	4,702,488,581.50	-
Nanjing Shangyue City Project	2019.04	2021.10	6,325,953,700.00	4,857,455,877.71	4,483,095,500.68	-
Changshu Linyue Xiangting Project	2019.07	2021.10	6,104,913,279.22	4,316,524,943.48	4,667,092,861.92	-
Chengdu Zhongnan Yuefu Project	2018.09	2021.04	4,685,762,200.00	4,290,399,526.70	3,954,519,910.07	149,138,926.70
Nantong CBD Project	2019.06	2025.12	16,000,000,000.00	3,373,251,522.81	4,151,489,012.68	-
Hangzhou Jiuqiao International Trade City (Chunxi Jixuan) Project	2020.03	2022.05	4,501,620,000.00	3,117,825,221.47	1,266,055,115.06	-
Wuhan Zhongnan Dawn City 108 Project	2019.04	2021.12	3,415,237,609.00	3,028,126,052.87	2,665,324,488.42	-
Hefei Zhongnan Yuefu Project	2019.05	2021.04	2,660,000,000.00	2,639,824,292.49	2,309,351,533.51	-
Nantong Dongshi Garden Project	2020.09	2023.10	4,656,363,858.56	2,576,190,331.56	-	-
Putian Longxi Terrace Project	2020.12	2022.06	3,584,740,000.00	2,468,736,404.09	-	-
Tianjin Zhongnan Grand Hyatt Mansion Project	2018.03	2021.06	3,028,996,000.00	2,468,621,534.57	1,859,574,003.23	-
Yunnan Zhongyue Garden Project	2018.08	2021.06	3,536,583,300.00	2,347,114,013.31	1,823,172,127.74	-
Hebei Zhongnan Xiyue Project	2019.01	2022.03	3,977,732,600.00	2,299,820,008.35	2,093,304,997.24	-
Tongzhou Century Light Project	2020.06	2023.01	5,325,540,000.00	2,274,316,827.79	-	-
Suzhou Chunfeng South Bank Project	2020.03	2022.04	2,951,970,212.33	2,226,482,814.64	1,986,892,734.52	-
Linyi Zhongnan Linyue Project	2019.11	2022.08	3,449,220,000.00	2,200,657,414.51	1,852,313,137.79	-
Xi'an Zhongnan Junqi Project	2019.08	2021.07	4,941,250,000.00	2,181,460,520.92	1,291,377,343.40	-
Xi'an Zhongnan Shangyue City Project	2019.11	2023.10	4,956,216,151.08	2,180,382,790.76	1,777,472,810.21	-
Chongqing Zhongnan Shangyue City Project	2020.08	2022.03	4,000,000,000.00	2,150,845,419.72	-	-
Danyang Grand Hyatt Mansion Xiyue Project	2020.11	2021.08	4,184,678,300.00	2,134,421,825.10	2,185,186,741.96	-
Urumqi Shangyuecheng Commercial and Residential Community Phase I Project	2020.03	2023.12	4,300,000,000.00	2,118,004,863.92	-	-
Ningbo Fenghua Yuefu Project	2019.08	2021.10	2,863,035,500.00	2,060,410,875.74	1,648,354,626.74	-
Guizhou Chunfeng South Bank Project	2020.07	2022.11	3,964,460,000.00	2,054,606,827.62	1,769,290,779.83	-
Zhenjiang Zhongnan Jinyuan/Yujincheng Project	2017.11	2021.12	5,673,250,600.00	1,967,340,301.60	1,746,803,270.59	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Start time of the latest batch	Expected completion time of the next batch	Expected total investment	2020.12.31	2019.12.31	Provision for impairment at year end
Guizhou Zhongnan Linyue Complex Project	2019.05	2021.05	2,867,807,666.79	1,861,747,586.87	1,530,550,513.52	-
Guangxi Zhongnan Ziyunji Project	2019.06	2021.04	2,959,740,230.26	1,780,606,157.46	1,308,170,759.26	-
Block A-09 of Nanhu Unit, Chabai District, Wenzhou City	2019.04	2021.10	1,924,120,000.00	1,775,001,479.58	1,505,783,318.11	-
Suzhou Ziyun Garden Project	2019.06	2021.07	2,300,000,000.00	1,774,663,799.35	1,558,161,527.15	-
Nantong Junyuan Project	2020.09	2023.12	3,056,716,900.00	1,698,442,786.70	-	-
Xi'an Spring Breeze South Bank Project	2019.12	2023.05	4,200,000,000.00	1,647,548,839.52	46,597,074.43	-
Haimen Century City Project	2017.01	2024.12	6,025,462,561.00	1,610,043,163.31	1,599,321,828.05	-
Linyi Yuefu Project	2019.03	2021.09	4,436,804,000.00	1,434,605,479.07	2,294,752,410.73	-
Linyi Chunfeng South Bank Project	2020.06	2022.01	3,957,207,200.00	1,355,772,800.74	-	-
Quanzhou Heyue Project	2020.08	2022.01	2,032,254,100.00	1,339,451,318.45	-	-
Shaoxing Junqi Mansion Project	2020.06	2022.08	2,008,010,000.00	1,282,060,815.13	-	-
Tai'an Ziyunji Project	2020.03	2021.12	2,650,000,000.00	1,249,148,204.07	953,752,852.80	-
Changde Zhongnan Chunxi Ji Project	2019.12	2021.06	1,517,878,748.00	1,223,788,417.52	743,981,875.86	-
Xuzhou Heping Mansion Project	2020.04	2021.12	2,433,230,000.00	1,210,766,114.97	-	-
Nanning Zhongnan Shizhou Project	2020.05	2022.12	6,200,000,000.00	1,207,118,279.64	-	-
Xi'an Zhongnan Junqi Project/DK2	2019.09	2023.03	2,457,770,000.00	1,198,820,101.91	699,660,861.06	-
Xiamen Zhongnan Jiujiintai Project	2020.01	2021.11	1,448,770,000.00	1,195,505,850.26	1,073,844,014.98	-
Fozhan Gaoming Wuling Huiyuan Project	2019.01	2021.05	2,559,968,500.00	1,186,591,445.85	885,445,863.75	-
Tangshan Bay (Lavina) Project	2020.07	2021.07	7,704,830,000.00	1,183,882,016.90	987,876,953.93	-
Changshu Zhongnan Century City Project	2013.09	2022.12	7,066,614,700.00	1,182,365,087.45	1,240,326,441.06	-
Tai'an Central Business District Project	2020.05	2025.06	4,646,330,000.00	1,168,043,008.51	853,088,022.94	-
Nanjing Century Elegant Garden Project	2017.07	2021.09	5,500,000,000.00	1,165,455,036.58	1,072,229,904.87	-
Yancheng Zhongnan Century City Real Estate Project	2019.11	2021.12	12,487,411,408.94	1,148,155,989.09	2,268,071,533.82	-
Qingdao West Coast Manyue Bay Project	2019.01	2021.08	2,122,515,545.54	1,141,555,798.26	1,787,531,143.98	-
Guangxi Zhongnan Chunfeng South Bank Project	2019.11	2021.12	1,515,131,500.00	1,127,111,245.28	831,034,301.88	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Start time of the latest batch	Expected completion time of the next batch	Expected total investment	2020.12.31	2019.12.31	Provision for impairment at year end
Jieyang Zhongnan Chunfeng South Bank Project	2019.11	2022.12	2,100,000,000.00	1,122,136,585.26	911,250,348.17	-
Other	--	--	204,068,559,145.90	67,086,982,276.34	73,972,821,350.92	298,902,116.34
Total	--	--	418,418,655,516.62	169,063,534,394.00	146,357,412,478.36	448,041,043.04

(6) Developed products

Item	Completion time of the latest batch	2019.12.31	Increase	Decrease	2020.12.31	Provision for impairment at year end
Nanjing Yujincheng Tixiang Man Project	2019.03	-	1,532,208,152.33	-	1,532,208,152.33	-
Nantong CBD Project	2020.03	884,370,485.47	1,793,020,989.34	1,499,069,144.05	1,178,322,330.76	-
Nantong Dongyue Garden Project	2020.12	-	885,705,772.00	-	885,705,772.00	-
Zhongnan Xiyue and Jiuxi Villa Project	2020.09	30,109,561.16	1,490,297,583.67	635,016,684.63	885,390,460.20	-
Yingkou Zhongnan Century City Project	2020.09	713,933,382.04	282,328,869.08	115,454,407.05	880,807,844.07	51,379,182.04
Zibo Yuefu Project	2020.12	-	525,180,216.56	754,164.53	524,426,052.03	-
Qingdao Zhongnan Century City Project	2020.08	101,029,756.36	866,856,901.27	527,853,998.19	440,032,659.44	-
Jiaxing Jinle Jiazhapu Longhong Yue Mansion Project	2020.01	641,896,360.95	122,632,966.88	377,023,660.15	387,505,667.68	-
Zhenjiang New Jincheng Project	2020.12	362,133,802.28	4,291,005.24	-	366,424,807.52	-
Wuhan Zhongnan Dawn City Project	2020.05	119,367,964.32	500,973,226.20	264,298,183.24	356,043,007.28	-
Yantai Zhongnanshan Bay Project	2020.11	60,623,495.28	425,686,563.39	154,515,174.65	331,794,884.02	-
Changshu Zhongnan Century Jincheng Project	2018.06	-	341,727,537.51	11,479,484.33	330,248,053.18	-
Taixing Zhongnan Century City Project	2020.12	123,972,503.30	1,330,383,888.19	1,129,003,929.03	325,352,462.46	-
Chengdu Jinteng Xiyue Project	2020.08	-	2,287,156,706.71	1,991,025,030.78	296,131,675.93	-
Dongtai Xiyue Garden Project	2020.09	-	680,069,752.46	385,043,860.42	295,025,892.04	-
Yancheng Zhongnan Century City Real Estate Project	2020.12	305,288,277.48	2,206,653,165.38	2,244,144,976.37	267,796,466.49	-
Nanjing Century City Jinyuan Project	2019.09	247,785,821.86	42,154,333.06	41,892,015.76	248,048,139.16	18,167,139.16
Qingdao Bay New Town Project	2016.05	242,808,378.04	2,042,072.42	8,710,600.18	236,139,850.28	24,391,778.04
Wenchang Zhongnansen Bay Project	2017.12	218,684,825.69	-	-	218,684,825.69	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Completion time of the	2019.12.31	Increase	Decrease	2020.12.31	Provision
Nanchong Zhongnan Century City Project	2020.12	118,767,309.80	443,054,760.11	368,139,106.00	193,682,963.91	-
Other	--	4,066,114,555.00	41,370,860,396.77	41,482,898,984.12	3,954,075,967.65	57,189,197.54
Total	--	8,236,886,479.03	57,133,284,858.57	51,236,323,403.48	14,133,847,934.12	151,127,296.78

9. Contract assets

Item	2020.12.31			2020.01.01		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Contract assets of the project under construction	16,090,435,657.04	165,590,396.95	15,924,845,260.09	7,687,403,496.15	68,296,032.08	7,619,107,464.07
Contract assets that have been accepted or delivered but not settled	2,859,349,140.12	119,247,357.64	2,740,101,782.48	6,535,460,895.11	100,416,460.67	6,435,044,434.44
Unexpired warranty retention	341,044,696.07	45,848,157.48	295,196,538.59	1,109,714,554.93	978,239.19	1,108,736,315.74
Contract assets—PPP project land and construction funds	18,473,742,809.97	18,416,769.67	18,455,326,040.30	13,102,203,611.41	13,108,814.44	13,089,094,796.97
Subtotal	37,764,572,303.20	349,102,681.74	37,415,469,621.46	28,434,782,557.60	182,799,546.38	28,251,983,011.22
Less: Contract assets presented in other non-current assets	18,617,686,040.40	27,480,785.76	18,590,205,254.64	13,126,502,102.97	16,465,528.67	13,110,036,574.30
Total	19,146,886,262.80	321,621,895.98	18,825,264,366.82	15,308,280,454.63	166,334,017.71	15,141,946,436.92

Additions, recoveries or reversals of provision for impairment of contract assets

	Provision for impairment of contract assets
2019.12.31	—
Adjustment of initial adoption of new revenue standard	166,334,017.71
2020.01.01	166,334,017.71
Provision for the year	155,287,878.27
Recovery or reversal in the year	-
Written-off in the year	-
2020.12.31	321,621,895.98

10. Non-current assets due within one year

Item	2020.12.31	2019.12.31
Long-term receivables due within one year	2,500,000.00	-
Debts investment due within one year	-	50,000,000.00
Total	2,500,000.00	50,000,000.00

11. Other current assets

Item	2020.12.31	2019.12.31
Prepaid enterprise income tax	1,608,249,253.25	1,383,354,398.29
Prepaid other taxes	3,434,580,946.85	2,494,769,497.94
Deductible VAT input	7,376,831,179.11	6,787,149,042.94
Contract obtaining cost	1,003,647,787.34	—
Subordinated asset-backed securities	32,500,000.00	-
Other	76,034,341.66	181,491,379.17
Total	13,531,843,508.21	10,846,764,318.34

Note:

(1) Contract obtaining cost

	Commission paid
2020.01.01	746,555,409.88
Increase in the year	715,290,335.05
Amortization for the year	458,197,957.59
Provision for impairment for the year	-
2020.12.31	1,003,647,787.34

The management of the Group expects that the incremental commissions paid to intermediaries and employees for obtaining commercial housing sales contracts can be recovered. Therefore, the Group capitalized the relevant amount and recognized it as the contract obtaining cost, which is amortized when the relevant revenue is recognized. In 2019, these commission expenses were recognized as selling expenses when they incurred.

(2) Subordinated asset-backed securities

According to the "Zhongshan Securities-CCB Factoring Supply Chain Finance No. 2 Asset Backed Special Plan Subscription Agreement" signed by the Company and Zhongshan Securities Co., Ltd. (hereinafter referred to as "Zhongshan Securities"), "Zhongshan Securities-CCB Factoring Supply Chain Finance No. 3 Asset Backed Special Plan Subscription Agreement", "Zhongshan Securities-CCB Factoring Supply Chain Finance No. 2 Asset Backed Special Plan Subscription Agreement", pursuant to which the Company purchased subordinate asset-backed securities "CCB 3 Excellent A", "CCB 4

Excellent A", and "CCB 5 Excellent A" from Zhongshan Securities in total of RMB 32.50 million. The maturity dates are 22 April 2021, 9 July 2021 and 10 December 2021 respectively. The subordinate asset-backed securities cannot be circulated and there is no active market.

(3) Other

Aa at 31 December 2020, other is mainly temporary deposit of equity incentive exercise funds in China Securities Depository and Clearing Co., Ltd.

12. Debts investment

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subordinated asset-backed securities	-	-	-	50,000,000.00	-	50,000,000.00
Sub-total	-	-	-	50,000,000.00	-	50,000,000.00
Less: Debts investment due within one year	-	-	-	50,000,000.00	-	50,000,000.00
Total	-	-	-	-	-	-

13. Long-term receivables

(1) Long-term receivables by nature

Item	2020.12.31.			2019.12.31			Range of discount rate
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Guarantee deposits for finance leases	2,500,000.00	-	2,500,000.00	2,500,000.00	-	2,500,000.00	--
PPP projects	-	-	-	13,102,203,611.41	-	13,102,203,611.41	--
Less:							
Unrecognized financing income	-	-	-	-	-	-	--
Sub-total	2,500,000.00	-	2,500,000.00	13,104,703,611.41	-	13,104,703,611.41	--
Less: Long-term receivables due within one year	2,500,000.00	-	2,500,000.00	-	-	-	--
Total	-	-	-	13,104,703,611.41	-	13,104,703,611.41	--

Note: The guarantee deposits of finance leases is being the guarantee deposits of finance leases by sale and lease back transactions entered between the Company and Anhui Zhengqi Financial Leasing Co., Ltd. The finance lease contract period is from 13 February 2018 to 15 February 2021.

(2) Information of provision for bad debts

Category	2020.12.31				2019.12.31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Amount	Ratio (%)	Amount	Expected credit loss rate (%)
Assessed by portfolio for provision for bad debts	-	-	-	-	-	-	-	-
Including:								
Long-term receivables not past due	-	-	-	-	13,104,703,611.41	100.00	-	-
Overdue long-term receivables	-	-	-	-	-	-	-	-
Total	-	-	-	-	13,104,703,611.41	100.00	-	-
							13,104,703,611.41	

14. Long-term equity investment

Investee	2019.12.31	Movement in the year						Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment
Joint ventures	6,926,228,954.91	1,947,484,880.33	320,772,700.56	1,618,316,518.75	-	-	-	10,171,257,653.43
Associates	6,559,963,894.09	9,769,981,803.75	64,766,000.00	890,910,205.62	-	-	272,475,500.00	16,883,614,403.46
Total	13,486,192,849.00	11,717,466,684.08	385,538,700.56	2,509,226,724.37	-	-	272,475,500.00	27,054,872,056.89

Among them, the changes in the long-term equity investment of significant joint ventures and associates:

Investee	2020.01.01	Movement in the year						Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment
Nantong Jinde Real Estate Co., Ltd.	451,139,763.74	-	-	258,141,455.26	-	-	-	709,281,219.00
Nantong Jinhui Real Estate Co., Ltd.	465,788,510.74	-	-	227,902,386.20	-	-	-	693,690,896.94
Suzhou Kaiping Real Estate Development Co., Ltd.	322,539,783.80	-	-	198,663,081.04	-	-	-	521,202,864.84
Kunming Zhongyue Real Estate Co., Ltd.	-	-	-	250,469,801.18	-	-	-	250,469,801.18
Total	1,239,468,058.28	-	-	935,176,723.68	-	-	-	2,174,644,781.96

15. Other non-current financial assets

Category	2020.12.31	2019.12.31
Equity instruments investment	481,285,448.03	473,898,830.00
Debt instruments investment	263,250,000.00	-
Total	744,535,448.03	473,898,830.00

① The details of equity instruments investment held by the Group are as follows:

In April 2017, the Company signed a capital subscription agreement with Lianchu Securities Co., Ltd. to subscribe for 87.00 million shares for RMB 287.10 million, and accounted for 3.38% shareholding in the investee and has no significant influence. By the valuation of the equity, the fair value on 31 December 2020 was RMB 363.83 million.

In October 2016, the Company signed a capital subscription agreement with Guangzhou Meiren Information Technology Co., Ltd. to subscribe for 169,644.29 shares for RMB 40 million, and accounted for 10.53% shareholding in the investee and has no significant influence. By the valuation of the equity, the fair value on 31 December 2020 was RMB 3.19 million.

In August 2019, Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd., a wholly-owned subsidiary of the Company, signed a capital subscription agreement with Wuxi Huayun Database Technology Services Co., Ltd. to subscribe for newly addition of capital of RMB 741,735, or shareholding ratio of 0.82% of investee, for a consideration of RMB 50 million. In October 2019, by signing a share transfer agreement with investee's shareholder Tianjin Xinlan Network Technology Partnership (Limited Partnership), it directly purchased a 100.00% equity of Tianjin Xinlan Partnership for a consideration of RMB 50 million, and indirectly acquired 0.88% equity of investee. The Company acquired a total of 1.70% of equity in investees by the two transactions, and has no significant influence. By the valuation of the equity, the fair value on 31 December 2020 was RMB 114.07 million.

In March 2020, the Company's wholly-owned subsidiary Jiangsu Zhongnan Construction Industry Group Co., Ltd. jointly invested in the establishment of Jiangsu Jianlian Construction Industrial Modernization Research Institute Co., Ltd. with Nanjing Chongning Capital Management Co., Ltd., Zhongyifeng Construction Group Co., Ltd., and Longxin Construction Group Co., Ltd., and subscribed for capital of RMB 1.0 million, which accounted for 3.3333% of the share capital, and did not have significant impact. As of 31 December 2020, the actual paid-in capital was RMB 200,000, which was included in other non-current financial assets.

② Details of the debt instruments investment held by the Group are as follows:

In November 2020, the Company's indirect held company Xuzhou Lujun Real Estate Development Co., Ltd. entered into partnership agreement with Hangzhou Jiangzuo Investment Management Partnership (Limited Partnership). The Company subscribed for 10.8907% of the investee's equity, and subscribed capital contribution of RMB 369.75 million and the agreement agreed it as a debt investment. The Company paid the capital contribution of RMB 263.25 million on 30 December 2020, which was included in other non-current financial assets.

16. Investment properties

(1) Investment properties measured at fair value

Item	Housing and buildings
I. Balance as at 31/12/2019	4,419,480,000.00
II. Movements during the year	1,941,540,900.00
Add: Purchase	-
Transfer from inventories	1,659,022,000.00
Transfer from fixed assets	-
Other increase	-
Less: Disposals	2,370,000.00
Other transfers out	-
Add: Changes in fair value	284,888,900.00
III. Balance as at 31/12/2020	6,361,020,900.00

Note:

① For investment properties, a third-party agency with real estate appraisal qualifications was engaged by the Group to issue an appraisal report, the Group took the appraisal conclusion of the appraisal report as the fair value at year end.

② During the year, an amount of RMB 1,659,022,000.00 was transferred from inventories, including RMB 56,439,951.08 of appreciation value recognised in other comprehensive income.

(2) Investment properties pending certificates of ownership

Item	Carrying amount	Reason for certificates are pending
Housing and buildings	1,895,800,800.00	Application in process

17. Fixed assets

Item	2020.12.31	2019.12.31
Fixed assets	3,236,381,506.28	3,266,882,504.35
Fixed assets disposal	-	-
Total	3,236,381,506.28	3,266,882,504.35

(1) Information of fixed assets

Item	Housing and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Office equipment	Other equipment	Total
I. Book value:							
1. 2019.12.31	3,952,371,278.85	365,890,355.53	117,539,333.00	119,944,744.90	60,035,926.92	65,345,547.01	4,681,127,186.21
2. Additions	109,060,532.14	54,873,106.15	17,605,379.70	11,018,372.81	8,771,464.81	9,542,921.84	210,871,777.45
(1) Purchase	7,413,670.35	49,473,106.15	17,605,379.70	10,710,247.15	8,703,636.06	8,325,616.69	102,231,656.10
(2) Transfer from construction in progress	5,206,696.06	5,400,000.00	-	308,125.66	67,828.75	1,217,305.15	12,199,955.62
(3) Additions by business combination	-	-	-	-	-	-	-
(4) Other increase	96,440,165.73	-	-	-	-	-	96,440,165.73
3. Decrease	15,543,167.24	11,710,274.75	14,595,696.62	5,873,848.27	3,056,562.49	957,502.06	51,737,051.43
(1) Disposal or retired	15,543,167.24	11,710,274.75	14,595,696.62	5,250,282.58	2,419,299.43	957,502.06	50,476,222.68
(2) Other decrease	-	-	-	623,565.69	637,263.06	-	1,260,828.75
4. 2020.12.31	4,045,888,643.75	409,053,186.93	120,549,016.08	125,089,269.44	65,750,829.24	73,930,966.79	4,840,261,912.23
II. Accumulated depreciation							
1. 2019.12.31	881,358,203.57	286,613,590.63	109,822,243.85	81,231,590.10	46,125,820.57	9,093,233.14	1,414,244,681.86

Item	Housing and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Office equipment	Other equipment	Total
2. Additions	157,266,366.65	23,818,547.89	16,824,495.49	13,920,924.68	4,597,630.87	10,966,621.73	227,394,587.31
(1) Provision	157,266,366.65	23,818,547.89	16,824,495.49	13,920,924.68	4,597,630.87	10,966,621.73	227,394,587.31
3. Decrease	6,498,778.13	9,763,144.75	13,890,586.07	4,608,415.62	2,076,741.17	921,197.48	37,758,863.22
(1) Disposal or retired	6,498,778.13	9,763,144.75	13,890,586.07	4,032,524.23	1,841,504.61	921,197.48	36,947,735.27
(2) Other decrease	-	-	-	575,891.39	235,236.56	-	811,127.95
4. 2020.12.31	1,032,125,792.09	300,668,993.77	112,756,153.27	90,544,099.16	48,646,710.27	19,138,657.39	1,603,880,405.95
III. Provision for impairment							
1. 2019.12.31	-	-	-	-	-	-	-
2. Additions	-	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-	-
(2) Other increase	-	-	-	-	-	-	-
3. Decrease	-	-	-	-	-	-	-
(1) Disposal or retired	-	-	-	-	-	-	-
(2) Other decrease	-	-	-	-	-	-	-
4. 2020.12.31	-	-	-	-	-	-	-
IV. Carrying value							
1. Carrying value as at 2020.12.31	3,013,762,851.66	108,384,193.16	7,792,862.81	34,545,170.28	17,104,118.97	54,792,309.40	3,236,381,506.28
2. Carrying value as at 2019.12.31	3,071,013,075.28	79,276,764.90	7,717,089.15	38,713,154.80	13,910,106.35	56,252,313.87	3,266,882,504.35

Note:

① Other increase in book value of fixed assets of RMB 96,440,165.73 is transferred from inventories

② Details of pledge of fixed assets at year end refer to Note XII.2 (3).

(2) Information of fixed assets that has not yet completed the property ownership certificate

Item	Carrying amount	Reason for certificates are pending
Housing and buildings	235,195,575.58	Application in process
18. Construction in progress		
Item	2020.12.31	2019.12.31
Construction in progress	120,433,904.04	12,146,322.42

(1) Information of construction in progress

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Jinhu Zhongnan Hexin Aviation Industrial Park	74,621,839.62	-	74,621,839.62	-	-	-
Nanchang West Railway Station Grace Selection Hotel Project	19,575,111.74	-	19,575,111.74	307,148.58	-	307,148.58
Suzhou Satellite Antenna Building Selected Hotel Project	18,003,046.55	-	18,003,046.55	259,293.90	-	259,293.90
Production workshop of Nantong Kangminquan Prefabricated Components Co., Ltd.	4,011,460.86	-	4,011,460.86	3,859,678.15	-	3,859,678.15
Ningbo Changyue Hotel Co., Ltd.	2,512,526.83	-	2,512,526.83	-	-	-
Zhongnan Construction (Nantong) Construction Industry Co., Ltd. transforms earthwork excavation	1,036,804.77	-	1,036,804.77	195,057.00	-	195,057.00

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Suzhou Grace Select Hotel Project	-	-	-	6,018,569.78	-	6,018,569.78
Ecological Park Project of Jiangsu Zhongnan Xuanwu Lake	-	-	-	772,975.23	-	772,975.23
Eco-tourism Development Co., Ltd.						
Sundry constructions	673,113.67	-	673,113.67	733,599.78	-	733,599.78
Total	120,433,904.04	-	120,433,904.04	12,146,322.42	-	12,146,322.42

(2) Movement of significant construction in progress

Project name	2020.01.01	Increase	Transfer to fixed assets	Other decrease	Cumulative amount of capitalized interest	Include:	
						Capitalized interest in current period	Interest capitalization rate %
Jinhu Zhongnan Hexin Aviation Industrial Park	-	74,621,839.62	-	-	-	-	-
Nanchang West Railway Station Grace Selection Hotel Project	307,148.58	19,267,963.16	-	-	-	-	-
Suzhou Satellite Antenna Building Selected Hotel Project	259,293.90	17,743,752.65	-	-	-	-	-
Ningbo Changyue Hotel Co., Ltd.	-	2,512,526.83	-	-	-	-	-
Total	566,442.48	114,146,082.26	-	-	-	-	-
							114,712,524.74

Movement of significant construction in progress (Continued) :

Project name	Budget amount	Cumulative construction input in proportion to budget %	Project progress %	Source of fund
Jinhu Zhongnan Hexin Aviation Industrial Park	919,118,600.00	8.12%	8.12%	Self-financing
Nanchang West Railway Station Grace Selection Hotel Project	20,857,195.43	93.85%	93.85%	Self-financing
Suzhou Satellite Antenna Building Selected Hotel Project	20,775,307.36	86.66%	86.66%	Self-financing
Ningbo Changyue Hotel Co., Ltd.	24,953,600.00	10.07%	10.07%	Self-financing
Total	985,704,702.79	--	--	--

19. Intangible assets

(1) Information of intangible assets

Item	Land use rights	Software	Patent and trademark right	Sea use right	Franchise	Total
I. Book value						
1. 2019.12.31	168,712,714.33	92,381,670.12	315,134.65	406,981,800.00	146,000,000.00	814,391,319.10
2. Increase Amount	-	2,823,292.50	-	-	-	2,823,292.50
(1) Additions	-	2,823,292.50	-	-	-	2,823,292.50
(2) Additions by business combination	-	-	-	-	-	-
(3) Other increase	-	-	-	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Land use rights	Software	Patent and trademark right	Sea use right	Franchise	Total
3. Decrease	-	2,196,022.99	-	-	-	2,196,022.99
(1) Disposal	-	2,196,022.99	-	-	-	2,196,022.99
(2) Other decrease	-	-	-	-	-	-
4.2020.12.31	168,712,714.33	93,008,939.63	315,134.65	406,981,800.00	146,000,000.00	815,018,588.61
II. Accumulated amortization						
1.2019.12.31	29,870,100.89	51,197,141.68	284,424.02	54,997,540.54	10,617,840.93	146,967,048.06
2.Increase	4,235,233.81	12,011,741.17	12,209.86	8,799,606.49	11,344,870.16	36,403,661.49
(1) Charge for the year	4,235,233.81	12,011,741.17	12,209.86	8,799,606.49	11,344,870.16	36,403,661.49
3.DecreaseAmount	-	1,641,527.79	-	-	-	1,641,527.79
(1) Disposal	-	1,641,527.79	-	-	-	1,641,527.79
4. 2020.12.31	34,105,334.70	61,567,355.06	296,633.88	63,797,147.03	21,962,711.09	181,729,181.76
III. Provision for impairment						
1.2019.12.31	-	-	-	-	-	-
2.Increase	-	-	-	-	-	-
3.Decrease	-	-	-	-	-	-
4.2020.12.31	-	-	-	-	-	-
IV. Carrying value						
1. Carrying value at 2020.12.31	134,607,379.63	31,441,584.57	18,500.77	343,184,652.97	124,037,288.91	633,289,406.85
2. Carrying value at 2019.12.31	138,842,613.44	41,184,528.44	30,710.63	351,984,259.46	135,382,159.07	667,424,271.04

Note: Details of pledge of intangible assets at year end refer to Note XII.2 (3).

20. Goodwill

(1) Book value of goodwill

Investee	2019.12.31	Increase		Decrease		2020.12.31
		By business combination	Others	Disposal	Others	
Jiangsu Zhongshi Architectural Design Co., Ltd.	4,188,653.58	-	-	-	-	4,188,653.58
Nantong Changle Construction Services Co., Ltd.	1,499,300.89	-	-	-	-	1,499,300.89
Total	5,687,954.47	-	-	-	-	5,687,954.47

(2) Provision for impairment of goodwill

Investee	2019.12.31	Increase		Decrease		2020.12.31
		Provision	Others	Disposal	Others	
Nantong Changle Construction Services Co., Ltd.	1,499,300.89	-	-	-	-	1,499,300.89

Note:

① The goodwill formed in Nantong Changle Construction Services Co., Ltd. has been fully provided for impairment.

② Haimen Architectural Design Institute Co., Ltd. was renamed as "Jiangsu Zhongshi Architectural Design Co., Ltd." during the year. The goodwill formed in Jiangsu Zhongshi Architectural Design Co., Ltd. was determined on the difference between the carrying amount and the expected recoverable amount. The expected recoverable amount is calculated by the present value of forecasted future cash flows, and the discount rate in calculation of present value is 13%. By the testing of impairment, the closing balance of goodwill does not have any impairment.

22. Long-term deferred expenses

Item	2019.12.31	Increase	Decrease		2020.12.31
			Amortization	Other decrease	
Decoration cost	378,368,362.67	104,106,388.85	104,785,376.50	3,011,120.10	374,678,254.92
Rent	4,119,356.56	18,323,013.71	16,438,570.25	-	6,003,800.02
Temporary facilities and others	183,253,736.12	309,587,995.85	231,472,258.89	5,435,891.38	255,933,581.70
Total	565,741,455.35	432,017,398.41	352,696,205.64	8,447,011.48	636,615,636.64

22. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	2020.12.31		2019.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Provision for impairment of assets	1,831,388,283.85	462,339,177.21	1,708,121,345.94	426,973,605.51
Tax losses carry-forward	5,406,041,322.40	1,347,720,472.63	5,919,830,007.11	1,477,743,655.36
Equity incentive	111,661,905.17	27,915,476.30	113,330,375.62	28,332,593.91
Deferred income	72,822,990.52	18,205,747.63	65,157,086.16	16,289,271.54
Unrealized profit by internal transactions	553,473,605.52	138,368,401.38	620,555,830.12	155,138,957.53
Gain or loss on change in fair value of investment properties	98,981,843.76	24,745,460.94	121,830,048.44	30,457,512.11
Provisions	574,216.66	143,554.17	-	-
Subtotal	8,074,944,167.88	2,019,438,290.26	8,548,824,693.39	2,134,935,595.96
Deferred tax liabilities:				
Gain or loss on change in fair value of investment properties	2,776,534,841.68	694,133,710.42	2,303,787,034.40	575,946,758.60
Fair value of financial instruments	14,072,388.00	3,518,097.00	7,066,619.00	1,766,654.75
Subtotal	2,790,607,229.68	697,651,807.42	2,310,853,653.40	577,713,413.35

(2) Deductible timing differences and tax losses not recognized as deferred tax assets

Item	2020.12.31	2019.12.31
Deductible temporary difference	739,553,210.57	102,568,938.09
Deductible tax losses	4,380,406,336.52	2,857,387,560.19
Total	5,119,959,547.09	2,959,956,498.28

(3) Expiry of deductible tax losses not recognized as deferred tax assets in subsequent period

Year	2020.12.31	2019.12.31
2020	--	211,167,887.82
2021	331,983,154.53	478,755,222.78
2022	769,491,167.75	879,012,622.97
2023	513,416,899.42	569,321,469.46
2024	963,329,991.22	557,836,123.89
2025	1,653,953,681.83	--

Year	2020.12.31	2019.12.31
Unexpiry	148,231,441.77	161,294,233.27
Total	4,380,406,336.52	2,857,387,560.19

23. Other non-current assets

Item	2020.12.31			2019.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Equity investment	30,000,000.00	-	30,000,000.00	-	-	-
Contract assets-unexpired warranty	143,943,230.43	9,064,016.09	134,879,214.34	—	—	—
Contract assets-PPP project land and project payment	18,473,742,809.97	18,416,769.67	18,455,326,040.30	—	—	—
Total	18,647,686,040.40	27,480,785.76	18,620,205,254.64	-	-	-

24. Short-term loans

Item	2020.12.31	2019.12.31
Pledged loans	2,401,523,661.21	3,062,742,446.00
Mortgaged loans	4,102,882,688.52	6,054,205,422.23
Guaranteed loans	2,721,726,915.00	1,898,521,880.56
Unsecured loans	404,043,269.27	938,614,148.71
Factoring loans	926,469,558.49	1,128,218,052.13
Total	10,556,646,092.49	13,082,301,949.63

Note:

(1) The Group has no past due short-term loans in the current period.

(2) The Group has obtained factoring loans of RMB 926,469,558.49 by conducting the outstanding accounts receivable factoring.

(3) Details of pledge and security of short-term loans refer to Note XII.2. (3).

(4) Details of guarantee of short-term loans refer to Note X.5. (3).

25. Notes payable

Category	2020.12.31	2019.12.31
Commercial acceptance bills	7,083,783,190.16	7,534,972,059.33
Bank acceptance bills	3,687,918,484.48	3,464,293,864.02

Category	2020.12.31	2019.12.31
Total	10,771,701,674.64	10,999,265,923.35

26. Accounts payable

Item	2020.12.31	2019.12.31
Construction payables	30,975,630,892.89	23,314,345,431.07
Other services	360,148,566.00	476,774,098.94
Total	31,335,779,458.89	23,791,119,530.01

Including significant accounts payable aging over 1 year

Item	Amount	Reason of unpaid
Company 1	98,505,857.40	Settlement process not completed
Company 2	96,027,771.00	Settlement process not completed
Company 3	59,832,428.34	Settlement process not completed
Company 4	49,338,754.76	Settlement process not completed
Company 5	45,719,622.19	Settlement process not completed
Total	349,424,433.69	--

27. Advances from customers

Item	2020.12.31	2019.12.31
Housing money	-	119,524,949,926.42
Construction money	-	644,692,081.07
Construction contract – billed but not yet completed	-	3,152,470,031.93
Other	19,388,397.48	37,123,993.06
Total	19,388,397.48	123,359,236,032.48

28. Contract liabilities

Item	2020.12.31	2019.12.31
Housing money	116,187,108,115.54	—
Construction money	402,295,170.79	—
Construction contract – billed but not yet completed	3,662,833,348.55	—
Other	38,893,581.17	—

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Less: Contract liabilities included in other non-current liabilities	-	—
Total	120,291,130,216.05	—

(1) Construction contract – billed but not yet completed

Item	Closing balance
Amounts being billed and settled	20,520,567,693.89
Less: Cumulative costs incurred	16,853,520,825.58
Cumulative gross margin recognized	4,213,519.76
Add: Expected losses	-
Billed but not yet completed	3,662,833,348.55

(2) Receipts of pre-sale housing included in contract liabilities

Item	2020.12.31	2020.01.01
Hangzhou Jianggan Tangyue Bay	4,373,019,438.71	143,940,085.32
Xi'an Zhongnan Shangyue City	3,420,551,593.64	1,789,476,857.80
Tianjin Junyue Mansion	3,138,985,289.01	3,096,935,167.24
Wuhan Zhongnan Dawn City 108 Project	3,108,938,077.73	2,628,071,397.25
Linyi Zhongnan Linyue	2,880,083,659.86	304,734,241.28
Guangxi Zhongnan Ziyunji	2,667,599,882.88	2,423,182,148.62
Qingdao Zhongnan Century City	2,432,068,853.76	2,695,890,377.33
Chengdu Zhongnanyue Mansion	2,401,876,097.91	320,395,209.64
Xi'an Chunfeng South Bank	2,394,230,049.55	-
Haimen Huguang Yingyue	2,359,304,342.20	385,927,023.85
Ningbo Fenghua Yue Mansion	2,355,478,357.80	380,942,704.59
Xi'an Zhongnan Qingyue	2,326,241,477.98	2,247,547,410.09
Nanjing Shangyuecheng	2,281,327,197.48	1,252,221,200.00
Block A-09, Nanhu Unit, Chabai District, Wenzhou City	2,263,265,091.40	960,843,622.02
Suzhou Ziyun Garden	2,246,160,300.00	2,115,583,666.06
Linyi Yue Mansion	2,196,605,295.41	3,839,259,537.61
Zhenjiang Zhongnan Jinyuan/Yujincheng	2,159,981,539.34	2,154,207,376.63
Hefei Zhongnanyue Mansion	2,087,466,755.77	1,028,543,007.34
Yunnan Zhongyue Garden	3,044,807,733.95	2,663,800,329.36
Xi'an Daming Palace Junqi DK1	1,957,738,395.41	-
Other	64,091,378,685.75	79,224,416,001.66
Total	116,187,108,115.54	109,655,917,363.69

29. Employee benefits payable

Item	2019.12.31	Increase	Decrease	2020.12.31
Short-term employee benefits	1,240,007,776.70	7,834,053,748.43	7,442,916,629.03	1,631,144,896.10
Post-employment benefits - defined contribution plans	134,840.35	84,896,002.15	84,860,407.90	170,434.60
Termination benefits	-	2,717,819.42	2,717,819.42	-
Total	1,240,142,617.05	7,921,667,570.00	7,530,494,856.35	1,631,315,330.70

(1) Short-term employee benefits

Item	2019.12.31	Increase	Decrease	2020.12.31
Salaries, bonus, and allowances	1,204,493,052.92	7,447,552,345.69	7,056,258,470.19	1,595,786,928.42
Staff welfare	75,246.12	126,535,094.12	126,580,049.83	30,290.41
Social insurances	57,885.41	114,571,639.30	114,549,158.93	80,365.78
Including: Medical insurance	49,428.05	98,513,888.24	98,490,115.71	73,200.58
Work injury insurance	3,714.30	12,080,796.75	12,079,960.05	4,551.00
Maternity insurance	4,743.06	3,976,954.31	3,979,083.17	2,614.20
Housing Fund	83,325.27	139,436,711.07	139,516,910.97	3,125.37
Union funds and employee education	35,298,266.98	5,957,958.25	6,012,039.11	35,244,186.12
Total	1,240,007,776.70	7,834,053,748.43	7,442,916,629.03	1,631,144,896.10

(2) Defined contribution plans

Item	2019.12.31	Increase	Decrease	2020.12.31
Post-employment benefits	134,840.35	84,896,002.15	84,860,407.90	170,434.60
Include: 1. Basic pension insurance	131,654.33	83,484,829.81	83,454,686.64	161,797.50
2. Unemployment insurance	3,186.02	1,411,172.34	1,405,721.26	8,637.10
Total	134,840.35	84,896,002.15	84,860,407.90	170,434.60

(3) Termination benefits

Item	2019.12.31	Increase	Decrease	2020.12.31
Termination benefits and compensation payable within one year	-	2,717,819.42	2,717,819.42	-
Including: Compensation for termination of labor relationship	-	2,717,819.42	2,717,819.42	-

30. Taxes payable

Taxes	2020.12.31	2019.12.31
Enterprise income tax	2,944,466,155.68	2,040,712,425.78
Value-added tax	1,819,516,437.30	1,546,405,117.46
Personal income tax	126,052,776.96	65,771,826.54
Land appreciation tax	1,923,239,097.12	785,210,415.44
Property tax	17,529,407.50	21,897,173.94
Land use tax	18,655,426.99	15,117,970.55
Urban maintenance and construction tax	69,267,608.94	39,142,980.45
Education surcharge	29,939,102.04	17,024,762.71
Local education surcharge	20,596,124.80	11,602,992.49
Stamp duty	3,190,032.74	2,138,848.57
Deed duty	1,342,290.48	1,196,954.86
Other taxes	22,917,392.06	29,549,799.87
Total	6,996,711,852.61	4,575,771,268.66

31. Other payables

Item	2020.12.31	2019.12.31
Dividend payable	8,363,233.97	3,886,630.96
Other payables	46,825,708,285.45	26,830,242,827.50
Total	46,834,071,519.42	26,834,129,458.46

(1) Dividend payable

Item	2020.12.31	2019.12.31
Dividend for ordinary shares	8,363,233.97	3,886,630.96

(2) Other payables

Item	2020.12.31	2019.12.31
Current accounts	42,698,892,875.19	23,592,885,765.62
Guarantee deposits and other deposits	2,773,799,092.18	1,767,025,308.80
Collection and payment for other parties	645,064,707.14	1,204,488,513.16
Other	707,951,610.94	265,843,239.92
Total	46,825,708,285.45	26,830,242,827.50

Including significant other payables aging over 1 year:

Item	Closing balance	Reason of unpaid
Company 1	1,241,669,133.63	Settlement process not completed
Company 2	1,237,357,123.99	Settlement process not completed
Company 3	811,775,503.18	Settlement process not completed
Company 4	785,565,620.00	Settlement process not completed
Company 5	649,763,607.66	Settlement process not completed
Total	4,726,130,988.46	--

32. Non-current liabilities due within one year

Item	2020.12.31	2019.12.31
Long-term loans due within one year	5,189,310,120.45	8,670,416,636.72
Bonds payables due within one year	7,613,595,277.07	2,316,863,012.00
Long-term payables due within one year	11,067,567.22	145,159,679.45
Total	12,813,972,964.74	11,132,439,328.17

(1) Long-term loans due within one year

Item	2020.12.31	2019.12.31
Pledged loans	1,207,141,681.96	7,225,486,347.81
Mortgaged loans	3,776,362,863.49	921,735,888.91
Guaranteed loans	205,805,575.00	523,194,400.00
Total	5,189,310,120.45	8,670,416,636.72

Note:

① Details of pledge and mortgage refer to Note XII .2 (3).

② Details of guarantee of long-term loans refer to Note X .5. (3).

(2) Bonds payable due within one year

Bond	2020.12.31	2019.12.31
15 Zhongnan Construction MTN001	-	776,803,278.69
15 Zhongnan Construction MTN002	-	1,205,389,344.26
16 Zhongnan 01	1,035,010,999.40	70,683,012.50

Bond	2020.12.31	2019.12.31
16 Zhongnan 02	1,169,458,733.44	35,508,833.44
17 Zhongnan 01	3,483.61	3,483,606.56
17 Zhongnan 02	289,180,032.79	180,032.79
18CFZR0126	1,070,289,005.80	66,164,383.56
18 Zhongnan Construction MTN001	53,638,356.16	53,638,356.16
19 Zhongnan 02	47,406,904.11	47,154,739.73
20 Zhongnan 01	44,712,328.77	-
20 Zhongnan 02	54,739,726.03	-
20 Zhongnan Construction MTN002	45,093,698.63	-
20 Zhongnan Construction SCP001	461,468,287.30	-
20CFZR0898	4,566,485.41	-
Project Ingenuity II	12,636,407.39	14,030,046.08
Project Ingenuity III	1,341,792,710.38	-
16 Zhongzhu 01	1,008,785,726.03	11,539,726.03
19 Zhongnan 03	-	8,120,547.95
19 Zhongnan Construction ABN001 Preferential	940,030,025.78	24,167,104.25
Zhongnan 20 Preferential	23,735,492.95	-
20 Zhongnan Construction MTN001	11,046,873.09	-
Total	7,613,595,277.07	2,316,863,012.00

(3) Long-term payables due within one year

Item	2020.12.31	2019.12.31
Finance lease payables	11,067,567.22	145,159,679.45

Note: Details of finance lease payables refer to Note V.36.

33. Other current liabilities

Item	2020.12.31	2019.12.31
VAT output pending for transfer	11,949,929,505.42	1,402,261,230.12

34. Long-term loans

Item	2020.12.31	2019.12.31
Pledged loans	17,873,076,905.64	11,406,433,465.51
Mortgaged loans	28,391,138,097.39	30,487,009,103.01
Guaranteed loans	1,788,735,575.00	2,783,235,888.91
Unsecured loans	205,000,000.00	-
Subtotal	48,257,950,578.03	44,676,678,457.43
Less: Long-term loans due within one year	5,189,310,120.45	8,670,416,636.72
Total	43,068,640,457.58	36,006,261,820.71

Note:

(1) Details of guarantee of long-term loans refer to Note X .5. (3).

(2) Details of pledge and mortgage of long-term loans refer to Note XII .2 (3).

35. Bonds payable

Item	2020.12.31	2019.12.31
Non-public placement of debt financing instrument	1,178,743,166.51	135,444,422.62
Corporate debentures by public issuance to qualified investors	9,033,200,151.18	6,757,383,058.87
Senior unsecured fixed rate USD Bond	3,250,133,698.85	3,463,300,404.70
Total	13,462,077,016.54	10,356,127,886.19

Movement of bonds payable

Bond	Face value	Issuance date	Debenture period	Issued amount
15 Zhongnan Construction MTN001	1,150,000,000.00	2015/6/26	3+2 years	1,150,000,000.00
15 Zhongnan Construction MTN002	2,260,000,000.00	2015/8/28	3+2 years	2,260,000,000.00
16 Zhongnan 01	964,315,600.00	2016/1/22	3+2 years	964,315,600.00
16 Zhongnan 02	1,133,952,800.00	2016/7/27	3+1+1 years	1,133,952,800.00
17 Zhongnan 01	1,000,000,000.00	2017/12/14	3+2 years	1,000,000,000.00
17 Zhongnan 02	289,000,000.00	2017/12/28	2+2 years	289,000,000.00
18CFZR0126	1,000,000,000.00	2018/2/12	3 years	1,000,000,000.00
18 Zhongnan Construction MTN001	1,000,000,000.00	2018/4/24	3+N years	1,000,000,000.00
19 Zhongnan 02	1,180,000,000.00	2019/6/27	2+2 years	1,180,000,000.00

Bond	Face value	Issuance date	Debenture period	Issued amount
Project Ingenuity II	2,441,670,000.00	2019/6/18	2+1 years	2,280,357,938.95
Project Ingenuity II	348,810,000.00	2019/6/25	2+1 years	328,566,097.24
Project Ingenuity II	697,620,000.00	2019/7/16	2+1 years	661,271,427.92
16 Zhongzhu 01	1,000,000,000.00	2019/11/7	2 years	1,000,000,000.00
19 Zhongnan 03	1,000,000,000.00	2019/11/22	2+2 years	1,000,000,000.00
19 Zhongnan Construction ABN001 Preferential	2,000,000,000.00	2019/1/11	2 years	2,000,000,000.00
Zhongnan 20 Preferential	2,000,000,000.00	2020/4/27	2 years	2,000,000,000.00
20 Zhongnan Construction MTN001	1,200,000,000.00	2020/6/23	2+2 years	1,200,000,000.00
20 Zhongnan 01	800,000,000.00	2020/3/6	2+2 years	800,000,000.00
20 Zhongnan 02	900,000,000.00	2020/3/6	3+2 years	900,000,000.00
20 Zhongnan Construction MTN002	1,800,000,000.00	2020/8/26	2+2 years	1,800,000,000.00
20 Zhongnan Construction SCP001	600,000,000.00	2020/8/25	270 days	600,000,000.00
20CFZR0898	1,500,000,000.00	2020/6/24	365+328 days	1,500,000,000.00
Project Ingenuity III	1,304,980,000.00	2020/8/4	364 days	1,287,093,023.07
Subtotal	27,570,348,400.00	--	--	27,334,556,887.18

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Bonds payable (Continued)

Bond	Beginning balance	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repaid in the year	Other movements	Closing balance
15 Zhongnan Construction MTN001	776,803,278.69	-	41,946,721.31	-	1,236,250,000.00	417,500,000.00	-
15 Zhongnan Construction MTN002	1,205,389,344.26	-	111,610,655.74	-	2,429,500,000.00	1,112,500,000.00	-
16 Zhongnan 01	1,034,998,612.50	-	75,229,003.70	-	75,216,616.80	-	1,035,010,999.40
16 Zhongnan 02	1,169,461,633.44	-	82,778,554.40	-	82,778,554.40	-2,900.00	1,169,458,733.44
17 Zhongnan 01	935,483,145.36	-	71,519,877.05	3,000,461.20	1,074,000,000.00	65,000,000.00	1,003,483.61
17 Zhongnan 02	65,180,032.79	-	21,964,000.00	-	21,964,000.00	224,000,000.00	289,180,032.79
18CFZR0126	1,064,693,485.23	-	75,205,479.45	5,390,041.12	75,000,000.00	-	1,070,289,005.80
18 Zhongnan Construction MTN001	602,056,306.76	-	78,000,000.00	1,495,810.50	78,000,000.00	300,000,000.00	903,552,117.26
19 Zhongnan 02	182,599,162.35	-	92,292,164.38	2,412,043.89	92,040,000.00	1,040,886,700.00	1,226,150,070.62
20 Zhongnan 01	-	800,000,000.00	44,712,328.77	-2,851,302.02	-	-	841,861,026.75
20 Zhongnan 02	-	900,000,000.00	54,739,726.03	-3,917,696.73	-	-100,000,000.00	850,822,029.30
20 Zhongnan Construction MTN002	-	1,800,000,000.00	45,093,698.63	-7,469,231.41	-	-328,300,000.00	1,509,324,467.22
20 Zhongnan Construction SCP001	-	600,000,000.00	14,413,150.68	-944,863.38	-	-152,000,000.00	461,468,287.30
20CFZR0898	-	1,500,000,000.00	77,522,312.32	-3,283,206.46	73,091,666.66	-	1,501,147,439.20
19 Zhongnan 03	331,480,258.19	-	67,879,452.05	3,420,104.70	76,000,000.00	670,000,000.00	996,779,814.94
19 Zhongnan Construction ABN001 Preferential	1,813,508,461.81	-	113,580,822.09	3,384,666.94	1,137,548,885.06	147,104,960.00	940,030,025.78
Zhongnan 20 Preferential	-	2,000,000,000.00	93,927,273.77	-4,449,934.85	70,191,780.82	-139,621,000.00	1,879,664,558.10

Bond	Beginning balance	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repaid in the year	Other movements	Closing balance
20 Zhongnan Construction MTN001	-	1,200,000,000.00	11,046,873.09	-4,465,213.64	-	-420,000,000.00	786,581,659.45
Project Ingenuity II	3,477,330,450.78	-	354,305,421.84	10,878,974.12	579,744,740.50	-	3,262,770,106.24
Project Ingenuity III	-	1,304,980,000.00	47,622,831.80	-10,810,121.42	-	-	1,341,792,710.38
16 Zhongzhu 01	14,006,726.03	-	11,539,726.03	-	11,539,726.03	994,779,000.00	1,008,785,726.03
Subtotal	12,672,990,898.19	10,104,980,000.00	1,586,930,073.13	-8,209,467.44	7,112,865,970.27	3,831,846,760.00	21,075,672,293.61
Less: Bonds payable due within one year	2,316,863,012.00	--	--	--	--	--	7,613,595,277.07
Total	10,356,127,886.19	--	--	--	--	--	13,462,077,016.54

(1) On 28 May 2015, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhuzhu [2015]MTN No.224), the registration of the Company's medium-term note is being accepted. The registered amount is RMB 3.60 billion with effective for 2 years since the date of acceptance notice. The Company issued 2015 Phase 1 medium-term note on 26 June 2015, the note was named "15 Zhongnan Construction MTN001" and the total issuance was RMB 1.20 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was 6.99%. On 11 June 2018, the Company exercise the option to restate the coupon interest rate to 7.50% with effective from 26 June 2018. Phase 2 medium-term note was issued on 28 August 2015, the note was named "15 Zhongnan Construction MTN002" and the total issuance was RMB 2.40 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was 7.00%. On 14 August 2018, the Company exercise the option to restate the coupon interest rate to 7.50% with effective from 28 August 2018.

(2) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond by public issuance on 22 January 2016, the bond was named "16 Zhongnan 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 6.50%. On 21 December 2018, the Company exercise the option to restate the coupon interest rate to 7.80% with effective from 22 January 2019. Phase 2 bond was issued on 27 July 2016, the note was named "16 Zhongnan 02" and the total issuance was RMB 1.20 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was

6.00%. On 1 July 2019, the Company exercise the option to restate the coupon interest rate to 7.30% with effective from 27 July 2019 (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third and forth year after issuance of the note).

(3) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 14 December 2017, the bond was named "17 Zhongnan 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 7.50%. On 14 December 2020, the Company exercised the option of reselling the bond. The coupon rate will not be adjusted, and the original coupon rate will remain unchanged at 7.50%.

(4) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 2 bond on 28 December 2017, the bond was named "17 Zhongnan 02" and the total issuance was RMB 0.5 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond) and the coupon interest rate was 7.20%. On 2 December 2019, the Company exercise the option to restate the coupon interest rate to 7.60% with effective from 28 December 2019.

(5) On 29 December 2017, by the approval of Beijing Asset Exchange (Creditor's Rights Financing Plan [2017] No.0526), the registration of the Company's non-public placement of debt financing instrument is being accepted. The registered amount is RMB 1 billion with effective for 2 years since the date of acceptance notice. The Company issued the Phase 1 bond by non-public issuance on 12 February 2018, the bond was named "18CFZR0126" and the total issuance was RMB 1 billion with a term of 3 years and the coupon interest rate was 7.5%.

(6) On 25 April 2016, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2016]MTN No.225), the registration of the Company's medium-term note is being accepted. The registered amount is RMB 2.0 billion with effective for 2 years since the date of acceptance notice. The Company issued 2018 Phase 1 medium-term note on 24 April 2018, the note was named "18 Zhongnan Construction MTN001" and the total issuance was RMB 1 billion with a term of 3+N years (no fixed maturity date and the initial period of future redemption is three years later) and the coupon interest rate was 7.80%.

(7) On 6 August 2018, by the approval of the National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2018] ABN53), the Company registration of asset-backed note is being accepted. The registered amount is RMB 2.2 billion with effective for 2 years since the date of acceptance notice. The Company issued asset-backed notes on 10 January 2019, the note was named "19 Zhongnan Construction ABN001 Priority" and the total issuance was RMB 2 billion with a term of 2 years, and the coupon interest rate was 7.50%. Also, the Company hold "19 Zhongnan Construction ABN001 Priority" amounted to 0.2 billion with a term of 2 years,

and without interest.

(8) On 29 June 2018, the Company applied to issue of corporate bond by non-public issuance for not more than RMB 4.492 billion (inclusive of RMB 4.0 billion) and this was approved by Shenzhen Stock Exchange (Shenzhenhang[2018] No. 367). The Company issued the Phase 2 bond by non-public issuance on 27 June 2019, the bond was named "19 Zhongnan 02" and the total issuance was RMB 1.18 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the first and the second year end after issuance of the bond) and the coupon interest rate was 7.80%.

(9) On 21 March 2019, the Company applied for the registration of overseas SPV to issue bonds not exceeding USD 500 million (equivalent) in the National Development and Reform Commission of the People's Republic of China (Development and Reform Office Foreign Investment Reserve [2019] No. 229). The Company's overseas SPVs issued USD bonds of 350 million, 50 million and 100 million on 18 June 2019, 25 June 2019 and 16 July 2019, respectively. The bond was named "Project Ingenuity II" with total issuance amount of USD 500 million for a term of 3 years (investor has option to sell at the end of second year) and with coupon interest rate of 10.875%.

(10) On 12 August 2016, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2016] No.1830), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 1.70 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 7 November 2016, the bond was named "16 Zhongzhu 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 6.48%. On 10 October 2019, the Company exercised the option to sell back the bonds. After the issuer's final confirmation, the number of bonds cancelled in 2019 was zero, the amount of cancellation of the amount was RMB Nil, and the repurchase bonds were resold with starting and ending dates of 7 November 2019 and 6 November 2021 respectively. Total amount of bonds circulating in the market is RMB 1,000,000,000.00, and the coupon interest rate is adjusted from 6.48% to 7.80%.

(11) On 16 September 2019, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2019] No.1717), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 2.70 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 22 November 2019, the bond was named "19 Zhongnan 03" and the total issuance was RMB 1.0 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond) and the coupon interest rate was 7.60%.

(12) On 16 September 2019, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2019] No.1717), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 2.70 billion is being accepted, and the registered amount is effective for 2 years since

the date of approval. The Company issued the Phase 1 bond (variety 1) on 6 March 2020, the bond was named "20 Zhongnan 01" and the total issuance was RMB 0.8 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond) and the coupon interest rate was 6.80%.

(13) On 16 September 2019, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2019] No. 1717), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 2.70 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond (variety 2) on 6 March 2020, the bond was named "20 Zhongnan 02" and the total issuance was RMB 0.9 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 7.40%.

(14) On 17 April 2019, by the approval of Shenzhen Stock Exchange (Shenzhen Securities [2019] No. 200), it was agreed to approve the Company's public issuance of corporate bonds with a total face value of no more than RMB 2.2 billion to qualified investors, and the registered amount is effective for 1 year from the date of approval. The Company issued bonds on 28 April 2020, the bond was named "Zhongnan 20 Preferential", and the total issuance was RMB 2.0 billion with a term of 2 years, and the coupon interest rate was 7.00%.

(15) On 17 March 2020, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2020] No. MTN205), it was agreed to approve the Company's public issuance of corporate bonds with a total face value of no more than RMB 4.2 billion to qualified investors, and the registered amount is effective for 2 years from the date of approval. The Company issued Phase 1 bonds on 22 June 2020, the bond was named "20 Zhongnan Construction MTN01", and the total issuance was RMB 1.2 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond), and the coupon interest rate was 7.20%.

(16) On 17 March 2020, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2020] No. MTN205), it was agreed to approve the Company's public issuance of corporate bonds with a total face value of no more than RMB 4.2 billion to qualified investors, and the registered amount is effective for 2 years from the date of approval. The Company issued Phase 2 bonds on 25 August 2020, the bond was named "20 Zhongnan Construction MTN02", and the total issuance was RMB 1.8 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond), and the coupon interest rate was 7.20%.

(17) On 17 March 2020, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2020] SCP117 No.), it was agreed to approve the Company's registration of ultra-short-term financing bonds, the registration amount was RMB 3.0 billion, and the registered amount is effective for 2 years from the date of approval. The Company issued the Phase 1 ultra-short-term financing bonds on 24 August 2020, the bond was named "20 Zhongnan Construction

SCP001", and the total issuance was RMB 600 million with a term of 270 days, and the coupon interest rate of 6.85%.

(18) On 29 April 2020, by the approval of Beijing Financial Assets Exchange (Debt Financing Plan [2020] No. 0438), it was agreed to approve the Company's registration of debt financing instruments for qualified investors, the registration amount was RMB 1.5 billion, and the registered amount is effective for 2 years from the date of approval. The Company issued the Phase 1 debt financing instruments on 23 June 2020, the debt was named "20CFZR0898", and the total issuance was RMB 1.5 billion with a term of 693 days, and the coupon interest rate of 9.80%.

(19) The Company issued USD 200 million bonds on 4 August 2020. The bond was named "Project Ingenuity III". The total issuance was USD 200 million, the maturity was 364 days, and the coupon interest rate was 9.00%.

(20) Other changes are caused by the purchase or transfer of bonds within the Group.

36. Long-term payables

Item	2020.12.31	2019.12.31
Long-term payables	91,000,000.00	105,131,028.12
Specific payables	161,490,000.00	157,700,000.00
Total	252,490,000.00	262,831,028.12

(1) Long-term payables

Item	2020.12.31	2019.12.31
Finance lease obligations	10,942,348.48	43,226,069.68
Less: Unrecognized finance charges	74,781.26	2,479,766.10
Sub-total	10,867,567.22	40,746,303.58
Property assets securitization	-	119,544,403.99
PPP Project	91,200,000.00	90,000,000.00
Less: Long-term payables due within one year	11,067,567.22	145,159,679.45
Total	91,000,000.00	105,131,028.12

Note:

① The Company and Anhui Xingtai Financial Leasing Co., Ltd. signed a sale and lease back financial leasing contract. The leased property is Clamp and Tube Scaffold. The lease period is total 36 months. The total amount of rent payable is RMB 53,865,638.89, and the handling fee is RMB 0.00. The rent is paid in 12 installments. The contract stipulates that when the lease period expires, the leased property can be purchased for RMB 1,000.00. At year end, the amount of recognized long-term payables – finance lease obligation is RMB 2,609,950.00 and the unrecognized finance lease charge is RMB 74,781.26. The closing balance of long-term payables is RMB 2,535,168.74, including an amount of RMB 2,535,168.74 as long-term payables due within one year.

② The Company and GF Financial Leasing (Guangdong) Co., Ltd. signed a sale and lease back financial leasing contract. The leased property is Building No. 2, Phase II, Zhongnan Construction Group Headquarters Base. The lease period is total 24 months. The total amount of rent payable is RMB 33,329,593.92, and the handling fee is RMB 600,000.00. The rent is paid in 24 installments. The contract stipulates that when the lease period expires, the leased property can be purchased for RMB 100.00. At year end, the amount of recognized long-term payables – finance lease obligation is RMB 8,332,398.48 and the unrecognized finance lease charge is RMB Nil. The closing balance of long-term payables is RMB 8,332,398.48, including an amount of RMB 8,332,398.48 as long-term payables due within one year.

③ PPP project funds are the project land funds paid by the government on behalf, which are billed after acceptance of the project.

(2) Specific payables

Item	2019.12.31	Increase	Decrease	2020.12.31	Reason of formation
Central City Pipeline Special Funds	157,700,000.00	3,790,000.00	-	161,490,000.00	Financial allocation

Note: The special fund of the Central City Pipeline Network is based on the Hangzhou Municipal Bureau of Finance, Hangzhou Urban and Rural Construction Committee Hang Caijian [2020] No. 27 "Circular on Budget of Special Capital for Central City Pipe Network issued advance in 2019" was allocated to the special fund to the subsidiary Hangzhou Dajiangdong Zhongnan Chenjin Construction Development Co., Ltd. for the construction of an underground comprehensive pipeline corridor.

37. Provisions

Item	2020.12.31	2019.12.31
Pending litigation	6,355,673.47	-
Pending loss contract	574,216.66	-
Total	6,929,890.13	-

38. Deferred income

Item	2019.12.31	Increase	Decrease	2020.12.31	Reason of formation
Government grants	128,379,575.29	116,355,900.00	42,884,887.71	201,850,587.58	Refer to note

Note: Government grants recorded as deferred income refer to Note V.64. Government grants.

39. Share capital (Unit:share)

Item	2019.12.31	Movement in the current year				2020.12.31
		Issue of new shares	Bonus shares	Converted from capital reserve	Other	
Total share capital	3,756,854,798.00	-	-	-	64,429,505.00	3,821,284,303.00

Note:

The Company held the forty-fifth meeting of the seventh Board of Directors and the fourteenth meeting of the seventh Board of Supervisors on 30 May 2019, and reviewed and approved the "Proposal for the 2019 Stock Option Incentive Plan (Draft) and Abstract". On 3 July 2020, the second meeting of the eighth session of the board of directors reviewed and approved the "Proposal on the Exercise of the First Exercise Period for the First Grant of Options under the 2019 Stock Option Incentive Plan", the vesting conditions for the first vesting period of the first grant of options for the 2019 stock option incentives plan have been fulfilled. A total of 27,598,080 stock options held by 336 incentive participants were approved to be vested in the first vesting period.

The Company held the twenty-fourth meeting of the seventh Board of Directors and the eighth meeting of the seventh Board of Supervisors on 17 July 2018, and reviewed and approved the "Proposal of the 2018 Stock Option Incentive Plan (Draft) and Abstract". On 17 August 2020, the fifth meeting of the eighth session of the board of directors reviewed and approved the "Proposal on the Exercise of the Second Exercise Period for the First Grant of the 2018 Stock Option Incentive Plan", the vesting conditions for the second vesting period of the first grant of options for the 2018 stock option incentives plan have been fulfilled. A total of 50,721,000 stock options held by 31 incentive participants were approved to be vested in the second vesting period.

On 5 August 2019, the forty-ninth meeting of the seventh Board of Directors and the sixteenth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the Grant of Reserved Stock Options for the 2018 Stock Option Incentive Plan". On August 17, 2020, the fifth meeting of the eighth session of the board of directors reviewed and approved the "Proposal on the Exercise of the First Exercise Period for the Granting of Reserved Options under the 2018 Stock Option Incentive Plan", the vesting conditions for the first vesting period of the grant of reserved options for the 2018 stock option incentives plan have been fulfilled. A total of 4,413,750 stock options held by 37 incentive participants were approved to be vested in the first vesting period.

As the above-mentioned incentive plans of the Company met the conditions for vesting during the current period, 64,429,505 shares were exercised by incentive participants. As of 31 December 2020, the total share capital of the Company increased to 3,821,284,303 shares.

40. Capital reserve

Item	2019.12.31	Increase	Decrease	2020.12.31
Capital premium	2,689,506,072.79	484,570,957.87	3,196,870.27	3,170,880,160.39
Other capital reserves	133,431,630.39	44,729,083.40	92,280,095.45	85,880,618.34
Total	2,822,937,703.18	529,300,041.27	95,476,965.72	3,256,760,778.73

Note:

(1) In the current period, due to the exercise of options by incentive participants to increase capital, the capital reserve-capital premium was increased by RMB 455,570,957.87, and capital reserve-other capital reserves was decreased by RMB 89,995,466.80.

(2) By the implementation of equity incentives plan in the current period, the share-based compensation of the Group increased the capital reserve-other capital reserve by RMB 44,729,083.40, after deduction of impact of minority interests.

(3) In the current period, due to the minority shareholders increasing the capital contributions to the subsidiaries at a premium, the capital reserve-capital premium was increased by RMB 29,000,000.00.

(4) In the current period, due to changes in equity of joint ventures that did not result in loss of control, the corresponding adjustment increased the capital reserve-capital premium of the Group by RMB 3,196,870.27.

(5) Due to changes in equity incentive plan on disposed subsidiaries in the current period, the capital reserves-other capital reserves was decreased by RMB 2,284,628.65.

41. Other comprehensive income

Item	2020.01.01	Movement in current year				2020.12.31
		Amount before tax	Less: transferred to profit or loss in current year	Less: income tax	Amount attributable to parent company after tax (2)	Amount attributable to minority shareholders after tax
Translation difference of foreign currency financial statements	29,185,187.26	-7,093,949.20	-	-	-5,019,555.08	-2,074,394.12
Fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value	1,132,865,322.84	56,439,951.08	-	14,109,987.78	42,329,963.30	-
Total	1,162,050,510.10	49,346,001.88	-	14,109,987.78	37,310,408.22	1,199,360,918.32

Note: Other comprehensive income after tax for the current year was RMB 35,236,014.10. Among them, other comprehensive income after tax attributable to shareholders of the parent company was RMB 37,310,408.22, and other comprehensive income after tax attributable to minority interests was RMB -2,074,394.12.

42. Special reserve

Item	2019.12.31	Increase	Decrease	2020.12.31
Safety production fees	-	410,579,586.90	152,011,996.91	258,567,589.99

43. Surplus reserve

Item	2019.12.31	Increase	Decrease	2020.12.31
Statutory surplus reserve	723,361,348.55	54,309,903.79	-	777,671,252.34

Note: Statutory surplus reserve is appropriated at 10% of net profit.

44. Undistributed profits

Item	Year ended 2020.12.31	Year ended 2019.12.31	Appropriation %
Closing balance of undistributed profits of prior year before adjustment	12,974,056,355.67	9,367,185,488.98	--
Total adjustments of beginning undistributed profits	448,228,808.05	-73,521,507.13	--
Beginning balance of undistributed profits after adjustment	13,422,285,163.72	9,293,663,981.85	--
Add: Net profit attributable to parent company for the current year	7,077,790,442.07	4,163,085,623.09	--
Less: Appropriation of statutory surplus reserve	54,309,903.79	37,518,593.63	10%
Appropriation of common share dividends	1,058,298,922.52	445,174,655.64	--
Closing balance of undistributed profits	19,387,466,779.48	12,974,056,355.67	--

45. Operating income and operating cost

(1) Operating income and operating cost

Item	Year ended 2020.12.31		Year ended 2019.12.31	
	Income	Cost	Income	Cost
Primary operations	77,698,724,144.37	64,693,863,656.20	71,298,265,147.72	59,503,731,206.57
Other operations	902,124,162.41	315,421,478.58	532,520,913.36	297,772,424.83
Total	78,600,848,306.78	65,009,285,134.78	71,830,786,061.08	59,801,503,631.40

Note: Segment information by industry and geographical location refers to Note XIV.

(2) Operating income segregation information

	Year ended 2020.12.31
Primary operating income	77,698,724,144.37
Including: Recognised at a point in time	57,934,363,555.57
Recognised in a certain period of time	19,764,360,588.80
Other operating income	902,124,162.41
Including: Rental income	51,944,067.36
Total	78,600,848,306.78

46. Taxes and surcharges

Item	Year ended 2020.12.31	Year ended 2019.12.31
Land appreciation tax	1,384,118,959.22	1,289,305,953.10
Urban maintenance and construction tax	172,218,672.24	163,912,273.95
Land use tax	85,496,635.57	102,236,460.27
Education surcharge	76,736,631.01	73,379,077.80
Stamp duty	76,114,645.10	70,365,140.37
Property tax	69,170,412.64	63,434,970.51
Local education surcharge	50,929,607.30	49,257,717.66
Business tax	14,497,524.82	35,317,244.04
River embankment fund	3,413,252.81	2,665,309.33
Other	22,996,914.96	28,417,876.95
Total	1,955,693,255.67	1,878,292,023.98

Note: Standard charge rates of each taxes and surcharges refer to Note IV. Taxation.

47. Selling expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31
Advertising and promotion expenses	550,128,819.28	498,100,035.57
Salaries and surcharges	967,356,016.88	723,581,853.86
Office expenses	75,927,081.27	84,587,004.94
Travelling expenses	12,436,534.67	14,502,539.68
Entertainment expenses	6,390,841.91	3,932,281.29
Depreciation and amortization	4,369,049.81	66,838,382.62

Item	Year ended 2020.12.31	Year ended 2019.12.31
Repairs expenses	-	2,386,769.75
Other	113,611,339.19	68,877,880.85
Total	1,730,219,683.01	1,462,806,748.56

48. General and administrative expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31
Salaries and surcharges	1,676,927,877.44	1,997,941,579.80
Office expenses	332,867,135.61	324,038,353.13
Agent and advisory expenses	262,306,785.19	182,717,427.36
Depreciation and amortization	203,718,952.52	224,381,491.66
Travelling expenses	95,301,168.91	106,374,241.12
Entertainment expenses	89,250,785.60	76,281,624.16
Equity incentive expenses	44,858,450.76	134,395,883.40
Water and electricity	21,136,178.19	27,854,485.37
Transportation expenses	16,832,536.41	9,485,026.12
Repairing expenses	11,622,825.78	14,597,202.93
Advertisement design expenses	11,479,070.95	30,492,393.70
Conference expenses	9,377,683.10	14,588,662.73
Insurance	4,684,022.59	1,984,821.28
Low value consumables amortization	1,517,435.21	4,837,876.19
Other	38,685,476.80	66,263,680.95
Total	2,820,566,385.06	3,216,234,749.90

49. Research and development expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31
Research and development expenses	60,842,722.63	1,283,730.79

50. Financial expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31
Interest expenses	6,901,853,635.61	6,587,136,428.07
Less: Interest capitalized	6,213,989,895.34	5,873,293,643.89
Less: Interest income	224,834,399.37	212,080,549.16
Factoring charge on acceptance bills	18,248,711.20	38,163,914.73

Item	Year ended 2020.12.31	Year ended 2019.12.31
Exchange gain or loss	-300,058,690.46	17,881,971.86
Bank charges and others	368,302,413.55	116,859,842.65
Total	549,521,775.19	674,667,964.26

51. Other income

Item	Year ended 2020.12.31	Year ended 2019.12.31	Related to assets or income
Government grants	115,401,777.45	99,092,094.06	Related to assets/income
Return of personal income tax fee	7,831,654.78	7,860,477.57	--
Gain from debt restructuring	14,731,995.98	856,184.26	--
VAT refund and other tax incentives	5,874,628.44	-	--
Total	143,840,056.65	107,808,755.89	--

Note: Details for government grants refer to Note V.64. Government grants.

52. Investment income

Item	Year ended 2020.12.31	Year ended 2019.12.31
Gain from disposal of long-term equity investment	1,258,674,034.20	265,946,184.24
Gain from remeasurement of equity at fair value when obtaining control	-	166,034,936.18
Income from long-term equity investment by equity method	2,509,226,724.37	1,242,242,213.46
Investment income in banking financial products	63,312,279.17	26,489,377.49
Gain from disposal of trading financial assets	53,940,260.83	1,895,015.91
Investment income in holding of debt investments	364,991,956.30	389,388,617.93
Investment income in holding of trading financial assets	7,948,379.49	-
Gain/(loss) on derecognition of financial assets at amortized cost	31,431,776.39	-312,668.68
Total	4,289,525,410.75	2,091,683,676.53

53. Gain from changes in fair value

Source of gain from changes in fair value	Year ended 2020.12.31	Year ended 2019.12.31
Trading financial assets	-2,657,239.07	-14,828,276.36
Including: Debt instrument investment	-	6,048,000.00
Funds and stock investment	-2,657,239.07	-21,063,370.05

Source of gain from changes in fair value	Year ended 2020.12.31	Year ended 2019.12.31
Wealthy financial products	-	187,093.69
Other non-current financial assets	7,186,618.03	55,439,934.00
Including: Designated as financial assets at fair value through profit or loss	-	-
Investment properties measured at fair value	284,888,900.00	10,353,665.11
Total	289,418,278.96	50,965,322.75

54. Credit impairment loss ("-" for loss)

Item	Year ended 2020.12.31	Year ended 2019.12.31
Bad debts of accounts receivable	58,226,710.29	-255,346,324.34
Bad debts of other receivables	-105,071,657.68	-224,042,374.64
Total	-46,844,947.39	-479,388,698.98

55. Assets impairment loss ("-" for loss)

Item	Year ended 2020.12.31	Year ended 2019.12.31
Decline in value of inventories	-332,049,676.65	-266,729,938.72
Impairment of contract assets	-166,303,135.37	—
Total	-498,352,812.02	-266,729,938.72

56. Gain from disposal of assets

Item	Year ended 2020.12.31	Year ended 2019.12.31
Gain from disposal of fixed assets ("-" for loss)	14,346,853.66	8,939,574.16

57. Non-operating income

Item	Year ended 2020.12.31	Year ended 2019.12.31	Amount included in non-recurring gain or loss
Penalty and compensation received	48,386,391.87	41,948,501.20	48,386,391.87
Scrap income	9,906,927.01	320,555.96	9,906,927.01
Stocktake surplus	316,119.73	345,214.71	316,119.73
Government grants (not related to daily activities)	4,583,105.18	-	4,583,105.18
Other	10,669,105.24	8,476,785.09	10,669,105.24
Total	73,861,649.03	51,091,056.96	73,861,649.03

58. Non-operating expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31	Amount included in non-recurring gain or loss
Penalty and compensation paid	151,064,993.14	132,228,178.55	151,064,993.14
Donations	47,372,726.89	59,187,068.95	47,372,726.89
Stocktake deficits	4,958,013.16	1,582,338.98	4,958,013.16
Loss on scrapping of non-current assets	25,478.83	694,658.45	25,478.83
Provision for litigation losses	6,355,673.47	-	6,355,673.47
Other	13,992,918.13	11,617,824.46	13,992,918.13
Total	223,769,803.62	205,310,069.39	223,769,803.62

59. Income tax expense

(1) Income tax expenses

Item	Year ended 2020.12.31	Year ended 2019.12.31
Current income tax	2,675,906,692.43	2,046,861,837.31
Deferred income tax	36,771,203.84	-514,371,765.85
Total	2,712,677,896.27	1,532,490,071.46

(2) Reconciliation between income tax expenses and accounting profits:

Item	Year ended 2020.12.31	Year ended 2019.12.31
Total profit	10,516,744,036.46	6,155,056,891.39
Expected income tax expenses at applicable tax rates (Profit before tax *25%)	2,629,186,009.12	1,538,764,222.85
Effect of certain subsidiaries apply different tax rates	167,035.06	5,803,176.28
Adjustment for income tax in prior year	1,729,539.95	-4,923,487.76
Income from equity method accounting of associates and joint ventures	-627,262,338.13	-310,560,553.35
Income not subject to tax	-1,212,082.26	-12,498,329.67
Cost, expenses and losses not deductible for tax purposes	110,466,814.95	54,845,455.59
Effect of changes in tax rate on the beginning balance of deferred income tax	14,524.10	5,407.64
Utilization of unrecognized tax losses and deductible temporary differences in prior years	-24,644,464.55	-87,396,661.24
Unrecognized deductible losses and deductible temporary differences	621,806,468.14	362,425,918.65

Item	Year ended 2020.12.31	Year ended 2019.12.31
Impact of super-deduction of research and development expenses	-11,344,753.92	-
Other	13,771,143.81	-13,975,077.53
Income tax expense	2,712,677,896.27	1,532,490,071.46

60. Notes of cash flow statement

(1) Proceeds from other operating activities

Item	Year ended 2020.12.31	Year ended 2019.12.31
Current accounts	36,917,042,006.60	31,273,002,495.82
Government grants	207,162,178.14	100,416,865.72
Interest income	224,834,399.37	212,080,549.16
Non-operating income	69,278,543.85	50,745,842.25
Security deposit for quality supervision	2,916,262,247.58	680,556,627.38
Total	40,334,579,375.54	32,316,802,380.33

(2) Payment for other operating activities

Item	Year ended 2020.12.31	Year ended 2019.12.31
Current accounts	28,311,004,906.01	22,844,837,812.80
Administrative expenses	955,903,826.97	859,515,795.05
Selling expenses	1,170,032,801.26	964,450,867.53
Non-operating expenses	218,786,311.63	203,033,071.96
Bank charges	368,302,413.55	116,859,842.65
Supervision for pre-sale fund	1,288,498,743.50	3,401,654,451.83
Total	32,312,529,002.92	28,390,351,841.82

(3) Proceeds from other investing activities

Item	Year ended 2020.12.31	Year ended 2019.12.31
Net proceeds from acquisition of subsidiaries and other business units	-	421,390,456.15

(4) Proceeds from other financing activities

Item	Year ended 2020.12.31	Year ended 2019.12.31
Proceeds from security deposit of financing	3,205,116,857.20	1,326,141,878.74
Proceeds from finance leases	-	10,000,000.00
Proceeds from specific payables	3,790,000.00	26,280,000.00
Total	3,208,906,857.20	1,362,421,878.74

(5) Payment for other financing activities

Item	Year ended 2020.12.31	Year ended 2019.12.31
Payment for security deposit of financing	4,037,471,487.12	740,633,817.48
Payments of finance leases	149,223,140.35	481,017,970.92
Payments of bonds issuance handling fees	38,191,569.91	39,654,104.88
Payment for acquisition of minority interests	2,363,350.00	6,320,133.00
Total	4,227,249,547.38	1,267,626,026.28

61. Supplement to cash flow statement

(1) Supplement to cash flow statement

Supplement information	Year ended 2020.12.31	Year ended 2019.12.31
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	7,804,066,140.19	4,622,566,819.93
Add: Impairment for assets	498,352,812.02	266,729,938.72
Credit impairment loss	46,844,947.39	479,388,698.98
Depreciation of fixed assets and amortization of investment properties	227,394,587.31	240,789,394.41
Amortization of intangible assets	36,403,661.49	32,935,396.28
Amortization of long-term deferred expenses	352,696,205.64	336,477,613.91
Losses on disposal of fixed assets, intangible assets, and other long-term assets (Gain as in "-")	-14,346,853.66	-8,939,574.16
Loss on retirement of fixed assets (Gain as in "-")	25,478.83	694,658.45
Losses on changes in fair value (Gain as in "-")	-289,418,278.96	-50,965,322.75
Financial expenses (Gain as in "-")	406,053,761.01	769,888,670.77
Investment losses (Gain as in "-")	-4,289,525,410.75	-2,091,683,676.53
Decrease in deferred tax assets (Increase as in "-")	-71,674,341.36	-573,443,972.08
Increase in deferred tax liabilities (Decrease as in "-")	119,938,394.07	59,072,206.23

Supplement information	Year ended 2020.12.31	Year ended 2019.12.31
Decrease in inventories (Increase as in “-”)	-22,632,204,543.47	-29,621,554,542.98
Decrease in operating receivables (Increase as in “-”)	-19,474,815,094.91	-7,269,006,646.46
Increase in operating payables (Decrease as in “-”)	44,075,192,983.91	40,869,057,910.21
Others	1,672,464,386.49	134,323,291.43
Net cash flows from operating activities	8,467,448,835.24	8,196,330,864.36
II. Significant investment or finance activities not involving cash:		
Debts converted to capital	-	-
Convertible debts mature within one year	-	-
Fixed assets acquired under finance leases	-	-
III. Net increase / (decrease) in cash and cash equivalents:		
Cash as at end of year	24,414,712,204.69	16,168,294,277.21
Less: cash as at beginning of year	16,168,294,277.21	13,311,062,419.82
Add: cash equivalents as at end of year	-	-
Less: cash equivalents as at beginning of year	-	-
Net increase in cash and cash equivalents	8,246,417,927.48	2,857,231,857.39

(2) Net cash paid to acquisition of subsidiaries during the year

Item	Year ended 2020.12.31
Cash or cash equivalents received from disposal of subsidiaries during the year	712,685,137.00
Including: Xi'an Chixiang Real Estate Co., Ltd.	30,000,000.00
Xi'an Weixiang Real Estate Co., Ltd.	30,000,000.00
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	473,035,137.00
Nantong Zhongnan Valley Investment Management Co., Ltd.	2,000,000.00
Nantong Zhongnan Commercial Development Co., Ltd.	30,050,000.00
Tancheng Zhongnan Construction Development Co., Ltd.	147,600,000.00
Less: Cash and cash equivalents held by subsidiaries on disposal date	350,573,302.95
Including: Xi'an Chixiang Real Estate Co., Ltd.	65,129,413.20
Xi'an Weixiang Real Estate Co., Ltd.	2,010,538.49
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	230,060,296.81
Nantong Zhongnan Valley Investment Management Co., Ltd.	1,904,934.34
Nantong Zhongnan Commercial Development Co., Ltd.	1,520.11

Item	Year ended 2020.12.31
Tancheng Zhongnan Construction Development Co., Ltd.	51,466,600.00
Add: Cash or cash equivalents received in the current period for disposal of subsidiaries that occurred in the previous period	220,570,150.00
Including: Suzhou Zhongnan Center Investment and Construction Co., Ltd.	220,570,150.00
Net cash received from disposal of subsidiaries	582,681,984.05

(3) Cash and cash equivalents

Item	2020.12.31	2019.12.31
I. Cash	24,414,712,204.69	16,168,294,277.21
Including: Cash on hand	8,644,197.30	8,773,529.54
Cash at bank readily available for payment	24,213,141,814.62	15,625,373,628.10
Other monetary funds readily available for payment	192,926,192.77	534,147,119.57
II. Cash equivalents	-	-
Including: Bond investment due within 3 months	-	-
III. Cash and cash equivalents as at end of year	24,414,712,204.69	16,168,294,277.21

62. Ownership or using rights of assets subject to restriction

Item	Carrying amount at year end (in ten thousand)	Reason of restriction
Cash and bank balances	844,603.35	Security deposit, pledged loans
Receivables	92,646.96	Factoring loans, pledged loans
Other non-current assets	1,524,367.57	Mortgage loans, pledged loans

Note: Restriction of assets ownership of land use rights, equity, fixed assets and construction in progress of the Company refer to Note XII.2 (3).

63. Items in foreign currencies

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Cash and bank balances			
Including: Australian dollar (AUD)	2,447,553.82	5.0163	12,277,664.23
USD	30,320,840.52	6.5249	197,840,452.31
HKD	9,606.28	0.8416	8,084.65
Swiss franc	0.79	7.4006	5.85

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
MRU	53,637.12	0.1799	9,649.32
Saudi Riyal	508.00	1.7390	883.41
MYR	395,507.12	1.6173	639,653.67
Accounts receivable			
Including: MYR	748,265.55	1.6173	1,210,169.87
Including: Iraqi Dinar	765,550,000.00	0.0045	3,444,975.00
Including: MRU	74,983,125.00	0.1799	13,489,464.19
Including: USD	831,782.00	6.5249	5,427,294.37
Other receivables			
Including: Australian dollar (AUD)	3,475,618.47	5.0163	17,434,744.93
Including: DZD	21,280,000.00	0.0496	1,055,488.00
Including: MYR	218,178.08	1.6173	352,859.41
Other payables			
Including: Australian dollar (AUD)	592,553.09	5.0163	2,972,424.07
Including: HKD	2,229,453,413.05	0.8416	1,876,307,992.42
Non-current liabilities due within one year			
Including: USD	207,578,525.00	6.5249	1,354,429,117.77
Bonds payable			
Including: USD	498,112,415.34	6.5249	3,250,133,698.85

64. Government grants

(1) Government grants recorded as deferred income and measured at gross amount method subsequently

Item	Category	2019.12.31	Additions during the year	Amount recognized in profit or loss in the year	Other movement	2020.12.31	Item presented in profit or loss in the year	Related to asset/income
Headquarter base land transfer fee subsidy [Note (1)]	Finance allocation	37,964,358.53	-	1,118,058.75	-	36,846,299.78	Other income	Related to asset
Subsidy for fixed assets on NPC Building product project [Note (2)]	Finance allocation	5,609,500.00	-	431,500.00	-	5,178,000.00	Other income	Related to asset
Subsidy for land transfer fee [Note (3)]	Finance allocation	10,398,630.60	-	401,233.32	-	9,997,397.28	Other income	Related to asset
Development Subsidy for Cishan Scenic Spot in Yantai [Note (4)]	Finance allocation	65,157,086.16	48,600,000.00	40,934,095.64	-	72,822,990.52	Other income	Related to asset/income
Government and Social Capital Cooperation Awards [Note (5)]	Finance allocation	1,250,000.00	-	-	-	1,250,000.00	Other income	Related to asset
Special fund for central inclusive financial development [Note (6)]	Finance allocation	8,000,000.00	-	-	-	8,000,000.00	Other income	Related to asset
Financial Subsidies from the Bureau of Finance [Note (7)]	Finance allocation	-	67,755,900.00	-	-	67,755,900.00	Other income	Related to asset
Total	--	128,379,575.29	116,355,900.00	42,884,887.71	-	201,850,587.58	--	--

Note:

- ① The Company's 45-hectare site in the second phase of its headquarters base was acquired on 23 May 2013 and obtained a Land use rights certificate (Land use right certificate number: Haiguoyong (2013) No. 071052). According to the Haimen Municipal People's Government (2013) No. 479, in order to reward the Company for its successful listing, the People's Government of Haimen City returned the above-mentioned land transfer fee of RMB 44.72 million previously paid by the Company in 2014. The Company received the payment and recognized as deferred income which will be recognized in profit or loss for the current year based on the remaining amortization period of the land.
 - ② According to approval by Shenyang Municipal Government in 2012 《About notice of 2012 Shenyang City promote key industries development special fund scheme (seventh batch) 》 (Shenzhuanxiangban [2012] No.10). Finance Bureau of Shenyang made payment of RMB 8.63 million to the Company's subsidiary Zhongnan Construction (Shenyang) Building Industry Co., Ltd. and the payment is specific for subsidy of fixed assets investment of the project "NPC Building product Project (Building Industry Base Phase 1 Construction)".
 - ③ According to 《Nantong Binhai Park Cooperative Development Agreement》 entered between the Company and Nantong Binhai Park Management Committee in 2013, in order to support the construction of Zhongnan Group Industry Park, Nantong Binhai Park Management Committee paid award funding of RMB 12.04 million to the Company's subsidiary Zhongnan Construction (Nantong) Building Industry Co., Ltd. when the actual land price of Zhongnan NPC project is higher than the average land price of raw land of RMB 60,000.00 per mu.
 - ④ Yantai Jinshang Real Estate Development Co., Ltd. invests and develops Yantai Cishan Scenic Spot Project, which belongs to the support project of Yantai Economic and Technological Development Management Committee. According to the investment and development agreement, it is agreed that Yantai Development Zone should return the support fund to Yantai Jinshan in the form of and not limited to cash. Based on the calculation according to the land payment paid by Yantai Jinshan, and the cash compensation received was RMB 48.60 million. It was included in deferred income.
- Yantai Xianhaju Hotel Co., Ltd., another main entity of the development of Cishan Scenic Spot in Yantai, has received RMB 28.90 million of cash compensation from Yantai Development Zone as of 31 December 2019, in accordance with the investment and development agreement to return the support funds in the same way. The amount was included in deferred income.
- ⑤ According to the "Shandong Provincial Government and Social Capital Cooperation Special Funds Management Measures" (Lucaijin [2017] No.5) and "Notice on the Budget Indicators of Shandong Provincial Government and Social Capital Cooperation Awards and Supplementary Funds in 2017" (Jicaijin Zi [2017] No.8), an amount of RMB 600,000 was allocated to Jining Zhongnan Hospital Management Co., Ltd. for the use of PPP Project Special Funds for of Rencheng District Elderly Care Hospital of Integrated Chinese and Western Medicine. According to the "Notice on issuing awards for cooperation projects between provincial governments and social capital in the water system around the city" (Dongcaijin [2019] No. 20), an amount of RMB 150,000 was allocated to Dong'a County Zhongnan Construction

Development Co., Ltd. for the use of special funds for PPP demonstration projects. According to the 2018 Shandong Provincial Government and Social Capital Cooperation Award Supplementary Funding Budget, an amount of RMB 500,000 was awarded by Rizhao City Housing and Urban-rural Development Committee for the national demonstration project.

⑥ According to the "Special Funds Management Measures for Inclusive Financial Development" (Cai Jin [2016] No. 85) of the Ministry of Finance in 2018, Rizhao's Tracking PPP projects is supported by award instead of financing, award funds of RMB 8.00 million was given to Rizhao Zhongnan Park Operation Development Co., Ltd. for Rizhao Technology Innovation Center PPP project.

⑦ According to the minutes of the Jinhu County Party and Government Joint Meeting, the Jinhu County Finance Bureau allocated RMB 67.76 million to the Company's subsidiary Jinhu Zhongnan Hexin Aviation Development Co., Ltd. in December 2020 for the construction of the aviation creative culture base project.

(2) Government grants recognized in income for the year by gross method

Item	Category	Recognized as income in prior year	Recognized as income in current year	Presented in income statement	Related to assets/ income
Government subsidies for deferred income carrying forward	Finance allocation	40,185,705.91	42,884,887.71	Other income	Related to asset/ income
Land compensation	Finance allocation	-	30,450,000.00	Other income	Related to income
Award for tax payment	Finance allocation	40,078,347.57	16,193,351.66	Other income	Related to income
Subsidies from the Finance Bureau	Finance allocation	10,467,636.86	-	Other income	Related to income
Incentives for construction companies	Finance allocation	-	4,000,000.00	Other income	Related to income
Special support funds in Changning District	Finance allocation	-	3,491,000.00	Other income	Related to income
Green building subsidy	Finance allocation	-	2,629,070.00	Other income	Related to income
Subsidies for training	Finance allocation	-	2,356,000.00	Other income	Related to income
Award for retrun of trading business of manufacturing industry	Finance allocation	-	1,867,000.00	Other income	Related to income

Item	Category	Recognized as income in prior year	Recognized as income in current year	Presented in income statement	Related to assets/ income
Subsidies for skilled talents for college graduates	Finance allocation	-	1,721,600.00	Other income	Related to income
Science and Technology Innovation Award from the Finance Bureau	Finance allocation	-	1,250,000.00	Other income	Related to income
Provincial Entrepreneurship Demonstration Base Award	Finance allocation	-	1,024,568.19	Other income	Related to income
Total of other small government grants	Finance allocation	8,360,403.72	7,534,299.89	Other income	Related to asset/ income
Total	--	99,092,094.06	115,401,777.45	--	--

VI. Changes in the scope of consolidation

1. Disposal of subsidiaries

Subsidiary from single disposal to loss of control

Subsidiary	Equity disposal proceed	Disposed shareholding %	Share disposal method	Timing of loss of control	Basis in determining timing of loss of control	Difference between disposal proceed and net asset of disposed subsidiary attributable to consolidated financial statements	Goodwill in consolidated financial statements relating to the disposed subsidiary
Xi'an Chixiang Real Estate Co., Ltd.	292,697,531.05	85.00	Sold	2020.6.15	According to the equity transfer agreement	291,447,366.65	-
Xi'an Weixiang Real Estate Co., Ltd.	313,735,149.83	85.00	Sold	2020.6.15	According to the equity transfer agreement	296,114,324.02	-
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	773,253,000.00	100.00	Sold	2020.4.16	According to the equity transfer agreement	337,826,557.98	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Tancheng Zhongnan Construction Development Co., Ltd.	147,600,000.00	90.00	Sold	2020.4.30	According to the equity transfer agreement	284,002.09	-
Nantong Zhongnan Valley Investment Management Co., Ltd.	2,000,000.00	100.00	Sold	2020.9.30	According to the equity transfer agreement	1,093,536.99	-
Nantong Zhongnan Commercial Development Co., Ltd.	30,050,000.00	100.00	Sold	2020.10.31	According to the equity transfer agreement	-94,061.14	-

Continued:

Subsidiary	Remaining equity ratio when losing control	Carrying amount of remaining equity when losing control	Fair value of remaining equity when losing control	Gains or losses remeasured at fair value	Determination methods and assumption of the fair value of remaining equity when losing control	Other comprehensive income related to the original subsidiary's equity investment transferred to investment income
Xi'an Chixiang Real Estate Co., Ltd.	-	-	-	-	-	-
Xi'an Weixiang Real Estate Co., Ltd.	-	-	-	-	-	-
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	-	-	-	-	-	-
Tancheng Zhongnan Construction Development Co., Ltd.	-	-	-	-	-	-
Nantong Zhongnan Valley Investment Management Co., Ltd.	-	-	-	-	-	-
Nantong Zhongnan Commercial Development Co., Ltd.	-	-	-	-	-	-

Note:

The disposal of Nantong Zhongnan Valley Investment Management Co., Ltd. during the year included its subsidiaries Haimen Zhongnan Valley Information Technology Co., Ltd., Haimen Zhongnan Valley Business Incubator Co., Ltd., Nanjing Zhongnan Valley Business Incubator Co., Ltd., and Nanjing Zhongnan Valley Information Technology Co., Ltd.

2. Other

(1) Entities newly include in the scope of consolidation

In current year, there were 242 subsidiaries newly established, including Xi'an Jieli Real Estate Co., Ltd. were in this period.

(2) Acquisition of shares does not constitute business combinations and resulting in changes in the scope of consolidation as follows:

Name of entity	Name of entity
Xianyang Nanfeng Real Estate Co., Ltd.	Xuzhou Fenglan Real Estate Co., Ltd.
Lancang Qijia Investment Co., Ltd.	Zhenjiang Mingcheng Real Estate Co., Ltd.
Yuyao Jiayoushen Real Estate Co., Ltd.	Urumqi Jinrui Shengda Real Estate Development Co., Ltd.
Xuzhou Jinshuo Real Estate Development Co., Ltd.	Urumqi Longrui Xinjing Real Estate Development Co., Ltd.

(3) Cancellation of subsidiaries

Name of entity	Name of entity
Haimen Liantian Electronic Commerce Co., Ltd.	Lhasa Jinteng Business Management Consulting Co., Ltd.
Weifang Zhongnan Jinyi Real Estate Development Co., Ltd.	Hangzhou Tanghong Business Management Consulting Co., Ltd.
Wenchang Zhongnan Jinhong Real Estate Co., Ltd.	Wenchang Zhongnan Urban Development Co., Ltd.
Wenchang Zhongnan Jinxing Real Estate Co., Ltd.	Taichang Jinxuan Real Estate Development Co., Ltd.
Wenchang Zhongnan Jinyang Real Estate Co., Ltd.	Jiangsu Zhongnan Century City Real Estate Development Co., Ltd.
Huizhou Zhongnan Jinde Real Estate Co., Ltd.	Oriental Zhongnan Real Estate Development Co., Ltd.
Shenyang Zhongnan Ruiheng Real Estate Development Co., Ltd.	Nantong Zhongnan City Shopping Center Management Co., Ltd.
Tianjin Jinqi Real Estate Development Co., Ltd.	Xi'an Shuojin Real Estate Co., Ltd.
Guiyang Zhongnan New World Real Estate Development Co., Ltd.	Taizhou Jingrong Real Estate Co., Ltd.
Danzhou Zhongnan Land Development Co., Ltd.	Taizhou Jinghong Real Estate Co., Ltd.
Lichuan Tongtu Construction Development Co., Ltd.	Yongjia Jinchun Construction Development Co., Ltd.
Zhongnan Xingsheng (Gu'an) New Building Materials Co., Ltd.	Biyang Zhongnan Hankun Tongtu Management Co., Ltd.

VII. Interests in other entities

1. Equity in subsidiaries

(1) Composition of secondary level of Group structure

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Zhongnan Zhenjiang Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	98.11	-	Set-up by investment
Wenchang Zhongnan Real Estate Development Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Real estate development	100.00	-	Set-up by investment
Haimen Zhongnan Century City Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Qingdao Bay New City Real Estate Development Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	100.00	-	Set-up by investment
Nanjing Changjin Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Zhongnan New World Center Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Huacheng Zhongnan Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Zhongnan Century Huacheng Investment Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Haimen Zhongnan Investment Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate investment	60.00	-	Set-up by investment
Ledong Zhongnan Investment Co., Ltd.	Ledong County, Hainan Province	Ledong County, Hainan Province	Real estate development	97.00	-	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Danzhou Zhongnan Land Development Co., Ltd.	Danzhou, Hainan Province	Danzhou, Hainan Province	Real estate development	97.00	-	Set-up by investment
Suzhou Zhongnan Century City Real Estate Development Co., Ltd.	Wujiang, Jiangsu Province	Wujiang, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Jinyi Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	97.22	-	Set-up by investment
Yingkou Zhongnan Century City Real Estate Development Co., Ltd.	Yingkou, Liaoning Province	Yingkou, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	99.90	0.10	Set-up by investment
Haimen Zhongnan International Real Estate Brokerage Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate sales agent	100.00	-	Set-up by investment
Anhui Zhongsheng Construction Investment Co., Ltd.	Anqing, Anhui Province	Anqing, Anhui Province	Real estate investment	60.00	-	Set-up by investment
Zhongnan Century City (Shenyang) Real Estate Development Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Dongying Zhongnan City Construction Investment Co., Ltd.	Dongying, Shandong Province	Dongying, Shandong Province	Real estate development	95.57	-	Set-up by investment
Dalian Zhongnan Century City Development Co., Ltd.	Dalian, Liaoning Province	Dalian, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Nanjing Zhongnan Xinjincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	60.00	-	Set-up by investment
Nanjing Zhongnan Century City Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	96.89	-	Set-up by investment
Suzhou Zhongnan Yayuan Real Estate Development Co., Ltd.	Suzhou, Jiangsu Province	Suzhou, Jiangsu Province	Real estate development	98.83	-	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Zhongnan Yunjin (Beijing) Real Estate Development Co., Ltd.	Beijing	Beijing	Real estate development	100.00	-	Set-up by investment
Shanghai Jinguan Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	98.90	-	Set-up by investment
Nanjing Lishui Wanchen Real Estate Investment Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	非同一控制下企业合并
Shanghai Jinfu Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	99.23	-	Set-up by investment
Nanjing Zhongnan Huacheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	93.84	-	Set-up by investment
Haimen Zhongnan Real Estate Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	88.83	-	Set-up by investment
Nanjing Zhongnan Xianlin Times Commercial Management Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	99.90	0.10	Set-up by investment
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Hangzhou Zhongnan Yujin Real Estate Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	95.00	-	Set-up by investment
Nanjing Zhongnan Yujincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	95.48	-	Set-up by investment
Tianjin Fuhai Real Estate Development Co., Ltd.	Tianjin	Tianjin	Real estate development	70.16	-	非同一控制下企业合并
Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	100.00	-	Set-up by investment
Shenzhen Zhongnan Real Estate Co., Ltd.	Shenzhen,	Shenzhen,	Real estate	100.00	-	Set-up by

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
	Guangdong Province	Guangdong Province	development			investment
Shanghai Xizhuang Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	100.00	-	Set-up by investment
Hangzhou Guangming Business management Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management planning service	94.97	-	Set-up by investment
Yantai Xiankeju Hotel Co., Ltd.	Yantai, Shandong Province	Yantai, Shandong Province	Hotel management	100.00	-	Set-up by investment
Hangzhou Haoke Business Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consultation	100.00	-	Set-up by investment
Hangzhou Mashang Business Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consultation	100.00	-	Set-up by investment
Nantong Jinhong Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	70.00	26.02	Set-up by investment
Foshan Zhongwu Jingxi Real Estate Co., Ltd.	Foshan, Guangdong Province	Foshan, Guangdong Province	Real estate development	48.63	-	Set-up by investment
Zhongnan Kedianyuan Sports Culture Industry Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Sports services	100.00	-	购买资产
Nantong Zhongnan Industry City Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	购买资产
Changsha Nanxia Civil Engineering Construction Co., Ltd.	Changsha, Hunan Province	Changsha, Hunan Province	Engineering construction	100.00	-	Set-up by investment
Nantong Zhongyu Building Material Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building Materials Wholesale	100.00	-	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Nantong Jinshi Shiyuan Hotel Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Hotel management	100.00	-	Set-up by investment
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	75.00	-	Set-up by investment
Jiaxing Zhongnan Jinleja Real Estate Development Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	100.00	-	Set-up by investment
Jiangsu Zhongnan Jinhong Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	60.00	-	Set-up by investment
Jiangsu Zhongnan Landscape Engineering Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Engineering construction	83.70	-	Set-up by investment
Jiangsu Zhongnan Building Waterproof Engineering Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Engineering construction	84.70	-	Set-up by investment
Nantong Zhongnan Commercial Concrete Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Concrete production	79.60	-	Set-up by investment
Jiangsu Zhongnan Yide Cultural Tourism Industry Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Cultural tourism industry investment consulting	51.00	-	Set-up by investment
Big C&S Group Pty. Ltd	Hong Kong, China	Hong Kong, China	Real estate development	70.00	-	Set-up by investment
Jiangsu Tongzhou Bay Zhongnan Urban Development and Construction Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	80.00	-	Set-up by investment
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	100.00	-	Set-up by investment
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Shanghai	Shanghai	Investment management	100.00	-	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Chuzhou Zhongnan Yunda Investment Fund Partnership (Limited Partnership)	Chuzhou, Anhui Province	Chuzhou, Anhui Province	Equity investment management	99.99	-	Set-up by investment
Haimen Zhongnan Jinyuan Real Estate Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	40.00	60.00	Set-up by investment
Zhongnan Construction Blockchain Agricultural Development (Shenzhen) Company (limited partnership)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Blockchain technology development	32.67	66.33	Set-up by investment
Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	48.99	42.76	Set-up by investment
Zhenjiang Zhongnan New Jincheng Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	41.77	58.23	Set-up by investment
Changshu Zhongnan Yujincheng Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	11.53	88.47	Set-up by investment
Changshu Zhongnan Panjin Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	20.00	77.23	Set-up by investment
Taixing Zhongnan Century City Real Estate Development Co., Ltd.	Taixing, Jiangsu Province	Taixing, Jiangsu Province	Real estate development	21.00	75.73	Set-up by investment
Danzhou Zhongnan City Development Co., Ltd.	Danzhou, Hainan Province	Danzhou, Hainan Province	Real estate development	97.00	-	Set-up by investment
Peixian Yangtun Zhongnan Construction Development Co., Ltd.	Yangtun, Peixian County, Jiangsu Province	Yangtun, Peixian County, Jiangsu Province	PPP PROJECT OPERATION	2.50	90.00	Set-up by investment

Note:

① Subsidiary's shareholding ratio is different from the proportion of voting rights

Name of subsidiary	Shareholding ratio %	Voting right ratio %	Reason of difference
Hebei Julii Modern City Real Estate Development Co., Ltd.	46.95	100.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Foshan Zhongwu Jingxi Real Estate Co., Ltd.	48.63	100.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Bengbu Saite Zhongnan Real Estate Development Co., Ltd.	80.00	100.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Hangzhou Jinkun Business Management Consulting Co., Ltd.	50.00	67.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Huai'an Shangjin Real Estate Co., Ltd.	34.00	67.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Xuzhou Rongpeng Real Estate Development Co., Ltd.	50.00	51.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Ningbo Jingyao Real Estate Co., Ltd.	50.00	51.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Nantong Xinyang Real Estate Co., Ltd.	40.00	70.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio
Haimen Jinrui Real Estate Co., Ltd.	50.00	60.00	According to the equity agreement, the shareholding ratio is different from the voting rights ratio

② Holding more than half of the voting rights but not controlling the investee

Item	Voting right ratio %	Reasons for not included in the scope of consolidation
Zoucheng Jinshang Real Estate Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Jining Zhongnan Intelli Real Estate Co., Ltd.	65.00	According to the equity agreement, joint control with the partner
Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Weifang City Zhongnan Jincheng Real Estate Development Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Weifang City Zhongnan Jinyue Real Estate Development Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Wenzhou Jingrong Real Estate Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Yantai Jincheng Real Estate Development Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Shenyang Metro Yurui Project Management Co., Ltd.	80.00	According to the equity agreement, joint control with the partner
Shenzhen Baoyu Investment Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Huizhou Pingxi Investment Consulting Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Xuzhou Jinxi Real Estate Development Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Hua'an Jinxi Real Estate Co., Ltd.	55.00	According to the equity agreement, joint control with the partner
Zhuji Jinghui Real Estate Co., Ltd.	78.03	According to the equity agreement, joint control with the partner
Zhuji Jingshi Real Estate Co., Ltd.	64.53	According to the equity agreement, joint control with the partner
Zhuji Jingming Real Estate Co., Ltd.	85.00	According to the equity agreement, joint control with the partner
Chengdu Yunze Real Estate Development Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Kunming Zhongyue Real Estate Co., Ltd.	50.60	According to the equity agreement, have a significant influence on the investee

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Item	Voting right ratio %	Reasons for not included in the scope of consolidation
Weihai Xingyue Real Estate Development Co., Ltd.	75.00	According to the equity agreement, joint control with the partner
Deqing Jinye Real Estate Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Zhuguang Group Jiaojiang Real Estate Co., Ltd.	66.50	According to the equity agreement, joint control with the partner
Taichang Jintai Real Estate Development Co., Ltd.	75.00	According to the equity agreement, joint control with the partner
Taichang Jinye Real Estate Development Co., Ltd.	75.00	According to the equity agreement, joint control with the partner
Jiangsu Jinze Real Estate Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Suzhou Genmao Real Estate Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Nanjing Jinsong Development Real Estate Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Huzhou Jinyu Real Estate Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Weihai Defa Real Estate Development Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Gu'an County Zhongnan Xingsheng Real Estate Development Co., Ltd.	70.00	According to the equity agreement, joint control with the partner
Shenzhen Baonan Lvrong Investment Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Zhangjiagang Jinyu Land Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Lianyungang Huaxi Real Estate Co., Ltd.	65.00	According to the equity agreement, joint control with the partner
Haimen Jinteng Real Estate Co., Ltd.	75.00	According to the equity agreement, joint control with the partner
Pingjia (Shenzhen) Investment Co., Ltd.	60.00	According to the equity agreement, joint control with the partner
Pingxi (Shenzhen) Investment Co., Ltd.	60.00	According to the equity agreement, joint control with the partner

Item	Voting right ratio %	Reasons for not included in the scope of consolidation
Huasheng Real Estate Development (Shenzhen) Co., Ltd.	51.00	According to the equity agreement, joint control with the partner
Huainan Jiahua Real Estate Development Co., Ltd.	51.00	According to the equity agreement, have a significant influence on the investee
Yunnan Yihong Real Estate Development Co., Ltd.	57.00	According to the equity agreement, joint control with the partner

(2) Changes in the shareholder's equity in the subsidiary and still control the subsidiary

① Changes in the shareholder's equity in subsidiaries:

Subsidiary	Shareholding before change %	Shareholding after change %	Reason of change in shareholding
Shenzhen Zhongnan Jinde Investment Co., Ltd.	100.00	85.00	Increase contribution by minority shareholders
Hangzhou Pengyuan Investment Management Co., Ltd.	100.00	70.00	Increase contribution by minority shareholders
Ningbo Jingtai Real Estate Co., Ltd.	100.00	70.00	Sale of portion of equity
Zhuji Jingheng Real Estate Co., Ltd.	100.00	51.00	Increase contribution by minority shareholders
Ningbo Fenghua Jingchen Real Estate Co., Ltd.	100.00	70.00	Increase contribution by minority shareholders
Jiaxing Jinhao Real Estate Co., Ltd.	100.00	55.00	Increase contribution by minority shareholders
Hangzhou Jinkun Business Management Consulting Co., Ltd.	100.00	50.00	Increase contribution by minority shareholders
Jiangsu Zhongnan Landscape Engineering Co., Ltd.	85.75	83.70	Acquisition of minority interests, Sale of portion of equity
Jiangsu Zhongnan Building Waterproof Engineering Co., Ltd.	93.83	84.70	Sale of portion of equity

Nantong Zhongnan Commercial Concrete Co., Ltd.	85.72	79.60	Sale of portion of equity
--	-------	-------	---------------------------

Note: In addition to the above share transactions with minority shareholders, the Group introduced a mechanism of risk sharing and benefit sharing with employees, namely, the Project follow-up investment plan. After the implementation of the Project follow-up plan, other investors are the minority shareholder of the investee and the Company still control each of the subsidiaries after the transaction. The Company's capital reserve decreased by RMB 841,230.99 due to changes in equity investment during the current period.

② Impact of transactions on minority interests and equity attributable to owners of the parent company:

Item	Shenzhen Zhongnan Jinde Investment Co., Ltd.	Hangzhou Pengyuan Investment Management Co., Ltd.	Ningbo Jingtai Real Estate Co., Ltd.	Zhuji Jingheng Real Estate Co., Ltd.	Ningbo Fenghua Jingchen Real Estate Co., Ltd.
Acquisition cost / sale consideration:					
Cash	-	-	3,000,000.00	-	-
Fair value of non-monetary assets	-	-	-	-	-
Total of acquisition cost / sale consideration	-	-	3,000,000.00	-	-
Less: Amount of share of net assets of subsidiaries in proportion to equity acquired / disposed	-842.57	-4,657.61	2,998,470.51	-824.88	-4,109,428.85
Difference	842.57	4,657.61	1,529.49	824.88	4,109,428.85
Include: adjustment of capital reserve	842.57	4,657.61	1,529.49	824.88	4,109,428.85
Adjustment of surplus reserve	-	-	-	-	-
Adjustment of undistributed profit	-	-	-	-	-

Continued ②:

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Jiaxing Jinhao Real Estate Co., Ltd.	Hangzhou Jinkun Business Management Consulting Co., Ltd.	Jiangsu Zhongnan Landscape Engineering Co., Ltd.	Jiangsu Zhongnan Building Waterproof Engineering Co., Ltd.	Nantong Zhongnan Commercial Concrete Co., Ltd.
Acquisition cost / sale consideration:					
Cash	-	-	2,363,350.00	1,662,300.00	2,143,350.00
Fair value of non-monetary assets	-	-	-	-	-
Total of acquisition cost / sale consideration	-	-	2,363,350.00	1,662,300.00	2,143,350.00
Less: Amount of share of net assets of subsidiaries in proportion to equity acquired / disposed	-19,480.49	-84,833.67	5,259,645.70	3,452,223.20	3,984,055.31
Difference	19,480.49	84,833.67	-2,896,295.70	-1,789,923.20	-1,840,705.31
Include: adjustment of capital reserve	19,480.49	84,833.67	-2,896,295.70	-1,789,923.20	-1,840,705.31
Adjustment of surplus reserve	-	-	-	-	-
Adjustment of undistributed profit	-	-	-	-	-

2. Equities in joint venture or associates

(1) Significant joint ventures and associates

Joint venture and associate	Principal place of business	Place of registration	Nature of business	Shareholding ratio		Accounting treatment on investment in joint ventures or associates
				(%)		
				Direct	Indirect	
① Joint venture						
Nantong Jinde Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	40.00	Equity method
Nantong Jinhui Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	40.00	Equity method
Suzhou Kaiping Real Estate Development Co., Ltd.	Suzhou, Jiangsu Province	Suzhou, Jiangsu Province	Real estate development	47.72	-	Equity method
② Associate						
Kunming Zhongyue Real Estate Co., Ltd.	Kunming, Yunnan Province	Kunming, Yunnan Province	Real estate development	-	50.60	Equity method

(2) Financial information of significant joint ventures

Item	Nantong Jinde Real Estate Co., Ltd.		Nantong Jinhui Real Estate Co., Ltd.		Suzhou Kaiping Real Estate Development Co., Ltd.	
	2020.12.31	2019.12.31	2020.12.31	2019.12.31	2020.12.31	2019.12.31
Current assets	2,312,929,848.53	5,156,505,296.31	2,242,927,665.30	4,715,708,912.69	1,312,506,818.77	2,348,629,529.68
Including: Cash and cash equivalents	391,073,293.60	210,367,899.18	275,885,077.78	35,408,639.29	223,295,711.67	305,020,696.66

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Nantong Jinde Real Estate Co., Ltd.		Nantong Jinhui Real Estate Co., Ltd.		Suzhou Kaiping Real Estate Development Co., Ltd.	
	2020.12.31	2019.12.31	2020.12.31	2019.12.31	2020.12.31	2019.12.31
Non-current assets	-	450,000,000.00	319,545,522.57	-	52,178.86	177,465.71
Total assets	2,312,929,848.53	5,606,505,296.31	2,562,473,187.87	4,715,708,912.69	1,312,558,997.63	2,348,806,995.39
Current liabilities	539,726,801.04	4,478,655,886.97	828,245,945.51	3,551,237,635.84	220,348,467.79	1,672,963,009.57
Non-current liabilities	-	-	-	-	-	-
Total liabilities	539,726,801.04	4,478,655,886.97	828,245,945.51	3,551,237,635.84	220,348,467.79	1,672,963,009.57
Net assets	1,773,203,047.49	1,127,849,409.34	1,734,227,242.36	1,164,471,276.85	1,092,210,529.84	675,843,985.82
Include: Minority interests	-	-	-	-	-	-
Owners' equity attributable to parent company	1,773,203,047.49	1,127,849,409.34	1,734,227,242.36	1,164,471,276.85	1,092,210,529.84	675,843,985.82
Share of net assets by the shareholding ratio	709,281,219.00	451,139,763.74	693,690,896.94	465,788,510.74	521,202,864.84	322,512,750.03
Adjustment	-	-	-	-	-	-
Including: Goodwill	-	-	-	-	-	-
Unrealized profit or loss in internal transactions	-	-	-	-	-	-
Provision for impairment	-	-	-	-	-	-
Others	-	-	-	-	-	-
Carrying amount of investment in joint venture	709,281,219.00	451,139,763.74	693,690,896.94	465,788,510.74	521,202,864.84	322,512,750.03

Item	Nantong Jinde Real Estate Co., Ltd.		Nantong Jinhui Real Estate Co., Ltd.		Suzhou Kaiping Real Estate Development Co., Ltd.	
	2020.12.31	2019.12.31	2020.12.31	2019.12.31	2020.12.31	2019.12.31
Fair value of equity investment with public quote price	--	--	--	--	--	--
Continued:						
Item	Nantong Jinde Real Estate Co., Ltd.		Nantong Jinhui Real Estate Co., Ltd.		Suzhou Kaiping Real Estate Development Co., Ltd.	
	Year ended 2020.12.31	Year ended 2019.12.31	Year ended 2020.12.31	Year ended 2019.12.31	Year ended 2020.12.31	Year ended 2019.12.31
Operating income	3,905,311,020.32	12,916.96	3,915,990,669.58	9,668.63	1,479,590,045.61	557,820,467.70
Financial expenses	-2,420,087.72	-10,635,745.16	-12,079,426.36	-2,881,292.75	-946,860.37	-1,224,884.86
Income tax expense	88,377,053.42	-	115,040,391.30	-	138,887,514.47	60,453,914.14
Net profit	645,353,638.15	-25,076,762.00	569,755,965.51	-21,083,125.99	416,366,544.02	167,186,190.78
Net profit from discontinued operation	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	645,353,638.15	-25,076,762.00	569,755,965.51	-21,083,125.99	416,366,544.02	167,186,190.78
Dividend received from joint venture	--	--	--	--	--	--

(3) Financial information of significant associates

Item	Kunming Zhongyue Real Estate Co., Ltd.	
	2020.12.31	2019.12.31
Current assets	1,807,774,101.24	3,095,705,008.91
Non-Current assets	33,756.46	36,426.12
Total assets	1,807,807,857.70	3,095,741,435.03
Current liabilities	1,312,808,250.64	3,213,531,462.80
Non-current liabilities	-	-
Total liabilities	1,312,808,250.64	3,213,531,462.80
Net assets	494,999,607.06	-117,790,027.77
Include: Minority interests	-	-
Owners' equity attributable to parent company	494,999,607.06	-117,790,027.77
Share of net assets by the shareholding ratio	250,469,801.18	-59,601,754.05
Adjustment	-	-
Including: Goodwill	-	-
Unrealized profit or loss in internal transactions	-	-
Provision for impairment	-	-
Others	-	-
Carrying amount of investment in associate	250,469,801.18	-59,601,754.05
Fair value of equity investment with public quote price	--	--
Continued:		

Item	Kunming Zhongyue Real Estate Co., Ltd.	
	Year ended 2020.12.31	Year ended 2019.12.31
Operating income	2,527,959,252.04	561,142.20
Net profit	612,789,634.83	-66,129,967.96
Net profit on discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	612,789,634.83	-66,129,967.96
Dividend received from associate	--	--

(4) Summary of financial information of insignificant joint venture and associates

Item	2020.12.31/ Year ended 2020.12.31	2019.12.31/ Year ended 2019.12.31
Joint Ventures:		
Total carrying value of investment	8,251,654,976.48	6,926,228,954.91
Total amount calculated in according to shareholding ratio	933,681,900.08	71,649,391.19
Net profit	2,418,518,877.56	-201,812,657.40
Other comprehensive income	-	-
Total comprehensive income	2,418,518,877.56	-201,812,657.40
Associates:		
Total carrying value of investment	16,687,976,912.73	5,653,067,917.98
Total amount calculated in according to shareholding ratio	639,487,917.29	271,014,585.29
Net profit	2,683,844,255.09	285,412,674.24
Other comprehensive income	-	-
Total comprehensive income	2,683,844,255.09	285,412,674.24

(5) Restriction in transfer of currency fund to the Company from joint venture or associate

The Company's joint venture or associates are not having restriction in transfer of currency fund to the Company.

VIII. Financial instruments and risk management

The main financial instruments of the Group include cash and bank balances, trading financial assets, bills receivable, accounts receivable, receivable financing, other receivables, contract assets, non-current assets due within one year, other current assets, other non-current financial assets, long-term receivables, other non-current assets, short-term loans, bills payable, accounts payable, other payables, and non-current liabilities due within one year, long-term loans, bonds payable, and long-term payables. Details of these financial instruments were disclosed in relevant notes. Risks associated with these financial instruments, as well as the Group's risk management policies meant to mitigate these risks are described below. The Group's management managed and monitored these risk exposures to ensure the above risks are controlled within certain limits.

1. Risk management objectives and policies

The Group's objective in risk management is to obtain an appropriate balance between risk and profits, and strive to reduce the adverse impact of the financial risk on the Group's financial performance. Based on this objective, the Group has developed the risk management policy to identify and analyze the risks the Group is facing, set the appropriate tolerable level of risks and design the internal control process to monitor the risk level. The Group reviews the risk management policy and relevant internal control system to adapt to the changes of market or operations regularly. The Group's internal audit department also reviews regularly or randomly tests whether the performance of internal control system accord with the risk management policy.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (mainly interest rate risk and exchange risk).

The Board of Directors is responsible for planning and establishing the group's risk management framework, specifying the group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks. These risk management policies specify specific risks and cover market risk, credit risk and liquidity risk management. The Group regularly evaluates changes in the market environment and business activities of the Group to determine whether to update risk management policies and systems. The risk management of the Group shall be carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and evades related risks through close cooperation with other business units of the Group. The Internal Audit Department of the Group conducts regular audits on risk management control and procedures, and reports the results to the Audit Committee of the Group.

The Group disperses the risk of financial instruments and reduces the risk concentrated on any single industry, specific region or specific counterparty by appropriately diversifying investment, business portfolio and formulating corresponding risk management policies.

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Group by failing to discharge an obligation.

The Group managed the credit risk by group. The credit risk mainly came from bank deposits, trading financial assets, bills receivable, accounts receivable, other receivables and long-term receivables.

The bank deposits of the Group mainly deposited in state-owned banks and other large and medium sized listed banks. The Group expects that there is no significant credit risks exist on the bank deposit.

For accounts receivable, other receivables and long-term receivables, the Group makes relevant policies to control credit risk exposures. The Group assesses the quality of debtors' credit rating and set their credit limits and credit period based on the debtors' financial position, agencies rating, the probability of guarantee from the third party, credit history and other factors such as current market condition. The Group adopts the policy to trade with counterparty with good credit and request for securities when necessary, so as to remediate the financial loss when the counterparty is unable to fulfill their obligation. The Group monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The debtors of the group's accounts receivable are artificially distributed among customers in different industries and regions. The Group continuously carries out credit assessment on the financial status of accounts receivable and purchases credit guarantee insurance when appropriate.

The maximum exposure to credit risk borne by the Group is the carrying amount of each financial asset in the balance sheet. The Group did not provide any guarantee that may cause the Group to bear credit risk. Details refer to Note XII 2.

In the Group's accounts receivable, the accounts receivable due from the top five debtors accounted for 17.85% (2019: 17.59%) ; in the Group's other receivables, the other receivables due from the top five debtors accounted for 14.84% of the total (2019: 14.00%).

(2) Liquidity risk

Liquidity risk is the risk that the Group is short of funds to deliver cash or other financial assets or meet settlement obligations.

To manage liquidity risk, the Group maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Group's short and long-term fund demands.

(3) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risks.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instrument and unrecognized financial instrument (such as loan commitments).

Interest rate risk of the Group mainly arises from interest-bearing borrowings, such as long-term bank loans and bonds payable. Financial liabilities with floating interest rates causes interest rate risks in cash flow to the Group and financial liabilities with fixed interest rates causes interest rate risks in fair value to the Group. The Group determines the proportion of fixed and floating interest rate bank loans according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Group pays close attention to the effect of interest rate changes on the Group's interest rate risk. The Group does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. Since fixed deposits are short-term in nature, the interest rate risk over fair value of bank deposits is not significant.

Interest-bearing financial instruments held by the Group are as follows: (Unit: RMB 10,000 Yuan) :

Item	Year ended 2020.12.31	Year ended 2019.12.31
Fixed rate financial instruments		
Financial liabilities	7,990,113.66	7,059,226.20
Including: Short-term loans	1,055,664.61	1,308,230.19
Long-term loans	4,825,795.06	4,467,667.85
Bonds payable	2,107,567.23	1,267,299.09
Long-term payables	1,086.76	16,029.07
Total	7,990,113.66	7,059,226.20
Floating rate financial instruments		
Financial assets	3,286,074.57	2,540,973.67

Item	Year ended 2020.12.31	Year ended 2019.12.31
Including: Cash and bank balances	3,286,074.57	2,540,973.67
Total	3,286,074.57	2,540,973.67

Exchange rate risk

Exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Exchange rate risk can arise from financial instrument measured at foreign currencies other than the reporting currency.

The Group's main operations are located in China and its main business is settled in RMB. However, the Group's recognised foreign currency assets and liabilities and future foreign currency transactions still have foreign exchange risks.

As of 31 December 2020, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Group converted into RMB are presented as follows:

Item	Foreign currency liabilities	Foreign currency assets
	2020.12.31	2020.12.31
USD	4,604,562,816.62	203,267,746.68
Australian dollar (AUD)	2,972,424.07	29,712,409.16
HKD	1,876,307,992.42	8,084.65
Swiss franc	-	5.85
MRU	-	13,499,113.51
Saudi Riyal	-	883.41
MYR	-	2,202,682.95
Iraqi Dinar	-	3,444,975.00
Algerian Dinar	-	1,055,488.00
Total	6,483,843,233.11	253,191,389.21

The Group pays close attention to the impact of exchange rate changes on the Group's exchange rate risk. The Group currently has not taken any measures to avoid exchange rate risk. However, the management is responsible for monitoring exchange rate risks and will consider hedging significant exchange rate risks when necessary.

2. Capital management

The aim of the Group's capital management policy is to safeguard the continuing operation of the Group, and hence provide returns for shareholders, and benefits for other stakeholders, meanwhile maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust financing method or dividends payable to the shareholders, returning capital to the shareholders, issue new shares or other equity instruments, or selling assets to reduce liabilities.

The Group monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at 31 December 2020, the Group's asset-liability ratio is 86.54% (As at 31 December 2019: 90.77%).

IX. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Fair value hierarchy is divided into the following:

Level 1: quoted price of identical assets or liabilities in active markets (unadjusted)

Level 2: directly (i.e. price) or indirectly (i.e. deduced from the price) use the observable input values other than the quoted prices of asset or liability in Level 1.

Level 3: asset or liability that use any input values (unobservable input values) other than observable market data.

(1) Items and amounts measured at fair value

As at 31 December 2020, assets and liabilities measured at fair value are presented by the above three levels:

Item	Level 3 fair value measurement	Level 3 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(1) Trading financial assets				
1. Funds and stock investment	17,273,855.02	-	-	17,273,855.02
2. Wealthy financial products			210,000,000.00	210,000,000.00
(2) Receivable financing				
1. Bills receivable	-	-	18,387,826.70	18,387,826.70
(3) Non-current assets due within one year				
1. Equity instruments investment	-	-	481,285,448.03	481,285,448.03
2. Debts instruments investment	-	-	263,250,000.00	263,250,000.00
(4) Investment properties	-	-	-	-
1. Leased buildings	-	-	6,361,020,900.00	6,361,020,900.00
Total assets measured at fair value on a recurring basis	17,273,855.02	-	7,333,944,174.73	7,351,218,029.75

In current year, the Group's financial assets and financial liabilities fair value does not occur conversion between level 1 and level 2, or transfer to or from level 3.

For financial instrument in an active market, the Group measures the fair value at quoted price in an active market.

2. Quantitative information of important unobservable input values used in level 3 of fair value measurement

Content	Fair value at year end	Valuation techniques
Trading financial assets:		
Wealthy financial products	210,000,000.00	Estimated future cash flow method
Receivable financing:		
Bills receivable	18,387,826.70	Discounted cash flow
Non-current assets due within one year:		
	200,000.00	Estimated future cash flow method
Equity instruments investment	3,185,257.03	Cost method
	477,900,191.00	Market approach
Debt instruments investment	263,250,000.00	Estimated future cash flow method
Investment properties:		
Commercial real estate and parking spaces	6,361,020,900.00	Market approach

3. Items and amounts not measured at fair value but disclosed the fair value

Financial assets and financial liabilities measured at amortized cost include: cash and bank balances, bills receivable, accounts receivable, other receivables, contract assets, non-current assets due within one year, other current assets, long-term receivables, other non-current assets, short-term loans, bills payable, accounts payable, other payables, long-term liabilities due within one year, long-term loans, bonds payable and long-term payables.

X. Related party and related party transactions

1. Parent Company

Name	Place of registration	Business nature	Registered capital (RMB in ten thousand)	Parent Group shareholding percentage in the Group %	Parent Group voting right percentage in the Group %
Zhongnan City Construction Investment Co., Ltd.	No. 188, Changqing Road, Changle Town, Haimen City	Development and Sale of Commercial Housing; City Construction Investment	163,227.63	53.83	53.83

Note of the parent company of the Company:

Zhongnan City Construction Investment Co., Ltd. is an entity mainly engaged in investment, development and sale of real estate. Its place of registration is Nantong city and the legal representative is Chen Jinshi.

The Company's ultimate controlling party is Mr Chen Jinshi.

2. The Company's subsidiaries

Details of subsidiaries refer to Note VII.1.

3. The Group's joint venture and associates

Details of significant joint venture and associate refer to Note V.14.

Significant joint venture and associate refer to Note VII. 2.

4. Other related parties of the Group

Related party	Relationship with the Group
Chen Jinshi	Actual controlling party
Zhongnan City Construction Investment Co., Ltd.	Parent Company of the company
Zhongnan Holding Group Co., Ltd.	Parent Company of parent company
Jiangsu Shenyu Integrated House Co., Ltd.	Investee of parent company of the Company's parent company
Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	Investee of parent company of the Company's parent company
Shanghai Wulu Construction Engineering Consulting Co., Ltd.	Investee of parent company of the Company's parent company
Shanghai Xiyue Architectural Design Consulting Co., Ltd.	Investee of parent company of the Company's parent company
Qingdao Lidong Urban Construction Investment Co., Ltd.	Investee of parent company of the Company's parent company
Nantong Huiyuan Pawn Co., Ltd.	Investee of parent company of the Company's parent company
Nanjing Chechuang Intelligent Technology Co., Ltd.	Investee of parent company of the Company's parent company
Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Common ultimate controlling party
Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	Common ultimate controlling party
Beijing Urban Construction Zhongnan Municipal Engineering Co., Ltd.	Common ultimate controlling party
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Metal Decoration Engineering Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Template Technology Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Wood Industry Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Panshi New Energy Development Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Cultural Communication Co., Ltd.	Common ultimate controlling party
Shanghai Jinqi Technology Co., Ltd.	Common ultimate controlling party
Zhongnan Urban Construction (Beijing) Machinery Construction Co., Ltd.	Common ultimate controlling party
Jiangsu Jinqi Information Technology Co., Ltd.	Common ultimate controlling party

Related party	Relationship with the Group
Haimen Jinfan Business management Co., Ltd.	Common ultimate controlling party
Hangzhou Tongze Information Technology Service Co., Ltd.	Common ultimate controlling party
Jiangsu Mojie Sports Culture Communication Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Education Technology Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Maochuang Investment Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Jinshi Enterprise Management Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Maochuang Investment Co., Ltd.	Common ultimate controlling party
Yantai Jinde Real Estate Co., Ltd.	Common ultimate controlling party
Zhilian Yunchuang (Nanjing) Digital Technology Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Culture and Sports Industry Co., Ltd.	Common ultimate controlling party
Danyang Jinyu Real Estate Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Industrial Investment Co., Ltd.	Common ultimate controlling party
Zhongnan Holding Group (Shanghai) Asset Management Co., Ltd.	Common ultimate controlling party
Jinan Zhongnan Real Estate Co., Ltd.	Common ultimate controlling party
Nanjing Jinfan Real Estate Co., Ltd.	Common ultimate controlling party
Shanghai Panqu Business Management Co., Ltd.	Common ultimate controlling party
Yangzhong Jinan Real Estate Co., Ltd.	Common ultimate controlling party
Yixing Zhongnan Real Estate Co., Ltd.	Common ultimate controlling party
Zhuzhou Xishi Industrial Development Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Hankun Project Management Co., Ltd.	Common ultimate controlling party
Zhongnan Financial Services (Shanghai) Investment Management Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Construction Engineering Decoration Co., Ltd.	Common ultimate controlling party
Nantong Haimen District Zhongnan Jinya Kindergarten Co., Ltd.	Common ultimate controlling party
Zibo Zhongnan Jinsheng Industrial Park Construction and Operation Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan New Material Co., Ltd.	Common ultimate controlling party
Shenzhen Zhongnan Jincheng Investment Co., Ltd.	Common ultimate controlling party
Suzhou Zhongnan Center Investment and Construction Co., Ltd.	Common ultimate controlling party

Related party	Relationship with the Group
Nantong Zhongnan Sports Exhibition Center Management Co., Ltd.	Common ultimate controlling party
Zhilian Wanyuan (Beijing) Digital Technology Co., Ltd.	Common ultimate controlling party
Weifang Zhongjin Housing Construction Engineering Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Metal Products Technology Co., Ltd.	Common ultimate controlling party
Nantong Haimen District Zhongnan Jinlin Research Training Co., Ltd.	Common ultimate controlling party
Cangzhou Jinfu Real Estate Development Co., Ltd.	Common ultimate controlling party
Changshu Hangshi Business Management Co., Ltd.	Common ultimate controlling party
Changzhou Hongshi Technology Industrial Park Management Co., Ltd.	Common ultimate controlling party
Changzhou Jinlin Technology Industrial Park Management Co., Ltd.	Common ultimate controlling party
Foshan Gaoming District Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Huahe Kangyuan Biotechnology Hebei Co., Ltd.	Common ultimate controlling party
Jingjiang Jinlin Technology Industrial Park Management Co., Ltd.	Common ultimate controlling party
Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Nantong Rongshi Chechuang Automobile Technology Co., Ltd.	Common ultimate controlling party
Qidong Jinyao Science and Technology Industrial Park Management Co., Ltd.	Common ultimate controlling party
Shanghai Rongshi Industrial Development Co., Ltd.	Common ultimate controlling party
Tangshan Jinshi Real Estate Development Co., Ltd.	Common ultimate controlling party
Xiangtan Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Yangzhou Zhongnan Jinhong Industrial Park Development Co., Ltd.	Common ultimate controlling party
Hongshi Real Estate Co., Ltd., Duanzhou District, Zhaoqing City	Common ultimate controlling party
Jiangsu Haimen Zhongnan New Countryside Construction Development Co., Ltd.	Common ultimate controlling party
Sanhe Jinshi Technology Development Co., Ltd.	Common ultimate controlling party
Jiangsu Grace Sports Culture Communication Co., Ltd.	Common ultimate controlling party
Wuxi Hongshi Hi-Tech Development Co., Ltd.	Common ultimate controlling party
Shanghai Jinding Enterprise Management Co., Ltd.	Common ultimate controlling party
Jiangsu Jianyin Commercial Factoring Co., Ltd.	Common ultimate controlling party
Huizhou Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Nantong Lingyuan Power Equipment Co., Ltd.	Common ultimate controlling party

Related party	Relationship with the Group
Inner Mongolia Lvsheng New Material Technology Co., Ltd.	Common ultimate controlling party
Chuzhou Zhongnan High-tech Industrial Park Development Management Co., Ltd.	Common ultimate controlling party
Foshan Shunde Jinrong Real Estate Co., Ltd.	Common ultimate controlling party
Hangzhou Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	Common ultimate controlling party
Hefei Zhongnan Hi-Tech Industrial Park Operation Management Co., Ltd.	Common ultimate controlling party
Ningbo Zhongnan Hi-Tech Jincheng Industrial Park Management Co., Ltd.	Common ultimate controlling party
Weifang Rongshi Real Estate Development Co., Ltd.	Common ultimate controlling party
Xi'an Zhongnan Longsheng Real Estate Co., Ltd.	Common ultimate controlling party
Zhangzhou Zhongnan Hi-Tech Investment Co., Ltd.	Common ultimate controlling party
Chongqing Jinshi Industrial Co., Ltd.	Common ultimate controlling party
Qingdao Zhongnan Property Management Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Property Service Co., Ltd.	Common ultimate controlling party
Haimen Zhongnan Property Management Co., Ltd.	Common ultimate controlling party
Hainan Zhongnan Property Services Co., Ltd.	Common ultimate controlling party
Tangshan Zhongnan International Tourism Resort Property Service Co., Ltd.	Common ultimate controlling party
Zhenjiang Century City Property Management Co., Ltd.	Common ultimate controlling party
Ningbo Fenghua Huaqi Real Estate Co., Ltd.	Subsidiary of the Company's associate
Shanghai Nanshang Real Estate Co., Ltd.	Subsidiary of the Company's associate
Yuyao Libo Real Estate Co., Ltd.	Subsidiary of the Company's associate
Jiaxing Jinqi Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Jinhua Junyuan Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Xuzhou Yining Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Hangzhou Jiazheng Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Ningbo Guangkai Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Shaoxing Shimao Ruiying Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shenyang Jinke Junda Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Zhangjiagang Quantang Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Nantong Xituo Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Shangqiu Ruihai Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Xuzhou Yiju Real Estate Co., Ltd.	Subsidiary of the Company's joint venture

Related party	Relationship with the Group
Xinjiang Zhongnan Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Hangzhou Dequan Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Huizhou Lujin Huitong Cultural Tourism Industry Development Co., Ltd.	Subsidiary of the Company's joint venture
Taicang Jintai Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Taicang Hao Ding Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Taicang Jinsheng Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Zhangjiagang Zhimao Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Tianjin Xinyou Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shenzhen Jinzhongsheng Investment Co., Ltd.	Subsidiary of the Company's joint venture
Deqing Zhongnan Hi-Tech Development Co., Ltd.	Subsidiary of the Company's joint venture
Shangqiu Haiyue Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Yueqing Changyue Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Hangzhou Zhongjing Bangda Real Estate Co., Ltd.	Investee of actual controlling party
Wenchang Holiday Management Co., Ltd.	Investee of actual controlling party
Nantong Feiyu Electrical Equipment Co., Ltd.	Investee of the Company's key management personnel
Beijing Zhongnan Jincheng Real Estate Development Co., Ltd.	Investee of the Company's key management personnel
Qingdao Zhongnan Real Estate Co., Ltd.	Investee of the Company's key management personnel
Nantong Zhongnan Commercial Development Co., Ltd.	Investee of the Company's key management personnel
Chen Yuhan	The Company's key management personnel
Xi'an Laixing Real Estate Co., Ltd.	Other stakeholders
Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	Investee of close family member of actual controlling party
Haimen Zhongnan International Primary School	Investee of close family member of actual controlling party

Note: According to the industrial and commercial registration, Jiangsu Zhongnan Property Service Co., Ltd. ("Zhongnan Property Company") and its subsidiaries were previously controlled by the common ultimate controlling party of the Company. On 4 January 2021, Zhongnan Property Company completed the industrial and commercial change registration and changed to a company controlled by key management personnel and close family members of the Company.

5. Related party transactions

(1) Purchase from and sales to related party

① Purchase of goods and receiving of services

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Purchase engineering service, Paid service fee	850,616,362.25	1,044,654,843.63
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Purchase material, Purchase engineering service	741,637,397.71	750,973,998.81
Jiangsu Zhongnan Property Services Co., Ltd.	Purchase engineering service, Paid property fee, Paid service fee	247,263,432.05	194,835,738.28
Nantong Feiyu Electrical Equipment Co., Ltd.	Purchase material, Purchase engineering service, Purchase of goods	72,021,993.21	95,436,797.47
Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	Purchase engineering service, Paid service fee	47,339,348.28	66,062,379.58
Nantong Zhongnan Yuzhu Formwork Technology Co., Ltd.	Purchase material	41,590,537.74	104,348.40
Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	Purchase engineering service	31,801,707.60	87,259,691.50
Qingdao Zhongnan Property Management Co., Ltd.	Purchase engineering service, Paid property fee, Paid service fee	30,955,003.04	32,509,632.02
Shanghai Wulu Construction Engineering Consulting Co., Ltd.	Purchase engineering service, Paid service fee	28,950,324.89	38,009,680.00
Jiangsu Zhongnan Template Technology Co., Ltd.	Purchase engineering service	23,690,829.88	12,606,780.60
Zhongnan Holding Group Co., Ltd.	Purchase engineering service, Purchase material, Paid service fee	20,527,649.41	36,735,564.37
Shanghai Xiyue Architectural Design Consulting Co., Ltd.	Purchase engineering service, Paid service fee	20,033,752.05	-
Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	Purchase material, Purchase engineering service	17,627,385.93	227,868,476.24
Jiangsu Zhongnan Metal Decoration Engineering Co., Ltd.	Purchase engineering service	15,858,856.98	-
Tangshan Zhongnan International Tourism Resort Property Service Co., Ltd.	Paid property fee, Paid service fee	11,777,042.15	8,288,163.83
Hainan Zhongnan Property Services Co., Ltd.	Paid property fee, Paid service fee	10,164,542.49	3,405,611.57

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Zhongnan Urban Construction (Beijing) Machinery Construction Co., Ltd.	Purchase engineering service	5,533,786.27	-
Shanghai Zhongnan Jinshi Enterprise Management Co., Ltd.	Paid service fee	3,800,273.39	-
Jiangsu Zhongnan Wood Industry Co., Ltd.	Purchase engineering service	3,662,982.34	26,301,850.23
Jiangsu Zhongnan Metal Products Technology Co., Ltd.	Purchase material	3,251,275.26	-
Beijing Urban Construction Zhongnan Municipal Engineering Co., Ltd.	Purchase engineering service	-	51,631,942.50
	Paid property fee, Paid service fee,		
Other sundry related party transactions	Purchase material, Purchase engineering service	11,823,868.82	25,712,569.56

② Sales of goods and rendering of services

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Suzhou Zhongnan Center Investment and Construction Co., Ltd.	Provide construction service	216,536,894.49	-
Shangqiu Ruihai Real Estate Co., Ltd.	Sales of goods, Provide construction service	165,051,945.15	235,493,679.58
Xuzhou Jinxi Real Estate Development Co., Ltd.	Provide services, Provide construction service	160,568,052.11	9,174.31
Huaian Yucheng Real Estate Development Co., Ltd.	Provide construction service	145,597,813.70	-
Foshan Gaoming District Jinshi Real Estate Co., Ltd.,	Provide construction service	126,275,950.80	-
Nanjing Jinfan Real Estate Co., Ltd.	Provide construction service	115,651,585.83	45,298,371.31
Shangqiu Haiyue Real Estate Co., Ltd.	Provide construction service	114,616,901.88	162,551,346.72
Funan Zhongnan New Road Investment Co., Ltd.	Provide construction service	110,192,042.40	-
Chongqing Nantang Mansion Real Estate Development Co., Ltd.	Provide construction service, Provide services, Interest income	102,544,503.71	-
Xiangtan Jinshi Real Estate Co., Ltd.	Provide construction service	101,970,643.28	-
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Provide construction service	89,550,125.85	99,002,070.66
Mianyang Zhongnan Jinshi Real Estate	Provide	88,380,593.24	37,894,314.26

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Co., Ltd.	construction service		
Huai'an Jinxi Real Estate Co., Ltd.	Provide construction service	85,525,818.39	-
Nanjing Jinan Zhongyin Real Estate Development Co., Ltd.	Interest income, Provide construction service	76,576,113.18	61,378,451.13
Zhaoqing Duanzhou District Hongshi Real Estate Co., Ltd.,	Provide construction service	75,811,166.43	-
Suzhou Kaiping Real Estate Development Co., Ltd.	Provide services, Provide construction service	71,014,489.06	7,255,995.68
Fushun Shenghuabang Real Estate Development Co., Ltd.	Interest income, Provide construction service	67,587,021.58	-
Dongtai Jinteng Real Estate Co., Ltd.	Provide construction service	65,061,708.96	-
Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	Provide construction service, Sales of goods, Interest income, Provide services	64,423,812.42	634,636.37
Haimen Dingxi Real Estate Co., Ltd.	Provide construction service	63,940,315.60	94,472,884.19
Lishui Jinqiao Real Estate Co., Ltd.	Provide services	58,258,706.32	-
Nanning Jingxin Real Estate Co., Ltd.	Provide construction service	57,149,033.18	-
Nantong Rongshi Chechuang Automobile Technology Co., Ltd.	Provide construction service	55,518,872.06	-
Nantong Jintuo Real Estate Co., Ltd.	Provide construction service	52,549,775.74	90,826,130.11
Foshan Yaxu Real Estate Development Co., Ltd.	Sales of goods, Provide services	51,955,027.53	3,101,935.33
Zhuji Jingming Real Estate Co., Ltd.	Interest income	49,861,015.49	10,825.69
Nanjing Chechuang Intelligent Technology Co., Ltd.	Provide construction service	53,747,571.40	-
Nantong Country Garden Chengdong Real Estate Co., Ltd.	Provide construction service, Provide services	46,344,773.98	79,318,967.65
Kunming Zhongyue Real Estate Co., Ltd.	Provide construction service	44,496,296.63	104,155,842.47
Nantong Huaxi Real Estate Co., Ltd.	Provide services, Provide construction service	38,448,347.78	145,834,740.02
Hangzhou Zhongjing Bangda Real Estate Co., Ltd.	Provide construction service	34,885,298.31	-

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Chongqing Hangshi Industrial Co., Ltd.	Provide construction service	32,728,256.88	-
Huainan Jiahua Real Estate Development Co., Ltd.	Sales of goods, Provide services	31,530,167.11	7,547,169.81
Haimen Haicheng Real Estate Co., Ltd.	Provide construction service	23,714,653.31	2,664,505.86
Changshu Hangshi Business Management Co., Ltd.	Provide construction service	21,568,073.40	-
Huaian Yihong Real Estate Development Co., Ltd.	Provide construction service, Provide services	20,959,785.36	11,233,167.93
Xuzhou Yining Real Estate Co., Ltd.	Interest income	17,808,745.81	7,069,791.67
Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	Sales of goods, Provide construction service	17,536,488.85	31,164,003.74
Yantai Jinchen Real Estate Development Co., Ltd.	Provide construction service, Sales of goods	17,022,273.68	411,401.48
Jiaxing Lancheng Development and Construction Co., Ltd.	Provide construction service, Provide services	17,015,806.76	-
Jiangsu Mojie Sports Culture Communication Co., Ltd.	Sales of goods, Provide services	16,920,877.03	-
Chongqing Jinnan Shengtang Real Estate Development Co., Ltd.	Provide services, Interest income	16,125,033.63	-
Nanjing Qizhou Real Estate Development Co., Ltd.	Provide construction service	16,096,256.99	-
Shanghai Nanshang Real Estate Co., Ltd.	Provide construction service	16,000,067.91	17,213,735.09
Shanghai Jinqi Technology Co., Ltd.	Provide construction service	15,257,327.83	182.40
Xuzhou Xinzhong Real Estate Development Co., Ltd.	Provide services, Interest income	14,942,925.03	2,991,439.57
Foshan Yuchen Real Estate Development Co., Ltd.	Sales of goods, Provide construction service	14,649,300.33	103,782,443.32
Huaian Shihai Real Estate Development Co., Ltd.	Provide construction service, Provide services, Interest income	13,754,358.82	2,761,384.63
Xi'an Yuanen Real Estate Co., Ltd.	Provide construction service	13,365,502.33	-
Nantong Jinhui Real Estate Co., Ltd.	Provide services	13,207,547.17	14,078,785.71

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Zhenjiang Yirun Zhongnan Real Estate Company	Provide sales agent, Provide services	12,992,411.84	1,083,962.27
Jiaxing Jianan Real Estate Co., Ltd.	Provide construction service	12,859,420.45	102,983,776.19
Haimen Jinbang Real Estate Co., Ltd.	Sales of goods, Provide construction service	12,188,317.91	11,586,963.29
Nantong Huachang Real Estate Co., Ltd.	Provide construction service	11,855,963.27	15,466,269.14
Nantong Wanpeng Real Estate Co., Ltd.	Provide construction service, Provide construction service	11,520,158.30	425,080.18
Rugao Jinrui Real Estate Co., Ltd.	Provide services	11,242,034.73	-
Haimen Haikang Real Estate Co., Ltd.	Provide services, Provide construction service	11,007,187.35	-
Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	Sales of goods, Provide construction service	9,923,189.37	27,658,818.48
Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd., Jiaxing Zhuoda Real Estate Development Co., Ltd.	Provide services	9,741,331.82	6,930,258.70
Nantong Ganghua Real Estate Co., Ltd.	Provide services	9,427,939.83	-
Ningbo Shimao Yueying Real Estate Co., Ltd.	Provide services, Provide construction service	9,414,184.27	6,286,986.67
Jining Jinqin Real Estate Development Co., Ltd.	Provide services	9,405,660.41	1,933,962.27
Zhuji Ruikun Real Estate Co., Ltd.	Provide construction service, Sales of goods	9,309,638.28	1,905,708.02
Xuzhou Jinchuan Real Estate Development Co., Ltd.	Interest income	9,258,996.12	-
Ningbo Fenghua Huaqi Real Estate Co., Ltd.	Provide services	9,241,061.85	-
Nantong Jinde Real Estate Co., Ltd.	Provide services	8,766,061.41	-
Deqing Jinye Real Estate Co., Ltd.	Provide construction service, Provide services	8,683,644.72	18,967,924.53
Changshu Nanbi Real Estate	Provide construction service	8,579,497.38	-
	Provide services	8,565,426.18	-

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Development Co., Ltd.			
Cixi Xingkun Real Estate Co., Ltd.	Provide services	8,393,566.03	1,741,792.43
Suzhou Changzun Real Estate Co., Ltd.	Provide services	8,047,264.16	8,354,731.13
Taizhou Zhuoxin Real Estate Development Co., Ltd.	Provide services	8,027,322.70	1,886,792.44
Haining Hongxiang Jinyu Real Estate Co., Ltd.	Sales of goods, Provide services	7,927,280.60	-
Binzhou Country Garden Real Estate Development Co., Ltd.	Provide services	7,849,056.57	7,867,924.52
Nantong Xituo Real Estate Development Co., Ltd.	Provide services, Interest income, Provide construction service	6,975,856.36	2,217,463.21
Yuyao Jinhao Real Estate Co., Ltd.	Provide services, Provide construction service	6,461,363.58	-
Shaoxing Jinjia Real Estate Co., Ltd.	Provide construction service, Sales of goods, Provide services	6,416,222.97	2,242,691.20
Zhenjiang Hengrun Real Estate Development Co., Ltd.	Provide services	6,113,887.64	604,810.37
Rudong Gangda Real Estate Co., Ltd.	Provide services	5,900,000.00	7,522.94
Nantong Jinyue Real Estate Co., Ltd.	Provide services	5,892,731.64	8,635,623.61
Nantong Huapu Real Estate Co., Ltd.	Provide services	5,849,056.60	8,623.85
Jinhua Junyuan Real Estate Co., Ltd.	Provide services	5,834,905.66	-
Haimen Jinjia Real Estate Co., Ltd.	Provide services, Provide construction service	5,608,342.87	13,106,846.39
Jiangsu Zhongnan Property Services Co., Ltd.	Provide construction service, Provide services	5,566,776.06	1,185,016.67
Rudong Gangrui Real Estate Co., Ltd.	Provide services	5,405,660.38	2,712,452.83
Zhongnan Holding Group Co., Ltd.	Provide construction service, Sales of goods	5,397,433.92	1,842,662.01
Taizhou Jinglun Real Estate Co., Ltd.	Sales of goods	5,063,500.41	2,902,933.92
Hangzhou Jiazheng Real Estate Co., Ltd.	Provide services	4,901,509.46	-
Ningbo Yongyao Real Estate Co., Ltd.	Provide services, Provide	4,865,710.09	-

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
	construction service		
Shaoxing Shimao Ruiying Real Estate Co., Ltd.	Provide services	4,821,593.00	-
Cixi Jingui Real Estate Co., Ltd.	Provide services	4,681,377.36	1,697,924.54
Yunnan Jiazhuo Real Estate Development Co., Ltd.	Provide services	4,640,001.23	5,424,528.30
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Provide construction service, Sales of goods, Provide services	3,911,344.91	5,996,130.23
Handan Jinguang Real Estate Development Co., Ltd.	Provide services	3,522,882.21	3,357,968.28
Zhenjiang Hongfu Real Estate Co., Ltd.	Provide services	3,421,085.56	47,856.28
Taicang Tongguang Real Estate Development Co., Ltd.	Provide services	3,337,950.74	-
Chongqing Shouming Real Estate Development Co., Ltd.	Provide services	3,222,481.49	268,668.27
Ningbo Shengrui Real Estate Development Co., Ltd.	Provide services	3,207,547.18	4,909.09
Changshu Gongzhu Real Estate Co., Ltd.	Interest income	3,063,935.35	-
Ruian Xincheng Yihong Real Estate Development Co., Ltd.	Provide services	2,547,169.81	9,089,935.93
Zhenjiang Yifa Real Estate Development Co., Ltd.	Provide services	2,432,855.35	8,301,240.29
Taicang Huisheng Real Estate Development Co., Ltd.	Provide services, Provide construction service	2,068,751.31	3,464,888.32
Yangzhou Yicheng Real Estate Co., Ltd.	Provide services	1,519,227.49	47,104,591.75
Yunnan Jiaxun Real Estate Development Co., Ltd.	Provide services	1,216,981.13	7,924,528.30
Yuyao Zhongmei Real Estate Co., Ltd.	Provide services	1,075,471.70	9,534,393.28
Suzhou Tianchen Real Estate Development Co., Ltd.	Provide services, Provide construction service	609,951.78	5,165,065.53
Changshu Crown City Hongxiang Real Estate Co., Ltd.	Provide sales agent, Provide services, Provide construction service	39,651.21	89,071,098.37
Kaifeng Huida Zhongnan Real Estate Co., Ltd.	Sales of goods	10,458.72	10,029,153.77
Nantong Jinzhou Real Estate Co., Ltd.	Provide construction service	8,834.91	6,219,463.23
Zhuji Jinghui Real Estate Co., Ltd.	Interest income	-	27,897,946.51

Related party	Related party transaction	Year ended 2020.12.31	Year ended 2019.12.31
Jiangsu Grace Sports Culture Communication Co., Ltd.	Sales of goods, Provide services Provide	-	16,583,113.86
Nantong Xuanxi Real Estate Co., Ltd.	construction service, Provide services	-	4,730,072.51
Zhuji Jingshi Real Estate Co., Ltd.	Interest income	-	10,336,359.97
Taichang Zhongnan Yayuan Real Estate Development Co., Ltd.	Interest income	-	10,188,679.24
Shaoxing Longyue Real Estate Development Co., Ltd.	Interest income	-	4,793,851.82
Shanghai Greenland Fengrui Real Estate Co., Ltd.	Provide construction service Provide construction	-	18,939,289.02
Other sundry related party transactions	service, Sales of goods, Provide services	51,423,179.38	46,973,449.58

(2) Rental with related party

The Company as lessee

Lessor	Leased property	Rental in the current year	Rental in prior year
Chen Jinshi	Building and construction	-	-

Note: The Company leased a property from Mr. Chen Jinshi. The property is located on the 1st to 7th floor, Building 46, Building 12, No. 188 South 4th Ring Road, Fengtai District, Beijing City. The building is 1968.30 square meters in floor space. The above houses are used free of charge.

(3) Guarantee of related party

① The Group provides guarantee (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
The Group	Chengdu Yunze Real Estate Development Co., Ltd.	30,000.00	2020/12/30	2026/12/30	No
The Group	Huzhou Jinyu Real Estate Co., Ltd.	80,000.00	2020/3/16	2026/3/15	No
The Group	Shenyang Jinke Junda Real Estate Development Co., Ltd.	9,800.00	2018/10/26	2023/10/16	No
The Group	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	60,000.00	2018/7/5	2024/6/10	No
The Group	Foshan Yaxu Real Estate	36,300.00	2019/5/16	2024/5/15	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
	Development Co., Ltd.				
The Group	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	20,000.00	2019/7/17	2024/7/16	No
The Group	Jiaxing Jianan Real Estate Co., Ltd.	88,000.00	2018/5/31	2023/5/1	No
The Group	Nanjing Jinan Zhongyin Real Estate Development Co., Ltd.	19,200.00	2019/10/22	2024/10/11	No
The Group	Yangzhou Yicheng Real Estate Co., Ltd.	15,000.00	2018/9/7	2023/8/10	No
The Group	Zhenjiang Hengrun Real Estate Development Co., Ltd.	13,000.00	2018/11/28	2023/11/28	No
The Group	Zhenjiang Yifa Real Estate Development Co., Ltd.	5,610.00	2019/1/31	2023/1/31	No
The Group	Huai'an Hejin Real Estate Co., Ltd.	40,800.00	2019/9/24	2024/9/24	No
The Group	Xuzhou Jinxi Real Estate Development Co., Ltd.	36,000.00	2019/7/25	2024/8/16	No
The Group	Huaian Yucheng Real Estate Development Co., Ltd.	15,680.00	2019/11/29	2024/11/29	No
The Group	Zhangjiagang Jinyu Land Co., Ltd.	36,720.00	2019/6/25	2024/6/25	No
The Group	Yuyao Jinhao Real Estate Co., Ltd.	29,000.00	2019/4/11	2024/3/26	No
The Group	Haimen Haicheng Real Estate Co., Ltd.	100,000.00	2019/12/30	2022/12/30	No
The Group	Rugao Jinrui Real Estate Co., Ltd.	31,200.00	2019/12/25	2024/12/24	No
The Group	Xuchang Yuheng Real Estate Development Co., Ltd.	60,000.00	2019/1/4	2024/4/24	No
The Group	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	12,540.00	2019/8/10	2024/8/10	No
The Group	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	8,019.00	2019/7/12	2024/7/11	No
The Group	Shaoxing Shimao Ruiying Real Estate Co., Ltd.	20,000.00	2019/12/9	2024/12/9	No
The Group	Shaoxing Jinjia Real Estate Co., Ltd.	13,693.05	2019/6/20	2023/6/19	No
The Group	Taizhou Zhuoshun Real Estate Development Co., Ltd.	21,450.00	2019/4/22	2024/4/22	No
The Group	Taizhou Zhuoshun Real Estate Development Co., Ltd.	3,300.00	2019/6/26	2024/6/26	No
The Group	Taizhou Zhuoshun Real Estate Development Co., Ltd.	4,851.00	2019/12/26	2024/4/27	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
The Group	Taicang Tongguang Real Estate Development Co., Ltd.	28,000.00	2019/4/22	2025/4/22	No
The Group	Chongqing Jinnan Shengtang Real Estate Development Co., Ltd.	9,000.00	2020/6/24	2025/6/18	No
The Group	Chongqing Nantang Mansion Real Estate Development Co., Ltd.	120,768.00	2020/3/2	2023/9/2	No
The Group	Shenyang Metro Yurui Project Management Co., Ltd.	19,000.00	2020/5/7	2026/5/6	No
The Group	Hangzhou Dequan Real Estate Co., Ltd.	15,340.00	2020/10/30	2024/10/29	No
The Group	Haining Hongxiang Jinyu Real Estate Co., Ltd.	23,500.00	2020/6/30	2024/6/29	No
The Group	Haining Hongxiang Jinyuan Real Estate Co., Ltd.	18,000.00	2020/5/16	2025/5/16	No
The Group	Zoucheng Jinshang Real Estate Co., Ltd.	15,000.00	2020/3/27	2026/3/26	No
The Group	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	50,000.00	2020/1/10	2024/1/10	No
The Group	Shenzhen Baoyu Investment Co., Ltd.	201,240.00	2020/8/12	2025/8/12	No
The Group	Shenzhen Jinzhongsheng Investment Co., Ltd.	201,240.00	2020/8/12	2025/8/12	No
The Group	Huai'an Jinxi Real Estate Co., Ltd.	33,000.00	2020/3/17	2026/2/17	No
The Group	Taicang Minjun Real Estate Development Co., Ltd.	20,048.00	2020/10/27	2027/10/26	No
The Group	Lianyungang Huaxi Real Estate Co., Ltd.	10,000.00	2020/11/5	2023/11/4	No
The Group	Nantong Tangsheng Real Estate Co., Ltd.	30,000.00	2020/8/28	2026/8/27	No
The Group	Changzhou Tangsheng Real Estate Co., Ltd.	50,000.00	2020/11/26	2025/11/25	No
The Group	Shangqiu Yuhua Real Estate Co., Ltd.	12,250.00	2020/5/29	2025/5/28	No
The Group	Xi'an Yuanen Real Estate Co., Ltd.	50,000.00	2020/11/20	2025/11/8	No
The Group	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	13,200.00	2020/3/6	2025/2/28	No
The Group	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	13,365.00	2020/7/29	2025/7/29	No
The Group	Ningbo Hangzhou Bay New Area Country Garden Real	16,500.00	2020/8/29	-	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
The Group	Estate Development Co., Ltd., Zhuji Jingming Real Estate Co., Ltd.	37,000.00	2020/1/10	2024/7/17	No
The Group	Ningbo Fenghua Huaqi Real Estate Co., Ltd.	23,100.00	2020/6/28	2026/6/27	No
The Group	Yuyao Libo Real Estate Co., Ltd.	60,000.00	2020/11/27	2025/11/27	No
The Group	Taicang Tongguang Real Estate Development Co., Ltd.	7,200.00	2020/9/22	2023/9/22	No
The Group	Deqing Jinye Real Estate Co., Ltd.	57,200.00	2020/7/29	2024/6/15	No
The Group	Nantong Xinhe Real Estate Co., Ltd.	14,000.00	2020/4/30	2026/4/30	No
The Group	Changzhou Honghe Real Estate Co., Ltd.	34,300.00	2020/11/19	2026/5/31	No
The Group	Funan Zhongnan New Road Investment Co., Ltd.	83,000.00	2020/1/8	2042/1/8	No
The Group	Danzhou Runjie Real Estate Development Co., Ltd.	29,072.00	2020/11/10	2023/11/10	No
The Group	Jiangsu Jinze Real Estate Co., Ltd.	50,000.00	2020/7/27	2026/7/26	No
The Group	Anhui Province Ningguo Hongying Ecotourism Development Co., Ltd.	21,900.00	2020/11/3	2024/11/2	No

② The Group being guaranteed by others (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Zhongnan Holding Group Co., Ltd.	The Group	10,000.00	2020/6/12	2021/6/12	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2019/11/4	2024/12/2	No
Xiangsheng Real Estate Group Co., Ltd.	The Group	7,000.00	2020/12/31	2021/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	10,000.00	2020/7/16	2023/1/25	No
Dexin Real Estate Group Co., Ltd.	The Group	16,500.00	2020/9/20	2025/9/20	No
Zhongnan Holding Group Co., Ltd.	The Group	4,400.00	2020/6/23	2023/6/22	No
Zhongnan City Construction Investment Co., Ltd.	The Group	5,600.00	2020/6/23	2023/6/22	No
Zhongnan Holding Group Co., Ltd.	The Group	5,600.00	2020/6/23	2023/6/22	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2020/12/2	2023/12/1	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Ltd.					
Zhongnan Holding Group Co., Ltd.	The Group	25,000.00	2017/12/29	2024/12/21	No
Zhongnan Holding Group Co., Ltd.	The Group	50,000.00	2019/1/30	2023/1/29	No
Zhongnan Holding Group Co., Ltd.	The Group	70,000.00	2015/6/10	2027/4/26	No
Zhongnan Holding Group Co., Ltd.	The Group	13,908.08	2020/10/30	2025/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	15,000.00	2020/12/25	2026/12/25	No
Zhongnan Holding Group Co., Ltd.	The Group	12,800.00	2020/3/26	2021/10/31	No
Zhongnan Holding Group Co., Ltd.	The Group	90,000.00	2020/7/1	2037/7/1	No
Zhongnan Holding Group Co., Ltd.	The Group	65,000.00	2019/5/17	2021/5/17	No
Zhongnan Holding Group Co., Ltd.	The Group	65,000.00	2020/7/1	2021/6/30	No
Zhongnan Holding Group Co., Ltd.	The Group	4,000.00	2020/1/15	2021/1/15	No
Zhongnan Holding Group Co., Ltd.	The Group	14,000.00	2020/2/28	2021/8/28	No
Zhongnan Holding Group Co., Ltd.	The Group	4,000.00	2019/7/30	2023/7/30	No
Zhongnan Holding Group Co., Ltd.	The Group	61,494.19	2020/12/24	2024/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	100,738.25	2020/12/24	2024/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	43,879.00	2020/12/24	2024/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	101,769.00	2020/12/24	2024/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	188,370.00	2020/1/11	2024/12/10	No
Zhongnan Holding Group Co., Ltd.	The Group	25,000.00	2020/5/19	2022/5/20	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2020/4/30	2021/12/8	No
Zhongnan Holding Group Co., Ltd.	The Group	36,400.00	2020/8/14	2022/8/14	No
Zhongnan Holding Group Co., Ltd.	The Group	800.00	2020/8/26	2021/8/25	No
Li Xiping, Rizhao Fangdi Supply Chain Management Co., Ltd.	The Group	100,000.00	2018/9/27	2030/7/24	No
Zhongnan Holding Group Co., Ltd.	The Group	73,000.00	2018/11/30	2032/11/28	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Ltd.					
Zhongnan Holding Group Co., Ltd.	The Group	350,000.00	2019/5/23	2034/6/20	No
Zhongnan Holding Group Co., Ltd.	The Group	90,000.00	2020/6/24	2036/12/31	No
Zhongnan Holding Group Co., Ltd.	The Group	32,000.00	2020/7/7	2042/7/7	No
Zhongnan Holding Group Co., Ltd.	The Group	78,000.00	2020/4/16	2022/4/15	No
Zhongnan Holding Group Co., Ltd.	The Group	54,000.00	2020/3/25	2022/3/24	No
Zhongnan Holding Group Co., Ltd.	The Group	60,000.00	2020/11/13	2023/11/22	No
Zhonglian Century Construction Group Co., Ltd.	The Group	5,000.00	2020/11/13	2023/11/22	No
Zhonglian Century Construction Group Co., Ltd.	The Group	4,500.00	2020/9/10	2023/9/8	No
Zhongnan City Construction Investment Co., Ltd.	The Group	18,000.00	2020/11/13	2023/1/20	No
Zhongnan City Construction Investment Co., Ltd.	The Group	30,000.00	2020/2/28	2023/5/27	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2020/2/28	2023/5/27	No
Zhongnan Holding Group Co., Ltd.	The Group	120,000.00	2020/4/29	2024/11/1	No
Nantong Haotian Construction Engineering Co., Ltd.	The Group	8,000.00	2020/5/11	2024/5/10	No
Nantong Haotian Construction Engineering Co., Ltd.	The Group	8,000.00	2020/7/31	2024/8/6	No
Zhongnan Holding Group Co., Ltd.	The Group	120,000.00	2020/8/7	2024/8/6	No
Zhongnan City Construction Investment Co., Ltd.	The Group	36,000.00	2020/8/20	2024/8/19	No
Longxin Construction Group Co., Ltd.	The Group	6,000.00	2020/2/10	2023/2/10	No
Zhongnan Holding Group Co., Ltd.	The Group	48,000.00	2020/4/15	2026/4/21	No
Zhongnan City Construction Investment Co., Ltd.	The Group	8,000.00	2020/4/28	2024/4/27	No
Zhongnan Holding Group Co., Ltd.	The Group	8,000.00	2020/4/28	2024/4/27	No
Zhonglian Century Construction Group Co., Ltd.	The Group	11,000.00	2020/4/29	2024/7/30	No
Zhonglian Century Construction Group Co., Ltd.	The Group	11,000.00	2020/10/20	2024/11/1	No
Zhonglian Century Construction	The Group	1,500.00	2020/6/19	2023/6/3	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Group Co., Ltd.					
Zhongnan Holding Group Co., Ltd.	The Group	6,000.00	2020/9/17	2023/9/16	No
Zhongnan Holding Group Co., Ltd.	The Group	6,400.00	2020/12/1	2024/9/24	No
Longxin Investment Co., Ltd.	The Group	6,400.00	2020/12/1	2024/9/24	No
Zhongnan Holding Group Co., Ltd.	The Group	6,500.00	2020/12/1	2024/9/24	No

③ Guarantee inside the Group and related party (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinjin Chengnan Huayuan Real Estate Co., Ltd.	80,000.00	2020/5/28	2026/5/27	No
Chengdu Zhongnan World Real Estate Development Co., Ltd.	Yunnan Shengrong Real Estate Development Co., Ltd.	25,000.00	2020/5/22	2023/2/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongnan Century Real Estate Development Co., Ltd.	110,000.00	2018/4/4	2023/3/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	45,000.00	2018/9/27	2023/9/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Foshan Zhongwu Jingxi Real Estate Co., Ltd.	100,000.00	2018/12/3	2023/12/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangmen Jiayuan Real Estate Co., Ltd.	35,000.00	2020/7/31	2024/1/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenzhou Jinyu Real Estate Co., Ltd.	35,000.00	2020/7/31	2025/7/31	No
Jiangsu Zhongnan Construction	Foshan Shunde District Chengxi Real Estate Development	71,550.00	2020/9/21	2023/9/20	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Group Co., Ltd.	Co., Ltd.,				
Nantong Zhongnan New World Center Development Co., Ltd.	Foshan Shunde District Chengxi Real Estate Development Co., Ltd.,	71,550.00	2020/9/21	2023/9/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jieyang Jichen Real Estate Development Co., Ltd.	80,000.00	2020/6/19	2025/6/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd.	10,000.00	2020/6/19	2023/12/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xiamen Junhao Real Estate Development Co., Ltd.	50,000.00	2019/10/31	2024/10/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xiamen Junlian Real Estate Development Co., Ltd.	20,000.00	2020/4/29	2026/4/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Quanzhou Junzhuo Real Estate Development Co., Ltd.	100,000.00	2020/7/7	2025/7/7	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinqi Real Estate Co., Ltd.	30,000.00	2019/10/25	2023/5/6	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinqi Real Estate Co., Ltd.	30,000.00	2020/12/4	2024/6/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinyu Real Estate Co., Ltd.	130,000.00	2020/5/21	2023/5/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an Zhongnan Investment Real Estate Co., Ltd.	20,000.00	2019/4/18	2024/4/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jinan Jinhui Real Estate Co., Ltd.	30,000.00	2019/9/2	2024/9/1	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinqian Real Estate Co., Ltd.	30,000.00	2019/11/22	2024/11/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an Zhongnan City Investment Co., Ltd.	9,000.00	2020/12/29	2024/6/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an Zhongnan City Investment Co., Ltd.	19,300.00	2018/9/12	2024/9/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinhui Real Estate Co., Ltd.	20,000.00	2019/12/4	2023/12/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	48,000.00	2019/12/11	2025/12/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zoucheng Zhongxiang Real Estate Co., Ltd.	20,000.00	2020/3/27	2026/3/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Haisheng Longhu Garden (Gu'an) Real Estate Development Co., Ltd.	30,000.00	2020/4/27	2026/4/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tianjin Zhongnan Jinqing Real Estate Development Co., Ltd.	30,000.00	2020/4/27	2026/4/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinqian Real Estate Co., Ltd.	73,800.00	2020/6/30	2023/6/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd.	20,000.00	2020/11/13	2024/5/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd.	20,000.00	2020/10/10	2022/10/9	No
Jiangsu Zhongnan	Bengbu Scitech Zhongnan Real	8,000.00	2019/12/27	2024/12/12	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Group Co., Ltd.	Estate Development Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Xuzhou Jingyue Real Estate Development Co., Ltd.	90,000.00	2020/5/12	2026/4/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Suqian Mingyue Real Estate Development Co., Ltd.	63,000.00	2020/9/18	2024/3/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xuzhou Rongpeng Real Estate Development Co., Ltd.	40,000.00	2020/12/30	2024/12/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Changshu Zhongnan Jinjin Real Estate Co., Ltd.	170,000.00	2019/9/23	2025/9/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Suzhou Yucheng Real Estate Development Co., Ltd.	85,000.00	2019/6/4	2024/6/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shanghai Zhouqu Real Estate Development Co., Ltd.	10,660.00	2019/4/2	2024/3/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Haimen Jinhui Real Estate Co., Ltd.	30,000.00	2020/3/30	2022/3/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Haimen Jinrui Real Estate Co., Ltd.	25,000.00	2019/11/25	2024/11/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Taixing Zhongnan Century City Real Estate Development Co., Ltd.	50,000.00	2020/7/10	2024/7/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yancheng Zhongnan Century City Real estate investment Co., Ltd.	50,000.00	2019/10/25	2024/10/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yancheng Zhongnan Century City Real estate investment Co., Ltd.	20,000.00	2020/8/5	2026/8/5	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Wuhan Jinyu Zhongnan Real Estate Development Co., Ltd.	13,000.00	2019/4/3	2024/4/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanning Jingxin Real Estate Co., Ltd.	80,000.00	2020/8/14	2026/8/13	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guangxi Rongce Real Estate Development Co., Ltd.	30,000.00	2020/2/27	2025/2/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenchang Zhongnan Real Estate Development Co., Ltd.	20,000.00	2013/6/25	2023/6/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yunnan Jinlin Real Estate Co., Ltd.	44,900.00	2020/7/9	2026/6/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guizhou Jinrong Real Estate Co., Ltd.	20,000.00	2020/10/23	2024/9/21	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guizhou Jinsheng Real Estate Co., Ltd.	20,000.00	2020/3/2	2024/12/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Changde Changxin Real Estate Development Co., Ltd.	12,000.00	2020/12/24	2024/6/24	No
Changde Nanya Real Estate Development Co., Ltd.	Changde Changxin Real Estate Development Co., Ltd.	12,000.00	2020/12/24	2024/6/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	65,000.00	2019/5/22	2025/5/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Taizhou Shengyao Real Estate Co., Ltd.	30,000.00	2020/12/25	2024/6/25	No
Jiangsu Zhongnan	Ningbo Zhongjing Real Estate Co., Ltd.	13,818.00	2020/5/28	2022/12/24	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Group Co., Ltd.					
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongjing Real Estate Co., Ltd.	15,000.00	2020/7/28	2022/7/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Dongcheng Real Estate Co., Ltd.	11,250.00	2020/2/20	2021/2/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongqi Real Estate Co., Ltd.	11,200.00	2020/7/29	2023/7/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhuji Yuesheng Real Estate Co., Ltd.	7,000.00	2020/12/31	2021/12/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Longgang Hengjun Real Estate Co., Ltd.	66,000.00	2020/11/10	2024/11/10	No
Wenzhou Jinchen Real Estate Co., Ltd.	Wenzhou Jinteng Real Estate Co., Ltd.	25,000.00	2020/9/18	2023/6/15	No
Wenzhou Jinyu Real Estate Co., Ltd.	Wenzhou Jinteng Real Estate Co., Ltd.	25,000.00	2020/9/18	2023/6/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenzhou Jinteng Real Estate Co., Ltd.	25,000.00	2020/9/18	2023/6/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Mingcheng Real Estate Co., Ltd.	30,000.00	2020/9/16	2025/9/16	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	20,000.00	2020/12/4	2024/12/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	20,000.00	2019/12/9	2023/4/10	No
Jiangsu Zhongnan	Urumqi Longrui Xinjing Real Estate	40,000.00	2020/5/29	2026/5/28	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Group Co., Ltd.	Development Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Urumqi Longrui Xinjing Real Estate Development Co., Ltd.	40,000.00	2020/12/3	2025/12/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Dongyang Golden Harbor Real Estate Co., Ltd.	35,000.00	2020/7/7	2023/3/16	No
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Dongyang Golden Harbor Real Estate Co., Ltd.	920.00	2020/12/31	2021/4/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Dongyang Golden Harbor Real Estate Co., Ltd.	5,000.00	2020/8/27	2021/8/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	142,439.77	2019/6/1	2024/6/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xianyang Nanfeng Real Estate Co., Ltd.	25,000.00	2020/9/18	2024/2/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Laiheng Real Estate Co., Ltd.	95,000.00	2020/6/29	2025/6/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Jinlv Real Estate Co., Ltd.	50,000.00	2019/12/11	2023/5/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Bengbu Zhongnan Garden Real Estate Development Co., Ltd.	63,000.00	2020/9/18	2024/3/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Yuyuan Real Estate Co., Ltd.	60,000.00	2020/12/25	2026/12/13	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Jinqihe Real Estate Co., Ltd.	60,000.00	2020/3/24	2025/12/8	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Yujin Real Estate Development Co., Ltd.	40,000.00	2019/8/8	2024/7/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shandong Putian Real Estate Co., Ltd.	70,000.00	2020/9/24	2026/9/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yantai Xiankeju Hotel Co., Ltd.	3,000.00	2020/9/25	2023/9/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shaoxing Jingyu Real Estate Co., Ltd.	50,000.00	2020/10/22	2024/10/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Detong Real Estate Co., Ltd.	16,500.00	2020/9/20	2025/9/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Lixin County Jinhan Real Estate Co., Ltd.	26,000.00	2020/11/24	2024/5/26	No
Huainan Xingnan Real Estate Co., Ltd.	Lixin County Jinhan Real Estate Co., Ltd.	26,000.00	2020/11/24	2024/5/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang New District Golden Port Real Estate Development Management Co., Ltd.	15,000.00	2019/7/19	2026/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Jinhong Real Estate Development Co., Ltd.	7,600.00	2020/10/30	2023/4/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Weihai Jinzhan Real Estate Co., Ltd.	25,000.00	2020/6/11	2023/11/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Weihai Jinzhan Real Estate Co., Ltd.	20,000.00	2019/12/12	2023/12/12	No
Jiangsu Zhongnan	Xi'an Nanxing Real Estate Co., Ltd.	55,000.00	2020/6/24	2025/6/23	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Group Co., Ltd.					
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Group Co., Ltd.	5,000.00	2020/11/26	2023/11/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	120,000.00	2018/9/13	2023/9/14	No
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	120,000.00	2018/9/13	2023/9/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	20,000.00	2019/5/29	2022/12/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	45,000.00	2020/10/30	2023/10/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	48,900.00	2020/6/30	2024/7/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	70,000.00	2020/3/31	2026/3/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	10,000.00	2020/9/30	2023/12/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd.	70,000.00	2015/6/10	2027/4/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd.	50,000.00	2020/6/19	2024/6/19	No
Jiangsu	Nantong Zhongnan	15,000.00	2020/7/30	2021/7/29	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Zhongnan Construction Group Co., Ltd.	New World Center Development Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd.	50,000.00	2020/12/31	2025/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd.	79,903.46	2019/8/27	2024/8/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tangshan Zhongnan International Tourism Island Real estate investment Development Co., Ltd.	29,211.00	2019/2/14	2025/2/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tangshan Zhongnan International Tourism Island Real estate investment Development Co., Ltd.	140,000.00	2020/6/24	2024/6/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd.	180,000.00	2020/6/30	2025/11/30	No
Chongqing Nanyou Real Estate Development Co., Ltd.	Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd.	180,000.00	2020/6/30	2025/11/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Zhongnan Jinyu Real Estate Co., Ltd.	50,000.00	2020/12/25	2022/12/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangyin Sutai Real Estate Co., Ltd.	80,000.00	2019/12/3	2022/11/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Zhongnan Jinleja Real Estate Development Co., Ltd.	30,000.00	2020/4/8	2024/4/8	No
Jiangsu Zhongnan	Jiaxing Zhongnan Jinleja Real Estate	20,000.00	2020/4/15	2023/4/15	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Group Co., Ltd.	Development Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Jinyue Real Estate Development Co., Ltd.	16,000.00	2020/12/11	2024/9/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Pingyang Jincheng Real Estate Co., Ltd.	85,000.00	2020/8/11	2026/8/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xuzhou Jinshuo Real Estate Development Co., Ltd.	35,000.00	2020/9/29	2023/9/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhishengda Real Estate Co., Ltd.	105,000.00	2019/10/31	2025/10/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinghua Zhongnan Business Management Co., Ltd.	60,000.00	2018/2/9	2028/2/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinghua Zhongnan Business Management Co., Ltd.	2,900.00	2020/1/20	2025/1/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinghua Zhongnan Business Management Co., Ltd.	4,900.00	2020/4/29	2025/4/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Danyang Zhongnan Real Estate Development Co., Ltd.	80,000.00	2019/12/24	2024/12/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Jintao Real Estate Co., Ltd.	20,000.00	2020/9/25	2021/3/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	20,000.00	2019/11/8	2023/3/25	No
Dongyang Golden Harbor Real Estate Co., Ltd.	Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	20,000.00	2019/11/8	2023/3/25	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	130,800.00	2020/8/12	2024/11/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Investment Co., Ltd.	210,000.00	2018/2/5	2030/2/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jining Zhongnan Hospital Management Co., Ltd.	45,600.00	2018/1/19	2040/1/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Rizhao Zhongnan Park Operation Development Co., Ltd.	100,000.00	2018/9/27	2030/7/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ganzhou Xingzhong Engineering Project Management Co., Ltd.	90,000.00	2020/7/1	2037/7/1	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Zhejiang Investment Co., Ltd.	3,000.00	2019/7/18	2022/7/1	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenzhen Zhongnan Business Management Co., Ltd.	5,000.00	2018/5/15	2034/12/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Binhai Zhongnan Construction Development Co., Ltd.	200,000.00	2019/1/29	2038/1/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ganzhou Xingzhong Engineering Project Management Co., Ltd.	90,000.00	2020/6/24	2036/12/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Dajiangdong Zhongnan Chenjin Construction Development Co., Ltd.	32,000.00	2020/7/7	2042/7/7	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Liaocheng Dongchangfu District Zhongnan Construction	90,000.00	2019/11/15	2041/11/14	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
	Development Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Jinshi Investment Co., Ltd.	350,000.00	2019/5/23	2034/6/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinghua Zhongnan Business Management Co., Ltd.	6,000.00	2018/2/9	2030/2/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Handan Zhongnan Engineering Project Management Co., Ltd.	54,000.00	2020/3/25	2022/3/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanchong Zhongnan Construction Development Co., Ltd.	30,000.00	2020/12/18	2023/12/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanchong Zhongnan Construction Development Co., Ltd.	5,000.00	2020/1/18	2023/1/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Luoyang Zhongluo Urban Construction Co., Ltd.	190,000.00	2020/3/9	2035/3/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tengzhou Gongxin Construction Development Co., Ltd.	50,000.00	2020/3/2	2032/3/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd.	9,750.00	2019/3/29	2026/3/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	18,000.00	2020/11/13	2023/1/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	30,000.00	2020/8/20	2023/7/19	No
Jiangsu Zhongnan Construction	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	15,000.00	2020/5/26	2024/5/25	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Group Co., Ltd.					
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	36,000.00	2020/8/20	2024/8/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	5,000.00	2020/2/10	2023/2/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	48,000.00	2020/4/15	2025/10/21	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	10,468.70	2020/6/11	2023/5/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	2,559.53	2020/4/26	2023/4/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	18,000.00	2020/3/16	2023/3/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	5,000.00	2020/11/6	2023/11/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	22,000.00	2020/2/20	2021/12/19	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Liaocheng Dongchangfu District Zhongnan Construction Development Co., Ltd.	90,000.00	2019/11/15	2041/11/14	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Sanya Haimian City Investment and Construction Co., Ltd.	193,000.00	2018/1/29	2040/1/27	No
Jiangsu Zhongnan	Sanya Haimian City Investment and	42,769.00	2018/1/24	2040/1/24	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Construction Industry Group Co., Ltd.	Construction Co., Ltd.				
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Zhejiang Investment Co., Ltd.	33,000.00	2016/10/25	2030/10/20	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Rongcheng Zhongnan Construction Investment Development Co., Ltd.	20,000.00	2019/1/11	2033/1/11	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Rongcheng Zhongnan Construction Investment Development Co., Ltd.	60,000.00	2019/1/2	2033/1/2	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Binhai Zhongnan Construction Development Co., Ltd.	240,000.00	2019/1/29	2038/1/29	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Rizhao Zhongnan Park Operation Development Co., Ltd.	100,000.00	2018/9/27	2030/7/24	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Xuzhou Zhongnan Construction Development Co., Ltd.	156,000.00	2018/1/26	2033/1/25	No
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Shenzhen Zhongnan Business Management Co., Ltd.	30,000.00	2018/5/15	2034/12/9	No

(4) Remuneration of key management personnel

In current year, the Group has key management personnel of 20 persons (including 5 persons resigned). In prior year, the key management personnel were 21 persons (including 6 persons resigned).

Item	Year ended 2020.12.31 (in ten thousand)	Year ended 2019.12.31 (in ten thousand)
------	--	--

Remuneration of key management personnel	8,209.00	6,315.00
--	----------	----------

(5) Other related party transactions

Related party	Related party transaction	Target company	Equity ratio (%)	Transaction price
Shanghai Zhongnan Maochuang Investment Co., Ltd.	Sale of shares	Nantong Zhongnan Valley Investment Management Co., Ltd.	100	2,000,000.00
Nantong Langda Commercial Management Co., Ltd.	Sale of shares	Nantong Zhongnan Commercial Development Co., Ltd.	100	30,050,000.00
Huizhou Zhongnan Jinxin Real Estate Co., Ltd.	Acquisition of equity	Huizhou Lujin Huitong Cultural Tourism Industry Development Co., Ltd.	97	24,543,958.70
Huizhou Pingxi Investment Consulting Co., Ltd.	Sale of shares	Huizhou Lujin Huitong Cultural Tourism Industry Development Co., Ltd.	50	12,651,525.10

6. Receivables and payables with related party

(1) Receivables from related party

Item	Related party	2020.12.31	2019.12.31
Accounts receivable	Funan Zhongnan New Road Investment Co., Ltd.	141,165,961.40	12,431,222.00
Accounts receivable	Nantong Huaxi Real Estate Co., Ltd.	65,610,439.92	55,914,299.69
Accounts receivable	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	28,503,813.95	32,558,956.29
Accounts receivable	Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	26,657,040.89	46,069,776.61
Accounts receivable	Suzhou Zhongnan Center Investment and Construction Co., Ltd.	25,944,617.60	-
Accounts receivable	Foshan Yuchen Real Estate Development Co., Ltd.	24,036,581.16	38,255,744.73
Accounts receivable	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	19,142,763.11	-
Accounts receivable	Jiangsu Mojie Sports Culture Communication Co., Ltd.	17,500,846.50	-
Accounts receivable	Zhuji Jingming Real Estate Co., Ltd.	14,565,742.96	-
Accounts receivable	Xi'an Yuanen Real Estate Co., Ltd.	13,727,363.92	-
Accounts receivable	Huaian Yucheng Real Estate Development Co., Ltd.	13,044,905.54	-
Accounts receivable	Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	12,950,875.59	19,387,055.55

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Accounts receivable	Nantong Jintuo Real Estate Co., Ltd.	12,246,924.38	44,826,187.15
Accounts receivable	Huai'an Jinxi Real Estate Co., Ltd.	12,203,156.42	-
Accounts receivable	Nanjing Qizhou Real Estate Development Co., Ltd.	11,052,481.72	-
Accounts receivable	Xuzhou Jinxi Real Estate Development Co., Ltd.	10,488,479.68	-
Accounts receivable	Fushun Shenghuabang Real Estate Development Co., Ltd.	10,416,923.00	-
Accounts receivable	Nanning Jingxin Real Estate Co., Ltd.	8,697,156.53	-
Accounts receivable	Nanjing Chechuang Intelligent Technology Co., Ltd.	8,593,308.64	-
Accounts receivable	Nantong Country Garden Chengdong Real Estate Co., Ltd.	8,386,036.59	42,056,212.67
Accounts receivable	Jiangsu Zhongnan Construction Decoration Co., Ltd.	7,007,037.37	6,050,479.94
Accounts receivable	Suzhou Kaiping Real Estate Development Co., Ltd.	6,406,542.40	24,893,398.74
Accounts receivable	Jiaxing Jianan Real Estate Co., Ltd.	5,974,459.98	64,914,239.06
Accounts receivable	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	5,851,040.62	8,764,509.82
Accounts receivable	Changshu Crown City Hongxiang Real Estate Co., Ltd.	5,791,045.88	49,266,249.31
Accounts receivable	Haimen Jinbang Real Estate Co., Ltd.	5,137,137.39	20,248,070.06
Accounts receivable	Haimen Jinteng Real Estate Co., Ltd.	4,748,056.14	-
Accounts receivable	Haimen Jinjia Real Estate Co., Ltd.	4,673,202.26	25,714,391.99
Accounts receivable	Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	4,176,869.84	16,610,304.29
Accounts receivable	Shangqiu Haiyue Real Estate Co., Ltd.	3,716,357.32	50,076,856.95
Accounts receivable	Dongtai Jinteng Real Estate Co., Ltd.	3,456,782.42	-
Accounts receivable	Hangzhou Zhongjing Bangda Real Estate Co., Ltd.	3,432,323.63	-
Accounts receivable	Nantong Jinde Real Estate Co., Ltd.	2,324,369.00	-
Accounts receivable	Shanghai Jinqi Technology Co., Ltd.	2,180,660.50	-
Accounts receivable	Nantong Wanpeng Real Estate Co., Ltd.	2,094,199.72	-
Accounts receivable	Handan Jinguang Real Estate Development Co., Ltd.	2,088,616.48	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Accounts receivable	Jinhua Jinhai Real Estate Co., Ltd.	2,000,000.00	-
Accounts receivable	Shanghai Greenland Fengrui Real Estate Co., Ltd.	1,823,705.20	4,320,628.20
Accounts receivable	Haimen Dingxi Real Estate Co., Ltd.	1,431,288.89	20,955,223.95
Accounts receivable	Shangqiu Ruihai Real Estate Co., Ltd.	1,132,000.00	66,717,973.72
Accounts receivable	Nantong Huachang Real Estate Co., Ltd.	1,086,798.02	6,348,055.37
Accounts receivable	Nantong Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	928,444.39	8,124,583.28
Accounts receivable	Kunming Zhongyue Real Estate Co., Ltd.	927,890.56	52,793,328.55
Accounts receivable	Suzhou Tianchen Real Estate Development Co., Ltd.	837,064.99	2,298,303.39
Accounts receivable	Nanjing Jinfan Real Estate Co., Ltd.	702,934.05	39,292,312.70
Accounts receivable	Huaian Yihong Real Estate Development Co., Ltd.	228,631.15	4,151,609.55
Accounts receivable	Zhongnan Holding Group Co., Ltd.	-	3,910,731.51
Accounts receivable	Haimen Haicheng Real Estate Co., Ltd.	-	2,316,000.00
Accounts receivable	Other related party sundry accounts receivable	13,118,448.32	17,384,907.44
Prepayments	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	958,107,887.35	140,726,895.08
Prepayments	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	45,792,798.90	7,379,986.44
Prepayments	Nantong Feiyu Electrical Equipment Co., Ltd.	12,701,299.62	6,598,582.54
Prepayments	Shanghai Zhongnan Hankun Project Management Co., Ltd.	6,798,130.00	-
Prepayments	Haimen Zhongnan Property Management Co., Ltd.	5,444,706.21	-
Prepayments	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	2,741,317.82	-
Prepayments	Jiangsu Shenyu Integrated House Co., Ltd.	1,515,306.39	9,590,127.16
Prepayments	Jiangsu Zhongnan Property Services Co., Ltd.	803,458.54	3,188,366.03
Prepayments	Jiangsu Zhongnan Construction Decoration Co., Ltd.	156,894.19	3,464,706.74
Prepayments	Jiangsu Jianyin Commercial Factoring Co., Ltd.	-	49,393,813.11
Prepayments	Tangshan Zhongnan International Tourism Resort Property Service Co., Ltd.	-	18,937,174.88
Prepayments	Yantai Jinde Real Estate Co., Ltd.	-	3,282,071.47
Prepayments	Other related party sundry prepayments	1,974,860.64	1,035,933.75

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Other receivables	Jiangsu Dongmao Commercial Development Co., Ltd.	1,684,857,733.00	-
Other receivables	Nanjing Jinan Zhongyin Real Estate Development Co., Ltd.	1,041,479,508.82	965,191,659.64
Other receivables	Nanning Jingxin Real Estate Co., Ltd.	806,347,762.55	-
Other receivables	Haimen Jinrong Real Estate Development Co., Ltd.	774,205,000.00	774,205,000.00
Other receivables	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	711,722,896.82	711,870,754.82
Other receivables	Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	561,498,933.68	642,948,654.59
Other receivables	Yancheng Binheng Real Estate Co., Ltd.	483,596,234.55	-
Other receivables	Shenzhen Baoyu Investment Co., Ltd.	481,350,232.81	-
Other receivables	Kunming Zhongyue Real Estate Co., Ltd.	462,063,937.00	462,063,937.00
Other receivables	Wenzhou Jingrong Real Estate Co., Ltd.	430,104,165.00	-
Other receivables	Chengdu Century Zhongnan Real Estate Development Co., Ltd.	412,006,703.97	507,781,912.53
Other receivables	Nanjing Qizhou Real Estate Development Co., Ltd.	411,390,000.00	-
Other receivables	Xiangtan Changsha Jincheng Real Estate Development Co., Ltd.	406,858,401.30	240,358,401.30
Other receivables	Yantai Muyuan Real Estate Co., Ltd.	397,641,647.49	-
Other receivables	Danzhou Runjie Real Estate Development Co., Ltd.	391,103,334.78	-
Other receivables	Changshu Crown City Hongxiang Real Estate Co., Ltd.	369,110,617.79	115,799,411.15
Other receivables	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	367,336,902.24	366,849,127.61
Other receivables	Shaoxing Jinyue Real Estate Co., Ltd.	364,670,300.00	-
Other receivables	Taizhou Zhuoshun Real Estate Development Co., Ltd.	355,974,300.00	355,974,300.00
Other receivables	Zhuguang Group Jiaojiang Real Estate Co., Ltd.	292,709,198.60	-
Other receivables	Jiangsu Shengjie Commercial Development Co., Ltd.	288,780,947.50	-
Other receivables	Zhangjiagang Jinyu Land Co., Ltd.	268,062,189.72	236,442,189.72
Other receivables	Huasheng Real Estate Development (Shenzhen) Co., Ltd.	250,000,000.00	48,623,700.00
Other receivables	Taicang Jintai Real Estate Development Co., Ltd.	244,570,000.00	-

Item	Related party	2020.12.31	2019.12.31
Other receivables	Zhuji Jingming Real Estate Co., Ltd.	243,600,000.00	218,493,650.52
Other receivables	Yantai Xinyuan Real Estate Development Co., Ltd.	238,029,270.00	-
Other receivables	Shenyang Metro Yurui Project Management Co., Ltd.	230,661,344.64	67,581,683.39
Other receivables	Taichang Jinye Real Estate Development Co., Ltd.	216,286,500.00	-
Other receivables	Yunnan Yihong Real Estate Development Co., Ltd.	214,032,232.00	-
Other receivables	Fuzhou Gyeongnam Tangmao Real Estate Development Co., Ltd.	204,401,771.26	-
Other receivables	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	200,000,000.00	200,000,000.00
Other receivables	Suzhou Biying Real Estate Development Co., Ltd.	197,436,279.25	281,085,406.04
Other receivables	Yancheng Gangda Real Estate Development Co., Ltd.	191,967,416.38	-
Other receivables	Taizhou Zhuoxin Real Estate Development Co., Ltd.	191,143,160.19	191,143,160.19
Other receivables	Shanghai Greenland Fengrui Real Estate Co., Ltd.	180,617,735.29	180,617,735.29
Other receivables	Yuyao Jinjie Real Estate Development Co., Ltd.	176,720,814.80	-
Other receivables	Foshan Yuchen Real Estate Development Co., Ltd.	176,200,000.00	279,200,000.00
Other receivables	Weifang City Zhongnan Jincheng Real Estate Development Co., Ltd.	175,874,288.24	198,567,482.32
Other receivables	Xuzhou Xiangheng Real Estate Co., Ltd.	174,108,752.45	-
Other receivables	Yangzhou Yicheng Real Estate Co., Ltd.	167,167,497.81	155,167,497.81
Other receivables	Lianyungang Huaxi Real Estate Co., Ltd.	163,334,665.46	303,332,205.46
Other receivables	Xinjiang Tianyu Shengshi Real Estate Development Co., Ltd.	156,679,296.21	27,700,000.00
Other receivables	Zhuji Ruikun Real Estate Co., Ltd.	155,562,532.21	-
Other receivables	Hangzhou Huiyan Investment Management Co., Ltd.	136,075,000.00	136,254,471.33
Other receivables	Nanjing Zhongnan Sunac Real Estate Co., Ltd.	133,616,510.86	173,616,510.86
Other receivables	Kaifeng Huida Zhongnan Real Estate Co., Ltd.	132,132,506.85	284,942,506.85
Other receivables	Changshu Nanbi Real Estate Development Co., Ltd.	129,488,748.50	354,488,748.50
Other receivables	Jiangsu Jinze Real Estate Co., Ltd.	126,990,000.00	-

Item	Related party	2020.12.31	2019.12.31
Other receivables	Shenzhen Zhongzhou Fuda Investment Co., Ltd.	121,585,883.33	-
Other receivables	Shaoxing Jinjia Real Estate Co., Ltd.	117,395,788.81	198,780,172.07
Other receivables	Zibo Jincheng Real Estate Development Co., Ltd.	104,364,800.00	104,364,800.00
Other receivables	Hangzhou Shuishengxin Real Estate Development Co., Ltd.	96,722,256.00	96,722,256.00
Other receivables	Chengdu Chenpan Real Estate Co., Ltd.	94,883,444.72	-
Other receivables	Jining Jinqin Real Estate Development Co., Ltd.	91,631,654.67	242,470,340.73
Other receivables	Foshan Yaxu Real Estate Development Co., Ltd.	85,476,548.11	329,822,838.12
Other receivables	Huaian Yihong Real Estate Development Co., Ltd.	82,300,000.00	82,300,000.00
Other receivables	Fushun Shenghuabang Real Estate Development Co., Ltd.	79,556,294.44	95,761,022.73
Other receivables	Shenyang Jincheng Business Management Co., Ltd.	77,782,513.14	77,782,513.14
Other receivables	Taichang Hao Ding Real Estate Development Co., Ltd.	75,000,000.00	-
Other receivables	Chongqing Nantang Mansion Real Estate Development Co., Ltd. (commercial)	70,705,538.60	-
Other receivables	Xi'an Yuanen Real Estate Co., Ltd.	69,760,000.00	-
Other receivables	Suzhou Kaiping Real Estate Development Co., Ltd.	69,286,208.00	-
Other receivables	Xuchang Yuheng Real Estate Development Co., Ltd.	65,373,244.75	39,175,244.75
Other receivables	Guangxi Runkai Real Estate Co., Ltd.	60,676,816.00	-
Other receivables	Taichang Jinsheng Real Estate Development Co., Ltd.	60,640,000.00	-
Other receivables	Jinhua Jinhai Real Estate Co., Ltd.	60,343,474.00	296,712,100.64
Other receivables	Huizhou Jialin Bohao Real Estate Development Co., Ltd.	59,525,840.00	-
Other receivables	Huaian Shihai Real Estate Development Co., Ltd.	59,500,000.00	59,500,000.00
Other receivables	Hangzhou Changyi Business Information Consulting Co., Ltd.	58,650,000.00	58,650,000.00
Other receivables	Nantong Haiqin Real Estate Co., Ltd.	52,564,203.90	-
Other receivables	Zhenjiang Hengrun Real Estate Development Co., Ltd.	52,152,983.00	99,247,376.00
Other receivables	Lishui Jinxi Real Estate Co., Ltd.	49,150,500.00	50,013,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Other receivables	Jiaxing Rongkun Real Estate Co., Ltd.	48,303,823.65	65,413,328.81
Other receivables	Rudong Gangrui Real Estate Co., Ltd.	47,493,314.15	261,119,924.95
Other receivables	Zhuji Jingrun Real Estate Co., Ltd.	45,002,811.00	-
Other receivables	Nantong Jinli Real Estate Co., Ltd.	44,792,043.14	108,252,043.14
Other receivables	Tianjin Junyou Real Estate Information Consulting Co., Ltd.	44,612,704.97	44,612,704.97
Other receivables	Hangzhou Jinhong Business Management Consulting Co., Ltd.	42,860,073.04	-
Other receivables	Pingjia (Shenzhen) Investment Co., Ltd.	41,144,000.00	36,000,000.00
Other receivables	Hangzhou Jiazheng Real Estate Co., Ltd.	40,505,666.00	233,888,066.00
Other receivables	Haining Hongxiang Jinyuan Real Estate Co., Ltd.	40,477,200.00	52,190,775.00
Other receivables	Hangzhou Yuansheng Business Management Co., Ltd.	39,865,500.00	29,251,305.04
Other receivables	Yuyao Libo Real Estate Co., Ltd.	38,778,681.15	-
Other receivables	Pingxi (Shenzhen) Investment Co., Ltd.	37,967,000.00	36,000,000.00
Other receivables	Kunshan Lanxi Real Estate Development Co., Ltd.	37,073,280.00	37,073,280.00
Other receivables	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	30,656,471.00	-
Other receivables	Shanghai Juexu Real Estate Co., Ltd.	29,577,997.78	102,742,320.00
Other receivables	Shanghai Nanshang Real Estate Co., Ltd.	26,214,971.39	40,585,357.67
Other receivables	Zhongnan (Shenzhen) Real Estate Development Co., Ltd.	25,792,545.91	4,807,121.11
Other receivables	Zoucheng Jinshang Real Estate Co., Ltd.	24,810,699.98	90,101,839.00
Other receivables	Wuxi Tangmei Real Estate Co., Ltd.	22,791,341.10	-
Other receivables	Xuzhou Yining Real Estate Co., Ltd.	22,014,155.35	141,054,328.15
Other receivables	Deqing Jinye Real Estate Co., Ltd.	19,834,145.58	-
Other receivables	Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	16,474,452.77	16,474,452.77
Other receivables	Weihai Xingyue Real Estate Development Co., Ltd.	14,836,500.00	1,875,000.00
Other receivables	Huainan Jiahua Real Estate Development Co., Ltd.	14,011,344.74	8,000,000.00

Item	Related party	2020.12.31	2019.12.31
Other receivables	Chongqing Western Union Real Estate Development Co., Ltd.	13,193,846.80	20,887,631.94
Other receivables	Huizhou Pingxi Investment Consulting Co., Ltd.	12,662,688.00	-
Other receivables	Zhenjiang Yirun Zhongnan Real Estate Company	12,385,356.56	-
Other receivables	Ningbo Shenglang Real Estate Development Co., Ltd.	10,401,880.00	10,401,880.00
Other receivables	Taizhou Tangshun Real Estate Co., Ltd.	10,200,000.00	-
Other receivables	Suqian Zhongnan New World Real Estate Development Co., Ltd.	10,102,379.10	56,449,174.98
Other receivables	Nantong Jianxiu Consulting Management Co., Ltd.	10,000,000.00	-
Other receivables	Jiaxing Jianan Real Estate Co., Ltd.	6,649,209.34	54,517,175.50
Other receivables	Pizhou Jindao Real Estate Development Co., Ltd.	1,799,222.50	81,320,342.50
Other receivables	Huai'an Jinxi Real Estate Co., Ltd.	800,000.00	304,054,990.25
Other receivables	Jiaxing Lancheng Development and Construction Co., Ltd.	483,894.70	33,351,342.00
Other receivables	Jiangsu Zhongnan Property Services Co., Ltd.	420,490.09	11,556,494.89
Other receivables	Nantong Zhuoyu Real Estate Development Co., Ltd.	320,000.00	-
Other receivables	Haimen Jinteng Real Estate Co., Ltd.	299,609.89	106,536,279.23
Other receivables	Rugao Jinrui Real Estate Co., Ltd.	202,372.50	392,790,948.80
Other receivables	Nantong Xinhe Real Estate Co., Ltd.	200,000.00	117,258,837.65
Other receivables	Huaian Yucheng Real Estate Development Co., Ltd.	200,000.00	56,097,163.84
Other receivables	Haining Hongxiang Jinyu Real Estate Co., Ltd.	123,439.10	225,715,000.00
Other receivables	Nantong Tenglong Real Estate Co., Ltd.	102,004.00	-
Other receivables	Haimen Haikang Real Estate Co., Ltd.	100,000.00	79,227,573.22
Other receivables	Rudong Gangda Real Estate Co., Ltd.	45,938.40	146,977,943.33
Other receivables	Nantong Junzhidi Real Estate Co., Ltd.	44,979.60	126,616,019.34
Other receivables	Huzhou Jinyu Real Estate Co., Ltd.	20,000.00	239,283,000.00
Other receivables	Pizhou Zhenbao Dao Real Estate Co., Ltd.	7,680.00	18,375,156.50

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Other receivables	Haimen Haicheng Real Estate Co., Ltd.	2,230.00	379,597,909.13
Other receivables	Nantong Huapu Real Estate Co., Ltd.	1,317.00	805,049,100.00
Other receivables	Yunnan Jiazhuo Real Estate Development Co., Ltd.	-	765,493,828.23
Other receivables	Xuzhou Jingyue Real Estate Development Co., Ltd.	-	625,513,969.16
Other receivables	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	-	473,947,089.93
Other receivables	Chongqing Jinnan Shengtang Real Estate Development Co., Ltd.	-	349,648,866.59
Other receivables	Lishui Jinqiao Real Estate Co., Ltd.	-	326,090,000.00
Other receivables	Suzhou Zhongnan Center Investment and Construction Co., Ltd.	-	305,149,354.28
Other receivables	Jiaxing Zhuoda Real Estate Development Co., Ltd.	-	261,998,604.42
Other receivables	Shanghai Jinding Enterprise Management Co., Ltd.	-	220,447,304.84
Other receivables	Huai'an Hejin Real Estate Co., Ltd.	-	143,449,615.22
Other receivables	Ningbo Hangzhou Bay New Area Haige Real Estate Co., Ltd.	-	141,574,331.17
Other receivables	Cixi Xingkun Real Estate Co., Ltd.	-	87,771,741.75
Other receivables	Zhangjiagang Zhimao Real Estate Co., Ltd.	-	79,518,996.00
Other receivables	Ningbo Yongyao Real Estate Co., Ltd.	-	72,814,963.50
Other receivables	Binzhou Country Garden Real Estate Development Co., Ltd.	-	69,186,465.75
Other receivables	Zhongnan Holding Group Co., Ltd.	-	66,106,807.03
Other receivables	Cixi Jingui Real Estate Co., Ltd.	-	63,212,921.30
Other receivables	Ningbo Shengrui Real Estate Development Co., Ltd.	-	47,176,494.00
Other receivables	Nantong Hongchuang Real Estate Co., Ltd.	-	43,523,223.74
Other receivables	Xuzhou Yiju Real Estate Co., Ltd.	-	37,429,314.23
Other receivables	Wenchang Holiday Management Co., Ltd.	-	26,065,670.27
Other receivables	Zhongnan Holding Group (Shanghai) Asset Management Co., Ltd.	-	20,003,536.41
Other receivables	Zhenjiang Hongfu Real Estate Co., Ltd.	-	18,875,000.00

Item	Related party	2020.12.31	2019.12.31
Other receivables	Chuzhou Zhongnan Yunda Investment Fund Partnership (Limited Partnership)	-	15,000,000.00
Other receivables	Taichang Xinheng Real Estate Development Co., Ltd.	-	11,445,720.00
Other receivables	Nantong Zhongnan Sports Exhibition Center Management Co., Ltd.	-	10,774,925.12
Other receivables	Other related party sundry other receivables	117,308,373.03	83,227,994.37
Contract assets	Shangqiu Haiyue Real Estate Co., Ltd.	156,023,705.70	-
Contract assets	Shangqiu Ruihai Real Estate Co., Ltd.	146,869,208.97	-
Contract assets	Suzhou Zhongnan Center Investment and Construction Co., Ltd.	101,269,080.21	-
Contract assets	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	73,952,926.85	-
Contract assets	Foshan Gaoming District Jinshi Real Estate Co., Ltd.,	67,546,580.12	-
Contract assets	Kunming Zhongyue Real Estate Co., Ltd.	66,359,506.33	-
Contract assets	Huaian Yucheng Real Estate Development Co., Ltd.	65,186,483.64	-
Contract assets	Jiaxing Jianan Real Estate Co., Ltd.	61,414,858.03	-
Contract assets	Nantong Jintuo Real Estate Co., Ltd.	56,154,943.91	-
Contract assets	Xiangtan Jinshi Real Estate Co., Ltd.	52,205,410.18	-
Contract assets	Nantong Country Garden Chengdong Real Estate Co., Ltd.	51,635,313.72	-
Contract assets	Xuzhou Jinxi Real Estate Development Co., Ltd.	41,209,922.98	-
Contract assets	Changshu Crown City Hongxiang Real Estate Co., Ltd.	40,035,641.46	-
Contract assets	Nantong Huaxi Real Estate Co., Ltd.	39,638,423.18	-
Contract assets	Hangzhou Zhongjing Bangda Real Estate Co., Ltd.	38,907,879.08	-
Contract assets	Nanjing Jinfan Real Estate Co., Ltd.	37,200,354.05	-
Contract assets	Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	36,718,870.97	-
Contract assets	Suzhou Kaiping Real Estate Development Co., Ltd.	35,985,370.36	-
Contract assets	Nantong Rongshi Chechuang Automobile Technology Co., Ltd.	33,436,804.06	-
Contract assets	Huai'an Jinxi Real Estate Co., Ltd.	31,544,790.63	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Contract assets	Dongtai Jinteng Real Estate Co., Ltd.	31,385,035.11	-
Contract assets	Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	31,027,640.24	-
Contract assets	Haimen Dingxi Real Estate Co., Ltd.	29,454,260.16	-
Contract assets	Haimen Jinbang Real Estate Co., Ltd.	27,604,654.10	-
Contract assets	Haimen Jinteng Real Estate Co., Ltd.	22,477,183.87	-
Contract assets	Nanjing Chechuang Intelligent Technology Co., Ltd.	22,085,983.96	-
Contract assets	Fushun Shenghuabang Real Estate Development Co., Ltd.	20,784,307.34	-
Contract assets	Nanning Jingxin Real Estate Co., Ltd.	20,084,318.52	-
Contract assets	Foshan Yuchen Real Estate Development Co., Ltd.	18,554,390.80	-
Contract assets	Zhaoqing Duanzhou District Hongshi Real Estate Co., Ltd.,	17,769,266.90	-
Contract assets	Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	12,110,354.64	-
Contract assets	Changshu Hangshi Business Management Co., Ltd.	12,024,937.08	-
Contract assets	Shanghai Jinqi Technology Co., Ltd.	11,733,588.10	-
Contract assets	Haimen Jinjia Real Estate Co., Ltd.	11,002,278.49	-
Contract assets	Zhongnan Holding Group Co., Ltd.	8,759,449.24	-
Contract assets	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	7,708,527.48	-
Contract assets	Nanjing Qizhou Real Estate Development Co., Ltd.	6,111,779.98	-
Contract assets	Deqing Jinye Real Estate Co., Ltd.	4,252,961.41	-
Contract assets	Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	3,394,062.46	-
Contract assets	Nantong Zhuoyu Real Estate Development Co., Ltd.	3,355,590.14	-
Contract assets	Other related party sundry contract assets	10,235,012.37	-

(2) Payables to related party

Item	Related party	2020.12.31	2019.12.31
------	---------------	------------	------------

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Accounts payable	Jiangsu Zhongnan Construction Decoration Co., Ltd.	434,588,395.11	106,147,439.30
Accounts payable	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	350,162,647.26	311,437,841.24
Accounts payable	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	150,792,385.81	51,129,430.05
Accounts payable	Jiangsu Zhongnan Property Services Co., Ltd.	105,055,148.15	53,552,533.04
Accounts payable	Nantong Feiyu Electrical Equipment Co., Ltd.	64,017,614.26	55,744,444.71
Accounts payable	Jishi Company Taixing Project Department	39,950,528.26	-
Accounts payable	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	27,469,077.39	32,121,425.64
Accounts payable	Qingdao Zhongnan Property Management Co., Ltd.	26,039,527.84	18,017,771.38
Accounts payable	Nantong Zhongnan Yuzhu Formwork Technology Co., Ltd.	20,465,838.42	-
Accounts payable	Jiangsu Zhongnan Template Technology Co., Ltd.	13,399,367.28	10,975,077.82
Accounts payable	Zhongnan Holding Group Co., Ltd.	13,002,253.20	11,601,528.93
Accounts payable	Jiangsu Zhongnan Metal Decoration Engineering Co., Ltd.	11,916,722.63	-
Accounts payable	Nantong Zhongnan Commercial Development Co., Ltd.	9,503,615.38	-
Accounts payable	Jiangsu Shenyu Integrated House Co., Ltd.	9,093,815.79	2,204,965.68
Accounts payable	Hainan Zhongnan Property Services Co., Ltd.	9,083,477.92	3,523,488.74
Accounts payable	Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	8,477,902.56	5,450,916.31
Accounts payable	Jinxiang Project Department of Jishi Company	5,416,497.32	-
Accounts payable	Zhilian Wanyuan (Beijing) Digital Technology Co., Ltd.	5,120,000.00	-
Accounts payable	Nantong Zhongnan Industrial Investment Co., Ltd.	5,020,940.04	5,020,940.04
Accounts payable	Tangshan Zhongnan International Tourism Resort Property Service Co., Ltd.	4,769,681.27	-
Accounts payable	Shanghai Xiyue Architectural Design Consulting Co., Ltd.	4,050,831.24	-
Accounts payable	Shanghai Wulu Construction Engineering Consulting Co., Ltd.	2,669,396.66	2,320,451.32
Accounts payable	Jiangsu Zhongnan Metal Products Technology Co., Ltd.	2,461,851.05	-
Accounts payable	Shanghai Jinqi Technology Co., Ltd.	1,036,787.77	2,136,963.12

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
Accounts payable	Beijing Urban Construction Zhongnan Municipal Engineering Co., Ltd.	352,971.98	4,106,908.42
Accounts payable	Jiangsu Jianyin Commercial Factoring Co., Ltd.	-	576,967,578.67
Accounts payable	Xuzhou Jinxi Real Estate Development Co., Ltd.	-	27,594,247.21
Accounts payable	Other related party sundry accounts payable	3,603,259.71	4,449,751.05
Advances from customers	Nantong Lingyuan Power Equipment Co., Ltd.	-	8,600,000.00
Advances from customers	Changshu Crown City Hongxiang Real Estate Co., Ltd.	-	3,973,385.13
Advances from customers	Huaian Yucheng Real Estate Development Co., Ltd.	-	3,220,107.86
Advances from customers	Nantong Ganghua Real Estate Co., Ltd.	-	2,030,350.36
Advances from customers	Other related party sundry advances from customers	154,128.33	4,718,226.75
Other payables	Haimen Jinbang Real Estate Co., Ltd.	1,340,687,680.39	1,342,020,880.39
Other payables	Nanning Jingxin Real Estate Co., Ltd.	1,151,027,624.75	-
Other payables	Haimen Haicheng Real Estate Co., Ltd.	1,040,000,000.00	-
Other payables	Suzhou Changzun Real Estate Co., Ltd.	852,957,703.18	970,305,603.18
Other payables	Yunnan Jiazhuo Real Estate Development Co., Ltd.	817,516,171.77	-
Other payables	Kunming Zhongyue Real Estate Co., Ltd.	812,963,607.66	649,763,607.66
Other payables	Nantong Jinhui Real Estate Co., Ltd.	675,856,929.64	659,785,253.61
Other payables	Nantong Jinde Real Estate Co., Ltd.	618,761,398.85	618,879,609.45
Other payables	Suzhou Kaiping Real Estate Development Co., Ltd.	554,774,309.24	668,143,809.24
Other payables	Yantai Jinchen Real Estate Development Co., Ltd.	502,951,363.70	190,607,632.65
Other payables	Haimen Jinrong Real Estate Development Co., Ltd.	467,532,350.00	733,910,000.00
Other payables	Taichang Tongguang Real Estate Development Co., Ltd.	465,930,669.72	374,114,107.76
Other	Shangqiu Old Neighborhood Real Estate	452,727,500.00	288,607,500.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
payables	Co., Ltd.		
Other payables	Xuzhou Jinxi Real Estate Development Co., Ltd.	430,487,254.95	153,000,000.00
Other payables	Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd.,	413,240,011.20	172,592,267.20
Other payables	Xi'an Yuanen Real Estate Co., Ltd.	402,610,076.71	-
Other payables	Ningbo Shimao Yueying Real Estate Co., Ltd.	395,618,443.00	353,118,443.00
Other payables	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	382,898,207.31	7,201,952.66
Other payables	Changshu Zhongzhi Real Estate Co., Ltd.	347,758,250.00	352,858,250.00
Other payables	Nanjing Qizhou Real Estate Development Co., Ltd.	345,450,000.00	-
Other payables	Taizhou Zhuoshun Real Estate Development Co., Ltd.	331,287,000.00	231,000,000.00
Other payables	Deqing Yujin Real Estate Development Co., Ltd.	328,636,274.51	-
Other payables	Nantong Tenglong Real Estate Co., Ltd.	327,432,463.28	202,432,463.28
Other payables	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	294,742,584.47	283,243,904.38
Other payables	Haimen Jinteng Real Estate Co., Ltd.	255,565,035.82	-
Other payables	Chengdu Century Zhongnan Real Estate Development Co., Ltd.	252,904,788.50	-
Other payables	Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	247,414,071.52	335,709,343.28
Other payables	Nantong Jinheng Real Estate Co., Ltd.	238,111,355.40	281,011,355.40
Other payables	Nantong Hongyan Real Estate Co., Ltd.	235,225,005.93	324,142,130.41
Other payables	Taicang Jintai Real Estate Development Co., Ltd.	221,050,000.00	-
Other payables	Xuzhou Jinchuan Real Estate Development Co., Ltd.	215,509,245.00	376,159,245.00
Other payables	Xuzhou Xinzhong Real Estate Development Co., Ltd.	206,096,580.00	169,225,680.00
Other payables	Fushun Shenghuabang Real Estate Development Co., Ltd.	204,015,922.07	184,482,666.67
Other payables	Nantong Ganghua Real Estate Co., Ltd.	194,270,373.48	72,309,323.48
Other payables	Haimen Haikang Real Estate Co., Ltd.	190,686,184.18	-
Other payables	Nantong Country Garden Chengdong Real Estate Co., Ltd.	186,970,239.10	444,644,998.67
Other	Zhangjiagang Zhimao Real Estate Co., Ltd.	183,600,000.00	-

Item	Related party	2020.12.31	2019.12.31
payables			
Other payables	Zhuguang Group Jiaojiang Real Estate Co., Ltd.	175,200,000.00	-
Other payables	Zhenjiang Yirun Zhongnan Real Estate Company	173,030,084.41	149,405,629.17
Other payables	Taizhou Zhuoxin Real Estate Development Co., Ltd.	166,050,000.00	125,550,000.00
Other payables	Xuzhou Junmao Real Estate Development Co., Ltd.	161,387,419.67	161,387,419.67
Other payables	Huaian Yihong Real Estate Development Co., Ltd.	160,991,015.99	171,933,323.30
Other payables	Nantong Huapu Real Estate Co., Ltd.	158,296,686.29	-
Other payables	Shenzhen Jinzhongsheng Investment Co., Ltd.	158,182,077.70	-
Other payables	Wenzhou Jingrong Real Estate Co., Ltd.	158,100,000.00	-
Other payables	Jining Jinqin Real Estate Development Co., Ltd.	153,000,000.00	268,657,540.94
Other payables	Suzhou Biying Real Estate Development Co., Ltd.	152,284,617.41	-
Other payables	Zibo Jincheng Real Estate Development Co., Ltd.	151,869,101.25	84,000,000.00
Other payables	Weihai Xingyue Real Estate Development Co., Ltd.	149,789,298.40	120,286,565.60
Other payables	Shanghai Lizhi Real Estate Development Co., Ltd.	146,100,000.00	428,020,000.00
Other payables	Handan Jinguang Real Estate Development Co., Ltd.	141,079,093.57	10,900,000.00
Other payables	Haimen Jinjia Real Estate Co., Ltd.	139,053,807.48	218,787,059.59
Other payables	Kaifeng Huida Zhongnan Real Estate Co., Ltd.	137,429,016.69	137,429,016.69
Other payables	Yuyao Jinhao Real Estate Co., Ltd.	135,267,033.81	-
Other payables	Yunnan Jiaxun Real Estate Development Co., Ltd.	131,886,259.85	129,436,259.85
Other payables	Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.	124,644,007.90	286,759,007.90
Other payables	Changshu Wanzhongcheng Real Estate Co., Ltd.	117,075,528.74	117,075,528.74
Other payables	Ruian Xincheng Yihong Real Estate Development Co., Ltd.	116,550,000.00	116,550,000.00
Other payables	Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	112,026,409.60	112,026,409.60
Other payables	Shangqiu Ruihai Real Estate Co., Ltd.	110,000,000.00	32,000,000.00
Other	Nantong Country Garden New District Real	109,456,900.00	84,456,900.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
payables	Estate Co., Ltd.		
Other payables	Zhuji Jinghui Real Estate Co., Ltd.	107,866,117.97	187,101,842.14
Other payables	Nantong Huachang Real Estate Co., Ltd.	106,640,000.00	119,000,000.00
Other payables	Hangzhou Tengyang Business Management Co., Ltd.	105,725,000.00	-
Other payables	Jining Zhongnan Intelli Real Estate Co., Ltd.	99,703,416.44	62,703,416.44
Other payables	Nantong Xinhe Real Estate Co., Ltd.	94,760,000.00	-
Other payables	Nantong Jintuo Real Estate Co., Ltd.	92,162,917.37	64,162,917.37
Other payables	Chongqing Nantang Mansion Real Estate Development Co., Ltd.	87,309,957.51	-
Other payables	Huaian Shihai Real Estate Development Co., Ltd.	84,063,793.66	99,822,452.03
Other payables	Nantong Xuanxi Real Estate Co., Ltd.	83,859,558.44	25,000,047.21
Other payables	Rugao Jinrui Real Estate Co., Ltd.	83,715,768.90	-
Other payables	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	81,714,934.05	79,577,995.25
Other payables	Cixi Xingkun Real Estate Co., Ltd.	80,528,258.25	-
Other payables	Hangzhou Huiyan Investment Management Co., Ltd.	75,300,528.67	-
Other payables	Taichang Jinye Real Estate Development Co., Ltd.	74,700,000.00	-
Other payables	Taichang Zhongnan Yayuan Real Estate Development Co., Ltd.	74,388,211.00	134,388,211.00
Other payables	Nantong Tongzhou District Shuangheng Real Estate Co., Ltd.	73,248,000.00	79,108,634.21
Other payables	Huai'an Jinxi Real Estate Co., Ltd.	71,500,000.00	-
Other payables	Hangzhou Yuansheng Business Management Co., Ltd.	70,748,694.96	-
Other payables	Nantong Wanpeng Real Estate Co., Ltd.	70,136,374.73	50,136,374.73
Other payables	Shenyang Metro Yurui Project Management Co., Ltd.	69,490,000.00	-
Other payables	Ningbo Fenghua Yuandu Business Management Co., Ltd.	68,354,715.02	-
Other payables	Ningbo Yongyao Real Estate Co., Ltd.	66,549,154.63	-
Other payables	Xuzhou Yiju Real Estate Co., Ltd.	65,000,000.00	-
Other	Huzhou Jinyu Real Estate Co., Ltd.	60,020,000.00	-

Item	Related party	2020.12.31	2019.12.31
payables			
Other payables	Nantong Zhongnan Commercial Development Co., Ltd.	60,014,381.58	-
Other payables	Hangzhou Changyi Business Information Consulting Co., Ltd.	58,950,000.00	58,950,000.00
Other payables	Ningbo Guangkai Real Estate Development Co., Ltd.	58,700,000.00	68,700,000.00
Other payables	Yuyao Rongheng Real Estate Co., Ltd.	58,065,000.00	-
Other payables	Chengdu Yunze Real Estate Development Co., Ltd.	55,071,165.32	-
Other payables	Haimen Zhongnan International Real Estate Consulting Co., Ltd.	55,008,592.73	-
Other payables	Shanghai Pingqi Industrial Co., Ltd.	53,767,800.00	47,167,800.00
Other payables	Changshu Country Garden Real Estate Development Co., Ltd.	53,300,000.00	53,300,000.00
Other payables	Foshan Yuchen Real Estate Development Co., Ltd.	52,325,600.18	52,800,429.77
Other payables	Zhuji Jingming Real Estate Co., Ltd.	52,052,405.78	-
Other payables	Pingdu Zhongnan Jinchen Real Estate Co., Ltd.	51,047,828.53	51,058,330.45
Other payables	Jiaxing Zhuoda Real Estate Development Co., Ltd.	49,912,318.26	-
Other payables	Binzhou Country Garden Real Estate Development Co., Ltd.	47,730,000.00	-
Other payables	Shanghai Zhongnan Hankun Project Management Co., Ltd.	46,456,221.73	3,716,850.85
Other payables	Huaian Yucheng Real Estate Development Co., Ltd.	46,238,836.16	-
Other payables	Zhenjiang Hongfu Real Estate Co., Ltd.	46,125,000.00	-
Other payables	Shenyang Jinke Junda Real Estate Development Co., Ltd.	45,864,000.00	45,864,000.00
Other payables	Zhuji Jingshi Real Estate Co., Ltd.	45,770,971.71	116,205,458.09
Other payables	Dingzhou Jintai Business Management Co., Ltd.	45,000,000.00	-
Other payables	Suqian Zhongnan New World Real Estate Development Co., Ltd.	43,355,433.37	-
Other payables	Zhangjiagang Quantang Real Estate Co., Ltd.	43,037,600.10	83,957,600.10
Other payables	Nantong Huayue Real Estate Co., Ltd.	41,380,700.34	18,380,700.34
Other payables	Jiangsu Zhongnan Property Services Co., Ltd.	40,426,051.05	4,429,744.13
Other	Rudong Gangda Real Estate Co., Ltd.	38,565,056.67	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
payables			
Other payables	Taichang Minjun Real Estate Development Co., Ltd.	36,538,500.00	-
Other payables	Ningbo Hedi Investment Management Co., Ltd.	35,974,396.00	35,182,396.00
Other payables	Yuyao Glory Real Estate Co., Ltd.	34,300,000.00	-
Other payables	Nantong Jinzhou Real Estate Co., Ltd.	33,610,160.37	102,023,190.53
Other payables	Danzhou Runjie Real Estate Development Co., Ltd.	32,750,000.00	-
Other payables	Nantong Junzhidi Real Estate Co., Ltd.	32,385,431.25	-
Other payables	Cixi Hexiang Real Estate Co., Ltd.	32,106,500.00	31,400,000.00
Other payables	Zhenjiang Yifa Real Estate Development Co., Ltd.	32,033,587.23	70,908,587.23
Other payables	Jiaxing Jianan Real Estate Co., Ltd.	31,555,479.77	-
Other payables	Taichang Huisheng Real Estate Development Co., Ltd.	30,530,000.00	42,848,750.00
Other payables	Yuyao Zhongmei Real Estate Co., Ltd.	30,293,543.12	20,833,543.12
Other payables	Pizhou Zhenbao Dao Real Estate Co., Ltd.	29,840,342.50	-
Other payables	Nantong Jinyue Real Estate Co., Ltd.	29,531,639.84	32,868,339.84
Other payables	Changshu Gongzhu Real Estate Co., Ltd.	27,886,362.86	33,800,000.00
Other payables	Nantong Jinlong Real Estate Co., Ltd.	27,476,393.52	17,476,393.52
Other payables	Anning Zhongnan Yunjing Real Estate Development Co., Ltd.	25,617,900.00	25,617,900.00
Other payables	Jiangsu Zhongnan Construction Decoration Co., Ltd.	25,002,642.72	25,876,824.80
Other payables	Taizhou Jinglun Real Estate Co., Ltd.	25,000,000.00	-
Other payables	Ningbo Hangzhou Bay New Area Haige Real Estate Co., Ltd.	25,000,000.00	-
Other payables	Nanjing Jinan Zhongyin Real Estate Development Co., Ltd.	24,579,007.00	-
Other payables	Tianjin Xinyou Real Estate Co., Ltd.	24,420,000.00	9,570,000.00
Other payables	Haining Hongxiang Jinyu Real Estate Co., Ltd.	24,084,419.77	-
Other payables	Haimen Dingxi Real Estate Co., Ltd.	23,750,001.00	16,250,001.00
Other	Huizhou Lujin Huitong Cultural Tourism	23,543,958.70	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2020.12.31	2019.12.31
payables	Industry Development Co., Ltd.		
Other payables	Xuzhou Yining Real Estate Co., Ltd.	22,930,208.33	-
Other payables	Chongqing Shouming Real Estate Development Co., Ltd.	21,923,915.62	22,022,623.15
Other payables	Weihai Defa Real Estate Development Co., Ltd.	21,817,664.70	-
Other payables	Cixi Chonggui Real Estate Development Co., Ltd.	20,187,138.71	20,187,138.71
Other payables	Suzhou Tianchen Real Estate Development Co., Ltd.	18,600,000.00	14,100,000.00
Other payables	Zhongnan Holding Group Co., Ltd.	18,482,986.05	48,123,032.17
Other payables	Zhangjiagang Modern Qinghe Real Estate Co., Ltd.	16,875,986.00	86,436,580.00
Other payables	Cixi Jingui Real Estate Co., Ltd.	16,800,000.00	-
Other payables	Nanjing Zhongnan Sunac Real Estate Co., Ltd.	16,492,883.70	16,492,883.70
Other payables	Shenzhen Zhongnan Jincheng Investment Co., Ltd.	15,375,000.00	11,100,000.00
Other payables	Cixi Hengkun Real Estate Co., Ltd.	15,331,894.50	3,031,894.50
Other payables	Huai'an Hejin Real Estate Co., Ltd.	14,990,384.78	-
Other payables	Qingdao Zhonglianghong Real Estate Co., Ltd.	14,282,085.52	6,624,596.97
Other payables	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	12,000,000.00	86,000,000.00
Other payables	Haining Hongxiang Jinyuan Real Estate Co., Ltd.	10,150,000.00	-
Other payables	Changshu Zhicheng Real Estate Development Co., Ltd.	10,040,510.00	6,040,510.00
Other payables	Nantong Huaxi Real Estate Co., Ltd.	6,667,770.61	35,920,770.61
Other payables	Nantong Zhuoyu Real Estate Development Co., Ltd.	5,004,531.80	12,502,500.00
Other payables	Zhenjiang Hengrun Real Estate Development Co., Ltd.	1,602,386.00	36,920,000.00
Other payables	Qingdao Zhongnan Real Estate Co., Ltd.	396,622.44	17,782,354.46
Other payables	Lishui Jinqiao Real Estate Co., Ltd.	-	652,112,529.17
Other payables	Shanghai Zhongnan Puyue Enterprise Development Co., Ltd.	-	168,000,000.00
Other payables	Foshan Yaxu Real Estate Development Co., Ltd.	-	139,625,433.88
Other payables	Jiaxing Rongkun Real Estate Co., Ltd.	-	44,250,000.00

Item	Related party	2020.12.31	2019.12.31
payables			
Other payables	Chongqing Fu Ao Real Estate Development Co., Ltd.	-	16,494,999.41
Other payables	Shangqiu Yuhua Real Estate Co., Ltd.	-	15,000,000.00
Other payables	Jiangsu Grace Sports Culture Communication Co., Ltd.	-	10,487,507.00
Other payables	Other related party sundry other payables	60,486,617.00	32,867,423.48
Contract liabilities	Shanghai Zhongnan Hankun Project Management Co., Ltd.	19,724,770.64	-
Contract liabilities	Xuzhou Jinxi Real Estate Development Co., Ltd.	10,231,055.22	-
Contract liabilities	Other related party sundry contract liabilities	10,959,296.54	-

XI. Share-based payments

(1) Basic information of share-based payments

1. Basic information of the first grant of stock option incentive plan in 2018

The Company held the twenty-fourth meeting of the seventh Board of Directors and the eighth meeting of the seventh Board of Supervisors on 17 July 2018, and reviewed and approved the "Proposal of the 2018 Stock Option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Management Measures for the Implementation of the Stock Option Incentive Plan in 2018" and "Proposal for Checking the List of Incentive Targets of the Company's 2018 Stock Option Incentive Plan (Draft)". On 24 July 2018, the twenty-sixth meeting of the seventh Board of Directors passed the "Proposal on Submission to Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan". On 9 August 2018, the Seventh Extraordinary General Meeting of Shareholders of 2018 reviewed and approved the "Proposal for the 2018 Stock Option Incentive Plan (Draft) and Abstract", the "Proposal for the Implementation of the Management Measures for the Implementation of the 2018 Stock Option Incentive Plan", and the "Proposal on Submission to Shareholders General Meeting to Authorize the Board of Directors to Handle the Matters Related to the Company's Stock Option Incentive Plan". On 13 August 2018, the twenty-seventh meeting of the seventh Board of Directors and the ninth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Stock Options to the Incentive Targets of the 2018 Stock Option Incentive Plan", pursuant to which 215.80 million stock options were granted to 49 incentive targets which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 6.33 per share and grant date on 13 August 2018. The forty-eighth meeting of the seventh board of directors, held on 18 July 2019, reviewed and approved the "Proposal on Adjusting the Exercise Price of First Grant of Stock Option Incentive Plan for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 6.21 per share in accordance with the dividend distribution plan. On 17 August 2020, the fifth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on Adjusting the Exercise Price of Stock Option Incentive Plans for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 5.93 per share in accordance with the dividend distribution plan.

The period of validity of this grant of stock options is 4 years, calculated from the date of grant of stock options; the lock-up period of this grant of stock options is from 13 August, 2018. According to the difference of the first, second and third lock-up phases, the un-locking dates of corresponding options are 12 August, 2019, 12 August, 2020 and 12 August, 2021, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the stock options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the stock options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met, the Company will terminate its right to participate in the incentive plan. The stock options granted by the incentive plan but not executed by the Company shall be cancelled by the Company.

The annual performance appraisal objectives for granting stock options are: (1) compared with the performance in 2017, the net profit attributable to the shareholders in the audited consolidated statements in 2018 is not less than 240% higher; (2) compared with the performance in 2017, the net profit attributable to the shareholders in the audited consolidated statements in 2019 is not less than 560% higher; (3) compared with the performance in 2017, the net profit attributable to shareholders in the audited consolidated statements in 2020 is not less than 1060% higher.

Incentive employees need to satisfy the following requirements when apply for the unlocking of stock option:

The incentive object will be assessed and evaluated at the company level. The results are divided into four grades: A, B, C and D. If the annual assessment level of the incentive object is A, B or C during the exercise period, 100% of options in current phase can be exercised. If the annual assessment level of the incentive object is D during the exercise period, the options in current phase can not be exercised. Shares that fail to exercise shall be cancelled by the Company.

2. Basic information of the first grant of stock option incentive plan in 2019

The Company held the forty-fifth meeting of the seventh Board of Directors and the fourteenth meeting of the seventh Board of Supervisors on 30 May 2019, and reviewed and approved the "Proposal for the 2019 Stock Option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Measures for the Implementation of the Stock Option Incentive Plan in 2019" and the "Proposal for Submission to the Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan". On 19 June 2019, the seventh Extraordinary

General Meeting of Shareholders of 2019 reviewed and approved the "Proposal for the 2019 Stock Option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Measures for the Implementation of the Stock Option Incentive Plan in 2019" and the "Proposal for Submission to the Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Stock Option Incentive Plan". On 2 July 2019, the forty-seventh meeting of the seventh Board of Directors and the fifteenth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Stock Options to the 2019 Stock Option Incentive Plan", pursuant to which 112.09 million stock options were granted to 486 incentive targets which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 8.49 per share and grant date on 2 July 2019. The forty-eighth meeting of the seventh board of directors, held on 18 July 2019, reviewed and approved the "Proposal on Adjusting the Exercise Price of First Grant of Stock Option Incentive Plan for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 8.37 per share in accordance with the dividend distribution plan. On 17 August 2020, the fifth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on Adjusting the Exercise Price of Stock Option Incentive Plans for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 8.09 per share in accordance with the dividend distribution plan.

The period of validity of this grant of stock options is 4 years, calculated from the date of grant of stock options; the lock-up period of this grant of stock options is from 2 July 2019. According to the difference of the first, second and third lock-up phases, the un-locking dates of corresponding options are 1 July 2020, 1 July 2021 and 1 July 2022, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the stock options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the stock options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met, the Company will terminate its right to participate in the incentive plan. The stock options granted by the incentive plan but not executed by the Company shall be cancelled by the Company.

The annual performance appraisal objectives for granting stock options are: (1) Based on 2017 performance, the audited net profit in 2019 will be at least 560% higher than that in 2017; (2) Based on the 2017 performance, the audited net profit in 2020 will be at least 1060% higher than that in 2017; (3) Based on the 2017 performance, the audited net profit in 2021 will be at least 1408% higher than that in 2017 (Net profit refers to the net profit attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value. The amount of net profit

attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value in 2017 is RMB 603 million).

Incentive employees need to satisfy the following requirements when apply for the unlocking of stock option:

At the Company level, the incentive employees will be assessed and evaluated during the vesting period, when the annual evaluation results of the incentive employees reach the benchmark, then 100% of options in current phase becomes exercisable. If the annual assessment result of the incentive employees within the vesting period does not meet the requirement, the options in current phase will not be exercisable.

3. Basic information of the grant of reserved stock option incentive plan in 2018

On 5 August 2019, the forty-ninth meeting of the seventh Board of Directors and the sixteenth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the Grant of Reserved Stock Options for the 2018 Stock Option Incentive Plan", pursuant to which 16.80 million stock options were granted to 53 incentive participants which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 8.54 per share and grant date on 5 August 2019. On 17 August 2020, the fifth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on Adjusting the Exercise Price of Stock Option Incentive Plans for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 8.26 per share in accordance with the dividend distribution plan.

The validity period of this stock option grant is 4 years, calculated from the date of stock option grant; the vesting period for the grant of stock options began on 5 August 2019. According to the difference between the first, second, and third vesting period, the corresponding options will be exercisable on 4 August 2020, 4 August 2021 and 4 August 2022, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the stock options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the stock options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met, the company will terminate its right to participate in the incentive plan. The stock options granted by the incentive plan but not executed by the company shall be cancelled by the company.

The annual performance appraisal objectives for granting stock options are: (1) Based on 2017

performance, the audited net profit in 2018 will be at least 240% higher than that in 2017; (2) Based on the 2017 performance, the audited net profit in 2019 will be at least 560% higher than that in 2017; (3) Based on the 2017 performance, the audited net profit in 2020 will be at least 1008% higher than that in 2017.

Incentive employees need to satisfy the following requirements when apply for the unlocking of stock option:

The incentive object will be assessed and evaluated at the company level. The results are divided into four grades: A, B, C and D. If the annual assessment level of the incentive object is A, B or C during the exercise period, 100% of options in current phase can be exercised. If the annual assessment level of the incentive object is D during the exercise period, the options in current phase cannot be exercised. Shares that fail to exercise shall be cancelled by the company.

4. Basic information of the grant of reserved stock option incentive plan in 2019

On 20 January 2020, the fifty-eighth meeting of the seventh Board of Directors and the twentyth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the Grant of Reserved Stock Options for the 2019 Stock Option Incentive Plan", pursuant to which 20,889,400 stock options were granted to 89 incentive participants with an exercise price of RMB 9.83 per share and grant date on 20 January 2020. On 17 August 2020, the fifth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on Adjusting the Exercise Price of Stock Option Incentive Plans for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 9.55 per share in accordance with the dividend distribution plan.

The validity period of this stock option grant is 4 years, calculated from the date of stock option grant; the vesting period for the grant of stock options began on 20 January 2020. According to the difference between the first, second, and third vesting period, the corresponding options will be exercisable on 19 January 2021, 19 January 2022 and 19 January 2023, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

The annual performance appraisal objectives for granting stock options are: (1) Based on 2017 performance, the audited net profit in 2019 will be at least 560% higher than that in 2017; (2) Based on the 2017 performance, the audited net profit in 2020 will be at least 1060% higher than that in 2017; (3) Based on the 2017 performance, the audited net profit in 2021 will be at least 1408% higher than that in 2017. (Net profit refers to the net profit attributable to shareholders of the listed company in the Company's consolidated financial statements after deducting any impact of the application of the fair value measurement model of investment properties. The net profit attributable to shareholders of the

listed company on the Company's consolidated financial statements after deducting the impact of the fair value measurement model of the investment properties in 2017 was RMB 603 million).

Incentive employees need to satisfy the following requirements when apply for the unlocking of stock option:

At the Company level, the incentive employees will be assessed and evaluated during the vesting period, when the annual evaluation results of the incentive employees reach the benchmark, then 100% of options in current phase becomes exercisable. If the annual assessment result of the incentive employees within the vesting period does not meet the requirement, the options in current phase will not be exercisable.

4. Basic information of the grant of remaining reserved stock option incentive plan in 2019

On 30 May 2020, the sixty-fifth meeting of the seventh Board of Directors and the twenty-third meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the Grant of Reserved Stock Options for the 2019 Stock Option Incentive Plan", pursuant to which 5.39 million stock options were granted to 8 incentive participants with an exercise price of RMB 7.91 per share and grant date on 1 June 2020. On 17 August 2020, the fifth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on Adjusting the Exercise Price of Stock Option Incentive Plans for 2018 and 2019". The board of directors agreed to adjust the above-mentioned stock option exercise price to RMB 7.63 per share in accordance with the dividend distribution plan.

The validity period of this stock option grant is 4 years, calculated from the date of stock option grant; the vesting period for the grant of stock options began on 1 June 2020. According to the difference between the first, second, and third vesting period, the corresponding options will be exercisable on 31 May 2021, 31 May 2022 and 31 May 2023, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

The annual performance appraisal objectives for granting stock options are: (1) Based on 2017 performance, the audited net profit in 2019 will be at least 560% higher than that in 2017; (2) Based on the 2017 performance, the audited net profit in 2020 will be at least 1060% higher than that in 2017; (3) Based on the 2017 performance, the audited net profit in 2021 will be at least 1408% higher than that in 2017. (Net profit refers to the net profit attributable to shareholders of the listed company in the Company's consolidated financial statements after deducting any impact of the application of the fair value measurement model of investment properties. The net profit attributable to shareholders of the listed company on the Company's consolidated financial statements after deducting the impact of the fair value measurement model of the investment properties in 2017 was RMB 603 million).

Incentive employees need to satisfy the following requirements when apply for the unlocking of stock option:

At the Company level, the incentive employees will be assessed and evaluated during the vesting period, when the annual evaluation results of the incentive employees reach the benchmark, then 100% of options in current phase becomes exercisable. If the annual assessment result of the incentive employees within the vesting period does not meet the requirement, the options in current phase will not be exercisable.

(2) Relevant data in share-based payments

1. Information of share-based payments

Total amount of various equity instruments granted by the company in this period	① 20.89 million shares in 2019 grant of reserved stock option incentive plan ② 5.39 million shares in 2019 grant of remaining reserved stock option incentive plan 45,351,101 shares in 2018 first grant of stock option incentive plan
Total amount of various equity instruments of the company being exercised in this period	1,597,850 shares in 2018 grant of reserve stock option incentive plan 17,480,554 45,351,101 shares in 2019 first grant of stock option incentive plan
Total amount of various equity instruments of the company being forfeited in this period	103.19 million shares
Range of exercise price and contract remaining period of the Company's options outstanding at year end	① Exercise price of initial grant in 2018 incentive plan is RMB 5.93, and the contract remaining period is 1 years and 7 months ② Exercise price of initial grant in 2019 incentive plan is RMB 8.09, and the contract remaining period is 2 years and 6 months ③ Exercise price of reserve in 2018 incentive plan is RMB 8.26, and the contract remaining period is 2 years and 7 months ④ Exercise price of reserve in 2019 incentive plan is RMB 9.55, and the contract remaining period is 3 years and 1 months ⑤ Exercise price of remaining reserve in 2019 incentive plan is RMB 7.63, and the contract remaining period is 3 years and 5 months
Range of exercise price and contract remaining period of the Company's other equity instruments outstanding at year end	None

2. Equity-settled share-based payment

Determination method of fair value of equity instruments on grant date	Black-Scholes model
Basis for determining the number of available equity instruments	Expected the exercise conditions can be met, and the granted employees will exercise the options
Reasons for the significant difference between the current estimate and the previous estimate	None
Accumulated amount of equity-settled share-based payment included in capital reserve	RMB 229,662,459.94
Total amount of expenses recognised in equity-settled share-based payment in this period	RMB 43,820,822.26

3. Modification and termination of share-based payment

Modification of share-based payment	None
Termination of share-based payment	None

4. Other share-based payments

In November 2020, the Company signed an equity transfer agreement with the management personnel of Jiangsu Zhongnan Garden Engineering Co., Ltd., a subsidiary of the Company, and agreed that after achieving the business indicators for the year, they can receive the agreed share equity of Jiangsu Zhongnan Garden Engineering Co., Ltd. for free, and the shares will be unlocked by installments according to the agreed proportion in the next 6 years from 2020. The measurement of equity instrument was based on the intrinsic value, and an incentive fee of RMB 1,037,628.50 is included in the current profit or loss.

XII. Commitments and Contingencies

1. As of 31 December 2020, the Group does not have any commitment to be disclosed.

2. Contingencies

(1) Contingencies of the pending litigation or arbitration and their financial implications

(1.1) The Group as plaintiff

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Zhongnan Yunjin (Beijing) Real Estate Development Co., Ltd.	Beijing Miyun Economic Development Zone Corporation, Beijing CICC Real Estate Development Co., Ltd., Guobang Jingji (Beijing) Real Estate Development Co., Ltd.	Contract dispute	Beijing Third Intermediate People's Court	58,579.87	First trial
Jiangsu Zhongnan Construction Industry	Beijing Tianyang Foundation Investment	Construction Project	Beijing Second Intermediate	31,188.00	First trial

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Group Co., Ltd.	Co., Ltd.	Contract dispute	People's Court		
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Zhengzhou Lvji Real Estate Co., Ltd., Zhengzhou Lvdu Real Estate Group Co., Ltd.	Construction Project Contract dispute	Zhengzhou Intermediate Court	5,800.00	First trial
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Shanghai Heqi Real Estate, Fujian Zhongwei Real Estate, Fuzhou Tahoe Real Estate, Tahoe Group	Construction Project Contract dispute	Shanghai Qingpu Court	1,970.00	First trial
Qingdao Zhongnan New Century Real Estate Co., Ltd.	Shandong Fufeng Real Estate Co., Ltd.	Contract dispute	Linyi City Intermediate People's Court	5,000.00	Second trial
Nantong Zhongnan New World Center Development Co., Ltd.	Dangdai Junhe Investment Co., Ltd., Zhangjiagang Qinghe Real Estate Co., Ltd.	Contract dispute	Zhangjiagang City People's Court	4,143.74	First trial
Shui On Jingchang Real Estate Co., Ltd.	Ruian City Xincheng Street Xiacun Village Share-holding Economic Cooperative	Subcontracting Construction Contract dispute	Ruian City People's Court	3,527.05	Second trial
Nanjing Zhongnan Xianlin Times Commercial Management Co., Ltd.	Nanjing Youxun Real Estate Brokerage Co., Ltd.	Service agent Contract dispute	Nanjing Xuanwu Court	3,183.51	First trial
Qingdao Zhongnan New Century Real Estate Co., Ltd.	Shandong Fufeng Real Estate Co., Ltd.	Contract dispute	Linyi City Intermediate People's Court	3,000.00	Second trial
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Nantong Zhongshang Real Estate Co., Ltd., Zhongshang Shenghua (Beijing) Investment Co., Ltd.	Construction Project Contract dispute	Haimen Court	1,101.00	Case filed
Qingdao Zhongnan New Century Real Estate Co., Ltd.	Linyi Jintuo Real Estate Development Co., Ltd.	Real estate disputes over cooperative or joint venture development	People's Court of Linyi High-tech Industrial Development Zone	1,300.00	First trial
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Chen Jiangchao, Chen Xiangfu, Bao Xiaoyan, Wang Fuyuan, Cao Jinghong, Yan Yingshu, etc.	Construction Project Contract dispute	People's Court of Sanhe City, Hebei Province	1,100.00	First trial
Total(12 项)	--	--	--	119,893.17	--

Note: As of this report date, besides of the above litigations that the Group as plaintiff with claims amount over RMB 10 million, there are still 47 litigations with total claims amount of RMB 68.26 million that the Group as plaintiff with claims amount below RMB 10 million.

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

(1.2) The Group as defendant

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Chen Wei	Haimen Zhongnan Century City Development Co., Ltd.	Construction Project Contract dispute	Haimen District People's Court	5,984.52	First trial
Shandong Fufeng Real Estate Co., Ltd.	Qingdao Zhongnan New Century Real Estate Co., Ltd.	Real estate disputes over cooperative or joint venture development	Linyi City Intermediate People's Court	5,000.00	First trial
He Fengqi	Danzhou Zhongnan Real Estate Development Co., Ltd.; Jiangxi Construction Engineering Second Construction Co., Ltd.	Construction Project Contract dispute	The Second Intermediate People's Court of Hainan Province	4,515.34	First trial
Zhang Wenhua	Haimen Zhongnan Century City Development Co., Ltd.	Construction Project Contract dispute	Haimen City People's Court	4,292.85	Re-trial First trial
Chengdu Construction Engineering Fourth Construction Engineering Co., Ltd.	Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd., Jiangsu Zhongnan Construction Group Co., Ltd.	Construction Project Contract dispute	Nanchong Intermediate People's Court, Sichuan Province	3,491.83	First trial
Nantong Yijian Group Co., Ltd.	Changshu Zhongnan Jinyuan Real Estate Development Co., Ltd.	Construction Project Contract dispute	People's Court of Chongchuan District, Nantong City	3,035.99	First trial
China Nuclear Industry 22nd Construction Co., Ltd.	Wang Jichang	Construction Project dispute	The Second Intermediate People's Court of Hainan Province	2,556.63	First trial
Nanjing Youxun Real Estate Brokerage Co., Ltd.	Nanjing Zhongnan Xianlin Times Commercial Management Co., Ltd.	Sales Agent Contract dispute	People's Court of Xuanwu District, Nanjing	2,231.03	First trial
Zhang Wenhua	Jiangsu Zhongnan Construction Industry Group Co., Ltd., Haimen Zhongnan Century City Development Co., Ltd.	Construction Project Contract dispute	Haimen Court	2,000.00	Re-trial
Jilin Lantian Mechanized Rock Drilling Engineering Company	Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Project Contract dispute	Tianjin Beichen Court	1,974.47	First trial
Chen Wei	Changshu Zhongnan Jinyuan Real Estate Development Co., Ltd.	Construction Project Contract dispute	People's Court of Changshu City	1,618.15	First trial
Jingwei Land Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Co., Ltd., Jiangsu Zhongnan Construction Group Co., Ltd.	Contruction Project subcontracting dispute	Shanghai Baoshan Court	1,564.98	First trial

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Wenzhou Acceleration Commercial Service Co., Ltd.	Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Contract dispute	People's Court of Huangpi District, Wuhan	1,277.09	First trial
Jiangsu Weishi Qinghe Real Estate Management Co., Ltd.	Nanjing Zhongnan Xinjincheng Real Estate Development Co., Ltd.	Rental Contract dispute	Qixia Court of Nanjing Qixia Court	1,000.00	First trial
Nantong Yijian Group Co., Ltd.	Taicang Zhongnan Century City Real Estate Development Co., Ltd.	Construction Project Contract dispute	People's Court of Chongchuan District, Nantong City	1,000.00	First trial
Total(15 项)		--	--	41,542.88	--

Note: As of this report date, besides of the above litigations that the Group as defendant with claims amount over RMB 10 million, there are still 799 litigations with total claims amount of RMB 330.69 million that the Group as defendant with claims amount below RMB 10 million.

(2) Guarantees provided to related party refer to Note X.5 (3).

(3) Contingent liabilities arising from providing debt guarantees for other parties and their financial impact

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/Guarantee Amount (in ten thousand)
Xinjin Chengnan Huayuan Real Estate Co., Ltd.	Land use rights	Sichuan (2019) Xinjin County Real Estate Property No. 0011538	69377.4 sq. m.	84,917.94
Chengdu Zhongnan Century Real Estate Development Co., Ltd.	Land use rights	Sichuan (2017) Chengdu Real Estate Property No. 0292392	127826.38 sq. m.	298,312.47
Nanchong Zhongnan Jincheng Real Estate Development Co., Ltd.	Land use rights	Sichuan (2020) Nanchong City Real Estate Certificate No. 0014298	45602 sq. m.	45,510.00
Chongqing Nanyou Real Estate Development Co., Ltd.	Land use rights	Yu (2020) Dadukou District Real Estate Certificate No. 00729026; Yu (2020) Dadukou District Real Estate Certificate No. 002667523	172197 sq. m.	191,999.70
Chongqing Jinteng Real Estate Development Co., Ltd.	Chongqing Nanyou Real Estate Development Co., Ltd. 100% equity	–	100% equity	5,000.00
Chengdu Zhongnan New World Real Estate Development Co., Ltd.	Chengdu Yunze Real Estate Development Co., Ltd. 60% equity	–	60% equity	15,000.00
Haimen Zhongnan Century City Development Co., Ltd.	Xinjin Chengnan Huayuan Real Estate Co., Ltd. 66% equity	–	66% equity	3,300.00
Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	Construction in progress	Liao (2020) Shenyang City Real Estate Certificate No. 0308400	14419.5 sq. m.	34,172.46
Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	Land use rights and Construction in progress	Liao (2018) Shenyang Real Estate Property No. 9000138	50060.76 sq. m.	59,174.09
Foshan Zhongwu Jingxi Real Estate Co., Ltd.	Construction in progress	Guangdong (2018) Fogao Real Estate Property No. 0026312	49437.33 sq. m.	11,063.22
Jiangmen Jiayuan Real Estate Co., Ltd.	Land use rights	Guangdong (2020) Jiangmen City Real Estate Property No. 2043452	34803 sq. m.	43,486.00
Guangzhou Jiayi Real Estate Development Co., Ltd.	Jiangmen Jiayuan Real Estate Co., Ltd. 90% equity	–	90% equity	39,137.40
Foshan Shunde District Chengxi Real Estate Development Co., Ltd.,	Land use rights	Guangdong (2020) Foshan Real Estate Property No. 0140304	22745.05 sq. m.	60,289.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd.	State-owned construction land use right	Guangdong (2018) Meizhou Meixian District Real Estate Property No. 0030055,	13000 sq. m.	10,000.00
Shenzhen Zhongnan Yanxi Investment Co., Ltd.	Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd. 100% equity	–	100% equity	1,960.00
Xiamen Junhao Real Estate Development Co., Ltd.	State-owned construction land use right	Fujian (2019) Xiamen City Real Estate Property No. 0048403	17514.413 sq. m.	92,000.00
Xiamen Junlian Real Estate Development Co., Ltd.	State-owned construction land use right	Fujian (2020) Xiamen Real Estate Property No. 0005373	6947.981 sq. m.	27,000.00
Quanzhou Junzhuo Real Estate Development Co., Ltd.	State-owned construction land use right	Fujian (2020) Jinjiang City Real Estate Property No. 0017525	56977 sq. m.	115,000.00
Putian Yuecheng Real Estate Development Co., Ltd.	State-owned construction land use right	Fujian (2020) Putian City Real Estate Property No. CX031083, CX031084	43645.95 sq. m.	232,000.00
Xiamen Zhongnan Deyu Real Estate Development Co., Ltd.	Putian Yuecheng Real Estate Development Co., Ltd. 100% equity	–	100% equity	5,000.00
Jiaxing Jinshan Real Estate Co., Ltd.	Shanghai Zhouqu Real Estate Development Co., Ltd. 100% equity	–	100% equity	5,000.00
Hangzhou Jinqi Real Estate Co., Ltd.	Creditor's rights	–	--	5,000.00
Hangzhou Xiudo Business Management Consulting Co., Ltd.	Hangzhou Xiukun Business Management Consulting Co., Ltd. 100% equity	–	100% equity	1,000.00
Shanghai Xizhuang Real Estate Co., Ltd.	Jiaxing Jinyu Real Estate Co., Ltd. 100% equity	–	100% equity	1,000.00
Jiaxing Jinyu Real Estate Co., Ltd.	Construction in progress	Zhejiang (2019) Pinghu City Real Estate Certificate No. 0019371	Land and all the contents of the pre-sale permit (288 sets)	14,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Hangzhou Jinyu Real Estate Co., Ltd.	Land use rights	Zhejiang (2020) Hangzhou Real Estate Property No. 0055504	63906 sq. m.	290,896.00
Hangzhou Jinqi Real Estate Co., Ltd.	Subsidiary--Hangzhou Pushun Investment Management Co., Ltd. 100% equity	--	100% equity	1,000.00
Hangzhou Pushun Investment Management Co., Ltd.	Subsidiary--Huzhou Jinyu Real Estate Co., Ltd. 60% equity	--	60% equity	6,000.00
Tai'an Zhongnan City Investment Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Tai'an City Real Estate Property No. 0003328	51834 sq. m.	32,200.00
Tai'an Zhongnan City Investment Co., Ltd.	Land use rights and Construction in progress	Lu (2017) Tai'an City Real Estate Property No. 0008904	35914 sq. m.	60,000.00
Tai'an Zhongnan City Investment Co., Ltd.	Land use rights	Lu (2016) Tai'an City Real Estate Property No. 0001161	16024 sq. m.	13,344.00
Tai'an Zhongnan Investment Real Estate Co., Ltd.	Land use rights	Lu (2018) Tai'an City Real Estate Property No. 0034681	18301 sq. m.	15,160.00
Jinan Jinhui Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2019) Jinan City Real Estate Property No. 0100985	17916 sq. m.	51,000.00
Jinan Jinhui Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2019) Jinan City Real Estate Property No. 0099188	10932 sq. m.	16,000.00
Zibo Jinqian Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Zibo Zhangdian District Real Estate Property No. 00127772	119207 sq. m.	56,000.00
Jinan Hongyi Real Estate Co., Ltd.	Land use rights	Lu (2020) Jinan City Real Estate Property No. 0136861	9382 sq. m.	20,266.00
Jinan Hongyi Real Estate Co., Ltd.	Land use rights	Lu (2020) Jinan City Real Estate Property No. 0124922	12055 sq. m.	30,738.00
Jinan Hongyi Real Estate Co., Ltd.	Land use rights	Lu (2020) Jinan City Real Estate Property No. 0173825	23155 sq. m.	57,678.00
Nantong Zhongnan New World Center Development Co., Ltd.	Jinan Hongyi Real Estate Co., Ltd. 36% equity	--	36% equity	39,600.00
Zibo Jinhui Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2019) Zibo Zhangdian District Real Estate Property No. 0009023	41802 sq. m.	25,083.00
Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2019) Tai'an City Real Estate Property No. 0033259	129837 sq. m.	101,272.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/Guarantee Amount (in ten thousand)
Zoucheng Zhongxiang Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Zoucheng Real Estate Property No. 0008975	66669 sq. m.	32,000.00
Tai'an Zhongnan City Investment Co., Ltd.	Zoucheng Zhongxiang Real Estate Co., Ltd. 51% equity	--	51% equity	510.00
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Real estate	Yanfang Quanzheng District No. 035521-025	57607 sq. m.	41,440.00
Tianjin Zhongnan Jinqing Real Estate Development Co., Ltd.	Land use rights	Tianjin (2017) Wuqing District Real Estate Property No. 1054566	19125 sq. m.	19,148.00
Nantong Zhongnan New World Center Development Co., Ltd.	Huasheng Real Estate Development (Shenzhen) Co., Ltd. 51% equity	--	51% equity	2,550.00
Qingdao Donghong Urban Development Co., Ltd.	Land use rights	Lu (2020) Qingdao Jimo District Real Estate Property No. 0003728	36085 sq. m.	20,442.79
Qingdao Donghong Urban Development Co., Ltd.	Land use rights	Lu (2020) Qingdao Jimo District Real Estate Property No. 0005037	79785 sq. m.	45,199.62
Qingdao Shangyuan Urban Development Co., Ltd.	Land use rights	Lu (2020) Qingdao Jimo District Real Estate Property No. 0003733	55758 sq. m.	31,587.90
Qingdao Shangyuan Urban Development Co., Ltd.	Land use rights	Lu (2020) Qingdao Jimo District Real Estate Property No. 0007228	15480 sq. m.	8,769.69
Qingdao Zhongnan Century City Real Estate Investment Co., Ltd.	Land use rights	Lu (2018) Qingdao City Real Estate Property No. 0090657	53849.4 sq. m.	75,000.00
Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd.	Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd. 100% equity	--	1 million shares	100.00
Bengbu Scitech Zhongnan Real Estate Development Co., Ltd.	Land use rights	Anhui (2019) Huaiyuan County Real Estate Property No. 0012146	64197.53 sq. m.	14,600.00
Xuzhou Jingyue Real Estate Development Co., Ltd.	Land use rights	Su (2019) Xuzhou Real Estate Property No. 0132909; Su (2019) Xuzhou Real Estate Property No. 0132916	85287.78 sq. m.	90,000.00
Xuzhou Luhe Real Estate Development Co., Ltd.	Land use rights	Su (2020) Xuzhou Real Estate Property No. 0090651	36653.14 sq. m.	55,200.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Xuzhou Xiangyue Real Estate Development Co., Ltd.	Xuzhou Luhe Real Estate Development Co., Ltd. 100% equity	--	100% equity	2,000.00
Xuzhou Lurong Real Estate Development Co., Ltd.	Land use rights	Su (2020) Xuzhou Real Estate Property No. 0118981	38631.94 sq. m.	58,480.00
Xuzhou Xingyue Real Estate Development Co., Ltd.	Xuzhou Lurong Real Estate Development Co., Ltd. 70% equity	--	70% equity	7,000.00
Xuzhou Mingyue Real Estate Development Co., Ltd.	Xuzhou Mingyue Real Estate Development Co., Ltd. 100% equity	--	100% equity	2,000.00
Suqian Mingyue Real Estate Development Co., Ltd.	Land use rights	Su (2020) Suqian City Real Estate Property Rights No. 006378	77992 sq. m.	105,055.22
Changshu Zhongnan Jinjin Real Estate Co., Ltd.	Changshu Zhongnan Jinjin Real Estate Co., Ltd. State-owned construction land use right	Su (2019) Changshu City Real Estate Property No. 8122055	51641 sq. m.	207,152.83
Nantong Zhongnan New World Center Development Co., Ltd.	Changshu Zhongnan Jinjin Real Estate Co., Ltd. 100% equity	Su (2019) Changshu City Real Estate Property No. 812053	100% equity	40,000.00
Suzhou Yucheng Real Estate Development Co., Ltd.	Land use rights	Su (2019) Suzhou Wujiang District Real Estate Property No. 9006060,	62524.09 sq. m.	130,022.00
Suzhou Jinyu Real Estate Co., Ltd.	Suzhou Yucheng Real Estate Development Co., Ltd. 100% equity	--	100% equity	85,000.00
Shanghai Zhouqu Real Estate Development Co., Ltd.	Land use rights	Shanghai (2019) Fengzi Real Estate Certificate No. 15005272	20174.7 sq. m.	16,400.00
Haimen Jinhui Real Estate Co., Ltd.	Land use rights	Su (2019) Haimen City Real Estate Property No. 0038867	42567 sq. m.	67,175.00
Haimen Jinrui Real Estate Co., Ltd.	Land use rights	Su (2019) Real Property Rights No. 0037407	29180 sq. m.	49,057.00
Nantong Zhongnan New World Center Development Co., Ltd.	Room 101 and Room 102, No. 12 Taoyuan Road, Nantong City	Gong Dan Di Zi No. DB1500000071239	15517.64 sq. m.	62,230.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
	(Nantong Zhongnan City)			
Nantong Zhongnan New World Center Development Co., Ltd.	Zhongnan Century City 50#B201, 101-601, 35-40, 42-57 floors (Jinshi International Hotel)	Su Tong Ta Xiang (2013) No. 0110003	4896.82 sq. m.	56,210.00
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Land use rights	Chengnan Guo Yong (2013) No. 600306	54336 sq. m.	74,369.00
Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Construction in progress of Zhongnan Xiaoxiao City 109 Project	--	--	23,766.87
Jiangsu Zhongnan Construction Group Co., Ltd.	Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd. 100% equity	--	100% equity	5,000.00
Huainan Xingnan Real Estate Co., Ltd.	State-owned construction land use right	Anhui (2020) Huainan City Real Estate Certificate No. 0032150, Anhui (2020) Huainan City Real Estate Certificate No. 0032151, Anhui (2020) Huainan City Real Estate Certificate No. 0032153	88993.26 sq. m.	40,580.93
Hefei Zhennan Real Estate Co., Ltd.	Hefei Fengqing Real Estate Co., Ltd. 100% equity	--	100% equity	10,000.00
Hefei Fengqing Real Estate Co., Ltd.	CF202015 plot south of Zhuangzhou Road and west of Zhanghuatai Road, Shuangdun Town, Changfeng County, Hefei	Anhui (2021) Changfeng County Real Estate Certificate No. 0002413	63189.81 sq. m.	69,571.97
Nantong Zhongnan New World Center Development Co., Ltd.	Hefei Zhennan Real Estate Co., Ltd. 51% equity	--	51% equity	5,100.00
Xi'an Zhishengda Real Estate Co., Ltd.	Land use rights and Construction in progress	Shaanxi (2018) Xi'an Real Estate Property No. 0000417; Shaanxi (2018) Xi'an Real Estate Property No. 0000418	107076.24 sq. m.	124,358.00
Xi'an Chongfeng Real Estate Co., Ltd.	Xi'an Zhishengda Real Estate Co., Ltd. 37% equity	--	37% equity	20,720.00
Xi'an Nanxing Real Estate Co., Ltd.	Zhongnan Chunfeng South Bank DK2 and DK3 Construction in	Shaanxi (2020) Chang'an District Real Estate Certificate No. 0010418, Shaanxi (2020) Chang'an District Real Estate	73806 sq. m.	50,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
	progress	Certificate No. 0010419		
Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	Land use rights	Gui (2018) Nanning City Real Estate Property No. 0246040	41558.66 sq. m.	50,805.46
Guangxi Rongce Real Estate Development Co., Ltd.	Land use rights	Gui (2019) Nanning Real Estate Property No. 0310811	59631.1 sq. m.	74,509.06
Guangxi Rongce Real Estate Development Co., Ltd.	Fixed asset loan margin	20015162600000172	--	50,000.00
Wenchang Zhongnan Real Estate Development Co., Ltd.	Land use rights	Qiong (2020) Wenchang City Real Estate Property No. 0009252, Qiong (2020) Wenchang City Real Estate Property No. 0009253	32858.22 sq. m.	7,055.00
Yunnan Shengrong Real Estate Development Co., Ltd.	Yunnan Jinlin Real Estate Co., Ltd. 100% equity	--	100% equity	1,000.00
Chengdu Zhongnan World Real Estate Development Co., Ltd.	Yunnan Shengrong Real Estate Development Co., Ltd. 27.5% equity	--	27.5% equity	275.00
Guizhou Jinrong Real Estate Co., Ltd.	Land use rights and Construction in progress	Qian (2019) Nanming District Real Estate Property No. 0002407	Land area is 96816.2 sq. m.; building area is 58259.17 sq. m.	75,357.40
Changsha Changsha Yayuan Real Estate Development Co., Ltd.	Changde Nanya Real Estate Development Co., Ltd. 100% equity	--	100% equity	990.00
Changde Nanya Real Estate Development Co., Ltd.	State-owned construction land use right	Hunan (2020) Changde City Real Estate Property No. 0034596	28984.12 sq. m.	18,150.00
Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	Land use rights	Zhejiang (2016) Hangzhou Bay New Area Real Estate Property No. 0003640	68025 sq. m.	65,000.00
Zhuji Jingji Real Estate Co., Ltd.	Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd. 100% equity	--	100% equity	3,000.00
Taizhou Shengyao Real Estate Co., Ltd.	Land use rights	Zhejiang (2020) Linhai City Real Estate Property No. 0044384	70248 sq. m.	23,800.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Ningbo Zhongmu Real Estate Co., Ltd.	Taizhou Shengyao Real Estate Co., Ltd. 70% equity	--	70% equity	18,000.00
Ningbo Zhongjing Real Estate Co., Ltd.	Ningbo Jingyao Real Estate Co., Ltd. 49% equity	--	49% equity	28,420.00
Ningbo Jingyao Real Estate Co., Ltd.	Zhuji Yuesheng Real Estate Co., Ltd. 100% equity	--	100% equity	58,000.00
Jiangyin Sutai Real Estate Co., Ltd.	Land use rights	Su (2019) Jiangyin City Real Estate Property No. 0007586	84246.2 sq. m.	50,000.00
Jiangyin Sutai Real Estate Co., Ltd.	State-owned construction land use right	Yueyue Garden South Park	12508.30 sq. m.	36,758.78
Jiangyin Sutai Real Estate Co., Ltd.	Land use rights	Chengtu Guoyong (2010) No. 26232	6767.5 sq. m.	12,833.00
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Jiangyin Sutai Real Estate Co., Ltd. 55% equity	--	55% equity	3,960.00
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060776	7837.72 sq. m.	3,355.96
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060779	4425.24 sq. m.	1,875.59
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060780	6512.09 sq. m.	1,322.26
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060809	9084.55 sq. m.	1,862.27
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060790	7739.61 sq. m.	2,562.09
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060759	7380.09 sq. m.	2,686.91
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060745	5364.25 sq. m.	3,153.82
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060795	5402.61 sq. m.	2,260.76
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No.	3808.76 sq. m.	2,720.96

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/Guarantee Amount (in ten thousand)
Ltd.		0060785		
Zhenjiang Mingcheng Real Estate Co., Ltd.	Land use rights	Su (2020) Zhenjiang City Real Estate Property No. 0060807	9666.8 sq. m.	1,536.28
Zhenjiang Mingcheng Real Estate Co., Ltd.	Construction in progress	Su (2019) Zhenjiang City Real Estate Property No. 0079717	4050.68 sq. m.	6,663.11
Jiangsu Jinjuan Real Estate Co., Ltd.	Zhenjiang Mingcheng Real Estate Co., Ltd. 100% equity	–	100% equity	2,000.00
Urumqi Longrui Xinjing Real Estate Development Co., Ltd.	Land use rights	Urumqi City Real Estate Certificate No. 0052576	84573.44 sq. m.	101,600.00
Urumqi Longrui Xinjing Real Estate Development Co., Ltd.	Land use rights	Urumqi City Real Estate Certificate No. 0130233	65685.63 sq. m.	67,801.48
Ningbo Huijin Real Estate Co., Ltd.	Urumqi Longrui Xinjing Real Estate Development Co., Ltd. 100% equity	–	100% equity	4,400.00
Dongyang Golden Harbor Real Estate Co., Ltd.	Land use rights and Construction in progress	Zhejiang (2019) Dongyang City Real Estate Property No. 0022863	41353 sq. m.	38,200.00
Yuyao Jiayoushen Real Estate Co., Ltd.	Land use rights	Zhejiang (2020) Yuyao Real Estate Property Rights No. 0019785	47595 sq. m.	15,350.00
Ningbo Jinzhi Real Estate Co., Ltd.	Yuyao Jiayoushen Real Estate Co., Ltd. 100% equity	–	100% equity	3,000.00
Zhenjiang New District Golden Port Real Estate Development Management Co., Ltd.	Land use rights	Zhen Guo Yong (2013) No. 12181	29495.5 sq. m.	25,067.00
Weihai Hongrun Real Estate Co., Ltd.	Land use rights	Lu (2020) Weihai City Real Estate Property No. 0060248	72659 sq. m.	14,168.70
Weihai Jinzhan Real Estate Co., Ltd.	Weihai Hongrun Real Estate Co., Ltd. 30% equity	–	6 million shares	600.00
Weihai Jinzhan Real Estate Co., Ltd.	Construction in progress	Lu (2019) Weihai City Real Estate Property No. 0075413	28002.89 sq. m.	8,659.51
Zhenjiang New District Golden Port Real Estate Development Management Co., Ltd.	Weihai Jinzhan Real Estate Co., Ltd. 100% equity	–	160 million shares	16,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Ltd.				
Nantong Zhongyu Building Material Co., Ltd.	Time deposit certificate	NO.10-161235337	--	19,600.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Time deposit certificate	NO.0188293	--	8,000.00
Nantong Zhongnan New World Center Development Co., Ltd.	Time deposit certificate	NO.00034557	--	10,000.00
Nantong Zhongnan New World Center Development Co., Ltd.	Time deposit certificate	NO.00077146	--	30,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Time deposit certificate	NO.0186441	--	15,000.00
Nantong Zhongyu Building Material Co., Ltd.	Security deposit	--	--	1,000.00
Xi'an Lajia Real Estate Co., Ltd.	Land use rights	Shaanxi (2019) Xi'an Real Estate Property No. 0152404	37240.43 sq. m.	100,459.97
Xi'an Lajia Real Estate Co., Ltd.	Land use rights	Shaanxi (2019) Xi'an Real Estate Property No. 0152400	25673.07 sq. m.	69,346.89
Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	Xi'an Lajia Real Estate Co., Ltd. 90% equity	--	90% equity	1,800.00
Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	Xian Lai Ding Properties Limited 90% equity	--	90% equity	1,800.00
Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	Xianyang Nanfeng Real Estate 51% equity	--	51% equity	510.00
Xianyang Nanfeng Real Estate Co., Ltd.	Land use rights	Shaanxi (2019) Xianyang City Real Estate Property No. 0071561	33333 sq. m.	61,582.00
Xi'an Laiheng Real Estate Co., Ltd.	Zhongnan Junqi DK1 Construction in progress	Shaanxi (2019) Xi'an Real Estate Property No. 0152409; Shaanxi (2019) Xi'an Real Estate Property No. 0163807	74623.8 sq. m.	186,142.11
Nantong Jinlv Real Estate Co., Ltd.	Land use rights and Construction in progress	Su (2019) Haimen City Real Estate Certificate No. 0042560	105380 sq. m.	79,500.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/Guarantee Amount (in ten thousand)
Nantong Zhongnan New World Center Development Co., Ltd.	Nantong Jiniv Real Estate Co., Ltd. 100% equity	–	100% equity	2,000.00
Guizhou Jinsheng Real Estate Co., Ltd.	State-owned construction land use right	Qian (2019) Nanming District Real Estate Property No. 0023664	38606.7 sq. m.	41,077.53
Zhenjiang Yuyuan Real Estate Co., Ltd.	Land use rights	Su (2019) Zhenjiang City Real Estate Property No. 0105217	68696 sq. m.	60,000.00
Nanjing Yuting Real Estate Development Co., Ltd.	Zhenjiang Yuyuan Real Estate Co., Ltd. 100% equity	–	100% equity	2,000.00
Zhenjiang Jinqihe Real Estate Co., Ltd.	Land use rights	Su (2019) Zhenjiang City Real Estate Property No. 0090280 / Su (2019) Zhenjiang City Real Estate Property No. 0090281	86903 sq. m.	78,699.00
Nanjing Jinyuhe Real Estate Development Co., Ltd.	Zhenjiang Jinqihe Real Estate Co., Ltd. 100% equity	–	100% equity	2,000.00
Zhenjiang Yujin Real Estate Development Co., Ltd.	Land use rights	Su (2019) Zhenjiang City Real Estate Property No. 0056286	55539.28 sq. m.	57,983.00
Nanjing Yuting Real Estate Development Co., Ltd.	Zhenjiang Yujin Real Estate Development Co., Ltd. 100% equity	–	100% equity	2,000.00
Shaoxing Jingyu Real Estate Co., Ltd.	Land use rights	Zhejiang (2020) Shaoxing City Shangyu District Real Estate Property No. 0025322	50142.6 sq. m.	109,200.00
Wenzhou Jinteng Real Estate Co., Ltd.	Wenzhou Jingji Real Estate Co., Ltd. has a registered capital of RMB 1.71 million	–	RMB 1.71 million	171.00
Wenzhou Jinteng Real Estate Co., Ltd.	Wenzhou Jingji Real Estate Co., Ltd. has a registered capital of RMB 1.29 million	–	RMB 1.29 million	129.00
Wenzhou Jinteng Real Estate Co., Ltd.	Wenzhou Jinpeng Real Estate Co., Ltd. 30% equity	–	30% equity	300.00
Wenzhou Jinteng Real Estate Co., Ltd.	Wenzhou Jinfan Real Estate Co., Ltd. 30% equity	–	30% equity	300.00

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Wenzhou Jingli Real Estate Co., Ltd.	Rui'an Jingchang Real Estate Co., Ltd. has a registered capital of RMB 5.7 million	--	RMB 5.70 million	570.00
Wenzhou Jingli Real Estate Co., Ltd.	Rui'an Jingchang Real Estate Co., Ltd. has a registered capital of RMB 4.3 million	--	RMB 4.30 million	430.00
Hangzhou Detong Real Estate Co., Ltd.	State-owned construction land use right	Zhejiang (2020) Jiande City Real Estate Property No. 0019717	30175 sq. m.	37,675.00
Hangzhou Jinkun Business Management Consulting Co., Ltd.	Hangzhou Detong Real Estate Co., Ltd. 100% equity	--	100% equity	33,000.00
Hefei Jinsi Real Estate Co., Ltd.	Huainan Xingnan Real Estate Co., Ltd. 70% equity	--	70% equity	31,500.00
Nantong Zhongnan New Bay Development Co., Ltd.	Land use rights	Su (2018) Tongzhou Bay Real Estate Property No. 0000533	45862.59 sq. m.	7,338.01
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Security deposit	--	--	16,312.25
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights and buildings	Nantong Real Estate Certificate No. 120058565, Nantong Real Estate Certificate No. 120058566, Nantong Real Estate Certificate No. 120058567; Su Tong Guoyong (2012) No. 01102612, Su Tong Guoyong (2012) No. 01102613, Su Tong Guoyong (2012) No. 01102614	11319.27 sq. m., 4198.37 sq. m., 260833.87 sq. m.; 4795.26 sq. m., 2080.93 sq. m., 771.83 sq. m.	210,200.14
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights and buildings	Nantong Real Estate Certificate No. 120052953, Nantong Real Estate Certificate No. 120052954, Nantong Real Estate Certificate No. 120052955; Su Tong Guoyong (2013) No. 01100009	63241.89 sq. m., 1488.81 sq. m., 279.01 sq. m.; 4896.82 sq. m.	222,346.57
Jiangsu Zhongnan Construction Group Co., Ltd.	Lianchu Securities Co., Ltd. 3.38% equity	--	3.38% equity	28,710.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Land use rights and buildings	Haiguo Yong (2015) No. 070309, etc., Haizheng Fangquan Certificate No. 151008115, etc.	The building area is 81953.45 sq. m. and	21,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights	Su Tong Guo Yong (20012) No. 01102617, Su Tong Guo Yong (20012) No. 01,102,619	the land use right area is 5329.98 sq. m.	50,026.00
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights	Su (2017) Nantong Real Estate Property No. 0008434	8939.47 sq. m., 042.82 sq. m.	30,010.00
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights and buildings	Su Tong Guoyong (2014) No. 01101696; Nantong Fangquan Zhengzi No. 140036958	16008.08 sq. m.	61,200.00
Nantong Zhongnan New World Center Development Co., Ltd.	Buildings ownership	Nantong Real Estate Certificate No. 140036957, Nantong Real Estate Certificate No. 120058575, Sutong Guoyong (2014) No. 1101697, Sutong Guoyong (2012) No. 0110 Nantong Real Estate Certificate No. 120058562 (corresponding to the land certificate: Sutong Guoyong (2012) No. 01102615), Nantong Real Estate Certificate No. 120058563 (corresponding to the land certificate: Sutong Guoyong (2012) No. 01102616), Nantong House Quanzhengzi No. 120058560 (corresponding to land certificate: Su Tong Guoyong (2012) No. 01102618)	826.48 sq. m., 6651.77 sq. m.	4,500.00
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights and buildings		15633.5 sq. m.	61,090.00
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Security deposit	--	Building area is 18793.30 sq. m. and land area is 3454.96 sq. m.	65,249.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Center Development Co., Ltd. 100% equity	--	100% equity	100,000.00
Nantong Huaxu Real Estate Co., Ltd.	Land use rights	Su (2020) Tongzhou District Real Estate Property No. 0016526	170430 sq. m.	239,454.15
Nantong Zhongnan New World Center Development Co., Ltd.	Nantong Huaxu Real Estate Co., Ltd. 100% equity	--	100% equity	19,200.00
Shanghai Jinding Enterprise Management Co., Ltd.	Suzhou Zhongnan Center Investment and Construction Co.,	--	100% equity	30,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/Guarantee Amount (in ten thousand)
	Ltd. 100% equity			
Nantong Xinheng Real Estate Co., Ltd.	Land use rights	Su (2020) Tongzhou District Real Estate Property No. 0014094	219190 sq. m.	199,462.89
Nantong Zhongnan New World Center Development Co., Ltd.	Nantong Xinheng Real Estate Co., Ltd. 51% equity	--	51% equity	61,200.00
Tangshan Zhongnan International Tourism Island Real estate investment Development Co., Ltd.	Land use rights	Ji (2017) Tangshan Bay International Tourism Island Real Estate Property No. 0000029	84971 sq. m.	13,468.67
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Zhongnan Jinleja Real Estate Development Co., Ltd. 与 Jiangsu Zhongnan Construction Group Co., Ltd. Accounts receivable 质押	--	--	2,000.00
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Zhongan construction / pledge of pre-sale housing payment	201911-ZCP-ZNJS-ZYHT01	--	5,054.50
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Shanghai Zhongnan Jinshi's equity pledge of receivables	LHXY-JRXX-NBZN-001, LHXY-JRXX-NBZN-002, LHXY-JRXX-NBZN-003, LHXY-JRXX-NBZN-004	--	20,000.00
Jiaxing Jinyue Real Estate Development Co., Ltd.	Land use rights and Construction in progress	Zhejiang (2020) Pinghu City Real Estate Property No. 0053551	32036.8 sq. m.	27,768.00
Pingyang Jincheng Real Estate Co., Ltd.	Land use rights	Zhejiang (2020) Pingyang County Real Estate Certificate No. 0020624	59204 sq. m.	85,000.00
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Ningbo Jinmin Business Management Consulting Co., Ltd. 30% equity	--	30% equity	12,800.00
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Accounts receivable	--	--	20,000.00
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Land use rights	Su (2016) Ningjiang Real Estate Property No. 0028525	75793.81 sq. m.	367,628.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanjing Zhongnan Jincheng Real Estate Development Co.,	--	60% equity	13,500.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
	Ltd.60% equity			
Zhongnan Construction (Nantong) Construction Industry Co., Ltd.	Land use rights	Su (2018) Tongzhou Bay Real Estate Property No. 0000013	95530.55 sq. m.	3,009.21
Rizhao Zhongnan Park Operation Development Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Rizhao City Real Estate Property No. 0028246	102,545.7 sq. m.	88,030.87
Jiangsu Zhongnan Construction Industry Group Huoshan Investment Co., Ltd.	Other non-current assets	--	--	117,449.12
Jining Zhongnan Hospital Management Co., Ltd.	Other non-current assets	--	--	96,114.80
Ningbo Zhongnan Investment Co., Ltd.	Other non-current assets	--	--	253,348.83
Xuzhou Zhongnan Construction Development Co., Ltd.	Other non-current assets	--	--	224,544.00
Shenzhen Zhongnan Business Management Co., Ltd.	Other non-current assets	--	--	60,975.00
Rongcheng Zhongnan Construction Investment Development Co., Ltd.	Other non-current assets	--	--	80,000.00
Sanya Haimian City Investment and Construction Co., Ltd.	Other non-current assets	--	--	193,000.00
Sanya Haimian City Investment and Construction Co., Ltd.	Other non-current assets	--	--	388,828.00
Binhai Zhongnan Construction Development Co., Ltd.	Other non-current assets	--	--	390,216.00
Xinghua Xingzhong Engineering Project Management Co., Ltd.	Other non-current assets	--	--	73,000.00
Liaocheng Dongchangfu District Zhongnan Construction Development Co., Ltd.	Other non-current assets	--	--	275,880.03
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Liaocheng Dongchangfu District Zhongnan Construction Development Co., Ltd.95% equity	--	95% equity	22,895.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Ningbo Jinshi Investment Co., Ltd.	Other non-current assets	--	--	726,326.22
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Time deposit certificate	NO.0188271	--	43,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Time deposit certificate	NO.0188273	--	10,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Time deposit certificate	NO.0186439	--	11,000.00
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Time deposit certificate	NO.8810003	--	1,000.00
Bozhou Zhongnan Harbin Industrial Medical Management Co., Ltd.	Other non-current assets	--	--	118,631.00
Handan Zhongnan Engineering Project Management Co., Ltd.	Other non-current assets	--	--	109,120.40
Nanchong Zhongnan Construction Development Co., Ltd.	Other non-current assets	--	--	70,361.34
Nanchong Zhongnan Construction Development Co., Ltd.	Other non-current assets	--	--	33,735.00
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Tengzhou Gongxin Construction Development Co., Ltd.87.3% equity	--	87.3% equity	11,696.64
Luoyang Zhongluo Urban Construction Co., Ltd.	Other non-current assets	--	--	378,051.61
Hangzhou Daijiangdong Zhongnan Chenjin Construction Development Co., Ltd.	Other non-current assets	--	--	73,323.00
Ganzhou Xingzhong Engineering Project Management Co., Ltd.	Other non-current assets	--	--	193,356.78

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights	Su Tong Guoyong (2011) No. 0110007	11144.38 sq. m.	65,000.00
Nantong Zhongnan New World Center Development Co., Ltd.	Buildings, Land use rights	Nantong Real Estate Certificate No. 71046738, Sutong Guoyong (2009) No. 01101319	Real estate 3,02.71 sq. m., land use right 1476.32 sq. m.	60,000.00
Nantong Zhongnan New World Center Development Co., Ltd.	Shops and Land use rights	Nantong Real Estate Certificate No. 7100147, Sutong Guoyong (2008) No. 01102229	Shop 4,475.69 sq. m., land use right 1,771.97 sq. m.	5,026.20
Nantong Zhongnan New World Center Development Co., Ltd.	Land use rights	Su Tong Guoyong (2006) No. 0110024	10169.15 sq. m.	1,537.58
Nantong Zhongnan New World Center Development Co., Ltd.	Shops and Land use rights	Nantong Real Estate Certificate No. 12114018-12114028, Nantong National (2008) No. 01102216, Nantong Real Estate Certificate No. 71046736, Nantong Real Estate Certificate No. 12113027, Nantong Real Estate Certificate No. 12113011, Nantong Real Estate Certificate No. 12058556 No.; Su Tong Guoyong (2008) No. 01102231, Su Tong Guoyong (2008) No. 01102236, Su Tong Guoyong (2008) No. 01102233, Su Tong Guoyong (2008) No. 101102222, Su Tong Guoyong (2008) No. 101102217, Su Tong Guoyong (2008) No. 101102219, Su Tong Guoyong (2008) No. 01102232, Su Tong Guoyong (2008) No. 01102223, Su Tong Guoyong (2008) No. 01102235, Su Tong Guoyong (2008) No. 01102237, Su Tong Guoyong (2008) No. 01101322, Su Tong Guoyong (2008) No. 01102393, Su Tong Guoyong (2007) No. 01102394, Su Tong Guoyong (2012) No. 01102620	House: 6309.48 sq. m.; Land: 2643.74 sq. m.	18,000.00
		Nantong Real Estate Certificate No. 71046736, Nantong Guoyong (2009) No. 0110300	House: 1524.3 sq. m.; Land: 739.59 sq. m.	1,500.00
		Sutong Guo Yong (2012) No. 01102623, Nantong Real	Building: 5671.32 sq. m.	20,983.88

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Development Co., Ltd.		Estate Certificate No. 120058576	m.; Land: 1042.62 sq. m.	
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Commercial real estate	Yan Real Estate Certificate Urban District No. 0355019, Chengnan Guo Yong (2015) No. 609257	House: 13746.53 sq. m. m. Land: 624.9 sq. m.	23,976.00
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Commercial real estate	Yan Real Estate Certificate Urban District No. 0355020, Chengnan Guo Yong (2015) No. 609258	House: 15304.15 sq. m.; Land: 695.7 sq. m.	24,024.00
Yantai Jinshang Real Estate Development Co., Ltd.	Commercial and financial land	Lu (2018) Yantai City Kai Property Rights No. 0005848	2998.05 sq. m.	2,559.53
Jiangsu Zhongnan Construction Group Co., Ltd.	Land and buildings	Haizheng Housing Rights Certificate No. 151008094-151008116 Hai Guo Yong (2015) No. 070309-070330	House: 81953.45 sq. m.; Land: 5329.98 sq. m.	69,000.00
Nantong Zhongnan New World Center Development Co., Ltd.	Commercial real estate, Land use rights	Nantong Real Estate Certificate No. 140036954, Sutong Guo Yong (2014) No. 01101700	Commercial real estate 7767.45 sq. m., land use rights 965.11 sq. m.	15,534.90
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Commercial real estate	Yan Real Estate Certificate Military Region No. 0355018	28435.96 sq. m.	24,170.57
Yancheng Zhongnan Century City Real estate investment Co., Ltd.	Commercial real estate	Chengnan Guo Yong (2015) No. 609260	1292.5 sq. m.	24,170.57
Nantong Zhongnan New World Center Development Co., Ltd.	Real estate	Nantong Real Estate Certificate No. 12113018-12113024, 12113029-12113045, 12113047, 12113048, 12113050-12113073, 12113075-12113077, 12113087, 12113088, 12113414, 12113415; Land certificate number: Sutong Guo Yong (2007) No. 01102369-01102375, 01102406-01102453, Su Tong Guo Yong (2008) No. 01100394, 01100395	House: 5948.97 sq. m.; Land: 4743 sq. m.;	10,180.87
Nantong Zhongnan New World Center Development Co., Ltd.	Real estate (Buildings, Land)	Property ownership certificate number: Nantong Real Estate Certificate No. 71046737, Nantong Real Estate Certificate No. 12114031, Nantong Real Estate Certificate	House: 2757.8 sq. m.; Land: 1327.16 sq. m.	11,031.20

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
		No. 71046735; Land use rights certificate No.: Sutong Guo Yong (2009) No. 01101318, Sutong Guo Yong (2008) No. 01102221, Su Tong Guo Yong (2009) No. 01101317		
Jiangsu Zhongnan Construction Industry Group Co., Ltd.	Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd. 80% equity	--	80% equity	10,000.00
Jiangsu Zhongnan Xuanwu Lake Eco-tourism Development Co., Ltd.	Accounts receivable	--	--	12.11

(4) As of 31 December 2020, the guarantee for mortgage loan of commercial housing buyers provided by the Group is as follow:

The Group provides mortgage guarantee for commercial housing buyers in accordance with the real estate business practices. As of 31 December 2020, the balance of the Group's mortgage guarantee for commercial housing buyers is RMB 59,023.31 million. The amount of the guarantee covers the loan principal, interest, penalty interest, compound interest, liquidated damages, compensation and the expense incurred by lender to recover the debt and all other expenses payable by the borrower. The term of the guarantee is from the date of loan contract signed by the owner and the bank until the Group has completed the registration of the real estate mortgage for the buyer of the commercial housing and has delivered the relevant registration document to the bank.

(5) As of 31 December 2020, the irrevocable letter of guarantee that has not been expired is as follows:

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Housing and Urban-Rural Development Bureau of Tengzhou City	Industrial Bank Co., Ltd. Nantong Branch	30,000,000.00	2020/3/17	2021/1/10
Beijing Changtao Real Estate Development Co., Ltd. Baigou New City Branch	Industrial Bank Co., Ltd. Nantong Branch	11,594,500.00	2020/7/15	2021/6/30
Dongtai Jinteng Real Estate Co., Ltd.	Industrial Bank Co., Ltd. Nantong Branch	13,204,997.57	2020/8/10	2021/7/20
Labor Security Supervision Brigade, Chang'an District, Xi'an City	Bank of China Limited Haimen Sub-branch	1,048,300.00	2017/10/26	Receipt of the beneficiary's release letter
Haikou Municipal Human Resources and Social Security Bureau	Bank of China Limited Haimen Sub-branch	3,258,206.08	2018/8/20	Responsibility release letter from transfer bank (telegram)
Housing Planning and Construction Bureau of the People's Government of Qiaotou Town, Dongguan City	Bank of China Limited Haimen Sub-branch	3,000,000.00	2018/8/17	Until opening bank to confirm
Labor Security Supervision Brigade, Xiuying District, Haikou City	Bank of China Limited Haimen Sub-branch	1,532,368.36	2018/8/20	Receipt of the beneficiary's release letter
Weinan Baoneng Real Estate Co., Ltd.	Bank of China Limited Haimen Sub-branch	3,279,552.50	2019/7/15	2022/3/1
Human Resources and Social Security Bureau of Nixi County	Bank of China Limited Nantong Branch	8,577,000.00	2020/3/11	2021/4/11
Zhongshan Housing and Urban-Rural Development Bureau, Zhongshan Human Resources and Social Security Bureau	Bank of China Limited Nantong Branch	3,000,000.00	2020/4/14	2021/4/19
Funan County Labor Security Supervision Comprehensive Law Enforcement Brigade	Bank of China Limited Nantong Branch	2,000,000.00	2020/8/12	2022/9/30
Beihai Municipal Human Resources and Social Security Bureau	Bank of China Limited Nantong Branch	800,000.00	2020/9/22	2022/4/29
Sichuan Longhe Ziyue Real	Bank of China Limited	11,669,724.06	2020/10/29	2023/9/30

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Estate Development Co., Ltd.	Haimen Sub-branch			
Yiwu Juli Real Estate Development Co., Ltd.	Bank of China Limited Haimen Sub-branch	960,478.80	2020/12/8	2021/5/7
Cixi Xinchenghe Construction Office	China CITIC Bank Nantong Branch	100,000,000.00	2018/12/11	2021/12/11
Bureau of International Economic Cooperation, Ministry of Commerce	Bank of Jiangsu Co., Ltd. Nantong Branch	800,000.00	2020/7/22	2021/2/16
Shanghai Baozhan Real Estate Development Co., Ltd.	Bank of Jiangsu Co., Ltd. Nantong Branch	10,000,000.00	2020/7/22	2021/5/25
Bureau of International Economic Cooperation, Ministry of Commerce	Bank of Jiangsu Co., Ltd. Nantong Branch	800,000.00	2020/7/7	2021/1/19
Housing and Urban-Rural Development Bureau of Renshou County	Industrial and Commercial Bank of China Limited Haimen Branch	7,570,000.00	2019/8/28	2021/2/1
Nantong Municipal Bureau of Commerce	Industrial and Commercial Bank of China Limited Haimen Branch	3,000,000.00	2020/1/15	2022/12/31
Shanghai Construction Engineering Group Co., Ltd.	China Construction Bank Corporation Haimen Branch	1,923,977.00	2020/3/13	2021/1/7
China Communications First Public Bureau Fifth Engineering Co., Ltd.	China Construction Bank Corporation Haimen Branch	54,504,607.61	2020/8/27	2021/12/31
Zhengzhou Economic Development Investment Development Co., Ltd.	China Construction Bank Corporation Haimen Branch	5,000,000.00	2020/8/27	2021/6/30
Tianjin Hubin Plaza Real Estate Development Co., Ltd.	China Construction Bank Corporation Haimen Branch	1,284,924.14	2020/9/12	2021/4/30
Bureau of International Economic Cooperation, Ministry of Commerce	China Construction Bank Corporation Haimen Branch	800,000.00	2020/9/16	2021/3/30
China Communications Third Navigation Engineering Bureau Co., Ltd.	China Construction Bank Corporation Haimen Branch	2,010,000.00	2020/9/27	2021/9/8
Nantong Ganghua Real Estate Co., Ltd.	China Construction Bank Corporation Haimen Branch	568,010.14	2020/9/30	2021/12/31
Bureau of International Economic Cooperation, Ministry of Commerce	China Construction Bank Corporation Haimen Branch	800,000.00	2020/10/28	2021/5/11
Rongxin Construction Investment (Zhangzhou) Co., Ltd.	China Construction Bank Corporation Haimen Branch	6,410,312.70	2020/10/28	2023/9/28
Taizhou Xingyao Real Estate Development Co., Ltd.	China Construction Bank Corporation Haimen Branch	26,551,305.00	2020/11/5	2021/6/30
Changzhou Meimao Real Estate Development Co., Ltd.	China Construction Bank Corporation Haimen Branch	997,500.00	2020/12/3	2022/11/30
Bureau of International Economic Cooperation, Ministry of Commerce	China Construction Bank Corporation Haimen Branch	800,000.00	2020/12/3	2021/6/15
Nantong University Hospital	China Construction Bank Corporation Haimen Branch	26,525,067.00	2020/12/3	2023/12/31

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Anhui Sanjian Engineering Co., Ltd.	China Construction Bank Corporation Haimen Branch	3,300,000.00	2020/12/24	2021/12/20
Ningbo Pearl River Development Investment Co., Ltd.	Industrial Bank Co., Ltd. Nantong Branch	704,001.00	2020/10/30	2021/1/24
People's Government of Lanshan District, Linyi City	Bank of Beijing Co., Ltd. Qingdao Branch	100,000,000.00	2020/6/24	2022/12/24

(6) As of December 31, 2020, the Group has no other contingencies that should be disclosed.

XIII. Events after balance sheet date

1. Notes to significant events after balance sheet date

(1) Commence of vesting of First Exercise Period of Reserved options of 2019 Stock Option Incentive Plan First Exercise Period of Part of the Reserved Options

On 28 January 2021, the twelfth meeting of the eighth session of the board of directors of the Company reviewed and approved the "Proposal on the Exercise of the First Exercise Period for Grant of Part of the Reserved Options in the 2019 Stock Option Incentive Plan". It was agreed that the exercise conditions for the first exercise period of the grant of part of reserved option in the Company's 2019 stock option incentive plan have been fulfilled, and total 6,118,002 stock options granted to 70 incentive participants is exercisable in the first exercise period. After the approval of Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the relevant options would be able to be exercised starting from 10 February 2021.

(2) Basic information of public issuance of corporate bonds (Phase 1) to professional investors in 2021

On 12 March 2021, the Company issued the "Announcement on Public Issuance of Corporate Bonds to Professional Investors in 2021 (Phase 1)", and plans to publicly issue corporate bonds of no more than RMB 1 billion to professional institutional investors. The bond issuance price is RMB100 each, divided into two varieties: Variety 1 has a 4-year term, with the issuer's option to adjust the coupon rate at the end of the second year and the bondholder's option to sell back; Variety 2 has a 5-year term, with the issuer's option to adjust the coupon rate at the end of the third year and the bondholder's option to sell back. The bonds would be issued through online inquiry and placement to professional institutional investors, and the issuance date was 17 March 2021. The Variety 1 is actually issued RMB 1 billion, and the coupon rate is 7.30% per annum; the Variety 2 has not been issued.

(3) Basic information of issuance of U.S. dollar bonds in parallel exchange and issuance of new U.S. dollar bonds

In 2019, the Company's overseas wholly-owned subsidiary Haimen Zhongnan Investment Development (International) Co., Ltd. ("HZID") issued Senior unsecured fixed-rate bonds with a coupon rate of 10.875% amounting to US\$350 million, US\$50 million and US\$100 million and expired on 18 June 2022. These bonds were combined to form a single category and were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In March 2021, HZID initiated an exchange offer for the bond-holders to pay 20 US dollars per 1,000 US dollars and convert them into new bonds maturing in April 2024 with a coupon rate of not less than 11.5%. According to the results of the offer, a total of US\$190.25 million holders of the aforementioned bonds accepted the offer, and the coupon rate of the new US\$190.25 million bond exchanged was fixed at 11.5%. In addition, HZID issued an additional

bond of US\$59.75 million with a coupon rate of 11.5% and maturity in April 2024. The additional bonds and the exchanged bonds constitute a single category and are listed on the Stock Exchange. The stock code is 40638.HK.

- (4) In order to promote the development of the Xi'an Chunfeng South Bank project, a subsidiary of the Company, the Company signed an agreement with Bairui Trust Co., Ltd. Bairui Trust Co., Ltd. planned to issue a collective trust plan with a total scale of not more than RMB 1.7 billion and invest in the Company's renewable debt investment in the future.

2. Profit distribution subsequent to balance sheet date

On 25 April 2021, the Company's held the fifteenth meeting of the eight session of board of directors which reviewed and approved the proposal of the Company's 2020 profit distribution and capital reserve to increase share capital: Based on the number of shares on the dividend registration date of the Company as the base number, a cash dividend of RMB 5.56 (including tax) for every 10 shares will be distributed to all shareholders, and no bonus shares will be distributed and no conversion to share capital.

3. Other events after the balance sheet date

As of 25 April 2021, the Group has no other matters that should be disclosed after the balance sheet date.

XIV. Other significant matters

1. Segment reporting

The Group divides its business into 3 reporting segments according to the internal organizational structure, management requirements, and the internal reporting system. The reporting segments are determined based on the financial information required by routine management. The management can periodically evaluate the operating results of the component to determine its allocation of resources and evaluate their performance.

The Group's reportable segments include:

- (1) Real estate segment;
- (2) Building construction segment;
- (3) Hotel properties and other segments.

The information of segment reporting is disclosed in accordance with the accounting policies that the segments report to the management. The accounting policies and measurement basis of the operating segments are the same as accounting policies and measurement basis of preparing the financial statements.

(1) Profit or loss, assets and liabilities of segments

2020/ 31 December 2020	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
Operating income	58,570,222,596.54	22,197,061,434.54	1,955,769,910.58	-4,122,205,634.88	78,600,848,306.78
Include: Income outside the Group	58,570,222,596.54	19,081,767,038.29	948,858,671.95	-	78,600,848,306.78

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2020 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

2020/ 31 December 2020	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
Income between segments	-	3,115,294,396.25	1,006,911,238.63	-4,122,205,634.88	-
Include: Primary operating income	57,711,845,634.33	22,142,948,598.25	1,914,033,908.72	-4,070,103,996.93	77,698,724,144.37
Operating cost	47,357,346,128.52	20,277,886,545.82	1,242,786,076.65	-3,868,733,616.21	65,009,285,134.78
Include: Primary operating cost	47,076,666,717.69	20,267,377,858.24	1,218,552,696.48	-3,868,733,616.21	64,693,863,656.20
Operating expenses	3,642,985,100.75	1,364,307,397.83	687,453,719.93	-533,595,652.62	5,161,150,565.89
Operating profit/(loss)	10,373,893,789.11	579,543,986.57	80,400,659.65	-367,186,244.28	10,666,652,191.05
Total assets	327,842,774,008.99	76,308,293,480.78	14,555,033,183.08	-59,452,647,939.50	359,253,452,733.35
Total liabilities	283,473,427,228.28	65,473,513,603.93	13,637,374,754.52	-51,694,028,815.04	310,890,286,771.69
Supplementary information:					
1. Capital expenditure	1,755,123,583.53	2,999,440,803.88	441,323,303.21	-	5,195,887,690.62
2. Depreciation and amortization charge	164,504,146.14	297,323,019.44	154,667,288.86	-	616,494,454.44
3. Non-cash expenses besides depreciation and amortization	34,458,175.31	9,490,907.68	909,367.77	-	44,858,450.76
4. Asset impairment loss and credit impairment loss	390,247,284.59	128,302,765.58	26,647,709.24	-	545,197,759.41
2019/ 31 December 2019	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
Operating income	51,586,576,589.98	22,177,499,936.63	2,070,042,883.33	-4,003,333,348.86	71,830,786,061.08
Include: Income outside the Group	51,586,576,589.98	19,063,126,838.09	1,181,082,633.01	-	71,830,786,061.08
Income between segments	-	3,114,373,098.54	888,960,250.32	-4,003,333,348.86	-
Include: Primary operating income	51,127,341,868.04	22,160,959,697.89	2,013,296,930.65	-4,003,333,348.86	71,298,265,147.72
Operating cost	42,337,684,026.12	20,180,170,366.27	936,026,113.65	-3,652,376,874.64	59,801,503,631.40
Include: Primary operating cost	42,077,015,615.61	20,172,283,224.68	906,809,240.92	-3,652,376,874.64	59,503,731,206.57
Operating expenses	3,392,141,450.38	1,205,653,764.69	1,242,188,865.18	-484,990,886.74	5,354,993,193.51
Operating profit/(loss)	5,892,484,538.09	662,699,867.47	-104,760,817.94	-141,147,683.80	6,309,275,903.82
Total assets	253,730,056,565.12	58,177,085,811.22	23,600,835,082.80	-44,937,389,632.69	290,570,587,826.45
Total liabilities	230,810,175,506.65	47,989,811,305.25	22,710,520,473.83	-37,762,526,224.14	263,747,981,061.59
Supplementary information:					
1. Capital expenditure	209,036,802.78	7,099,664,747.90	542,559,545.63	-	7,851,261,096.31
2. Depreciation and amortization charge	217,530,884.68	159,211,147.69	233,460,372.23	-	610,202,404.60

2020/ 31 December 2020	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
3. Non-cash expenses besides depreciation and amortization	54,143,377.39	13,572,986.69	66,679,519.32	-	134,395,883.40
4. Asset impairment loss and credit impairment loss	481,842,940.20	270,899,882.35	-6,624,184.85	-	746,118,637.70

(2) Other segment information

Item	Year ended 2020.12.31	Year ended 2019.12.31
Property sale income	58,570,222,596.54	51,586,576,589.98
Building construction income	19,081,767,038.29	19,063,126,838.09
Hotel properties and other income	948,858,671.95	1,181,082,633.01
Total	78,600,848,306.78	71,830,786,061.08

XV. Notes to significant items of parent company financial statements

1. Other receivables

Item	2020.12.31	2019.12.31
Dividend receivable	3,017,351,545.57	3,017,351,545.57
Other receivables	130,329,171,907.45	101,939,251,371.43
Total	133,346,523,453.02	104,956,602,917.00

(1) Dividend receivable

Item	2020.12.31	2019.12.31
Dividends	3,017,351,545.57	3,017,351,545.57

(2) Other receivables

① Disclosure by ageing

Ageing	2020.12.31	2019.12.31
Within 1 year	97,734,646,553.76	68,100,132,385.45
1 to 2 years	14,661,306,275.19	24,801,753,826.02
2 to 3 years	12,214,986,486.35	6,549,961,630.29
3 to 4 years	4,598,724,561.34	2,372,195,346.97
4 to 5 years	1,125,459,229.91	80,980,513.88
Over 5 years	271,723,520.84	313,908,243.41
Sub-total	130,606,846,627.39	102,218,931,946.02

Ageing	2020.12.31	2019.12.31
Less: Provision for bad debts	277,674,719.94	279,680,574.59
Total	130,329,171,907.45	101,939,251,371.43

② Disclosure by nature

Item	2020.12.31	2019.12.31
Security deposit and deposits	78,338,198.50	85,988,857.53
Petty cash and withholding fund	5,697,687.91	8,388,437.46
Cooperating parties	205,223,215.90	39,027,396.30
Government agencies	4,548,938.54	98,938.54
Related parties in the scope of consolidation	124,170,465,338.48	96,601,123,444.82
Related parties outside the scope of consolidation	5,801,689,675.49	5,147,262,071.64
Others	340,883,572.57	337,042,799.73
Total	130,606,846,627.39	102,218,931,946.02

③ Information of provision for bad debts

As at 31 December 2020, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from government agencies	4,548,938.54	0.30	13,646.82	4,535,291.72
Receivables from cooperating parties	205,223,215.90	0.30	615,669.65	204,607,546.25
Receivables from related parties in the scope of consolidation	124,170,465,338.48	-	-	124,170,465,338.48
Receivables from related parties not in scope of consolidation	5,801,689,675.49	0.30	17,405,069.03	5,784,284,606.46
Receivables of security deposit and deposits	78,338,198.50	0.30	235,014.60	78,103,183.90
Receivables of petty cash and withholding fund	5,697,687.91	0.30	17,093.06	5,680,594.85
Other receivables	68,114,336.92	4.00	2,724,573.48	65,389,763.44
Total	130,334,077,391.74	0.02	21,011,066.64	130,313,066,325.10

As at 31 December 2020, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	218,457,235.74	92.63	202,351,653.39	16,105,582.35

As at 31 December 2020, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	54,311,999.91	100.00	54,311,999.91	-

As at 31 December 2019, provision for bad debts is as follow:

As at 31 December 2019, provision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from government agencies	98,938.54	0.30	296.82	98,641.72
Receivables from cooperating parties	39,027,396.30	0.30	117,082.19	38,910,314.11
Receivables from related parties in the scope of consolidation	96,601,123,444.82	-	-	96,601,123,444.82
Receivables from related parties not in scope of consolidation	5,147,262,071.64	0.30	15,441,786.21	5,131,820,285.43
Receivables of security deposit and deposits	85,988,857.53	0.30	257,966.57	85,730,890.96
Receivables of petty cash and withholding fund	8,388,437.46	0.30	25,165.31	8,363,272.15
Receivables from others	61,164,011.94	4.00	2,446,560.48	58,717,451.46
Total	101,943,053,158.23	0.02	18,288,857.58	101,924,764,300.65

As at 31 December 2019, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	221,566,787.88	93.46	207,079,717.10	14,487,070.78
Total	221,566,787.88	93.46	207,079,717.10	14,487,070.78

As at 31 December 2019, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	54,311,999.91	100.00	54,311,999.91	-

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the lifetime (no credit impairment occurred)	Third stage Expected credit loss for the lifetime (credit impairment has occurred)	Total
Balance at 31 December 2019	18,288,857.58	207,079,717.10	54,311,999.91	279,680,574.59
Movement of balance in 2020				
-- transfer to second stage	-254,047.08	254,047.08	-	-
-- transfer to third stage			-	-
-- back to second stage	-	-	-	-
-- back to first stage	-	-	-	-
Provision for the year	2,976,256.14	-4,982,110.79	-	-2,005,854.65
Recovered or reversal in the year	-	-	-	-
Written-off in the year	-	-	-	-
Other change	-	-	-	-
Balance at 31 December 2020	21,011,066.64	202,351,653.39	54,311,999.91	277,674,719.94

⑤ Top five debtors of other receivables

Total other receivables due from the top five debtors is RMB 51,171,670,797.75, accounting for 39.18% of the total other receivable and they are mainly receivables from related parties.

2. Long-term equity investment

2020.12.31							2019.12.31		
Item	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount			
Investment in subsidiaries	20,650,926,438.40	2,000,000.00	20,648,926,438.40	20,660,397,822.18	22,000,000.00	20,638,397,822.18			
Investment in joint ventures	719,547,655.39	-	719,547,655.39	427,744,062.07	-	427,744,062.07			
Investment in associates	802,889,828.01	-	802,889,828.01	685,079,367.34	-	685,079,367.34			
Total	22,173,363,921.80	2,000,000.00	22,171,363,921.80	21,773,221,251.59	22,000,000.00	21,751,221,251.59			

(1) Investment in subsidiaries

Investee	2019.12.31	Increase	Decrease	2020.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Investment in subsidiaries	20,660,397,822.18	452,182,140.97	461,653,524.75	20,650,926,438.40	-	2,000,000.00

(2) Investment in associates and joint ventures

Investee	2019.12.31	Movement in the year						Closing balance of provision for impairment
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	
Joint ventures	427,744,062.07	-	-	291,803,593.32	-	-	-	719,547,655.39
Associates	685,079,367.34	168,140,891.00	64,700,000.00	14,369,569.67	-	-	-	802,889,828.01
Total	1,112,823,429.41	168,140,891.00	64,700,000.00	306,173,162.99	-	-	-	1,522,437,483.40

3. Investment income

Item	Year ended 2020.12.31	Year ended 2019.12.31
Gain from disposal of long-term equity investment	15,690,817.10	146,764,053.05
Income on long-term equity investment by equity method	306,173,162.99	105,411,070.82
Investment income in banking financial products	63,310,033.09	24,796,538.06
Dividends	40,763,600.00	18,212,000.00
Investment income from capital occupation fees	173,539,132.58	294,717,170.35
Gain from derecognition of financial instruments measured at cost	8,838,440.87	-
Total	608,315,186.63	589,900,832.28

XVI. Supplement information

1. Non-recurring gain or loss in current year

Item	Year ended 2020.12.31
Gain or loss on disposal of non-current assets	1,272,995,409.03
Government grants	119,984,882.63
Gain or loss from entrusting others to invest or manage assets	63,312,279.17
Gain or loss arising from debt restructuring	14,731,995.98
Gains and losses from changes in fair value arising from holding trading financial assets, derivative financial assets, trading financial liabilities, and derivative financial liabilities, and the investment income obtained from the disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investments, besides of any effective hedging operations related to normal business of the Group	97,849,795.67
Investment income from capital occupation fees from non-financial enterprises	364,991,956.30
Gain or loss from fluctuation in fair value of investment property which is measured at fair value	284,888,900.00
Other non-operating income/ (expenses), net	-154,465,780.94
Other gain or loss items met the definition of non-recurring item	2,796,723.30
Total amount of non-recurring items	2,067,086,161.14
Less: effects of income tax on non-recurring items	516,964,017.91
Net amount of non-recurring items	1,550,122,143.23
Less: effects of non-recurring items attributable to minority interests of the Group (after tax)	116,886,717.42
Non-recurring items attributable to the shareholders of the Company	1,433,235,425.81

2. Rate of return of equity and earnings per share

Profit in reporting period	Weighted average rate of return of equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	28.18	1.8679	1.8670
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	22.42	1.4861	1.4853

Jiangsu Zhongnan Construction Group Co., Ltd.

25 April 2021

Auditor's Report

[English Translation for Reference Only]

GTCSZ (2020) No. 110ZA6228

To all shareholders of Jiangsu Zhongnan Construction Group Co., Ltd.:

I. Opinion

We have audited the financial statements of Jiangsu Zhongnan Construction Group Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and Company balance sheets as at 31 December 2019, and the consolidated and Company income statements, consolidated and Company cash flow statements and consolidated and Company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Company as at 31 December 2019, and their financial performance and their cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and have fulfilled our other ethical responsibilities in accordance with the China Code of Ethics for Certified Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) Revenue recognition on real estate development project

Relevant disclosures of information refer to Note III.26, Note V.43 and Note XIV.1 of the notes to financial statements.

1. Descriptions of the matter

Revenue of real estate development projects accounts for 71.82% of the Company's revenue in 2019. Revenue of real estate development projects is significant to the Company, and the effect of aggregation of errors in revenue recognition in each of the single real estate development project could result a significant impact on the profit of the Company, thus, we identified revenue from real estate development projects as a key audit matter.

2. Addressed in the context of our audit

The audit procedures that we have performed on the recognition of revenue of real estate development projects are mainly as follows:

(1) Evaluated the effectiveness of design and operation of key internal controls on the revenue recognition of real estate development projects;

(2) For the real estate projects sold in the year, inspected the contract terms of the standard real estate sale contract, and evaluated whether the revenue recognition of real estate development projects in compliance with the requirement of relevant accounting standards;

(3) Selected samples from the sale revenue of real estate projects recognized in the year and checked the sale contracts to the registered information of authority as well as the supporting documents that proofing the real estate reached the condition of delivery, and also checked the money collected and the arrangement of collection, and evaluated whether the sale revenue of real estate are recognized in according to the revenue recognition policy;

(4) Selected samples from the sale revenue of real estate projects recognized immediately before and after the balance sheet date and checked to supporting documents that proofing the real estate reached the condition of delivery, and evaluated whether the relevant sale revenue of real estate are recognized in proper accounting periods;

(5) For the projects with housing stock in the year, evaluated whether the sale revenue of housing stock are recognized in proper accounting period by physical inspection on a test basis together with the comparison between the sales ledgers and public sales information;

(6) Obtained the sale ledgers from sales departments and checked against the recording of sale revenue of real estate, and evaluated whether the sale revenue of real estate are complete.

(II) Net realizable value of inventories

Relevant disclosures of information refer to Note III.12, Note III.33 and Note V.9 of the notes to financial statements.

1. Descriptions of the matter

As at 31 December 2019, the total book balance of the Company's developed products and development costs (together as "inventories") is RMB 154.59 billion and decline in value of inventories is RMB 336.89 million. Inventories are stated at the lower of cost and net realizable value. In determination of the net realizable value of inventories, management needs to estimate the construction costs to be incurred in bringing the inventories to their completion states and the future net selling price. There are involving significant judgments and estimates made by management.

Inventories are significant assets to the Company and there is inherent risk in regard of the estimation of the construction costs to be incurred in bringing the inventory item to its completion state as well as the future net selling price, thus, we identified the net realizable value of inventories as a key audit matter.

2. Addressed in the context of our audit

The audit procedures that we have performed on the assessment of the net realizable value of inventories are mainly as follows:

(1) Evaluated the effectiveness of design and operation of key internal controls on the preparation and monitoring of management budget and forecast in regard of the construction costs of each project of inventories;

(2) Selected samples of inventories for physical observations, and inquired management about the progress and total budget of development costs of these items;

(3) Interviewed the valuation experts engaged by management and evaluated their independence and capability;

(4) Evaluated the valuation methodologies adopted by management and the valuation experts, and compared the key estimates and assumptions of the valuation to the observable market data and the Company's sales budget;

(5) Compared the estimate of construction costs of each project to the latest budget, and analysed the costs to be incurred until completion by comparison with similar products competed previously;

(6) Selected samples of net realizable value estimated by management in prior years and compared with the actual amount of realization happened, and evaluated the reasonableness of management estimate;

(7) On a sample basis, compared the actual selling price of certain development products, which sold subsequent to the balance sheet date, to the estimated selling price made by management, and evaluated the reasonableness of estimates made by management.

IV. Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2019 annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management of the Company is responsible for the preparation of the financial statements to achieve fair presentation in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control as management determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to

going concern and using the going concern basis of accounting unless management either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(1) 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.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) 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.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



China · Beijing

Auditor's signature and stamp
(Engagement partner)

Auditor's signature and stamp



27 April 2020

Consolidated and Company Balance Sheets

As at 31 December 2019

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit:RMB

Item	Note	31 December 2019		31 December 2018	
		Consolidated	Company	Consolidated	Company
Current assets:					
Cash at bank and on hand	V.1	25,409,736,687.50	1,066,133,691.46	20,416,915,066.92	743,761,081.40
Trading financial assets	V.2	1,521,271,332.24	1,250,380,533.69		
Financial assets at fair value through profit or loss	V.3			45,327,129.09	260,090.00
Bills receivable	V.4	1,387,357,126.67		1,091,542,043.50	
Accounts receivable	V.5	11,732,392,315.46		8,564,563,512.36	
Receivable financing	V.6	42,395,544.00			
Prepayments	V.7	6,015,364,971.25	11,515,404.79	8,647,816,626.39	16,419,343.76
Other receivables	V.8	29,842,897,867.03	104,956,602,917.00	28,555,595,536.33	94,262,424,917.35
Including:Interest receivable					
Dividends receivable		47,360,000.00	3,017,351,545.57	47,360,000.00	3,017,351,545.57
Inventories	V.9	165,586,813,570.85		135,002,590,942.43	
Assets held for sale					
Non-current assets due within one year	V.10	50,000,000.00	50,000,000.00	10,000,000.00	10,000,000.00
Other current assets	V.11	10,846,764,318.34	181,965,305.74	9,560,666,956.41	650,151,013.60
Total current assets		252,434,993,733.34	107,516,597,852.68	211,895,017,813.43	95,683,016,446.11
Non-current assets:					
Debts investment	V.12				
Available-for-sale financial assets	V.13			549,100,000.00	377,100,000.00
Other debts investment					
Held-to-maturity investments					
Long-term receivables	V.14	13,104,703,611.41	2,500,000.00	6,508,109,043.20	2,500,000.00
Long-term equity investments	V.15	13,486,192,849.00	21,751,221,251.59	6,893,425,366.83	19,480,457,928.13
Other equity instruments investment					
Other non-current financial assets	V.16	473,898,830.00	368,331,771.00		
Investment properties	V.17	4,419,480,000.00		4,210,468,897.66	
Fixed assets	V.18	3,266,882,504.35	764,926,080.86	3,068,894,608.28	795,952,148.19
Construction in progress	V.19	12,146,322.42		46,540,513.07	
Productive biological assets					
Oil and gas assets					
Intangible assets	V.20	667,424,271.04	80,069,204.82	599,403,276.77	81,541,911.77
Development costs					
Goodwill	V.21	4,188,653.58		4,188,653.58	
Long-term deferred expenses	V.22	565,741,455.35		346,898,705.56	
Deferred tax assets	V.23	2,134,935,595.96		1,528,698,007.33	
Other non-current assets	V.24			43,342,136.62	
Total non-current assets		38,135,594,093.11	22,967,048,308.27	23,799,069,208.90	20,737,551,988.09
Total assets		290,570,587,826.45	130,483,646,160.95	235,694,087,022.33	116,420,568,434.20

Consolidated and Company Balance Sheets (Continued)

As at 31 December 2019

Item	Note	31 December 2019		31 December 2018	
		Consolidated	Company	Consolidated	Company
Current liabilities:					
Short-term loans	V.25	13,082,301,949.63	3,758,886,188.08	10,686,892,017.77	2,600,000,000.00
Trading financial liabilities					
Financial liabilities at fair value through profit or loss					
Bills payable	V.26	10,999,265,923.35	47,610,285.52	9,165,892,973.88	
Accounts payable	V.27	23,791,119,530.01	1,812,217.42	16,004,881,646.03	2,206,657.41
Advances from customers	V.28	123,359,236,032.48		110,120,236,000.93	
Employee benefits payable	V.29	1,240,142,617.05	1,369,020.80	673,382,757.03	1,369,020.80
Taxes payable	V.30	4,575,771,268.66	34,505,218.28	2,977,273,334.76	14,990,542.31
Other payables	V.31	26,834,129,458.46	95,505,330,521.34	17,003,846,472.35	78,893,361,657.88
Including: Interest payables				446,215,105.09	211,153,391.42
Dividends payable		3,886,630.96	211,969.52	211,969.52	211,969.52
Liabilities held for sale					
Non-current liabilities due within one year	V.32	11,132,439,328.17	4,824,521,373.58	7,326,590,600.61	3,911,590,600.61
Other current liabilities	V.33	1,402,261,230.12		1,157,927,825.51	
Total current liabilities		216,416,667,337.93	104,174,034,825.02	175,116,923,628.87	85,423,518,479.01
Non-current liabilities:					
Long-term loans	V.34	36,006,261,820.71	2,849,970,000.00	30,127,057,700.00	5,178,600,000.00
Bonds payable	V.35	10,356,127,886.19	9,546,360,481.49	9,801,078,582.53	12,068,631,138.96
Including: Perpetual debts		548,417,950.60	998,417,950.60	697,249,289.51	997,249,289.51
Long-term payables	V.36	262,831,028.12	15,131,028.12	402,038,077.88	180,618,077.88
Long-term employee benefits payable					
Provisions					
Deferred income	V.37	128,379,575.29	37,964,358.53	134,915,281.20	39,082,417.28
Deferred tax liabilities	V.23	577,713,413.35		518,641,207.12	
Other non-current liabilities					
Total non-current liabilities		47,331,313,723.66	12,449,425,868.14	40,983,730,848.73	17,466,931,634.12
TOTAL LIABILITIES		263,747,981,061.59	116,623,460,693.16	216,100,654,477.60	102,890,450,113.13
Share capital	V.38	3,756,854,798.00	3,756,854,798.00	3,709,788,797.00	3,709,788,797.00
Capital reserve	V.39	2,822,937,703.18	5,923,491,020.66	2,473,948,709.93	5,545,937,621.57
Less: Treasury stock					
Other comprehensive income	V.40	1,162,050,510.10		1,161,567,782.94	
Special reserve					
Surplus reserve	V.41	723,361,348.55	572,707,680.92	685,842,754.92	535,189,087.29
Undistributed profits	V.42	12,974,056,355.67	3,607,131,968.21	9,367,185,488.98	3,739,202,815.21
Total shareholders' equity attributable to parent company		21,439,260,715.50	13,860,185,467.79	17,398,333,533.77	13,530,118,321.07
Minority interests		5,383,346,049.36		2,195,099,010.96	
Total shareholders' equity		26,822,606,764.86	13,860,185,467.79	19,593,432,544.73	13,530,118,321.07
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		290,570,587,826.45	130,483,646,160.95	235,694,087,022.33	116,420,568,434.20

Legal representative:

Person in charge of financial function:

The head of the accounting department:

Consolidated and Company Income Statements

For the year ended 31 December 2019

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Item	Note	2019		2018	
		Consolidated	Company	Consolidated	Company
I. Operating income	V.43	71,830,786,061.08	103,496,790.49	40,110,125,872.49	1,351,578,012.81
Less: Operating costs	V.43	59,801,503,631.40		32,264,877,717.64	
Taxes and surcharges	V.44	1,878,292,023.98	8,871,212.10	1,453,623,317.00	9,314,448.56
Selling and distribution expenses	V.45	1,462,806,748.56		966,396,122.20	
General and administrative expenses	V.46	3,216,234,749.90	252,268,055.34	2,390,574,274.59	571,251,853.97
Research and development expenses	V.47	1,283,730.79			
Financial expenses	V.48	674,667,964.26	9,261,098.38	415,626,776.31	15,241,342.89
Including: Interest expenses		752,006,698.91		545,669,746.03	
Interest income		212,080,549.16	30,659,066.16	193,026,169.03	20,082,856.07
Add: Other income	V.49	107,808,755.89	13,246,352.27	137,696,976.83	1,118,058.75
Investment income ("-" for losses)	V.50	2,091,683,676.53	589,900,832.28	579,009,056.16	2,926,908,705.59
Including: Income from investment in associates and joint ventures		1,242,242,213.46	105,411,070.82	344,131,171.49	259,915,394.24
Gain from derecognition of financial assets at amortized cost ("-" for losses)		-312,668.68			
Gain from exposure of hedging ("-" for losses)					
Gains from changes in fair value ("-" for losses)	V.51	50,965,322.75	49,993,318.69	53,245,121.21	-130,200.00
Credit impairment loss ("-" for losses)	V.52	-479,388,698.98	-108,479,165.08		
Assets impairment loss ("-" for losses)	V.53	-266,729,938.72		-206,199,494.64	-80,392,416.82
Gains from assets disposal ("-" for losses)	V.54	8,939,574.16		-26,355,891.40	
II. Operating profit ("-" for losses)		6,309,275,903.82	377,757,762.83	3,156,423,432.91	3,603,274,514.91
Add: Non-operating income	V.55	51,091,056.96	374,731.76	63,578,182.50	808,858.30
Less: Non-operating expenses	V.56	205,310,069.39	2,946,558.33	170,067,101.62	49,686.62
Total profit ("-" for loss)		6,155,056,891.39	375,185,936.26	3,049,934,513.79	3,604,033,686.59
Less: Income tax expenses	V.57	1,532,490,071.46		737,383,606.89	
Net profit("-" for loss)		4,622,566,819.93	375,185,936.26	2,312,550,906.90	3,604,033,686.59
I. Classified by continuity of operations					
1. Net profit from continuing operations ("-" for loss)		4,622,566,819.93	375,185,936.26	2,312,550,906.90	3,604,033,686.59
2. Net profit from discontinued operations ("-" for loss)					
II. Classified by attribution to ownership					
1. Net profit attributable to non-controlling interests		4,163,085,623.09		2,193,097,869.05	
2. Net profit attributable to owners of the parent		459,481,196.84		119,453,037.85	
V. Other comprehensive income, net of tax		689,610.23		-16,266,295.80	
Other comprehensive income (net of tax) attributable to shareholders of the company		482,727.16		-19,070,398.34	
A. Items that will not be reclassified to profit or loss					
B. Items that may be reclassified to profit or loss		482,727.16		-19,070,398.34	
Translation differences on foreign currency financial statements		482,727.16		-19,070,398.34	
Other comprehensive income attributable to minority interests after tax		206,883.07		2,804,102.54	
VI. Total comprehensive income for the year		4,623,256,430.16	375,185,936.26	2,296,284,611.10	3,604,033,686.59
Attributable to: Shareholders of the company		4,163,568,350.25		2,174,027,470.71	
Non-controlling interests		459,688,079.91		122,257,140.39	
VII. Earnings per share:					
(1) Basic earnings per share		1.1151		0.5912	
(2) Diluted earnings per share		1.1151		0.5912	

Legal representative:

Person in charge of financial function:

The head of the accounting department:

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2019

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Item	Note	2019		2018	
		Consolidated	Company	Consolidated	Company
I.Cash flows from operating activities					
Proceeds from sales of goods or rendering of services		78,653,253,469.40		90,222,747,573.50	
Refund of taxes					
Proceeds from other operating activities	V.58	32,316,802,380.33	17,001,988,343.72	6,922,671,376.97	1,462,522,116.38
Sub-total of cash inflows		110,970,055,849.73	17,001,988,343.72	97,145,418,950.47	1,462,522,116.38
Payment for goods and services		61,803,924,357.52		50,763,893,347.22	
Payment to and for employees		6,469,567,009.20	92,805,468.64	5,856,503,674.82	315,572,173.90
Payments of various taxes		6,109,881,776.83	10,000,210.83	4,981,015,114.66	64,136,999.68
Payment for other operating activities	V.58	28,390,351,841.82	5,092,738,600.23	16,112,429,003.40	2,178,580,889.97
Sub-total of cash outflows		102,773,724,985.37	5,195,544,279.70	77,713,841,140.10	2,558,290,063.55
Net cash flows from operating activities		8,196,330,864.36	11,806,444,064.02	19,431,577,810.37	-1,095,767,947.17
II.Cash flows from investing activities					
Proceeds from disposal of investments		29,650,272,390.39	29,170,200,000.00	11,495,448,352.78	10,530,000,000.00
Investment returns received		415,877,995.42	337,775,974.26	82,750,518.70	102,920,797.57
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		18,282,175.00		105,409,602.96	1,524,781.00
units		214,424,944.50	220,250,000.80	139,488,980.78	1,367,591,992.82
Proceeds from other investing activities	V.58	421,390,456.15			
Sub-total of cash inflows		30,720,247,961.46	29,728,225,975.06	11,823,097,455.22	12,002,037,571.39
Payment for acquisition of fixed assets, intangible assets and other long-term assets		7,851,261,096.31	6,018,949.56	6,081,481,820.85	13,342,259.56
Payment for acquisition of investments		36,249,510,516.83	32,875,270,826.64	17,008,577,881.80	10,580,050,265.85
units				934,591,250.89	1,781,087,018.54
Payment for other investing activities	V.58			448,292,382.46	
Sub-total of cash outflows		44,100,771,613.14	32,881,289,776.20	24,472,943,336.00	12,374,479,543.95
Net cash flows from investing activities		-13,380,523,651.68	-3,153,063,801.14	-12,649,845,880.78	-372,441,972.56
III.Cash flows from financing activities					
Proceeds from investors		2,760,728,462.41	110,782,487.04	324,585,225.52	
Including: Proceeds from non-controlling shareholders of subsidiaries		2,649,945,975.09		324,585,225.52	
Proceeds from borrowings		52,311,069,200.79	7,556,110,000.00	38,054,870,017.77	10,161,600,500.00
Proceeds from issuance of debentures		7,088,200,000.00	4,180,000,000.00	3,282,900,000.00	4,300,000,000.00
Proceeds from other financing activities	V.58	1,362,421,878.74	40,000,000.00	1,878,516,392.97	79,004,638.89
Sub-total of cash inflows		63,522,419,541.94	11,886,892,487.04	43,540,871,636.26	14,540,605,138.89
Repayments of borrowings		47,206,208,095.59	14,632,192,004.70	35,969,554,363.15	11,470,570,500.00
Payment for dividends, profit distributions or interest		6,989,968,413.73	5,074,690,164.24	4,740,149,267.57	2,252,194,922.56
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries					
Payment for other financing activities	V.58	1,267,626,026.28	511,017,970.92	6,873,338,644.54	546,136,856.51
Sub-total of cash outflows		55,463,802,535.60	20,217,900,139.86	47,583,042,275.26	14,268,902,279.07
Net cash flows from financing activities		8,058,617,006.34	-8,331,007,652.82	-4,042,170,639.00	271,702,859.82
IV.Effect of foreign exchange rate changes on cash and cash equivalents		-17,192,361.63		-4,422,078.75	
V.Net increase in cash and cash equivalents		2,857,231,857.39	322,372,610.06	2,735,139,211.84	-1,196,507,059.91
Add: Cash and cash equivalents as at beginning of year		13,311,062,419.82	743,761,081.40	10,575,923,207.98	1,940,268,141.31
VI.Cash and cash equivalent as at year end		16,168,294,277.21	1,066,133,691.46	13,311,062,419.82	743,761,081.40

Legal representative:

Person in charge of financial function:

The head of the accounting department:

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

2019										Unit: RMB
Item	Shareholders' equity attributable to the parent company							Minority interests	Total shareholders' equity	
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			
I. Balance at 31/12/2018	3,709,788,797.00	2,473,948,709.93		1,161,567,782.94		685,842,754.92	9,367,185,488.98	2,195,099,010.96	19,593,432,544.73	
Add: Changes in accounting policies							-73,521,507.13	-1,044,242.52	-74,565,749.65	
Correction of prior period errors										
Business combination under common control										
Others										
II. Balance at 01/01/2019	3,709,788,797.00	2,473,948,709.93		1,161,567,782.94		685,842,754.92	9,293,663,981.85	2,194,054,768.44	19,518,866,795.08	
III. Changes in equity during the year("- "for decrease)	47,066,001.00	348,988,993.25		482,727.16		37,518,593.63	3,680,392,373.82	3,189,291,280.92	7,303,739,969.78	
(I) Total comprehensive income				482,727.16			4,163,085,623.09	459,688,079.91	4,623,256,430.16	
(II) Shareholders' contributions and decrease of capital	47,066,001.00	348,988,993.25						2,732,113,174.03	3,128,168,168.28	
1. Contribution by ordinary shareholders	47,066,001.00	245,213,865.49						2,649,945,975.09	2,942,225,841.58	
2. Equity settled share-based payments		131,326,693.67						2,996,597.76	134,323,291.43	
3. Others		-27,551,565.91						79,170,601.18	51,619,035.27	
(III) Appropriation of profits								-2,509,973.02	-447,684,628.66	
1. Appropriation for surplus reserves						37,518,593.63	-482,693,249.27			
2. Distributions to shareholders						37,518,593.63	-37,518,593.63			
3. Others							-445,174,655.64	-2,509,973.02		
(IV) Transfer within equity										
1. Share capital increased by capital reserves transfer										
2. Share capital increased by surplus reserves transfer										
3. Transfer of surplus reserve to offset losses										
4. Transfer of other comprehensive income to retained earnings										
5. Others										
(V) Specific Reserve										
1. Appropriation during the year										
2. Utilisation during the year										
(VI) Others										
IV. Balance at 31/12/2019	3,756,854,798.00	2,822,937,703.18		1,162,050,510.10		723,361,348.55	12,974,056,355.67	5,383,346,049.36	26,822,606,764.86	

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

2018										Unit: RMB
Item	Shareholders' equity attributable to the parent company							Minority interests	Total shareholders' equity	
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits			
I. Balance at 31/12/2018	3,709,788,797.00	2,645,840,317.30		47,772,858.44		326,011,063.78	7,322,997,712.76	2,545,843,500.06	16,598,254,249.34	
Add: Changes in accounting policies				1,132,865,322.84			285,117,374.25		1,417,982,697.09	
Correction of prior period errors										
Business combination under common control										
Others						-571,677.52	571,677.52			
II. Balance at 01/01/2019	3,709,788,797.00	2,645,840,317.30		1,180,638,181.28		325,439,386.26	7,608,686,764.53	2,545,843,500.06	18,016,236,946.43	
III. Changes in equity during the year(" - "(for decrease)		-171,891,607.37		-19,070,398.34		360,403,368.66	1,758,498,724.45	-350,744,489.10	1,577,195,598.30	
(I) Total comprehensive income				-19,070,398.34			2,193,097,869.05	122,257,140.39	2,296,284,611.10	
(II) Shareholders' contributions and decrease of capital								-473,001,629.49	-644,893,236.86	
1. Contribution by ordinary shareholders		-171,891,607.37						324,585,225.52	324,585,225.52	
2. Equity settled share-based payments								889,881.05	55,465,921.10	
3. Others		54,576,040.05						-798,476,736.06	-1,024,944,383.48	
(III) Appropriation of profits		-226,467,647.42							-74,195,775.94	
1. Appropriation for surplus reserves						360,403,368.66	-434,599,144.60			
2. Distributions to shareholders						360,403,368.66	-360,403,368.66			
3. Others							-74,195,775.94			
(IV) Transfer within equity										
1. Share capital increased by capital reserves transfer										
2. Share capital increased by surplus reserves transfer										
3. Transfer of surplus reserve to offset losses										
4. Transfer of other comprehensive income to retained earnings										
5. Others										
(V) Specific Reserve										
1. Appropriation during the year										
2. Utilisation during the year										
(VI) Others										
IV. Balance at 31/12/2019	3,709,788,797.00	2,473,948,709.93		1,161,567,782.94		685,842,754.92	9,367,185,488.98	2,195,099,010.96	19,593,432,544.73	

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Company's Statement of Changes in Shareholders' Equity

For the year ended 31 December 2019

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

Item	2019					
	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve
I. Balance at 31/12/2018	3,709,788,797.00	5,545,937,621.57				535,189,087.29
Add: Changes in accounting policies						
Correction of prior period errors						
Others						
II. Balance at 01/01/2019	3,709,788,797.00	5,545,937,621.57				535,189,087.29
III. Changes in equity during the year("- "for decrease)	47,066,001.00	377,553,399.09				37,518,593.63
(I) Total comprehensive income						
(II) Shareholders' contributions and decrease of capital						
1. Contribution by ordinary shareholders	47,066,001.00	377,553,399.09				
2. Equity settled share-based payments		245,213,865.21				
3. Others		132,157,116.42				
(III) Appropriation of profits		182,417.46				
1. Appropriation for surplus reserves						
2. Distributions to shareholders						
3. Others						
(IV) Transfer within equity						
1. Share capital increased by capital reserves transfer						
2. Share capital increased by surplus reserves transfer						
3. Transfer of surplus reserve to offset losses						
4. Transfer of other comprehensive income to retained earnings						
5. Others						
(V) Specific Reserve						
1. Appropriation during the year						
2. Utilisation during the year						
(VI) Others						
IV. Balance at 31/12/2019	3,756,854,798.00	5,923,491,020.66				572,707,680.92

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

For the year ended 31 December 2019

Prepared by: Jiangsu Zhongnan Construction Group Co., Ltd.

Unit: RMB

	2018							
Item	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance at 31/12/2018	3,709,788,797.00	5,490,165,279.73				175,357,396.15	574,913,370.92	9,950,224,843.80
Add: Changes in accounting policies								
Correction of prior period errors								
Others						-571,677.52	-5,145,097.70	-5,716,775.22
II. Balance at 01/01/2019	3,709,788,797.00	5,490,165,279.73				174,785,718.63	569,768,273.22	9,944,508,068.58
III. Changes in equity during the year("- "for decrease)		55,772,341.84				360,403,368.66	3,169,434,541.99	3,585,610,252.49
(I) Total comprehensive income							3,604,033,686.59	3,604,033,686.59
(II) Shareholders' contributions and decrease of capital								
1. Contribution by ordinary shareholders								
2. Equity settled share-based payments								
3. Others		55,772,341.84						55,772,341.84
(III) Appropriation of profits								
1. Appropriation for surplus reserves		55,465,921.12						55,465,921.12
2. Distributions to shareholders		306,420.72						306,420.72
3. Others								
(IV) Transfer within equity								
1. Share capital increased by capital reserves transfer								
2. Share capital increased by surplus reserves transfer						360,403,368.66	-434,599,144.60	-74,195,775.94
3. Transfer of surplus reserve to offset losses						360,403,368.66	-360,403,368.66	
4. Transfer of other comprehensive income to retained earnings							-74,195,775.94	-74,195,775.94
5. Others								
(V) Specific Reserve								
1. Appropriation during the year								
2. Utilisation during the year								
(VI) Others								
IV. Balance at 31/12/2019	3,709,788,797.00	5,545,937,621.57				535,189,087.29	3,739,202,815.21	13,530,118,321.07

Legal representative:

The person in charge of accounting affairs:

The head of the accounting department:

Notes to the Financial Statements

I. Company basic information

1. Company information

Jiangsu Zhongnan Construction Group Co., Ltd. (hereinafter the "Company") is formerly known as Dalian Jinniu Co., Ltd. (hereinafter the "Dalian Jinniu"). Dalian Jinniu was being a listed company owned by Dongbei Special Steel Group Co., Ltd. (hereinafter the "Dongbei Special Steel") and was found by Dongbei Special Steel, Jilin Carbon Co., Ltd., Wafangdian Bearing Group Corporation, Lanzhou Carbon (Group) Co., Ltd., Dalian Huaxin Trust Investment Co., Ltd. and Jilin Ferroalloys Group Co., Ltd. with the approval by Dalian Municipal People's Government (1998) No.58 document. The Company obtained enterprise business license number 21020011035276-2916 on 28 July 1998 from Dalian Municipal Industry and Commerce Bureau and the registered capital was RMB 170.53 million which was verified by capital verification report Dahuishi Neiyanzi (1998) No.9 issued by Dalian Certified Public Accounting Firm on 8 August 1998. By the Circular of Approval of China Securities Regulatory Commission "Zhengjian Faxingzi (1999) No. 128, the Company was placing a public offering of 100 million RMB common shares on 8 December 1999 and the Company's registered capital was increased to RMB 270.53 million which was verified by capital verification report Dazhenghui Neiyanzi (1999) No.19 issued by Dalian Zhengyuan Certified Public Accounting Firm on 22 December 1999. In 2001, in accordance with the 2000 annual shareholders meeting of Dalian Jinniu Co., Ltd. and the approval of China Securities Regulatory Commission Zhengjian Gongsizi (2001) No.93, 30 million common shares were issued to public shareholders by a placement of 10:3 and the Company's registered capital was increased to RMB 300.53 million which was verified by capital verification report Hualian Neiyanzi (2001) No.30 issued by Dalian Hualian Certified Public Accounting Firm on 7 November 2001. In March 2006, under the approval of Liaoning Province People's Government State-owned Assets Supervision and Administration Commission 《Reply of questions about Dalian Jinniu Co., Ltd. non-tradable shares reform》 Liaoguozi Jingying [2006] No. 31 and the resolution of the Company's shareholders meeting, the shareholders of the Company's non-tradable shares paid a consideration of 44.20 million shares of the Company's shares to shareholders of tradable shares, for shareholders of every 10 tradable shares to receive 3.4 shares as consideration, the non-tradable shares held by the original shareholders is converted to tradable shares subject to restricted terms. After such change, the Company's total capital was remained RMB 300.53 million shares.

On 19 May 2009, according to China Securities Regulatory Commission 《About approval of Dalian Jinniu Co., Ltd. major assets reorganization and reply on issuance of shares to Zhongnan Real Estate Industry Co., Ltd. and others to purchase of assets》 (Zhengjian Xuke [2009] No.418) and 《About approval of exemption of Zhongnan Real Estate Industry Co., Ltd. and persons acting in concert to announce acquisition report of Dalian Jinniu Co., Ltd and reply of exemption of its general offering obligations》 (Zhengjian Xuke [2009] No.419), the Company sold all assets and liabilities to Dongbei Special Steel Dalian Special Steel Co., Ltd. on 31 May 2009.

On 10 June 2009, Zhongnan Real Estate Industry Co., Ltd. (already changed its name to "Zhongnan City Construction Investment Co., Ltd.") bought 90 million shares of the Company from Dongbei Special Steel Group Co., Ltd. which was 29.9471% of the Company's shareholding, for a transfer price of RMB 9.489 per share. The transaction had been completed and obtained 《China Securities Depository and clearing Co., Ltd. Shenzhen branch securities transfer registration confirmation》. After the completion of the transaction, Zhongnan Real Estate Industry Co., Ltd. became the major shareholder of the

Company.

The Company made placement of 478,029,484 shares of RMB common shares to Zhongnan Real Estate Industry Co., Ltd. and Chen Lin for the acquisition of 100% shareholdings of eight real estate companies, that is Nantong Zhongnan New World Centre Development Co., Ltd., Changshu Zhongnan Century City Real Estate Development Co., Ltd., Qingdao Haiwan Xincheng Real Estate Development Co., Ltd., Haimen Zhongnan Century City Development Co., Ltd., Wenchang Zhongnan Real Estate Development Co., Ltd., Zhongnan Zhenjiang Real Estate Development Co., Ltd., Nanjing Changjin Real Estate Development Co., Ltd. and Nantong Huacheng Zhongnan Real Estate Development Co., Ltd., and 80% shareholdings of Nantong Zhongnan Century City Property Management Co., Ltd. and 100% shareholdings of Nantong Construction Engineering General Contractor Co., Ltd. The share price of this non-public shares offering was RMB 7.82 per share and the face value was RMB 1. Amongst the above, 474,496,845 shares were issued to Zhongnan Real Estate Industry Co., Ltd. and 3,532,639 shares were issued to Chen Lin. After this non-public shares offering, Zhongnan Real Estate Industry Co., Ltd. held 72.5053% of the Company's shareholding. The Company's capital is changed to RMB 778,559,484 and was verified by capital verification report Zhonghe Zhengxin Yanzi (2009) No.1-020 issued by Zhonghe Zhengxin Certified Public Accounting Firm on 18 June 2009.

The changes of Industrial and commercial registration information after the reorganization is as below:

Company's name: Jiangsu Zhongnan Construction Group Co., Ltd.

Company's registered address: Jiangsu Province Haimen City Changle Town

Company's legal representative: Chen Jinshi

Company's registration number: 320600000241314

Company's registered capital: RMB 778,559,484.00

On 30 March 2010, in accordance with the resolution of 2009 annual shareholders' meeting, based on the total number of outstanding shares of 778,559,484 shares, the Company distributed 5 shares for every 10 outstanding shares to all shareholders by utilizing the capital reserve. Accordingly the Company's total capital was increased to 1,167,839,226 shares. The registration date of this equity distribution is 24 May 2010. The ex-dividend date is 25 May 2010 and the Company's capital increased to RMB 1,167,839,226.00.

The Company held the 2015 sixth extraordinary shareholders' meeting and resolved the proposal of «About the non-public shares offering amendment proposal» on 1 September 2015, and obtained approval from China Securities Regulatory Commission «About approval of non-public share offering of Jiangsu Zhongnan Construction Group Co., Ltd. » (Zhengjian Xuke [2015] No.2851) on 14 December 2015, the Company was approved to issue new shares of common shares not more than 320,163,487 shares in non-public shares offering. This non-public shares offering issued 316,076,293 shares of common shares with restricted period and the issuance price was RMB 14.68 per share, and the total capital raised was RMB 4,639,999,981.24. As of 29 March 2016, all capital raised in this issuance of common shares were fully collected and was verified by capital verification report Daxin Yanzi (2016) No.15-00009 issued by Daxin Certified Public Accounting Firm (Special General Partnership).

Total capital of the Company after this issuance became RMB 1,483,915,519.00 and the paid-in capital was RMB 1,483,915,519.00.

On 24 May 2016, in accordance with the resolution of 2015 annual shareholders' meeting, based on the total number of outstanding shares of 1,483,915,519 shares in year 2016, the Company distributed a cash dividend of RMB 0.4 per shares (including tax) for every 10 outstanding shares and total profit distribution was RMB 59,356,620.76; and distributed 15 shares for every 10 outstanding shares to all shareholders by utilizing the capital reserve. After the distribution, the Company's total capital was increased to 3,709,788,797 shares.

On 13 August 2018, the Company's twenty-seventh meeting of the seventh Board of Directors and the ninth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Share options to the Incentive Targets of the 2018 Share option Incentive Plan". On 16 August 2019, the Company's fifteenth meeting of the seventh Board of Directors reviewed and approved the "Proposal on the exercise of the first exercise period for the first grant of options for the 2018 share option incentive plan". The vesting conditions for the first vesting period of the first grant of options for the 2018 share option incentives plan have been fulfilled. A total of 60,522,000 share options held by 38 incentive participants were approved to be vested in the first vesting period. As of 31 December 2019, the Company's option incentive participants had totally exercised 47,066,001 units of option, and the Company's total share capital was increased to 3,756,854,798 shares.

Company's registered address: Jiangsu Province Haimen City Changle Town.

The Company established governance structure with shareholders' meeting, board of directors, and Board of Supervisors. Currently, the Company establishes real estate business unit, construction business unit, investment development center, Information management department, legal department, human resources department, administrative department, finance department, audit department and securities department.

Business nature and major business scope of the Company's and its subsidiaries includes: development and sale of real estate (undertake business with qualification certificates) ; civil construction engineering, property management and industrial investment. (For those projects subject to government approval, business activities can only be carried out after the approval by relevant authority).

The parent company of the Group is Zhongnan City Construction Investment Co., Ltd. and the ultimate controlling party is Zhongnan Holding Group Co., Ltd. The controlling party of the Group is Mr. Chen Jinshi.

The financial statements and notes to the financial statements have been approved by the Company's 62nd meeting of the Seventh Board of Directors on 27 April 2020.

2. Scope of Consolidated Financial Statements

The scope of the Group's consolidated financial statements for this year refers to Note VI "Changes in scope of consolidation" and Note VII "Interests in other entities".

II. Basis of preparation

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises"). In addition, the Group also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15 - General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

The financial statements of the Group have been prepared on going concern basis.

The Group adopts the accrual basis of accounting. Except for certain financial instruments, the financial statements are prepared under the historical cost convention. In the event that impairment of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

III. Significant accounting policies and accounting estimates

The Group determines the policies of depreciation of fixed assets, amortization of intangible assets, capitalization of research and development expenditures and revenue recognition according to the characteristics of the production and operation. Specific accounting policies refer to Note III. 15, Note III. 18, Note III. 19 and Note III. 26.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the consolidated and Company's financial positions as at 31 December 2019 and the consolidated and Company's operating results and cash flows for the year then ended.

2. Accounting period

The financial year of the Group is from 1 January to 31 December of each calendar year.

3. Operating cycle

The Group's operating cycle is 12 months.

4. Functional currency

The Company and domestic subsidiaries use Renminbi ("RMB") as functional currency. Overseas subsidiaries of the Group determine its functional currency in accordance with its primary economic environment of the business location. The financial statements of the Group have been prepared in RMB.

5. Business Combinations

(1) Business combinations involving enterprises under common control

For the business combinations involving enterprises under common control, assets and liabilities obtained by combining party in the business combination are recognized at their carrying amounts at the date of merger as recorded by the party being combined, except for the items that are adjusted being the accounting policies applied by the absorbing party are inconsistent with those adopted by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to capital reserves (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Business combinations involving entities under common control achieved in stages that involves multiple transactions

In the separate financial statements, initial investment cost is the acquirer's share of the carrying amount of the net assets of the acquiree in the consolidated financial statements of the ultimate

controlling party at the combination date. The difference between the initial investment cost and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In the consolidated financial statements, assets acquired and liabilities assumed by acquirer in a business combination are measured at their carrying amount as recorded in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the net assets acquired and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve (share premium). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. The profit or loss, other comprehensive income and changes in other owner's equity recognized by the acquirer during the period from the later of initial investment date and the date that the acquirer and acquiree both under common ultimate control to the combination date are offset the opening retained earnings or profit for loss for the current period in the comparative statements.

(2) Business combinations involving enterprises not under common control

For business combinations involving enterprises not under common control, the consideration costs include acquisition-date fair values of the assets transferred, liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control of the acquire. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at their fair value.

Where the combination cost exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill, and subsequently measured on the basis of its costs less accumulated impairment provisions. Where the combination cost is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is credited in profit or loss for the current period after reassessment.

Business combinations involving entities not under common control achieved in stages that involves multiple transactions

In the separate financial statements, the initial investment cost is the sum of the carrying amount of equity investment of the acquiree held prior to the acquisition date and additional investment cost at the acquisition date. When the previously-held equity investment which was accounted for under the equity method before the acquisition date, any other comprehensive income previously recognized is not adjusted on acquisition date. When the investment is disposed in later date, the amount that was recognized in other comprehensive income is recognized on the same basis as would be required if the investee had disposed directly of the related assets or liabilities. The owners' equity recognized as the changes of the investee's other owners' equity except for net profit or loss, other comprehensive income and profit distribution, are transferred to profit or loss for the current period when disposing the investment. When the previously-held equity investment which was measured at fair value before the acquisition date, the accumulated changes in fair value included in other comprehensive income is transferred to profit or loss for the current period upon commencement of the cost method.

In the consolidated financial statements, the combination cost is the sum of the consideration paid at the acquisition date and the fair value of equity investment of the acquiree held prior to the acquisition date. The cost of equity investment of the acquiree held prior to the acquisition date is re-measured at the fair value at the acquisition date, the difference between the fair value and carrying value is recognized as

profit or loss for the current period. Other comprehensive income and changes of other owners' equity from the equity interest held in the acquiree prior to the acquisition date are transferred to profit or loss for the current period, except for other comprehensive income resulted in the change of net liabilities or assets in the investee's re-measurement of defined benefit plan.

(3) Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

6. Basis for preparation of consolidated financial statements

(1) Scope of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Group has power over the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. A subsidiary is an entity that is controlled by the Group (including enterprise, a portion of an investee as a deemed separate entity, and structured entity controlled by the enterprise).

(2) Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared by the Group based on the financial statements of the Group and its subsidiaries and other relevant information. In preparation of consolidated financial statements, the accounting policies and accounting periods of the subsidiaries should be in accordance with those established by the Group, all significant intercompany accounts and transactions are eliminated on consolidation.

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their operating results and cash flows are included in the consolidated income statement and consolidated cash flow statement respectively from the date they are controlled by the ultimate controlling party.

Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control in the reporting period, the operating results and cash flow of the subsidiary or business after the acquisition date are included in the consolidated income statement and consolidated cash flow statement respectively.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within shareholders' equity. The portion of net profit or loss of subsidiaries for the period attributable to minority interests is presented in the consolidated income statement below the "net profit" line item as "minority interests". When the loss of the subsidiary attributable to minority interests is more than minority interests in that subsidiary at beginning of the period, the minority interest is reversed by the balance of the loss of the subsidiary attributable to minority interests.

(3) Acquiring minority interests of subsidiary

Where the Group acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Group and to the minority interest is adjusted to reflect the change in the Group's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

(4) Losing control over the subsidiary

When the Group loses control over subsidiary because of disposing part of equity investment or other reasons, the remaining part of the equity investment is re-measured at fair value at the date when losing control over the subsidiary. A gain or loss is recognized in profit or loss for the current period and is calculated by the aggregate of the consideration received in disposal and the fair value of remaining part of the equity investment deducting the share of carrying value of net assets in proportion to previous shareholding percentage in former subsidiary since acquisition date and the goodwill.

Other comprehensive income related to the former subsidiary is transferred to profit or loss for the current period when the control is lost, except for the comprehensive income arising from the movement of net liabilities or assets in the former subsidiary's re-measurement of defined benefit plan.

7. Joint arrangement classification and accounting treatments

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies joint arrangements into joint operations and joint ventures.

(1) Joint operations

A joint operation is a joint arrangement whereby the joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognizes the following items in relation to its interest in a joint operation, and account for them in accordance with relevant accounting standards:

- A. its solely-held assets, and its share of any liabilities incurred jointly;
- B. its solely-assumed liabilities, and its share of any liabilities incurred jointly;
- C. its revenue from the sale of its share of the output arising from the joint operation;
- D. its share of the revenue from the sale of the output by the joint operation; and
- E. its solely-incurred expenses, and its share of any expenses incurred jointly.

(2) Joint ventures

A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement

The Group adopts equity method under long-term equity investment in accounting for its investment in joint venture.

8. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily drawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of foreign currency financial statements

(1) Foreign currency transactions conversion

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period. Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period.

(2) Translation of foreign currency financial statements

At the balance sheet date, when translating the foreign currency financial statements of overseas subsidiaries, the assets and liabilities of the balance sheet are translated to RMB using the spot exchange rate at the balance sheet date. Items of the shareholders' equity, except for "undistributed profits", are translated at the spot exchange rate at the dates on which such items arose.

The revenue and expenditure in the statement of income are translated using the spot exchange rate at the transaction date.

Items of the cash flow statement are translated using the spot exchange rate when it incurs. Effects arising from changes of exchange rates on cash and cash equivalents are presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

Differences arising from the translation of financial statements are separately presented as "other comprehensive income" in the shareholders' equity of the balance sheet.

When the control on foreign operation is lost due to disposal, exchange differences of foreign currency financial statements attributable to the foreign operation as presented under shareholders' equity item in the balance sheet are transferred to profit or loss for the current period entirely or partially on disposed portion.

10. Financial instruments

Financial instruments refer to the contracts of forming entity's financial assets and other entities' financial liabilities or equity instruments.

(1) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognized when the Group becomes one party of financial instrument contracts.

If one of the following conditions is met, the financial assets are terminated:

- ① The right of the contract to receive the cash flows of financial assets terminates;
- ② The financial asset has been transferred, and is in accordance with the following conditions for derecognition.

While prevailing obligations of financial liability is relieved entirely or partially, the financial liability is derecognized accordingly. If the Group (borrower) makes an agreement with the lender to replace the original financial liability by assuming a new financial liability which contract terms are different substantially, the original financial liability is extinguished and the new financial liability is recognized.

Conventionally traded financial assets are recognized and de-recognized on trade date.

(2) Classification and measurement of financial assets

Upon initial recognition, the Group classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets at amortized cost

Financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as measured at fair value through other comprehensive income:

- The Company's business model for managing such financial assets is to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss for the current period when the financial asset is derecognised, amortised using the effective interest method or with impairment recognised.

Financial assets measured at fair value through other comprehensive income

A financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The Company's business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial assets;
- The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest

calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognised in profit or loss for the current period, and other gains or losses are recognised in other comprehensive income. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from other comprehensive income to profit or loss.

Financial assets measured at fair value through profit or loss

The Group classifies the financial assets other than those measured at amortised cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Group irrevocably designates certain financial assets that are required to be measured at amortised cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Upon initial recognition, such financial assets are measured at fair value. Except for those held for hedging purposes, gains or losses (including interests and dividend income) arising from such financial assets are recognised in the profit or loss for the current period.

However, for non-trading equity instrument investments, the Group irrevocably designates them as financial assets at fair value through other comprehensive income at initial recognition. The designation is made on a single investment basis and the relevant investment meets the definition of equity instruments from the perspective of the issuer.

Subsequent to initial recognition, these financial assets are subsequently measured at fair value. Dividend income that meets the conditions is included in profit or loss, and other gains or losses and changes in fair value are included in Other comprehensive income. At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

The business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. That is, the Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing financial assets on the basis of objective facts and specific business objectives for managing financial assets determined by key management personnel.

The Group assesses the characteristics of the contractual cash flows of financial assets to determine whether the contractual cash flows generated by the relevant financial assets on a specific date are solely payments of principal and interest on the principal amount outstanding. The principal refers to the fair value of the financial assets at the initial recognition. Interest includes consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks, costs and profits. In addition, the Group evaluates the contractual terms that may result in a change in the time distribution or amount of contractual cash flows from a financial asset to determine whether it meets the requirements of the above contractual cash flow characteristics.

All affected financial assets are reclassified on the first day of the first reporting period following the change in the business model where the Group changes its business model for managing financial assets; otherwise, financial assets shall not be reclassified after initial recognition.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair

value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the current period. For other categories of financial assets, relevant transaction costs are included in the amount initially recognised. Accounts receivable without significant financing component are initially recognised based on the transaction price expected to be entitled by the Company.

(3) Classification and measurement of financial liabilities

On initial recognition, financial liabilities are classified as: financial liabilities at fair value through profit or loss (FVTPL) or financial liabilities at amortized cost. For financial liabilities not classified as at fair value through profit or loss, the transaction costs are recognized in the initial recognition amounts.

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trade and financial liabilities designated as at fair value through profit or loss in the initial recognition. Such financial liabilities are subsequently measured at fair value, gains and losses arising from changes in fair value are recognized in profit or loss for the current period.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses arising from derecognition or amortization is recognized in profit or loss for the current period.

Distinction between financial liabilities and equity instruments

A financial liability is recognized if one of the following conditions is satisfied:

- ① a contractual obligation to deliver cash or another financial asset to another entity;
- ② contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group;
- ③ non-derivative contract that will or may be settled in the Group's own equity instruments and the Group is obliged to deliver a variable number of the Group's own equity instruments;
- ④ derivative contract that will or may be settled in the Group's own equity instruments, except for a derivative contract that is settled by the exchange of a fixed number of the Group's own equity instruments for a fixed amount of cash or other financial assets.

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

If the Group cannot avoid performing a contract obligation by cash or other financial assets unconditionally, then the contract obligation meets the definition of financial liabilities.

If a financial instrument must or can be settled by enterprise's own equity instrument, the enterprise's own equity instrument used as settled instrument need to be considered whether as the substitute of cash or other financial assets or for the holder of the instrument enjoys the residual interest of assets after the issuer deducted all liabilities. If meets the former condition, the financial instrument should be recognized as financial liabilities; If meets the later condition, the financial instrument is recognized as equity instruments.

(4) Fair value of financial instruments

Determination of fair value of financial assets and financial liabilities refers to Note III.11.

(5) Impairment of financial assets

The Group makes provision for impairment based on expected credit losses (ECLs) on the following items:

- Financial assets at amortized cost;
- Receivables and debt investments measured at fair value through other comprehensive income;
- Lease receivables;
- Financial guarantee contract (Except those measured at fair value through profit or loss, the transfer of financial assets does not meet the conditions for derecognition or continuing involvement in transferred financial assets).

Measurement of ECLs

ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i.e. the present value of all cash shortages.

The Group takes into consideration of account reasonable and well-founded information such as past events, current conditions and forecasts of future economic conditions, and calculates the probability-weighted amount of the present value of the difference between the cash flows receivable from the contract and the cash flows expected to be received weighted by the risk of default.

The Group measures ECLs of financial instruments at different stages. If the credit risk of the financial instrument did not increase significantly upon initial recognition, it is at the first stage, and the Group makes provision for impairment based on the ECLs within the next 12 months; if the credit risk of a financial instrument increased significantly upon initial recognition but has not yet incurred credit impairment, it is at the second stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument; if the financial instrument incurred credit impairment upon initial recognition, it is at the third stage, and the Group makes provision for impairment based on the lifetime ECLs of the instrument.

For financial instruments with low credit risk on the balance sheet date, the Group assumes that the credit risk did not increase significantly upon initial recognition, and makes provision for impairment based on the ECLs within the next 12 months.

Lifetime ECLs represent the ECLs resulting from all possible default events over the expected life of a financial instrument. The 12-month ECLs are the ECLs resulting from possible default events on a financial instrument within 12 months (or a shorter period if the expected life of the financial instrument is less than 12 months) after the balance sheet date, and is a portion of lifetime ECLs.

The maximum period to be considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk, including renewal options.

For the financial instruments at the first and second stages and with low credit risks, the Group calculates the interest income based on the book balance and the effective interest rate before

deducting the impairment provisions. For financial instruments at the third stage, interest income is calculated based on the amortised cost after deducting impairment provisions made from the book balance and the effective interest rate.

For Bills receivable, accounts receivable and contract assets, regardless of whether there is a significant financing component, the Group always makes provision for impairment at an amount equal to lifetime ECLs.

When the Group is unable to assess the information of ECLs for an individual financial asset at a reasonable cost, it classifies Bills receivable and accounts receivable into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

A. Bills receivable

- Bills receivable portfolio 1: Bank acceptance bills
- Bills receivable portfolio 2: Commercial acceptance bills

B. Accounts receivable

- Accounts receivable portfolio 1: Receivables from government agencies
- Accounts receivable portfolio 2: Receivables from related parties not in scope of consolidation
- Accounts receivable portfolio 3: Receivables from related parties within the scope of consolidation
- Accounts receivable portfolio 4: Receivables from other parties

For note receivables classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

For accounts receivable classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to compile a matrix of accounts receivable aging / overdue days and expected credit loss rate for the lifetime and calculate the ECLs.

Other receivables

The Group classifies other receivables into portfolios based on the credit risk characteristics, and calculates the ECLs on a portfolio basis. The basis for determining the portfolios is as follows:

- Other receivables portfolio 1: Receivables from government agencies
- Other receivables portfolio 2: Receivables from cooperating parties
- Other receivables portfolio 3: Receivables from related parties not in scope of consolidation
- Other receivables portfolio 4: Receivables from related parties within the scope of consolidation
- Other receivables portfolio 5: Receivables from security deposits
- Other receivables portfolio 6: Receivables from petty cash and withholding amount

- Other receivables portfolio 7: receivables from other parties

For other receivables divided into portfolio, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the lifetime.

Long-term receivables

Long-term receivables of the Group includes security deposits of receivables financing and PPP projects receivable.

- Long-term receivables portfolio 1: Long-term receivables not yet past due
- Long-term receivables portfolio 2: Over-due long-term receivables

For long-term receivables classified as a portfolio, the Group refers to the historical credit loss experience, combined with the current situation and the forecast of future economic conditions, to assess the exposures to default risk and the expected credit loss rate for the lifetime and calculate the ECLs.

Debt investment and other debt investment

For debt investments and other debt investments, the Group calculates the expected credit loss on the exposures to default risk and the expected credit loss rate within the future 12 months or the entire lifetime, based on the nature of the investment and various types of counterparties and risk exposures.

Assessment of significant increase in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly upon initial recognition, the Group compares the risk of default of the financial instrument at the balance sheet date with that at the date of initial recognition to determine the relative change in risk of default within the expected lifetime of the financial instrument.

In determining whether the credit risk has increased significantly upon initial recognition, the Group considers reasonable and well-founded information, including forward-looking information, which can be obtained without unnecessary extra costs or efforts. Information considered by the Group includes:

- The debtor's failure to make payments of principal and interest on their contractually due dates;
- An actual or expected significant deterioration in a financial instrument's external or internal credit rating (if any) ;
- An actual or expected significant deterioration in the operating results of the debtor;
- Existing or expected changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

Depending on the nature of the financial instruments, the Group assesses whether there has been a significant increase in credit risk on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on their common credit risk characteristics, such as past due information and credit risk ratings.

Credit-impaired financial assets

At balance sheet date, the Group assesses whether financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income are credit-impaired. A financial asset is credit-impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; ;
- For economic or contractual reasons relating to the debtor's financial difficulty, the Group having granted to the debtor a concession that would not otherwise consider;
- It becoming probable that the debtor will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor.

Presentation of provisions for ECLs

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk upon initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss for the current period. For financial assets measured at amortised cost, the provisions of impairment is deducted from the carrying amount of the financial assets presented in the balance sheet; for debt investments at fair value through other comprehensive income, the Group makes provisions of impairment in other comprehensive income without reducing the carrying amount of the financial asset.

Write-offs

The book balance of a financial asset is directly written off to the extent that there is no realistic prospect of recovery of the contractual cash flows of the financial asset (either partially or in full). Such write-off constitutes derecognition of such financial asset. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

If a write-off of financial assets is later recovered, the recovery is credited to profit or loss in the period in which the recovery occurs.

(6) Transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets to the other party (the transferee) other than the issuer of financial assets.

The Group derecognizes a financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset to the transferee. If substantially all the risks and rewards of ownership of the financial asset are retained, the financial asset is not derecognized.

The Group neither transfers nor retains substantially all the risks and rewards of ownership of financial assets, then accounting for the following circumstances: if control over the financial assets is

surrendered, derecognize the financial assets and recognize any assets and liabilities arose; if the Group retains the control of the financial assets, recognize the financial assets to the extent of the continuing involvement in the transferred financial assets by the Group and recognize any relating liability.

(7) Offset between financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are separately shown in the balance sheet and not allowed to offset.

Financial instruments refer to the contracts of forming entity's financial assets and other entities' financial liabilities or equity instruments.

11. Fair value measurement

Fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group measures the related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market or, in the absence of a principal market, the most advantageous market. Principal market (or most advantageous market) is the market that the Group can normally enter into a transaction on measurement date. The Group adopts the presumptions that would be used by market participants in achieving the maximized economic value of the assets or liabilities.

For financial assets or financial liabilities in active markets, the Group uses the quoted prices in active markets as their fair value. If there is no active market, the Group uses valuation technique to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs. If the observable inputs are not available or impractical, then unobservable inputs are used.

For assets and liabilities measured or disclosed at fair value in the financial statements, the level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for the asset or liability.

At each balance sheet date, the Group evaluates for assets and liabilities that are measured at fair value on a recurring basis so as to determine any transfer between fair value hierarchies is necessary.

12. Inventories

(1) Category of inventories

Inventories of the Group are divided into two categories, namely real estate inventories and non-real estate inventories. Real estate inventories includes properties under development (development costs), developed properties. Non-real estate inventories includes assets of completed but not yet billed assets under construction contract, raw materials, work-in-progress, finished goods and reusable materials.

(2) Costing method of inventories

Inventories are measured at the actual cost. Actual cost of property development includes land-transferring fees, infrastructure and affiliated spending, construction and installation expenditure, the borrowing cost before the completion of property development and other related expenditures. When the completed properties are transferred, the Group uses the specific identification of their individual costs.

① Accounting of land development

The acquisition costs, compensation for land acquisition and demolition and infrastructure spending relevant to land development are separately recorded in development costs, and are allocated to property development costs according to occupation of land by each development project.

② Accounting of public supporting facilities

For public supporting facilities that cannot be transferred with compensation, the cost incurred is recorded in commercial property cost based on a standard allocation according to proportion of benefits. For public supporting facilities that can be transferred with compensation, the costs incurred for each supporting facility are accounted separately.

③ Developed property refers to real estate completed and held for sale

The construction contract are measured at the actual cost, including the direct expenses and indirect expenses which are related to the contract execution during the period from the contract signing date to the completion date. The cumulative cost and recognized profit (loss) and the billed amount of the contract under construction are disclosed as the net amount after offset in the balance sheet. If, the sum of cumulative cost and recognized profit (loss) exceeded the billed amount, the difference is presented as "construction contract –completed but not yet billed" in the inventory accounts; If the billed amount exceeded the sum of cumulative cost and recognized profit (loss), the difference is disclosed as "construction contract- billed but not yet completed" in the advances from customers account.

For those travelling expenses and bidding fees arising for obtaining the contract, if the cost can be distinguished and reliable measured and the contract is likely to be concluded, they are included in the contract cost when the contract concluded. Otherwise, they are recorded in profit or loss for the current period.

Non-real estate inventory are measured at the actual cost. Inventory costs include cost of purchase, processing cost and other costs. Weighted average costing is adopted when taken for use or transferred.

(3) Basis of determination of net realizable value and provision for decline in value of inventories

Net realizable value is the estimated selling price less estimated costs to be incurred upon completion, estimated selling expenses and related taxes. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

At balance sheet date, when the cost of inventory exceeds its net realizable value, provision for decline in value of inventories is recognized. The Group usually recognizes provision for decline in value of inventories by a single inventory item. When the factors causing the inventory impairment no longer exist, the provision for decline in value of inventories previously made is reversed.

(4) Inventory system

The Group adopts perpetual inventory system.

(5) Amortization of low-value consumables and packaging materials

The Group adopts one-time write off when low-value consumables are taken for use.

Formwork, steel pipe and fastener for construction and other reusable materials are amortized by straight line method over of their estimated economic useful lives.

13. Long-term equity investments

Long-term equity investments include equity investment in subsidiaries, joint ventures and associates. Where the Group can exercise significant influence over the investee, the investee is an associate of the Group.

(1) Determination of investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the combining party's share of the carrying amount of the shareholders' equity of the combined party in the consolidated financial statements of the ultimate controlling party at the date of combination. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition.

Long-term equity investment acquired other than through a business combination: For a long-term equity investment acquired by cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued.

(2) Subsequent measurement and recognition of profit or loss

The Group accounts for investment in subsidiaries by using the cost method, except those satisfied the conditions of held for sale. The investment in associates and joint ventures are accounted for using the equity method.

For long-term equity investment which is accounted for using the cost method, investment income is recognized in profit or loss for the current period as the cash dividend or profit announced and distributed, except for those cash dividend or profit which have already included in the actual payment or consideration of offer when the investment was made.

For long-term equity investment which is accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets, the difference is charged to profit or loss for the current period, and the carrying amount of the

long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the investee's net profit or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the investment accordingly. The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is attributable to the Group. The Group's share of the investee's shareholders' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, is recognized in the capital reserve (other capital reserve), and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group.

When the Group becomes capable of exercising significant influence or joint control (but not sole control) over an investee due to additional investment or other reasons, the accounting is changed to the equity method and the initial investment cost on the date of change is the sum of the fair value of the previously-held equity investment and additional investment cost. The differences between the fair value and carrying amount of previously-held equity investment and the accumulated changes in fair value included in other comprehensive income are transferred to profit or loss for the current period upon commencement of the equity method.

When the Group can no longer exercise joint control or significant influence over an investee due to partial disposal of equity investment or other reasons, the remaining equity investment on the date of losing joint control or significant influence is accounted for in accordance with Accounting Standard for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of joint control or significant influence is charged to profit or loss for the current period. When the previously-held equity investment is accounted for under the equity method, any other comprehensive income previously recognized are accounted for on the same basis as if the Group directly disposes of the related assets or liabilities for the current period upon discontinuation of the equity method. Other movement of shareholders' equity related to previously-held equity investment is transferred in profit or loss for the current period.

When the Group can no longer exercise control over an investee due to partial disposal of equity investment or other reasons and the remaining equity investment after disposal can exercise joint control or significant influence over an investee, the remaining equity investment is accounted for under equity method and re-measured by equity method as if it has been acquired since date of acquisition. Where the remaining equity investment can no longer exercise joint control or significant influence over an investee, the remaining equity investment is accounted for in accordance with Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of control is charged to profit or loss for the current period.

When the Group can no longer exercise control over an investee due to dilution of shareholding by issuance of new shares to other investors by the investee but the Group can still exercise joint control or significant influence on the investee, the difference between the Group's share of the increment of net assets in investee by the new shareholding percentage after new share issuance and the pro-rata portion of carrying value of long-term equity investment for the decreased shareholding percentage is recognized in profit or loss in the current period. The remaining equity investment is accounted for equity method as if it was acquired since initial acquisition.

The unrealized profit or loss from internal transactions entered into between the Group and its associate or joint venture is offset according to the shareholding percentage held by the Group and the remaining portion is recognized as investment income or loss. However, the unrealized loss from internal transactions entered into between the Group and its investee is not offset if it belongs to impairment loss from assets transferred.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In assessing whether joint control of an arrangement exists, the Group firstly assesses whether all the parties or a group of the parties control the arrangement collectively. When all the parties or a group of the parties must act together unanimously in directing the relevant activities, then all the parties or a group of the parties are regarded as having joint control of an arrangement. Then assess whether decisions about the relevant activities require the unanimous consent of those parties that control the arrangement collectively. When more than one combination of the parties can control an arrangement collectively, joint control does not exist. Protective rights of any party are not considered when determining joint control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. When determining whether an investor can exercise significant influence over an investee, the effect of potential voting rights (for example, warrants, share options and convertible bonds) held by the investors or other parties that are currently exercisable or convertible be considered.

When the Group, directly or indirectly through subsidiaries, owns more than 20% (20% inclusive) but less than 50% of the voting shares of the investee, the Group has significant influence on the investee unless there is clear evidence to show that the Group cannot participate in the business and operation decisions of the investee, and accordingly cannot exercise any significant influence. When the Group owns less than 20% of the voting shares of the investee, the Group has no significant influence on the investee unless there is clear evidence to show that the Group can participate in the business and operation decisions of the investee, and accordingly can exercise a significant influence.

(4) Held-for-sale equity investment

Any equity investment not classified as held-for-sale is accounted for using the equity method.

When an equity investment in an associate or a joint venture previously classified as held-for-sale but no longer meets the criteria to be so classified, it is accounted for using the equity method retrospectively as from the date of its classification as held-for-sale.

(5) Method of impairment testing and impairment provision

For investment of subsidiaries, associates and joint ventures, refer to Note III. 20 for the Group's method of asset impairment.

14. Investment properties

Investment property is a property held to earn rentals or for capital appreciation or both. The Group's investment property mainly includes land use rights leased or held for transfer after appreciation and leased buildings and construction.

The Group is located in an active real estate market. Moreover, the Group can obtain market prices and other relevant information of similar investment properties from the real estate market, so as to make a reasonable estimate of the fair value of investment properties. Therefore, the Group adopts the fair value model for investment properties, the gains and losses arising from changes in fair value are recognized in profit or loss for the current period.

Referring to the current market price of the same or similar properties in the active market when determine the fair value of investment properties. If the current market price of the same or similar properties cannot be obtained, refer to the recent transaction price of the same or similar properties in the active market and taking transaction situation, transaction date, location and other factors into consideration, so as to make a reasonable estimate of the investment properties fair value, or to determine its fair value based on the expected future rental income and the present value of the relevant cash flows.

In rare cases, if there is evidence that the fair value of an investment properties can not be obtained continuously and reliably when the Group first acquires a non-construction investment properties (or when an existing properties becomes an investment properties after completing construction or development activities or changing its use), assuming the investment properties have no residual and is measured at acquisition cost until disposal.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes and surcharges is recognized in profit or loss for the current period.

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured.

Fixed asset are initially measured at cost.

(2) Fixed assets category and depreciation methods

The Group uses the straight line method for depreciation. Fixed assets begin to be depreciated from the state of intended use, and stop being depreciated when derecognized or classified as held for sale non-current assets. Without considering impairment provision, the Group's annual depreciation rates are shown as follows according to the category, expected useful lives and estimated net residual values rates:

Category	Useful lives	Residual rate %	Annual depreciation rate %
Buildings and construction	20-30 years	3.00	4.85-3.23
Machinery equipment	8 years	3.00	12.13

Transportation equipment	5 years	3.00	19.40
Electronic equipment	5 years	3.00	19.40
Office equipment	5 years	3.00	19.40
Other equipment	5 years/15 years	3.00/5.00	19.40/6.33

Amongst these, for impaired fixed assets item, its depreciation rate is determined after deducted its cumulative amount of impairment.

(3) Impairment testing and the impairment provision of fixed assets refer to Note III. 20.

(4) Determination and measurement of fixed assets under financing lease

Fixed assets under lease arrangement are determined as fixed assets under financing lease if they meet one or more of the following criteria:

- ① The ownership of leased assets is transferred to the Group by the end of the lease term.
- ② The Group has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date of the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised.
- ③ Even if the ownership of assets isn't transferred, lease term is for the major part of the useful life of the asset.
- ④ At the inception of lease, the present value of minimum lease payments amounts to at least substantially all of the fair value of leased asset.
- ⑤ Leased assets are of such a specialized nature that only the Group can use them without major modifications.

At inception date of lease, the Group recognizes amount of leased assets at the lower of the fair value of leased asset at inception date and the present value of minimum lease payments. Amount of minimum lease payments is recorded as long-term payables, and the difference between them is recorded as unrecognized financing charges. Initial direct costs such as service charges, legal fee, travelling expenses and stamp duty of the lease incurred for the lease are recognized in the amount of leased assets. Unrecognized financing charges are amortized over the lease term by effective interest method.

Fixed assets under financing lease are depreciated using the same policy as that for owned fixed assets. If there is reasonable certainty that the ownership of the leased assets is transferred by the end of the leases, the leased assets are depreciated over their useful life. If there is no reasonable certainty that the ownership of leased assets be transferred by the end of the lease term, the assets are depreciated over the shorter of the lease term and their useful life.

(5) The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each financial year.

Useful lives of fixed assets are adjusted if they are different with the initial estimates. Estimated net residual values are adjusted if they are different with the initial estimates.

(6) Overhaul costs

The overhaul costs occurred in regular inspection of fixed assets are recognized in the cost of fixed assets if there is undoubted evidence to confirm that this part meets the recognition criteria of fixed assets, otherwise, the overhaul costs are recognized in profit or loss for the current period. Depreciation continues during the period of regular overhaul.

16. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use and other related expenses during the construction period.

Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

Provision for impairment of construction in progress refers to note III. 20.

17. Borrowing costs

(1) Recognition of borrowing costs capitalization

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, they shall be capitalized and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Capitalization of such borrowing costs commenced only when all of the following conditions are satisfied:

- ① Expenditures for the asset are being incurred, capital expenditure includes the expenditure in the form of cash payment, transfer of non-cash assets or interest bearing liabilities for the purpose of acquiring or constructing assets eligible for capitalization;
- ② Borrowing costs are being incurred; and
- ③ Activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced.

(2) Borrowing costs capitalization period

Capitalization of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale. Borrowing cost incurred after the qualifying assets became ready for their intended use or sale is recognized as an expense when incurred and recorded in profit or loss for the current period.

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Borrowing costs continues to be capitalized during the normal suspension period.

(3) Borrowing costs capitalization rate and calculation of capitalization amount

For funds borrowed for a specific purpose, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. Capitalization rate is determined as calculating weighted average interest rate of general borrowings.

In the capitalization period, exchange differences of specific borrowings in foreign currency are fully capitalized. Exchange differences of general borrowings in foreign currency are recorded in profit or loss for the current period.

18. Intangible assets

The Group's intangible assets include land use right, software, patent, right of use of sea areas, and franchise.

Intangible asset is initially measured cost and its useful life is determined on acquisition. An intangible asset with a finite useful life is amortized by a method which can reflect the expected realization of economic benefits related to the asset since the intangible asset is available for use. When the expected realization of economic benefits cannot be reliably determined, intangible asset is amortized under straight-line method. An intangible asset with an indefinite useful life is not amortized.

Amortization methods of an intangible asset with a finite useful life are shown as follows:

Category	Useful lives	Method
Land use rights	Lease period of land use right	Straight line method
Software	5 years	Straight line method
Patent	10 years	Straight line method
Right of use of sea areas	46 years	Straight line method
Franchise	10 years	Straight line method

The Group reviews the finite useful life of an intangible asset and the amortization method at the end of each financial year. A change in the useful life or amortization method used is accounted for as a change in accounting estimate.

If an intangible asset is expected no longer in generating future economic benefits to the Group at the balance sheet date, the carrying amount of the asset is charged to profit or loss for the current period.

Impairment method of intangible assets refers to Note III. 20.

19. Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recorded in profit or loss when incurred.

Expenditure on the development phase is capitalized only when the Group can satisfy all of the following conditions: A. it is technical feasible that the intangible asset can be used or sold upon completion; B. there is intention to complete the intangible asset for use or sale; C. the intangible asset can generate

economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset; D. there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset; E. the expenses attributable to the development stage of the intangible asset can be measured reliably. Expenditure on the development phase is recorded in profit or loss for the current period if the above conditions are not met.

Research and development projects of the Group will enter into the development phase when they meet the above conditions and pass the technical feasibility and economic feasibility studies and necessary approval of the project.

Capitalized expenditure on the development phase is presented as "development costs" in the balance sheet and is transferred to intangible assets when the project is completed to its intended use.

20. Impairment of assets

The impairment of subsidiaries, associates and joint ventures in the long-term equity investments, investment property measured subsequently at cost model, fixed assets, construction in progress, intangible assets and goodwill (excluding inventories, investment property measured subsequently at fair value model, deferred income tax assets and financial assets) are determined as follows:

At each balance sheet date, the Group determines whether there may be indication of impairment of the assets, if there is any, the Group will estimate the recoverable amount of the asset, and perform test for impairment. For goodwill arising from a business combination, intangible assets with indefinite useful life and intangible assets that have not reached the usable condition are tested for impairment annually regardless of whether such indication exists.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The recoverable amount is estimated of the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. The identification of the asset group is based on whether the cash flow generated from the asset group is independent of the major cash inflows from other assets or asset groups.

When the asset or asset group's recoverable amount is lower than its carrying amount, the Group reduces its carrying amount to its recoverable amount, the reduced amount is recorded in profit or loss for the current period and the provision for impairment of assets is recognized.

For tests of goodwill impairment, the carrying amount of goodwill arising from a business combination is allocated reasonably to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. Asset group or portfolio of asset group is asset group or portfolio of asset group which can be benefit from synergies of a business combination and is not greater than the reportable segment of the Group.

In impairment testing, if indication of impairment exists in asset group or portfolio of asset group containing allocated goodwill, impairment test is first conducted on asset group or portfolio of asset group that does not contain goodwill, and corresponding recoverable amount is estimated and any impairment loss is recognized. Then asset group or portfolio of asset group containing goodwill is

conducted impairment test by comparing its carrying amount and its recoverable amount. If the recoverable amount is less than the carrying amount, impairment loss of goodwill is recognized.

An impairment loss once recognized not be reversed in subsequent period.

21. Long-term deferred expenses

Long-term deferred expenses are recorded at the actual cost, and amortized evenly over the expected benefit period. For the long-term deferred expense that cannot benefit in future accounting period, their amortized value is recognized in profit or loss for the current period.

22. Employee benefits

(1) Scope of employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the Group's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to their liquidities, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

(2) Short-term employee benefits

In the accounting period in which employees have rendered services, the Group recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(3) Post-employment benefits

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans. The Group only involves in defined contributions plan.

Defined contribution plans

Defined contribution plans include basic pension insurance and unemployment insurance.

In the accounting periods which employees rendered services, the amount of defined contribution plan is recognized as liability and charged to profit or loss for the current period or cost of relevant assets.

Defined benefit plan

For defined benefit plans, independent actuaries estimate the actuarial value at the balance sheet date to determine the cost of welfare by using the Projected Unit Credit method. The Group recognizes the following components of employee benefits cost arising from defined benefit plan:

- ① service cost, comprising current service cost, past service cost and any gain or loss on settlement. Current service cost is the increase in the present value of the defined benefit plan obligation resulting from employee service in the current period. Past service cost is the increase or decrease in the present value of the defined benefit plan obligation for employee service in prior periods, resulting from a plan amendment.
- ② net interest on the defined benefit plan net liabilities or assets, including interest income on plan assets, interest cost on the defined benefit plan obligation and interest on the effect of the asset ceiling.
- ③ changes as a result of remeasurement of the net defined benefit plan liabilities or assets.

Item ① and item ② above are recognized in profit or loss for the current period unless another Accounting Standard requires or permits the inclusion of the employee benefit costs in the cost of assets. Item ③ is recognized in other comprehensive income and is not reclassified to profit or loss in subsequent period. On termination of defined benefit plans, other comprehensive income previously recognized is transferred to retained earnings.

(4) Termination benefits

Termination benefits provided by the Group to employees are recognized as an employee benefits liability and charged to profit or loss for the current period at the earlier of the following dates: the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and when the Group recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

For early retirement arrangement, early retirement benefits are accounted for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are charged to the profit or loss for the current period. Compensations after the normal retirement date (such as formal endowment insurance) are accounted for as post-employment benefits.

(5) Others long-term employee benefits

Other long-term employee benefits provided by the Group to the employees satisfied the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. When the benefits satisfied a defined benefits plan, they are accounted for in accordance with the above requirements relating to defined benefits plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan is recorded in profit or loss for the current period or cost of relevant assets.

23. Provisions

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions:

- (1) The obligation is a present obligation of the Group;
- (2) It is probable that an outflow of economic benefits will be required to settle the obligation;
- (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Group reviews the carrying amount of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

If all or part of the expenses necessary for settling the provision is expected to be compensated by a third party, the amount of compensation is separately recognized as an asset when it is basically certain to be received. The recognized compensation amount not exceeds the carrying value of the provision.

24. Share-based payment and equity instruments

(1) Types of share-based payment

The share-based payment can be distinguished into equity-settled and cash-settled share-based payment.

(2) Determination of fair value of equity instruments

If there exists an active market for options and other equity instruments granted by the Group, their fair value is determined on the price quotes in an active market. If an active market does not exist for options and other equity instruments granted by the Group, their fair value is determined by using an option pricing model. Selection of option pricing model considers the following factors: A) Exercise price of option; B) Validity period of option; C) Spot price of subject shares; D) Estimated volatility of share price; E) Estimated dividend of shares; F) Risk-free interest rate in the validity period of option.

(3) Basis for the best estimate of vested equity instruments

At each balance sheet date of the vesting period, the Group revises the number of equity instruments that will ultimately vest based on the best estimate of the latest number of eligible employees and other subsequent information. On vesting date, the number of expected vested equity instruments should be agreed with the actual number vested.

(4) Accounting treatment for implementation, modification, and termination of share-based payment

Equity-settled share-based payments are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfilment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. No subsequent adjustment is made on the recognized relevant cost and expenses and owners' equity after the vesting date.

Cash-settled share-based payments are measured based on the value of shares or other equity instruments undertaken by the Group. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and a liability is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfilment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting a liability accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each balance sheet date. The fair value of the liability is remeasured at each balance sheet date and at the date of settlement, with any changes in fair value

recognized in profit or loss for the current period.

Where the terms of an equity-settled share-based payment are modified, if the modification increases the fair value of the equity instruments granted, the incremental fair value is recognized as additional service obtained; if the modification increases the number of equity instruments granted, the incremental fair value is recognized as additional service received. The incremental fair value granted is the difference between the fair value of the modified equity instrument and that of the original equity instrument both estimated as at the date of modification. If the modification of terms and conditions of share-based payment arrangement reduces the total fair value of the share-based payment or is not otherwise beneficial to the employee, the Group nevertheless continue to account for the services received as if that modification had not occurred, other than the Group cancels of some or all the equity instruments granted.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group accounts for the cancellation as an acceleration of vesting and recognizes immediately the amount that otherwise would have been recognized over the remainder of the vesting period and the capital reserve is credited accordingly. When employees or other parties are permitted to choose to fulfil non-vesting conditions but have not fulfilled during the vesting period, the Group deems the granted equity instruments are cancelled.

25. Preference shares, perpetual bonds and other financial instruments

(1) Classification of financial liabilities and equity instruments

Financial instruments issued by the Group are classified into financial assets, financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial asset, financial liability and equity instruments on initial recognition.

(2) Accounting treatment of preference shares, perpetual bonds and other financial instruments

The Group initially recognizes and measures financial instrument in accordance with the standards of financial instrument. On the basis of the category of financial instrument issued, interest is accrued or dividends are paid at each balance sheet date according to the relevant specific enterprise accounting standards. For the financial instrument classified as equity instrument, the interest or dividend paid is treated as profit distribution of the Group and the repurchase and cancellation of the financial instrument is treated as the movement in equity. For the financial instrument classified as financial liability, the interest or dividend paid is treated as borrowing cost for accounting treatment and gains or losses arising from the repurchase or redemption of financial instrument is recognized in profit or loss for the current period.

The transaction costs such as handle charges and commission in issuance of financial instrument are recognized in the initial recognition amount of issued instrument if it is classified as liability instrument and measured by amortized cost. The transaction costs are deducted from equity if it is classified as equity instrument.

26. Revenue

(1) General principal

① Sale of goods

Revenue from the sale of goods is recognized only when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, the Group retains neither continuing managerial involvement nor effective control over the goods sold, and related income has been achieved or evidences of receivable have been obtained, and the associated costs can be measured reliably.

② Rendering of services

When the result of rendering of services can be measured reliably, the Group recognizes related revenue from services in accordance with the percentage of completion as at the balance sheet date.

The completion progress of service transaction is recognized by service cost incurred as a percentage of estimated total cost to be performed.

The result of rendering of services can be estimated reliably when all of the following conditions are satisfied: A. The amount of revenue can be measured reliably; B. The associated economic benefits are likely to flow into the Group; C. The completion progress of the transaction can be measured reliably; D. The costs incurred and to be incurred in the transaction can be measured reliably.

If the result of rendering of service transaction cannot be estimated reliably, revenue from rendering of services is recognized at the service cost incurred and estimated to receive as compensation, and service cost incurred will be charged to profit or loss for the current period. If the service cost incurred is not expected to be compensated, no revenue is recognized.

③ Transfer of the right to use assets

Revenue is recognized when the economic benefits related to transfer of the right to use assets can flow in and the amount of revenue can be measured reliably.

④ Construction contracts

Where the outcome of a construction contract can be estimated reliably at the balance sheet date, revenues and expenses associated are recognized using the percentage of completion method. Where the outcome of a construction contract cannot be estimated reliably, it is treated either: if contract cost is recoverable, contract revenue is recognized on actual contract costs that can be recovered and contract costs incurred is regarded as expenses in the current period. If the contract cost incurred is not recoverable, the contract cost is regarded as expenses and no revenue is recognized.

If the estimated total cost exceeds contract revenue, the Group recognizes estimated loss in profit or loss for the current period.

The completion progress of contract is recognized by contract cost incurred as a percentage of estimated total contract cost of work performed.

The outcome of a construction contract can be estimated reliably when all of the following conditions are satisfied: A. The amount of contract revenue can be measured reliably; B. The associated economic benefits are likely to flow to the Group; C. The actual contract costs incurred can be distinguished clearly and measured reliably; D. The completion progress of the contract and the costs need to be incurred to complete the contract can be measured reliably.

(2) Specific revenue recognition method

① Specific revenue recognition method of real estate sale is as follow:

Besides of the revenue recognition criteria of sale of goods, the realization of revenue recognition of real estate sale is determined when the property is qualified upon the completion-based check and acceptance, sales contract is entered, agreed conditions of delivery of sale contract had been reached, and payment evidence had been received from purchaser based on the terms of sale contract upon delivery of property (usually receipt of first instalment of sale contract and payment arrangement of the remaining balance has been confirmed).

② Construction revenue

Based on the accounting standard of construction contract, the Group recognizes contract revenue for current period based on the calculation of cumulative contract revenue in accordance with the percentage completion of the contract, which is determined by the cumulative actual contract cost incurred in proportion to the estimated total contract cost, and deducting the cumulative contract revenue recognized in prior periods.

③ Specific revenue recognition method of lease is as follow:

Rental income is recognized on the total lease payment amount of contract under straight line method over the lease period.

④ Specific revenue recognition method of property management is as follow:

Property management revenue is recognized when property management service is rendered and associated economic benefits are likely to flow into the Group, and its relevant service cost can be measured reliably.

⑤ Specific revenue recognition method of interest income is as follow:

In accordance with the time and actual interest rate of the Group's currency funds used by others.

⑥ Specific revenue recognition method of usage fee is as follow:

Calculated in accordance with the agreed charging time and method of the relevant contract or agreement.

27. Government grants

Government grant is recognized when prescribed conditions are satisfied and the grant will be received.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If fair value cannot be reliably determined, it is measured at a nominal amount of RMB 1.

A government grant related to an asset is a grant obtained by the Group for purchase, construction or formation of long-term assets. The grant not related to an asset is classified as government grant related to income.

For government grant with unspecified purpose, the amount of grant used to form a long-term asset or related to an asset is regarded as government grant related to an asset, the remaining amount of grant is regarded as government grant related to income. If it is not possible to distinguish, the amount of

grant is treated as government grant related to income.

A government grant related to an asset is either off-set with book value of relevant fixed assets, or recognized as deferred income and amortized to profit or loss over the useful life of the related asset on a reasonable and systematic basis. For a government grant related to income, if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period, or deduction of related expenditure. If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related expenses or losses are recognized, or deduction of related expenditure. Government grants measured at nominal amounts are directly recognized in profit or loss for the period. The Group adopts same treatment for those transactions of similar government grants.

Government grants relating to daily activities, according to the substance of business transaction, it is either recorded as other income or deduction of related expenditure. If it is not relating to daily activities, it is recorded as non-operating income.

Repayment of a government grant related to an asset, if the book value of relevant assets is deducted during initial recognition, the book value of the assets is adjusted; if there exists of the related deferred income balance, the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period. Repayment of a government grant related to other situation, it is directly charged to profit or loss for the current period.

28. Deferred tax assets and deferred tax liabilities

Income tax comprises of current income tax and deferred income tax. Current tax and deferred tax are included in profit or loss for the current period as income tax, other than deferred tax related to transactions or events that are directly recognized in shareholders' equity and arising from business combination should adjust the carrying amount of goodwill.

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base are recognized as deferred tax using the balance sheet liability method.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill or initial recognition of an asset or liability in a transaction which is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) The transaction is neither a business combination nor affects accounting profit or taxable profit (or deductible loss) when the transaction occurs;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and their tax effect is reflected.

At the balance sheet date, the Group reviews the carrying amount of a deferred tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced. Any such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

29. Operating leases and finance leases

A finance lease is a lease that transfers in substance all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

(1) As lessor

In finance leases, at the commencement of the lease, the Group will recognize the sum of minimum lease receipt amount and initial direct costs as the recognized amount of finance leases receivable and also recognized the unguaranteed residual value. The difference of carrying amount and the sum of minimum lease receipt amount, initial direct costs and unguaranteed residual value is treated as unrealized financing income. Unrealized financing income is amortized over the lease period by effective interest method and finance income is recognized in profit or loss for the current period.

Rental receipt from operating leases is recognized in profit or loss on a straight-line basis over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

(2) As lessee

In finance leases, at the commencement of the lease, the Group will recognize the lower of the fair value of leased asset or the present value of minimum lease payments as the book value of the leased asset. Present value of minimum lease payments is recognized as long-term payables. The difference between fair value of lease asset and the present value of minimum lease payments is recognized as future finance charge. Initial direct costs are recognized in value of leased assets. Future finance charge is amortized over the lease period by effective interest method and finance expenses are recognized in profit or loss for the current period. The Group adopts the same depreciation policy of with self-owned fixed assets in calculating the depreciation charge.

Rental paid for operating leases is recognized as related asset cost or profit or loss for the current period using the straight-line method over the lease term. The initial direct costs incurred are recognized in profit or loss for the current period.

30. Maintenance fund

The Group collects maintenance fund from property buyers at a certain percentage of selling price of commercial property and the amount is recognized as other payables. It is reduced when payment is

made to land and housing administration bureau.

According to the relevant local regulation where the property project located, maintenance fund is collected from purchasers of the developed property and paid to administrative bureau of maintenance fund.

31. Quality guarantee deposits

The Group reserves quality guarantee deposit by certain percentage of project payment as stipulated in the engineering contract of civil work and installation and the amount is recorded as other payables. Maintenance expenditures due to quality issue during the warranty period is charged against other payable and the remaining balance is cleared at the end of warranty period.

32. Asset securitization business

The securitization of all claims on leasees of underlying property lease contracts owned by the Group (being receivables as "Trusted Properties") refers to selling of these assets to special purpose entities and then issue securities to investors by these entities. The equities of securitized financial assets are retained in the form of credit enhancement, subordinated debt or other residual interests (retained equities). Retained equities are measured in the Group's balance sheet at fair value. Security gains or losses depend on the carrying amount of financial assets transferred, and are allocated between the fair value on the date of transfer of derecognized financial assets and retained equities. Security gains or losses are charged to profit or loss for the current period.

In the application of policies of securitization of financial assets, the Group considers the degree of risks and rewards on the asset transferred to another entity, as well as the degree of control over the entity by the Group:

① When the Group has transferred almost all the risks and rewards of the ownership of financial assets, the Group will derecognize the financial assets;

② When the Group retains almost all the risks and rewards of the ownership of financial assets, the Group will continue to recognize the financial assets;

③ If the Group does not transfer or retain almost all the risks and rewards of the ownership of financial assets, the Group will consider whether it has control over the financial assets. If the Group doesn't retain the right to control, the Group will derecognize the financial assets and recognize the rights and obligations generated or retained by the transfer as assets or liabilities. If the Group retains the right to control, financial assets should be recognized according to its continued involvement.

33. Significant accounting judgments and estimates

The Group makes continuous evaluation on critical accounting estimates and key assumptions based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The followings are the critical accounting estimations and key assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year:

Measurement of the ECLs of accounts receivable

The Group calculates the ECLs of accounts receivable using the exposure to default risk and ECL rate of accounts receivable, and determines the ECL rate based on default probability and default loss rate.

When determining the ECL rate, the Group adjusts its historical data by referring to information such as historical credit loss experience as well as current situation and forward-looking information. When considering the forward-looking information, indicators used by the Group include the risk of economic downturn, external market environment, technology environment and changes in customers. The assumptions relating to the ECL calculation are monitored and reviewed by the Group on a regularly basis.

Provision for decline in value of inventories

The Group measures the inventories at the lower of the cost and net realizable value at the balance sheet date. The calculation of net realizable value requires the use of assumptions and estimates. Management assesses the recoverable amount based on the estimated net realizable value of the underlying property, including the current market price analysis of the comparable properties with similar standard and region and forecast of the contraction costs to completion based on the existing assets structure and materials prices. If the actual net realizable value of the underlying property is higher or lower than expected due to significant changes in market conditions or significant deviation of development costs, the provision for decline in value of inventories will be affected.

Taxes

The Group's real estate development business is subjected to various taxes. In the normal course of business operation, certain transactions may have uncertainty on the calculation and final tax treatment. The Group makes significant accounting estimates in accrual of land appreciation tax and enterprise income tax. If there exists of discrepancies between the initial estimate amount and the final decision of tax matters, such difference will impact the current year income tax.

Deferred tax assets

Deferred tax asset is recognized on unused tax losses to the extent of possible profit that can be generated. This requires management to use substantial judgments to estimate the timing and amount of future taxable profits, and combine with tax planning strategies in determining the amount of deferred tax assets that should be recognized.

The Group recognised the deferred tax assets to the extent of the estimated probably amount of future profits that can be set-off by the deductible tax losses carried forward.

Construction contract

The Group recognizes the revenue based on the percentage of completion of individual contracts for construction works. Management estimates the percentage of completion of the construction project based on the actual costs incurred in proportion to the total budget cost, and estimates the relevant contract revenue. In view of the nature of the activities carried out in the construction contract, the day of the activity and the date of completion of the activity are usually included in different accounting periods. The Group will review the contractual revenue and contract cost estimates in the course of the contract process review and revise the budget (if the actual contract proceeds are less than the expected or actual contract costs, then provision for contract loss will be made).

Recognition and allocation of real estate development costs

In determining the development cost, the Group needs to make significant estimates and judgements in line with the budget costs and development schedule of the development project. When the final accounting cost and budget cost of real estate development project are inconsistent, the difference will

affect the corresponding product development cost.

The construction cost of the real estate is recorded as inventory during the construction period and will be carried into the income statement after confirmation of real estate sales revenue. Before the finalization of contraction costs and other relevant costs of real estate development, these costs are estimated by management according to budget costs and the progress of development. Usually real estate development of the Group is divided by different phases. Costs that directly attributable to a specific phase will be recorded as cost of that specific phase. The common costs at different stages are apportioned to each stage in terms of saleable area. If the final settlement of the cost of the project and the associated cost allocation are different from the original estimate, the increase or decrease in the cost of the project and other costs will affect the profit or loss of the future year.

Classification between investment properties and inventories

Properties constructed by the Group may be used for sale and may also be used to earn rental and / or capital appreciation. At the initial stage of property construction of the Group, the property is classified into inventories or investment properties according to the purposes of ownership. In the course of construction, the property used for sale after completion is classified as the inventory-product development in progress, and the property used to earn rental and / or capital appreciation after completion is classified as investment properties. Upon completion, the property used for sale is transferred to the inventory-developed products and the property used to earn rental and / or capital appreciation is transferred to the investment properties.

Classification between investment properties and fixed assets

The Group determines whether the property held is in conformity with the definition of investment properties and establishes relevant standards when making a judgment. The Group classifies those properties (including buildings that are being used for rental in the course of construction or development) into investment properties when they are held for the purpose of earning rental income or capital appreciation, or both. Accordingly, the Group will consider whether the way in which the property generates cash flows is largely independent of the other assets held by the Group. Some of the properties are used to earn rental or capital appreciation, and the remainders are used to produce goods, provide services or manage operations. If the portion for the purpose of earning a rental or capital appreciation can be sold separately or rent out under a financial lease, the Group is accounting them separately. If not, then the property will only be classified as investment properties if the portion used for the production of the goods, provision of services or operation management is not significant. In addition, the Group separately judges the relevant properties and considers whether the ancillary services provided to the leased property are significant so that the property would not meet the recognition criteria for investment properties.

34. Changes in accounting policies and accounting estimates

(1) Changes in accounting policies

① New financial instrument standards

In 2017, the Ministry of Finance have issued "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised) ", "Accounting Standards for Business Enterprises No. 23 - Finance Asset Transfer (Revised) ", "Accounting Standards for Business Enterprises No.24 - Hedge Accounting (Revised) ", "Accounting Standards for Business Enterprises No.37 - Financial Instruments Presentation (Revised) " (collectively referred to as the "New Financial

Instruments Standards").

In accordance with the new financial instruments standards, the Company retrospectively adjusts the classification and measurement (including impairment) of financial instruments, except for certain specific situations. The difference between the original carrying amount of the financial instrument and the new carrying amount on the implementation date of the new financial instrument standards (ie, January 1, 2019) is included in retained earnings or other comprehensive income at the beginning of 2019. At the same time, the Company has not adjusted the comparative financial statements figure.

The 42nd meeting of the Seventh Board of Directors, held on 22 April 2019, approved the implementation of the new financial instrument standards starting from 1 January 2019, and adjusted the accounting policies accordingly.

As of 1 January 2019, comparison of classification and measurement of financial instruments under original financial instrument standards and new financial instrument standards:

Original Financial Instruments Standards			New Financial Instruments Standards		
Item	Category	Carrying amount	Item	Category	Carrying amount
Financial assets at fair value through profit or loss	Measured at fair value through profit or loss	45,327,129.09	Trading financial assets	Measured at fair value through profit or loss	45,327,129.09
Available-for-sale financial assets	Amortized cost	549,100,000.00	Debts investment	Amortized cost	50,000,000.00
			Other non-current financial assets	Measured at fair value through profit or loss	318,458,896.00
			Trading financial assets	Measured at fair value through profit or loss	172,000,000.00
Bills receivable	Amortized cost	1,091,542,043.50	Bills receivable	Amortized cost	1,082,526,466.84
			Receivable financing	Measured at fair value through other comprehensive income	9,015,576.66
Accounts receivable	Amortized cost	8,564,563,512.36	Accounts receivable	Amortized cost	8,562,045,331.00
			Receivable financing	Measured at fair value through other comprehensive income	-
Other receivables	Amortized cost	28,555,595,536.33	Other current assets	Amortized cost	-
			Other receivables	Amortized cost	28,472,998,836.87
Other current assets	Amortized cost	9,560,666,956.41	Trading financial assets	Measured at fair value through profit or loss	1,165,100,265.85

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

			Other current assets	Amortized cost	8,395,566,690.56
			Long-term receivables	Amortized cost	6,508,109,043.20
Long-term receivables	Amortized cost	6,508,109,043.20	Other non-current financial assets	Measured at fair value through profit or loss	-
			Debts investment	Amortized cost	-

As of 1 January 2019, the reconciliation of classification of financial instruments and their carrying amount on adoption of new financial instruments standard:

Item	Carrying amount before adjustment (31 December 2018)	Reclassification	Remeasurement	Carrying amount after adjustment (1 January 2019)
Assets:				
Financial assets at fair value through profit or loss	45,327,129.09	-45,327,129.09	--	--
Trading financial assets	--	1,382,427,394.94	-	1,382,427,394.94
Bills receivable	1,091,542,043.50	-9,015,576.66	-	1,082,526,466.84
Accounts receivable	8,564,563,512.36	-	-2,518,181.36	8,562,045,331.00
Receivable financing	--	9,015,576.66	-	9,015,576.66
Other receivables	28,555,595,536.33	-	-82,596,699.46	28,472,998,836.87
Other current assets	9,560,666,956.41	-1,165,100,265.85	-	8,395,566,690.56
Available-for-sale financial assets	549,100,000.00	-549,100,000.00	--	--
Debts investment	--	50,000,000.00	-	50,000,000.00
Long-term receivables	6,508,109,043.20	-	-	6,508,109,043.20
Other non-current financial assets	--	327,100,000.00	-8,641,104.00	318,458,896.00
Shareholders' equity:				
Undistributed profits	9,367,185,488.98	-	-73,521,507.13	9,293,663,981.85
Minority interests	2,195,099,010.96	-	-1,044,242.52	2,194,054,768.44

Reconciliation of loss allowance as of 31 December 2018 under original financial instrument standards and loss allowance as of 1 January 2019 under new financial instrument standards of those subsidiaries adopted new financial instrument standards:

Category	Carrying amount before adjustment (31 December 2018)	Reclas sificati on	Remeasur ement	Carrying amount after adjustment (1 January 2019)
Provision for impairment of accounts receivable	966,815,491.75	-	2,518,181.36	969,333,673.11
Provision for impairment of other receivables	334,194,021.18	-	82,596,699.46	416,790,720.64

② New Debt Restructuring Standard

On 16 May 2019, the Ministry of Finance published the Accounting Standard for Business Enterprises No. 12 - Debt Restructuring (hereinafter referred to as the "New Debt Restructuring Standard"), which revised the definition of debt restructuring, clarified the applicable standards such as the Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments in relation to financial instruments in debt restructuring, clarified that assets other than the financial assets transferred to creditors shall be initially measured at cost, and clarified that the distinction between the profit or loss from asset disposal and the profit or loss from debt restructuring is no longer required

when the debt is settled with assets by the debtor.

According to the requirements under Cai Kuai [2019] No. 6 Document, the “non-operating income” and “non-operating expenses” items no longer include gains or losses from disposal of non-current assets in debt restructuring.

The 62nd meeting of the Seventh Board of Directors, held on 27 April 2020, approved the implementation of the new debt restructuring standard starting from 1 January 2019. The Group adopted the prospective application method for the new debt restructuring occurred on 1 January 2019, and did not make retrospective adjustments for the debt restructuring occurred before 1 January 2019.

The new debt restructuring standard has no significant impact on the financial position and operating result of the Group.

③ New non-monetary exchange standard

The Ministry of Finance issued “Accounting Standards for Business Enterprises No. 7 - Exchange of Non-Monetary Assets” (hereinafter referred to as “new non-monetary exchange standard”) on 9 May 2019, which clarifies the concepts of monetary assets and non-monetary assets and the scope of application of the standard, clarifies the timing of recognition of non-monetary asset exchange, clarifies the measurement basis and accounting methods of non-monetary asset exchange under different conditions and improves relevant information disclosure requirements.

The 62nd meeting of the Seventh Board of Directors, held on 27 April 2020, approved the implementation of the new non-monetary exchange standard starting from 1 January 2019. The Group adopts the prospective approach for the new non-monetary asset exchange transactions that occurred after 1 January 2019, and does not retroactively adjust the non-monetary asset exchange transactions that occurred before 1 January 2019.

The new non-monetary exchange standard has no significant impact on the financial position and operating result of the Group.

④ Financial statements format

The Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Issuing the Format of General Financial Statements for 2019” (Caihui [2019] No. 6) on 30 April 2019, and at the same time, the “Notice on the Format of General Enterprise Financial Statements for 2018 (Caihui [2018] No. 15) is abolished. The Ministry of Finance issued the “Notice of the Ministry of Finance on Revising and Printing the Format of Consolidated Financial Statements (2019 Version) ” (Caihui [2019] No. 16) in September 2019, and at the same time, the “Notice of the Ministry of Finance on Revising the Format of the 2018 Consolidated Financial Statements” (Caihui [2019] No. 1) is also abolished. According to Caihui [2019] No. 6 and Caihui [2019] No. 16, the Company made the following amendments to the financial statement format:

In balance sheet, “Bills receivable and accounts receivable” is split into “Bills receivable” and “Accounts receivable”, and “Notes payable and accounts payable” is split into “Notes payable” and “accounts payable”.

The Company adjusted the comparative data of the comparable period according to Caihui [2019] No. 6 and Caihui [2019] No. 16.

This change in accounting policy was approved by the 62nd meeting of the Seventh Board of Directors held on 27 April 2020.

The revision of the financial statement format has no significant impact on the financial position and operating result of the Group.

(2) Changes in significant accounting estimates

There was no changes in significant accounting estimates during the year.

(3) Adjustment of financial statements at 1/1/2019 by initial adoption of new financial instrument standards

Consolidated balance sheet

Item	2018.12.31	2019.01.01	Adjustments
Current assets:			
Cash and bank balances	20,416,915,066.92	20,416,915,066.92	
Trading financial assets		1,382,427,394.94	1,382,427,394.94
Financial assets at fair value through profit or loss	45,327,129.09		-45,327,129.09
Bills receivable	1,091,542,043.50	1,082,526,466.84	-9,015,576.66
Accounts receivable	8,564,563,512.36	8,562,045,331.00	-2,518,181.36
Receivable financing		9,015,576.66	9,015,576.66
Prepayments	8,647,816,626.39	8,647,816,626.39	
Other receivables	28,555,595,536.33	28,472,998,836.87	-82,596,699.46
Including: Interest receivable			
Dividend receivable	47,360,000.00	47,360,000.00	
Inventories	135,002,590,942.43	135,002,590,942.43	
Assets held-for-sale			
Non-current assets due within one year	10,000,000.00	10,000,000.00	
Other current assets	9,560,666,956.41	8,395,566,690.56	-1,165,100,265.85
Total current assets	211,895,017,813.43	211,981,902,932.61	86,885,119.18
Non-current assets:			
Debts investment		50,000,000.00	50,000,000.00
Available-for-sale financial assets	549,100,000.00		-549,100,000.00
Other debts investment			
Held-to-maturity investments			
Long-term receivables	6,508,109,043.20	6,508,109,043.20	

Item	2018.12.31	2019.01.01	Adjustments
Long-term equity investment	6,893,425,366.83	6,893,425,366.83	
Other equity instruments investment			
Other non-current financial assets		318,458,896.00	318,458,896.00
Investment properties	4,210,468,897.66	4,210,468,897.66	
Fixed assets	3,068,894,608.28	3,068,894,608.28	
Construction in progress	46,540,513.07	46,540,513.07	
Productive biological assets			
Oil and gas assets			
Intangible assets	599,403,276.77	599,403,276.77	
Development costs			
Goodwill	4,188,653.58	4,188,653.58	
Long-term deferred expenses	346,898,705.56	346,898,705.56	
Deferred tax assets	1,528,698,007.33	1,547,888,242.50	19,190,235.17
Other non-current assets	43,342,136.62	43,342,136.62	
Total non-current assets	23,799,069,208.90	23,637,618,340.07	-161,450,868.83
Total assets	235,694,087,022.33	235,619,521,272.68	-74,565,749.65
Current liabilities:			
Short-term loans	10,686,892,017.77	10,686,892,017.77	
Trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Notes payable	9,165,892,973.88	9,165,892,973.88	
Accounts payable	16,004,881,646.03	16,004,881,646.03	
Advances from customers	110,120,236,000.93	110,120,236,000.93	
Employee benefits payable	673,382,757.03	673,382,757.03	
Taxes payable	2,977,273,334.76	2,977,273,334.76	
Other payables	17,003,846,472.35	17,003,846,472.35	
Including: Interest payable	446,215,105.09	446,215,105.09	
Dividend payable	211,969.52	211,969.52	
Liabilities held-for-sale			
Non-current liabilities due within one year	7,326,590,600.61	7,326,590,600.61	

Item	2018.12.31	2019.01.01	Adjustments
Other current liabilities	1,157,927,825.51	1,157,927,825.51	
Total current liabilities	175,116,923,628.87	175,116,923,628.87	
Non-current liabilities:			
Long-term loans	30,127,057,700.00	30,127,057,700.00	
Bonds payable	9,801,078,582.53	9,801,078,582.53	
Including: Perpetual debts	697,249,289.51	697,249,289.51	
Long-term payables	402,038,077.88	402,038,077.88	
Long-term employee benefits payable			
Provisions			
Deferred income	134,915,281.20	134,915,281.20	
Deferred tax liabilities	518,641,207.12	518,641,207.12	
Other non-current liabilities			
Total non-current liabilities	40,983,730,848.73	40,983,730,848.73	
Total liabilities	216,100,654,477.60	216,100,654,477.60	
Shareholders' equity:			
Share capital	3,709,788,797.00	3,709,788,797.00	
Capital reserve	2,473,948,709.93	2,473,948,709.93	
Less: Treasury shares			
Other comprehensive income	1,161,567,782.94	1,161,567,782.94	
Special reserves			
Surplus reserve	685,842,754.92	685,842,754.92	
Undistributed profits	9,367,185,488.98	9,293,663,981.85	-73,521,507.13
Total equity attributable to shareholders of the parent company	17,398,333,533.77	17,324,812,026.64	-73,521,507.13
Minority interests	2,195,099,010.96	2,194,054,768.44	-1,044,242.52
Total shareholders' equity	19,593,432,544.73	19,518,866,795.08	-74,565,749.65
Total liabilities and shareholders' equity	235,694,087,022.33	235,619,521,272.68	-74,565,749.65

Parent Company Balance Sheet

Item	2018.12.31	2019.01.01	Adjustments
Current assets:			
Cash and bank balances	743,761,081.40	743,761,081.40	
Trading financial assets		650,310,355.85	650,310,355.85
Financial assets at fair value through profit or loss	260,090.00		-260,090.00
Bills receivable			
Accounts receivable			
Receivable financing			
Prepayments	16,419,343.76	16,419,343.76	
Other receivables	94,262,424,917.35	94,246,502,487.36	-15,922,429.99
Including: Interest receivable			
Dividend receivable	3,017,351,545.57	3,017,351,545.57	
Inventories			
Assets held-for-sale			
Non-current assets due within one year	10,000,000.00	10,000,000.00	
Other current assets	650,151,013.60	100,747.75	-650,050,265.85
Total current assets	95,683,016,446.11	95,667,094,016.12	-15,922,429.99
Non-current assets:			
Debts investment		50,000,000.00	50,000,000.00
Available-for-sale financial assets	377,100,000.00		-377,100,000.00
Other debts investment			
Held-to-maturity investments			
Long-term receivables	2,500,000.00	2,500,000.00	
Long-term equity investment	19,480,457,928.13	19,480,457,928.13	
Other equity instruments investment			
Other non-current financial assets		318,458,896.00	318,458,896.00
Investment properties			
Fixed assets	795,952,148.19	795,952,148.19	
Construction in progress			
Productive biological assets			
Oil and gas assets			

Item	2018.12.31	2019.01.01	Adjustments
Intangible assets	81,541,911.77	81,541,911.77	
Development costs			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets	20,737,551,988.09	20,728,910,884.09	-8,641,104.00
Total assets	116,420,568,434.20	116,396,004,900.21	-24,563,533.99
Current liabilities:			
Short-term loans	2,600,000,000.00	2,600,000,000.00	
Trading financial liabilities			
Financial liabilities at fair value through profit or loss			
Notes payable			
Accounts payable	2,206,657.41	2,206,657.41	
Advances from customers			
Employee benefits payable	1,369,020.80	1,369,020.80	
Taxes payable	14,990,542.31	14,990,542.31	
Other payables	78,893,361,657.88	78,893,361,657.88	
Including: Interest payable	211,153,391.42	211,153,391.42	
Dividend payable	211,969.52	211,969.52	
Liabilities held-for-sale			
Non-current liabilities due within one year	3,911,590,600.61	3,911,590,600.61	
Other current liabilities			
Total current liabilities	85,423,518,479.01	85,423,518,479.01	
Non-current liabilities:			
Long-term loans	5,178,600,000.00	5,178,600,000.00	
Bonds payable	12,068,631,138.96	12,068,631,138.96	
Including: Perpetual debts	997,249,289.51	997,249,289.51	
Long-term payables	180,618,077.88	180,618,077.88	
Long-term employee benefits payable			
Provisions			

Item	2018.12.31	2019.01.01	Adjustments
Deferred income	39,082,417.28	39,082,417.28	
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities	17,466,931,634.12	17,466,931,634.12	
Total liabilities	102,890,450,113.13	102,890,450,113.13	
Shareholders' equity:			
Share capital	3,709,788,797.00	3,709,788,797.00	
Capital reserve	5,545,937,621.57	5,545,937,621.57	
Less: Treasury shares			
Other comprehensive income			
Special reserves			
Surplus reserve	535,189,087.29	535,189,087.29	
Undistributed profits	3,739,202,815.21	3,714,639,281.22	-24,563,533.99
Total equity attributable to shareholders of the parent company	13,530,118,321.07	13,505,554,787.08	-24,563,533.99
Minority interests			
Total shareholders' equity	13,530,118,321.07	13,505,554,787.08	-24,563,533.99
Total liabilities and shareholders' equity	116,420,568,434.20	116,396,004,900.21	-24,563,533.99

IV. Taxation

1. Major taxes and tax rate

Taxes	Tax Basis	Tax Rates%
Value-added tax	Domestic sales, processing and repairing services income	13, 9, 6, 5, 3
Business tax	Provide construction labor income, house sales income, rental income	5, 3
Consumption tax	Taxable income	5
Land appreciation tax	Land appreciation amount	Progressive tax rate in excess of specific amount, Prepay tax rate is being 1.5% to 4% of advance housing receipts
Urban maintenance and construction tax	Subject to turnover tax payable	7, 5
Education surcharge	Subject to turnover tax payable	3
Local education	Subject to turnover tax payable	1, 2

Taxes	Tax Basis	Tax Rates%
surcharge		
River embankment fund	Advance housing receipts, operating revenue	0.03, 0.08, 0.1
Enterprise income tax	Taxable profit	25, 20, 16.5, 15, 30

Note: The overseas subsidiaries controlled by the Company pay relevant taxes in accordance with their local laws and regulations.

2. Tax preferences and approval documents

① The subsidiaries of the Group, Huizhou Zhongnan Jinde Real Estate Co., Ltd., Nantong Teng kai Hotel Management Co., Ltd. and Jiangsu Zhongnan Construction Technology Development Co., Ltd., are small and low-profit enterprises. According to the "Notice of the Implementation of the Inclusive Tax Relief Policy for Small and Low-profit Enterprises" (Caishui [2019] No. 13) issued by the State Administration of Taxation and the Ministry of Finance, for the period from 1 January 2019 to 31 December 2021: VAT small-scale taxpayers with monthly sales of less than RMB 100,000 are exempt from VAT; For small and low-profit enterprises whose annual taxable profit does not exceed RMB 1 million, the taxable profit shall be reduced by 25% and the enterprise income tax shall be paid at the rate of 20%; For the portion of annual taxable profit exceeding RMB 1 million but not exceeding RMB 3 million, 50% shall be deducted from the taxable profit and enterprise income tax shall be paid at the rate of 20%

② Guizhou Jinrong Real Estate Co., Ltd., a subsidiary of the Group, is a preferential tax enterprise in the western development. According to the Announcement No. 12 of 2012 issued by the State Administration of Taxation, from 1 January 2011 to 31 December 2020, the industrial projects with main business as set in the "Western Region Encouraging Industry Catalog", and revenue of that main business accounted for more than 70% of the total revenue of the enterprise in that year, after the application by the enterprise and the review and confirmation by the supervising tax authority, the enterprise income tax may be reduced to the rate of 15%.

V. Notes to significant items of the financial statements

1. Cash and bank balances

Item	2019.12.31	2018.12.31
Cash on hand	8,773,529.54	1,416,603.67
Cash at bank	20,414,035,434.06	13,591,084,693.28
Other monetary fund	4,986,927,723.90	6,824,413,769.97
Total	25,409,736,687.50	20,416,915,066.92
Including: Total deposits placed in overseas	1,520,428,483.98	61,900,746.82

Note:

(1) Closing balance of foreign currency included in cash and bank balances

Item	Foreign currency closing balance	Conversion rate	Closing balance converted to RMB
USD	216,626,838.62	6.9762	1,511,232,151.58
Australian dollar (AUD)	2,101,023.17	4.8843	10,262,027.47
HKD	10,556.23	0.8958	9,456.27
EUR	166,530.67	7.8155	1,301,520.45
MRO	307,508.67	0.1866	57,381.12
SR	508.00	1.8597	944.73
RM	295,342.47	1.6986	501,668.72
XOF	19,972,418.00	0.0120	239,669.02
IQD	20,377,000.00	0.0059	120,224.30
DZD	87,562,109.21	0.0590	5,166,164.44
Total	--	--	1,528,891,208.10

(2) The closing balance of cash at bank and on hand subject to restriction is RMB 9,241,442,410.29. Cash at bank and on hand subject to restriction includes security deposit and certificates of deposit.

2. Trading financial assets

Item	2019.12.31	2018.12.31
Trading financial assets	1,521,271,332.24	—
Including: Debt instrument investment	246,820,479.51	—
Funds and stock investment	24,263,759.04	—
Wealthy financial products	1,250,187,093.69	—
Total	1,521,271,332.24	—

Note:

(1) Information of debt instrument investment of the Company is as follows:

① Haimen Zhongnan Century City Development Co., Ltd., a wholly-owned subsidiary of the Group, signed a "Haiyi No. 2 Bond Investment Collective Fund Trust Contract" with Northern International Trust Co., Ltd., and participated in the Haitai No. 2 Debts investment collective fund trust plan issued by it, the trustee is Northern International Trust Co., Ltd., and the custodian is Industrial Bank Co., Ltd.; The purpose of the trust is to invest in various fixed-income products in domestic stock exchanges and inter-bank debt markets, the idle funds can be used for bank deposits, and the trust plan property formed by the investment is used as the source of trust benefits; in the current period, the "Jiinyin 2 You A" bonds were purchased through the trustee, with a face value of RMB240,000,000.00.

② Yancheng Zhongnan Yayuan Real Estate Development Co., Ltd., a wholly-owned subsidiary of the Group, bought the policy financial bonds issued by the China Development Bank in the current period, with a face value of RMB 750,000.00, with code 170205 and an maturity date of 19 April 2020.

(2) Funds and stock investment held by the Group are as follows:

Name	Code	Quantity held at 31/12/2019	Net value on reporting date	Fair value at 31/12/2019
Haifutong Income Growth Securities Investment Fund	519003	985,173.14	1.29	1,270,873.35
Kevin Education Stock	002659.SZ	31,000.00	6.24	193,440.00
E-House (China) Enterprise Holdings Limited stock	02048.HK	2,861,500.00	6.898	19,737,654.09
SPB AXA Value Growth Mixed A Securities Investment Fund	519110	1,928,000.00	1.32	2,544,960.00
ICBC Credit Suisse Global Select Stocks (QDII)	486002	200,400.00	2.579	516,831.60
Total	--	--	--	24,263,759.04

3. Financial assets at fair value through profit or loss

Item	2019.12.31	2018.12.31
Trading financial assets	—	45,327,129.09
Including: Funds and stock investment	—	45,327,129.09

4. Bills receivable

Category	2019.12.31			2018.12.31		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Bank acceptance bills	-	-	-	9,015,576.66	-	9,015,576.66
Commercial acceptance bills	1,387,357,126.67	-	1,387,357,126.67	1,082,526,466.84	-	1,082,526,466.84
Total	1,387,357,126.67	-	1,387,357,126.67	1,091,542,043.50	-	1,091,542,043.50

Closing balance of notes receivable being endorsed or factored and not yet matured

Category	Amount derecognized at year end	Amount not derecognized at year end
Commercial acceptance bills	-	525,763,628.25

5. Accounts receivable

(1) Disclosure by ageing

Ageing	2019.12.31
Within 1 year	8,152,581,859.67
1 to 2 years	2,084,406,980.98
2 to 3 years	1,206,992,596.04
3 to 4 years	719,681,062.59
4 to 5 years	501,212,541.95
Over 5 years	290,914,754.41
Sub-total	12,955,789,795.64
Less: Provision for bad debts	1,223,397,480.18
Total	11,732,392,315.46

(2) Disclosure by bad debts provision methods

Category	2019.12.31					2019.01.01				
	Book balance		Provision for bad debts			Book balance		Provision for bad debts		
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying amount	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Carrying amount
Individually assessed for provision for bad debts	360,690,498.42	2.78	64,758,804.26	17.95	295,931,694.16	89,705,715.23	0.94	847,815.00	0.95	88,857,900.23
Assessed by portfolio for provision for bad debts	12,595,099,297.22	97.22	1,158,638,675.92	9.20	11,436,460,621.30	9,441,673,288.88	99.06	968,485,858.11	10.26	8,473,187,430.77
Including:										
Receivables from government agencies	1,598,634,363.66	12.34	4,795,262.55	0.30	1,593,839,101.11	425,828,018.75	4.47	1,277,484.06	0.30	424,550,534.69
Receivables from related parties not in scope of consolidation	786,651,612.51	6.07	2,360,595.38	0.30	784,291,017.13	413,565,768.01	4.34	1,240,697.30	0.30	412,325,070.71
Receivables from other parties	10,209,813,321.05	78.81	1,151,482,817.99	11.28	9,058,330,503.06	8,602,279,502.12	90.25	965,967,676.75	11.23	7,636,311,825.37
Total	12,955,789,795.64	100.00	1,223,397,480.18	9.44	11,732,392,315.46	9,531,379,004.11	100.00	969,333,673.11	10.17	8,562,045,331.00

Individually assessed for provision for bad debts:

Name	2019.12.31			Reason of provision
	Book balance	Provision for bad debts	Expected credit loss rate (%)	
Receivables from other parties	359,842,683.42	63,910,989.26	17.76	Depends on court order
Receivables from other parties	847,815.00	847,815.00	100.00	Expected irrecoverable
Total	360,690,498.42	64,758,804.26	17.95	--

Assessed by portfolio for provision for bad debts:

Assessed by portfolio: Receivables from other parties

Ageing	2019.12.31		
	Accounts receivable	Provision for bad debts	Expected credit loss rate (%)
Within 1 year	6,466,840,738.63	323,342,036.93	5.00
1 to 2 years	1,732,154,679.53	156,004,467.23	9.00
2 to 3 years	1,014,641,831.17	162,342,692.99	16.00
3 to 4 years	467,393,014.60	98,152,533.07	21.00
4 to 5 years	239,065,243.57	121,923,274.22	51.00
Over 5 years	289,717,813.55	289,717,813.55	100.00
Total	10,209,813,321.05	1,151,482,817.99	--

As at 31 December 2018, provision for bad debts is as follow:

Category	2018.12.31				
	Amount	Ratio %	Provision for bad debts	Provision ratio %	Net amount
Individually significant and provision for bad and doubtful debts individually	-	-	-	-	-
Assessed by portfolio for provision for bad debts of accounts receivable	9,441,673,288.88	99.06	965,967,676.75	10.23	8,475,705,612.13
Including: Ageing group	8,602,279,502.12	90.25	965,967,676.75	11.23	7,636,311,825.37
Credit group	839,393,786.76	8.81	-	-	839,393,786.76
Individually insignificant but provision for bad and doubtful debts individually	89,705,715.23	0.94	847,815.00	0.95	88,857,900.23
Total	9,531,379,004.11	100.00	966,815,491.75	10.14	8,564,563,512.36

(3) Additions, recoveries or reversals of provision for bad debts during the year

	Provision for bad debts
2018.12.31	966,815,491.75
Adjustment of initial adoption of new financial instruments standards	2,518,181.36
2019.01.01	969,333,673.11
Provision for the year	255,346,324.34
Recovery or reversal in the year	-
Written-off in the year	1,282,517.27
Decrease in disposal of subsidiary	-
2019.12.31	1,223,397,480.18

(4) Accounts receivable written off during this year

Item	Written-off amount
Actual written-off of accounts receivable	1,282,517.27

(5) Accounts receivable due from top five debtors

Total accounts receivable due from the top five debtors is RMB 2,278,382,060.54, accounting for 17.59% of the total accounts receivable and the closing balance of provision for bad debts is RMB 129,081,420.02.

(6) Derecognition of accounts receivable due to transfer of financial assets

At year end, the Group has non-recourse accounts receivable factoring transactions with total amount of RMB 31,070,000.00, of which the carrying amount derecognized is RMB 29,516,500.00 and the book balance is RMB 31,070,000.00 with ageing within 1 year.

(7) The amount of assets and liabilities recognised due to the continuing involvement

At year end, the Group has obtained short-term loans of RMB 828,218,052.13 by conducting factoring transactions of accounts receivable with continuing involvement.

6. Receivable financing

(1) Information of receivable financing

Item	2019.12.31	2018.12.31
Bills receivable	42,395,544.00	—
Less: Other comprehensive income - Changes in fair value	-	—
Fair value at year end	42,395,544.00	—

Note:

Some of the subsidiaries of the Group discount and endorse some bank acceptance bills according to their daily capital management needs. Therefore, the bank acceptance bills of these subsidiaries are classified as financial assets measured at fair value through other comprehensive income.

The Group has no provision for impairment of any individual single bank acceptance bill for. As of 31 December 2019, the Group believed that the outstanding bank acceptance bills did not have significant credit risk and would not cause major losses due to bank defaults.

(2) Bills receivables that have been endorsed or discounted at the end of the period and have not yet expired as of 31/12/2019

Category	Amount derecognized as at year end	Amount not derecognized as at year end
Bank acceptance bills	49,163,107.14	-

Note: Bank acceptance bills used for discounts and endorsements are accepted by banks with higher credit ratings. Credit risk and deferred payment risk are minimal, so the Group determined that the major risks and rewards on the ownership of the bill have been transferred, and derecognized the bills.

7. Prepayments

(1) Prepayments by ageing

Ageing	2019.12.31		2018.12.31	
	Amount	Ratio %	Amount	Ratio %
Within 1 year	2,352,367,866.99	39.11	4,616,600,977.11	53.38
1 to 2 years	1,951,988,300.35	32.45	1,858,091,208.83	21.49
2 to 3 years	1,050,305,600.47	17.46	512,802,953.56	5.93
Over 3 years	660,703,203.44	10.98	1,660,321,486.89	19.20
Total	6,015,364,971.25	100.00	8,647,816,626.39	100.00

Note Prepayments mainly includes prepaid land guarantee deposit, construction work funding. Prepayments with aging over 1 year are mainly due to land not yet delivered and construction work not yet finished and billed.

(2) Top five amount of prepayments

Total prepayment due from the top five is RMB 2,271,133,392.01, accounting for 37.76% of the closing balance of prepayment.

8. Other receivables

Item	2019.12.31	2018.12.31
Dividend receivable	47,360,000.00	47,360,000.00
Other receivables	29,795,537,867.03	28,508,235,536.33
Total	29,842,897,867.03	28,555,595,536.33

(1) Dividend receivable

Item	2019.12.31	2018.12.31
Dividends	47,360,000.00	47,360,000.00

(2) Other receivables

① Disclosure by ageing

Ageing	2019.12.31
Within 1 year	16,719,986,772.67
1 to 2 years	8,013,127,292.95
2 to 3 years	2,819,046,359.06
3 to 4 years	2,037,603,193.72
4 to 5 years	260,955,996.38
More than 5 years	585,150,712.84
Sub-total	30,435,870,327.62
Less: Provision for bad debts	640,332,460.59
Total	29,795,537,867.03

② Disclosure by nature

Item	2019.12.31	2018.12.31
Government agencies	1,623,869,050.42	1,106,005,374.53
Cooperating parties	3,211,804,824.75	94,719,986.80
Related parties outside the scope of consolidation	19,252,554,318.12	22,641,559,842.53
Security deposit and deposits	2,999,682,771.05	3,143,896,221.22
Petty cash and withholding fund	286,039,717.19	640,771,714.10
Others	3,061,919,646.09	1,215,476,418.33
Total	30,435,870,327.62	28,842,429,557.51

③ Information of provision for bad debts

At year end, prevision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Receivables from government agencies	1,623,869,050.42	0.30	4,871,607.15	1,618,997,443.27
Receivables from cooperating parties	3,211,804,824.75	0.30	9,635,414.47	3,202,169,410.28
Receivables from related parties not in scope of consolidation	19,252,554,318.12	0.30	57,757,662.95	19,194,796,655.17
Receivables of security deposit and deposits	2,999,682,771.05	0.30	8,999,048.31	2,990,683,722.74
Receivables of petty cash and withholding fund	286,039,717.19	0.30	858,119.15	285,181,598.04
Receivables from others	1,392,168,265.44	4.00	55,686,730.62	1,336,481,534.82
Total	28,766,118,946.97	--	137,808,582.65	28,628,310,364.32

At year end, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Company 1	885,198,787.25	9.76	86,436,834.25	798,761,953.00
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	734,397,250.02	49.83	365,931,700.31	368,465,549.71
Total	1,619,596,037.27	27.93	452,368,534.56	1,167,227,502.71

At year end, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	50,155,343.38	100.00	50,155,343.38	-

As at 31 December 2018, provision for bad debts is as follow:

Category			2018.12.31		Net amount
	Amount	Ratio %	Provision for bad debts	Provision ratio %	
Individually significant and provision for bad and doubtful debts individually	-	-	-	-	-
Assessed by portfolio for provision for bad debts of other receivables	28,794,305,876.76	99.83	296,070,340.43	1.03	28,498,235,536.33
Including: Ageing group	1,262,072,724.38	4.38	296,070,340.43	23.46	966,002,383.95

Category	Amount	Ratio %	2018.12.31		Net amount
			Provision for bad debts	Provision ratio %	
Credit group	27,532,233,152.38	95.45	-	-	27,532,233,152.38
Individually insignificant but provision for bad and doubtful debts individually	48,123,680.75	0.17	38,123,680.75	79.22	10,000,000.00
Total	28,842,429,557.51	100.00	334,194,021.18	1.16	28,508,235,536.33

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the lifetime (no credit impairment occurred)	Third stage Expected credit loss for the lifetime (credit impairment has occurred)	Total
Balance at 31 December 2018	--	--	--	334,194,021.18
Adjustment of initial adoption of new financial instruments standards	--	--	--	82,596,699.46
Balance at 1 January 2019	113,777,720.53	264,889,319.36	38,123,680.75	416,790,720.64
Movement of balance at 1 January 2019				
-- transfer to second stage	-12,008,468.49	12,008,468.49	-	-
-- transfer to third stage	-12,696.00	-1,219,662.60	1,232,358.60	-
-- back to second stage	-	-	-	-
-- back to first stage	-	-	-	-
Provision for the year	50,445,020.35	162,798,050.26	10,799,304.03	224,042,374.64
Recovered or reversal in the year	-	-	-	-
Written-off in the year	500,634.69	-	-	500,634.69
Other change	-	-	-	-
Balance at 31 December 2019	151,700,941.70	438,476,175.51	50,155,343.38	640,332,460.59

⑤ Actual written-off amount of other receivables in current year

Item	Written-off amount
Actual written-off of other receivables	500,634.69

⑥ Top five debtors of other receivables

Total other receivables due from the top five debtors is RMB 4,262,445,560.40, accounting for 14.00% of the total other receivable and they are mainly receivables from related parties and cooperating parties.

⑦ The amount of assets and liabilities recognised due to the continuing involvement

At year end, the Group has obtained short-term loans of RMB 300,000,000.00 by conducting factoring transactions of other receivables with continuing involvement.

9. Inventories

(1) Inventories by category

Item	2019.12.31			2018.12.31		
	Book balance	Provision for decline in value	Carrying amount	Book balance	Provision for decline in value	Carrying amount
Raw materials	936,306,989.09	-	936,306,989.09	762,921,991.41	-	762,921,991.41
Work-in-process	19,470,108.16	-	19,470,108.16	24,520,895.83	-	24,520,895.83
Finished goods	164,015,377.95	-	164,015,377.95	165,759,543.90	-	165,759,543.90
Reusable materials	223,638,726.77	-	223,638,726.77	218,226,163.57	-	218,226,163.57
Development costs	146,357,412,478.36	219,755,806.67	146,137,656,671.69	118,978,859,858.93	29,509,320.04	118,949,350,538.89
Developed products	8,236,886,479.03	117,130,091.50	8,119,756,387.53	7,560,582,177.35	39,155,318.97	7,521,426,858.38
Construction contract – completed but not yet billed	9,986,360,323.80	391,014.14	9,985,969,309.66	7,362,267,285.03	1,882,334.58	7,360,384,950.45
Total	165,924,090,483.16	337,276,912.31	165,586,813,570.85	135,073,137,916.02	70,546,973.59	135,002,590,942.43

Note: (1) Details of pledged inventories at year end refer to Note XII.2 (3).

(2) Amount of interest capitalization in closing balance of inventories is RMB 12,280,548,343.89. The amount of interest capitalized in inventories during the year is RMB 5,873,293,643.89, and the capitalization rate is 9.45%.

(3) The amount of inventories transferred to investment properties is RMB 188,196,514.52.

(4) Development costs

Item	Work started	Expected completion	Expected total investment	2019.12.31	2018.12.31	Provision for decline in value at year end
Hangzhou Jinfu Tangyue Bay Project	2019.07	2022.03	7,084,000,000.00	4,702,488,581.50	-	-
Changshu Zhongnan Jinjin Linyue Project	2017.05	2021.12	6,104,913,279.22	4,667,092,861.92	4,077,319,958.73	-
Nanjing Jincheng Shangyuecheng Project	2017.12	2021.12	6,325,953,700.00	4,483,095,500.68	4,208,173,773.48	-
Nantong CBD project	2010.09	2025.12	16,000,000,000.00	4,151,489,012.68	3,906,676,280.38	-
Chengdu Zhongnan Century Yuefu Project	2018.08	2021.12	4,685,762,200.00	3,954,519,910.07	3,469,583,043.71	-
Chengdu Zhongnan Jinteng Shangxi House Xiyue, Lanyue Project	2018.03	2021.06	3,536,583,300.00	2,699,038,346.54	2,340,376,979.61	-
Wuhan Yujin Central South Fuxiao City 108 Project	2017.11	2022.03	4,073,897,000.00	2,665,324,488.42	2,265,948,117.59	-
Hefei Shengnan Real Estate Zhongnan Yuefu Project	2019.02	2021.11	2,600,000,000.00	2,309,351,533.51	1,926,713,665.00	-
Linyi Jinqin Zhongnan Lushangyuefu Project	2018.01	2022.09	4,436,804,000.00	2,294,752,410.73	2,143,828,931.47	-
Yancheng Zhongnan Century City Real Estate Project	2010.09	2021.06	22,190,525,837.73	2,268,071,533.82	3,377,015,119.91	-
Danyang Zhongnan Junyue Xiyue Project	2018.12	2022.12	4,184,678,300.00	2,185,186,741.96	1,753,525,376.69	-
Hangzhou Jinwang Junao Times Project	2017.04	2020.10	2,600,000,000.00	2,137,226,369.15	1,963,291,477.00	-
Hangzhou Yujin Ziyue House Project	2017.01	2020.01	2,788,630,000.00	2,122,848,313.21	1,872,070,359.97	-
Hebei Gu'an Zhongnan Xiyue Project	2017.05	2021.03	3,977,732,600.00	2,093,304,997.24	1,886,027,439.68	-
Suzhou Junxi Spring Breeze South Bank Project	2019.05	2021.09	2,951,970,212.33	1,986,892,734.52	-	-
Tianjin Fuhai Zhongnan Junyue Project	2016.09	2020.07	3,028,996,000.00	1,859,574,003.23	1,635,560,582.09	-
Linyue Jinyue Real Estate Linyue Project	2019.11	2022.08	3,449,220,000.00	1,852,313,137.79	-	-
Chengdu Zhongnan Junjin Begonia Project	2017.09	2019.12	2,200,000,000.00	1,823,700,764.43	1,572,851,903.43	-
Yunnan Shengrong Wujiaba Project	2018.07	2021.06	3,536,583,300.00	1,823,172,127.74	1,518,569,790.62	-
Qingdao Zhongnan City West Coast Manyue Bay Project	2017.11	2021.08	2,122,515,545.54	1,787,531,143.98	1,499,047,163.45	-
Xi'an Zhishengda Zhongnan Shangyuecheng Project	2018.07	2021.07	4,956,216,151.08	1,777,472,810.21	-	-
Guizhou Jinsheng Spring Breeze South Bank Project	2019.10	2022.11	3,964,460,000.00	1,769,290,779.83	-	-
Zhenjiang New Jincheng Project	2011.04	2020.12	5,673,250,600.00	1,746,803,270.59	1,928,062,529.06	-
Haimen Xinjinxin Xiyue Project	2017.05	2020.05	2,961,237,200.00	1,712,424,896.86	1,276,765,094.74	-
Ningbo Fenghua Jingchen Zhongnan Yuefu Project	2019.08	2021.10	2,863,035,500.00	1,648,354,626.74	-	-
Haimen Century City Project	2006.09	2020.12	6,025,462,561.00	1,599,321,828.05	1,525,606,480.32	-
Suzhou Yucheng Wujiang Ziyunji Project	2019.03	2020.12	2,300,000,000.00	1,558,161,527.15	704,092,524.09	-
Xi'an Chixiang Real Estate Chunxiji Project	2017.12	2020.12	2,576,560,000.00	1,547,528,796.73	735,758,843.63	-
Guizhou Jinrong Central South Linyue Complex Project	2019.04	2021.05	2,867,807,666.79	1,530,550,513.52	1,220,057,768.46	-
Taixing Zhongnan Century City Project	2013.11	2021.06	6,242,820,000.00	1,530,538,911.55	1,903,633,933.35	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Work started	Expected completion	Expected total investment	2019.12.31	2018.12.31	Provision for decline in value at year end
Wenzhou Jinyu Property Nanhu A09 Lot	2019.05	2021.09	2,040,100,000.00	1,505,783,318.11	-	-
Nantong Jinyi Zhongnan Xiyue Project	2017.03	2020.11	2,863,522,892.79	1,498,978,767.83	1,713,925,867.46	-
Nanjing Yujincheng Tixiangman Project	2016.08	2020.06	1,699,300,000.00	1,487,027,458.09	6,111,538.09	-
Zhangjiagang Jinxi Yuefu Project	2017.10	2020.03	1,777,546,500.00	1,386,926,723.90	1,224,737,432.64	-
Quanzhou Junhong Manyue Bay Project	2018.08	2020.10	1,813,000,000.00	1,360,614,762.21	1,105,079,166.23	-
Jining Jinhong Longyue Project	2018.10	2020.12	2,101,950,000.00	1,340,875,020.30	1,012,292,020.76	-
Guangxi Jinxin Baiye Zhongnan Ziyunji Project	2019.01	2021.06	2,959,740,230.26	1,308,170,759.26	957,880,498.81	-
Chongqing Jinteng Zhongnan Jiuchen Project	2018.07	2020.06	3,700,000,000.00	1,299,389,968.34	1,803,084,608.04	-
Xi'an Laiheng Zhongnan Junqi Project	2019.11	2022.12	4,941,250,000.00	1,291,377,343.40	-	-
Hangzhou Jinyi Real Estate Zhongnan Manyue Bay Project	2017.10	2020.04	1,587,890,000.00	1,290,194,419.32	1,121,902,268.09	-
Hangzhou Jinyu Jiuqiao International Trade City Project	2020.03	2022.05	4,460,567,967.25	1,266,055,115.06	-	-
Shenyang Lejia Zhongnan Xiyue, Zhongnan Jiuxi Villa Project	2018.05	2020.09	1,900,000,000.00	1,253,106,302.95	1,130,113,543.36	-
Xi'an Weixiang Real Estate Ziyunji Project	2018.04	2020.04	1,950,000,000.00	1,246,644,580.77	882,704,396.97	-
Changshu Zhongnan Century City Project	2007.12	2022.12	6,424,631,413.04	1,240,326,441.06	1,238,186,083.99	-
Kunshan Jincheng Project	2016.01	2021.09	3,469,122,849.52	1,151,853,843.21	1,173,121,580.79	-
Qingdao Zhongnan Century City Project	2011.09	2022.12	5,296,118,555.52	1,147,067,731.22	1,589,168,965.02	-
Saddle Zhongnan Xiyue Project	2017.08	2020.05	2,028,680,000.00	1,089,794,106.43	1,275,127,683.26	-
Xiamen Junhao Zhongnan Jiujiantai Project	2019.06	2021.11	1,448,770,000.00	1,073,844,014.98	-	-
Nanjing New Jincheng Century Yayuan Project	2014.09	2020.06	5,000,000,000.00	1,072,229,904.87	2,036,726,106.28	-
Guangrao Real Estate Century City Project	2012.11	2022.08	2,644,920,000.00	1,070,389,672.98	740,966,221.24	-
Other projects	--	--	212,116,323,126.82	50,689,339,749.72	49,257,174,741.44	219,755,806.67
Total	--	--	420,533,048,488.89	146,357,412,478.36	118,978,859,858.93	219,755,806.67

(5) Developed products

Item	Date of completion	2019.01.01	Increase	Decrease	2019.12.31	Provision for decline in value at year end
Nantong CBD project	2019.08	885,278,226.52	655,222,281.54	656,130,022.59	884,370,485.47	-
Yingkou Zhongnan Century City Project	2014.01	713,933,382.04	-	-	713,933,382.04	51,379,182.04
Jinle Jiatue Yuefu and Hongyuefu projects	2019.12	-	2,355,881,306.29	1,713,984,945.34	641,896,360.95	-
Guangrao Jinshi Xiyue Project	2019.12	-	364,968,350.86	-	364,968,350.86	-
Zhenjiang New Jincheng Project	2016.06	360,598,407.11	735,247,936.68	733,712,541.51	362,133,802.28	-
Danzhou Central South West Coast Project	2019.12	16,137,687.49	734,373,835.01	432,083,259.76	318,428,262.74	-

Item	Date of completion	2019.01.01	Increase	Decrease	2019.12.31	Provision for decline in value at year end
Yancheng Zhongnan Century City Real Estate project	2019.12	948,650,438.22	2,527,637,870.28	3,171,000,031.02	305,288,277.48	-
Nanjing Century City Jinyuan Project	2019.03	170,334,674.51	590,275,378.55	512,824,231.20	247,785,821.86	-
Qingdao Gulf New City Project	2016.05	244,854,545.72	-	2,046,167.68	242,808,378.04	24,391,778.04
Nanjing Yucheng Cotton Pond Project	2019.06	-	278,794,127.63	49,262,110.88	229,532,016.75	-
Wenchang Zhongnansen Bay Project	2017.12	43,756,833.02	345,880,598.43	170,952,605.76	218,684,825.69	-
Tangshan Bay Future Coastal Project	2019.08	-	849,874,682.11	642,141,305.80	207,733,376.31	-
Shouguang Real Estate Project	2015.09	185,005,706.25	-	-	185,005,706.25	15,432,106.25
Nanjing New Jincheng Century Yayuan Project	2018.09	91,909.96	1,197,203,005.84	1,015,538,384.42	181,756,531.38	-
Nanjing Xianlin Magic Moonlight Project	2019.02	2,209.79	1,279,238,515.01	1,104,503,749.91	174,736,974.89	-
Xiye Long Island Xinye Yuefu Project	2019.12	-	257,007,625.50	107,968,422.55	149,039,202.95	-
Nanjing Shanjinhu City Project	2019.11	-	926,538,504.48	787,507,635.83	139,030,868.65	-
Taixing Zhongnan Century City Project	2019.09	-	1,569,802,269.80	1,441,609,229.02	128,193,040.78	-
Nanchong Jinye Manyue Bay Project	2019.12	176,529,357.67	1,460,497,673.98	1,513,054,528.35	123,972,503.30	-
Other projects	2019.12	-	1,245,753,748.02	1,125,256,177.01	120,497,571.01	-
	--	3,815,408,799.05	26,392,196,366.37	27,910,514,426.07	2,297,090,739.35	25,927,025.17
Total	--	7,560,582,177.35	43,766,394,076.38	43,090,089,774.70	8,236,886,479.03	117,130,091.50

(6) Construction contract –completed but not yet billed

Item	2019.12.31
Cumulative cost incurred	62,491,304,365.02
Cumulative gross margin recognised	6,287,045,254.91
Less: Expected losses	391,014.14
Less: Amount being billed	58,791,989,296.13
Carrying amount of Construction contract – completed but not yet billed	9,985,969,309.66

10. Non-current assets due within one year

Item	2019.12.31	2018.12.31
Long-term receivables due within one year	-	10,000,000.00
Debts investment due within one year	50,000,000.00	-
Total	50,000,000.00	10,000,000.00

11. Other current assets

Item	2019.12.31	2018.12.31
Bank financial products	-	1,165,100,265.85
Prepaid enterprise income tax	1,383,354,398.29	932,179,525.35
Prepaid other taxes	2,494,769,497.94	2,588,592,260.54
Deductible VAT input	6,787,149,042.94	4,874,794,904.67
Other	181,491,379.17	-
Total	10,846,764,318.34	9,560,666,956.41

Note: At year end, other is mainly temporary deposit of equity incentive exercise funds in China Securities Depository and Clearing Co., Ltd.

12. Debts investment

Item	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Subordinated asset-backed securities	50,000,000.00	-	50,000,000.00	—	—	—
Sub-total	50,000,000.00	-	50,000,000.00	—	—	—
Less: Debts investment due within one year	50,000,000.00	-	50,000,000.00	—	—	—
Total	-	-	-	—	—	—

Note: On 29 December 2015, the Company and Huaxin Securities Co., Ltd. (hereinafter referred to as "Huaxin Securities") signed the "Huaxin-Zhongnan Construction Property Asset Support Special Plan Support Securities Subscription Agreement and Risk Disclosure Letter", which agreed that Huaxin Securities sold subordinated asset-backed securities to the Company for an amount of RMB 50 million. The subordinated asset-backed securities is referred to as "Zhongnan Jianci", with securities code of "116095.SZ", and the expected maturity date is 30 December 2020. The subordinated asset-backed securities cannot be tradable and there is no active market.

13. Available-for-sale financial assets

Item	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
CCB 1A1 Bond	—	—	—	172,000,000.00	-	172,000,000.00
Subordinated asset-backed securities	—	—	—	50,000,000.00	-	50,000,000.00
Available-for-sale equity instruments	—	—	—	327,100,000.00	-	327,100,000.00
Including: Measured at cost	—	—	—	327,100,000.00	-	327,100,000.00
Total	—	—	—	549,100,000.00	-	549,100,000.00

14. Long-term receivables

(1) Long-term receivables by nature

Item	2019.12.31.			2018.12.31			Range of discount rate
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Guarantee deposits for finance leases	2,500,000.00	-	2,500,000.00	12,500,000.00	-	12,500,000.00	--
PPP projects	13,102,203,611.41	-	13,102,203,611.41	6,505,609,043.20	-	6,505,609,043.20	--
Less: Unrecognized financing income	-	-	-	-	-	-	--
Sub-total	13,104,703,611.41	-	13,104,703,611.41	6,518,109,043.20	-	6,518,109,043.20	--
Less: Long-term receivables due within one year	-	-	-	10,000,000.00	-	10,000,000.00	--
Total	13,104,703,611.41	-	13,104,703,611.41	6,508,109,043.20	-	6,508,109,043.20	--

Note: The guarantee deposits of finance leases is being the guarantee deposits of finance leases by sale and lease back transactions entered between the Company and Anhui Zhengqi Financial Leasing Co., Ltd. The finance lease contract period is from 13 February 2018 to 15 February 2021.

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

(2) Information of provision for bad debts

Category	2019.12.31				2018.12.31			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Ratio (%)	Amount	Expected credit loss rate (%)	Amount	Ratio (%)	Amount	Expected credit loss rate (%)
Assessed by portfolio for provision for bad debts								
Including:								
Long-term receivables not past due	13,104,703,611.41	100.00	-	-	13,104,703,611.41	100.00	-	-
Overdue long-term receivables	-	-	-	-	-	-	-	-
Total	13,104,703,611.41	100.00	-	-	13,104,703,611.41	100.00	-	6,508,109,043.20

15. Long-term equity investment

Investee	2019.01.01	Movement in the year						Provision for impairment at year end		
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit		Provision for impairment	Other
① Joint Ventures										
Shanghai Pingqi Industrial Co., Ltd.	419,244.50	-	-	10,846,196.36	-	-	-	-	-	11,265,440.86
Taichang Zhongnan Yayuan Real Estate Development Co., Ltd.	121,751,842.16	-	-	8,066,596.55	-	-	-	-	-	129,818,438.71

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							2019.12.31	Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment		
Nantong Wanpeng Real Estate Co., Ltd.	-	16,000,000.00	-	-4,798,183.59	-	-	-	-	11,201,816.41	-
Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	57,764,028.44	-	-	142,264.50	-	-	-	-	57,906,292.94	-
Changshu Zhicheng Real Estate Development Co., Ltd.	16,879,918.32	-	-	7,826,427.29	-	-	-	-	24,706,345.61	-
Changshu Gongzhu Real Estate Co., Ltd.	14,490,450.38	-	-	20,334,395.33	-	-	-	-	34,824,845.71	-
Zhangjiagang Contemporary Qinghe Real Estate Co., Ltd.	13,023,653.78	-	491,177.80	-6,193,016.92	-	-	-	-	6,339,459.06	-
Nantong Jinlong Real Estate Co., Ltd.	1,967,281.31	-	-	17,101,796.72	-	-	-	-	19,069,078.03	-
Zhenjiang Yirun Zhongnan Real Estate Company	18,047,831.61	-	-	-2,346,588.56	-	-	-	-	15,701,243.05	-
Zhangjiagang Jinyu Land Co., Ltd.	28,944,883.30	-	-	819,655.77	-	-	-	-	29,764,539.07	-
Haimen Jinbang Real Estate Co., Ltd.	605,106,863.40	-	-	-2,851,866.94	-	-	-	-	602,254,996.46	-
Nantong Jinzhou Real Estate Co., Ltd.	3,278,259.31	-	-	-3,278,259.31	-	-	-	-	-	-
Lianyungang Huaxi Real Estate Co., Ltd.	12,223,225.77	-	-	-1,934,678.56	-	-	-	-	10,288,547.21	-
Hangzhou Hui Eye Investment Management Co., Ltd.	8,323,917.56	-	-	-8,198,346.46	-	-	-	-	125,571.10	-
Nantong Seal Real Estate Co., Ltd.	8,145,309.10	-	-	-1,908,485.72	-	-	-	-	6,236,823.38	-
Suzhou Zhongruijia General Property Co., Ltd.	17,115,266.71	-	-	-6,745,347.24	-	-	-	-	10,369,919.47	-
Nantong Zhuoyu Real Estate Development Co., Ltd.	-	11,252,500.00	-	-8,784,649.87	-	-	-	-	2,467,850.13	-
Foshan Yuchen Real Estate	7,590,800.82	-	-	-7,590,800.82	-	-	-	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Development Co., Ltd.									
Changshu Nanbi Real Estate Development Co., Ltd.	48,815,349.45	-	-	-6,976,992.62	-	-	-	-	41,838,356.83
Taichang Xinheng Real Estate Development Co., Ltd.	20,660,888.10	-	-	9,128,987.81	-	-	-	-	29,789,875.91
Zhenjiang Yifa Real Estate Development Co., Ltd.	11,534,637.98	-	-	-2,671,861.60	-	-	-	-	8,862,776.38
Nantong Tongzhou Shuangheng Real Estate Co., Ltd.	49,831,365.79	-	-	-3,279,853.53	-	-	-	-	46,551,512.26
Nantong Tenglong Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Nantong Jinde Real Estate Co., Ltd.	461,170,468.54	-	-	-10,030,704.80	-	-	-	-	451,139,763.74
Nantong Jinhui Real Estate Co., Ltd.	474,221,761.14	-	-	-8,433,250.40	-	-	-	-	465,788,510.74
Nantong Jintuo Real Estate Co., Ltd.	10,425,125.40	-	-	-10,424,997.96	-	-	-	-	127.44
Nantong Junzhi Real Estate Co., Ltd.	237,832,752.80	-	-	-525,029.06	-	-	-	-	237,307,723.74
Taichang Huisheng Real Estate Development Co., Ltd.	36,531,574.47	-	-	-1,446,823.24	-	-	-	-	35,084,751.23
Suzhou Biying Real Estate Development Co., Ltd.	41,722,125.20	-	-	10,958,541.83	-	-	-	-	52,680,667.03
Suqian Zhongnan New World Real Estate Development Co., Ltd.	19,842,561.20	-	-	-7,119,191.40	-	-	-	-	12,723,369.80
Zhenjiang Hengrun Real Estate Development Co., Ltd.	-	13,650,000.00	-	-1,519,794.79	-	-	-	-	12,130,205.21
Yancheng Jinbi Real Estate Development Co., Ltd.	-	6,600,000.00	-	-5,713,354.63	-	-	-	-	886,645.37

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Haimen Jinteng Real Estate Co., Ltd.	-	37,500,000.00	-	-143,537.81	-	-	-	-	37,356,462.19
Rudong Gangda Real Estate Co., Ltd.	-	24,500,000.00	-	-699,106.56	-	-	-	-	23,800,893.44
Rudong Gangrui Real Estate Co., Ltd.	-	24,500,000.00	-	-2,032,163.59	-	-	-	-	22,467,836.41
Rugao Jinrui Real Estate Co., Ltd.	-	80,000,000.00	-	-2,325,528.38	-	-	-	-	77,674,471.62
Haimen Haikang Property Co., Ltd.	-	50,000,000.00	-	-72,003.70	-	-	-	-	49,927,996.30
Haimen Haicheng Real Estate Co., Ltd.	-	400,000,000.00	-	-860,368.58	-	-	-	-	399,139,631.42
Nantong Jinyue Real Estate Co., Ltd.	-	20,000,000.00	-	-4,094,425.29	-	-	-	-	15,905,574.71
Nantong Huapu Real Estate Co., Ltd.	-	8,000,000.00	-	-2,365,420.18	-	-	-	-	5,634,579.82
Pingjia (Shenzhen) Investment Co., Ltd.	-	144,000,000.00	-	-856.24	-	-	-	-	143,999,143.76
Pingxi (Shenzhen) Investment Co., Ltd.	-	144,000,000.00	-	-815.13	-	-	-	-	143,999,184.87
Huasheng Real Estate Development (Shenzhen) Co., Ltd.	-	551,376,300.00	-	-3,065.66	-	-	-	-	551,373,234.34
Chengdu Century Zhongnan Real Estate Development Co., Ltd.	27,576,997.70	-	-	10,205,491.81	-	-	-	-	37,782,489.51
Suzhou Kaiping Real Estate Development Co., Ltd.	241,796,927.44	-	-	80,742,856.36	-	-	-	-	322,539,783.80
Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	23,074,095.63	-	-	-2,048,706.78	-	-	-	-	21,025,388.85
Shanghai Zhongnan Puyue Real Estate Co., Ltd.	56,226,864.15	-	-	-56,409,281.61	-	182,417.46	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Nanjing State-owned New City Yijin Real Estate Investment Co., Ltd.	42,125,926.47	-	-	8,382,629.22	-	-	-	-	50,508,555.69
Shanghai Juexu Real Estate Co., Ltd.	-	-	-	7,484,518.18	-	-	-	-	7,484,518.18
Zoucheng Jinshan Real Estate Co., Ltd.	9,328,262.84	-	-	-3,527,188.40	-	-	-	-	5,801,074.44
Jining Zhongnan Intelligent Property Co., Ltd.	83,682,711.96	-	52,000,000.00	-3,683,953.31	-	-	-	-	27,998,758.65
Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	5,146,457.81	-	-	-5,146,457.81	-	-	-	-	-
Shenyang Jinchen Enterprise Management Co., Ltd.	46,296,673.04	-	-	-3,086,215.50	-	-	-	-	43,210,457.54
Binzhou Biguiyuan Real Estate Development Co., Ltd.	5,963,363.48	-	-	-5,963,363.48	-	-	-	-	-
Pingdu Zhongnan Jinchen Real Estate Co., Ltd.	480,576.60	-	630.42	-16,116.56	-	-	-	-	463,829.62
Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	36,564.18	-	-	68,208,170.68	-	-	-	-	68,244,734.86
Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	-	28,000,000.00	-	57,594,289.18	-	-	-	-	85,594,289.18
Yantai Jinchen Real Estate Development Co., Ltd.	81,100,710.16	-	-	-4,190,187.49	-	-	-	-	76,910,522.67
Linyi Jintuo Real Estate Development Co., Ltd.	11,816,954.65	-	11,704,650.70	-112,303.95	-	-	-	-	-
Zibo Jincheng Real Estate Development Co., Ltd.	3,890,435.13	-	-	-3,672,971.26	-	-	-	-	217,463.87
Fushun Shenghuabang Real Estate Development Co., Ltd.	-	21,799,268.14	-	-2,433,147.50	-	-	-	-	19,366,120.64

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Shenyang Metro Yurui Project Management Co., Ltd.	-	22,400,000.00	-	-	-	-	-	-	22,400,000.00
Haining Hongxiang Jinyu Real Estate Co., Ltd.	-	200,000,000.00	-	-2,121,897.10	-	-	-	-	197,878,102.90
Tianjin Junyou Real Estate Information Consulting Co., Ltd.	-	165,000.00	-	-165,000.00	-	-	-	-	-
Tianjin Xinbi Real Estate Development Co., Ltd.	1,598,978.09	-	282,416.70	-1,316,561.39	-	-	-	-	-
Changshan Guanghe Real Estate Co., Ltd.	210,568,727.77	10,490,000.00	203,322,000.00	-4,141,665.12	-	-	-	-13,595,062.65	-
Xuzhou Jinxi Real Estate Development Co., Ltd.	-	18,000,000.00	-	13,158,416.96	-	-	-	-	31,158,416.96
Xuzhou Jinchuan Real Estate Development Co., Ltd.	263,919,707.20	-	-	-4,078,071.49	-	-	-	-	259,841,635.71
Hualian Hejin Real Estate Co., Ltd.	-	6,800,000.00	-	-1,951,759.00	-	-	-	-	4,848,241.00
Huaian Yucheng Real Estate Development Co., Ltd.	-	6,400,000.00	-	-2,260,554.60	-	-	-	-	4,139,445.40
Huaian Yihong Real Estate Development Co., Ltd.	7,784,156.64	-	386,598.94	1,985,618.73	-	-	-	-	9,383,176.43
Zhuji Jinghui Real Estate Co., Ltd.	7,957,498.36	-	253,485.83	69,778,669.89	-	-	-	-	77,482,682.42
Zhuji Jingshi Real Estate Co., Ltd.	11,532,364.51	-	1,033,409.16	-2,429,581.39	-	-	-	-	8,069,373.96
Ningbo Shimao Yueying Real Estate Co., Ltd.	308,081,543.65	-	5,966,657.05	-9,748,691.14	-	-	-	-	292,366,195.46
Yuyao Glory Real Estate Co., Ltd.	7,522,233.46	-	-	-3,243,312.64	-	-	-	-	4,278,920.82
Ningbo Biguiyuan Real Estate Development Co., Ltd. Hangzhou Bay New Area	-	-	-	-	-	-	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Cixi Hengkun Real Estate Co., Ltd.	1,258,894.94	-	-	-1,258,894.94	-	-	-	-	-
Taizhou Zhuoxin Real Estate Development Co., Ltd.	-	9,000,000.00	-	-9,000,000.00	-	-	-	-	-
Taizhou Jinglun Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Cixi Xingkun Real Estate Co., Ltd.	130,267,251.71	-	-	-6,779,565.03	-	-	-	123,487,686.68	-
Shaoxing Huizhong Real Estate Development Co., Ltd.	64,956.98	93,000.00	-	-77,383.56	-	-	-	80,573.42	-
Shaoxing Longyue Real Estate Development Co., Ltd.	-	507,150,000.00	-	-8,433,952.49	-	-	-	498,716,047.51	-
Zhuji Jingming Real Estate Co., Ltd.	-	20,000,000.00	3,000,000.00	-2,685,084.24	-	-	-	14,314,915.76	-
Shaoxing Jinjia Real Estate Co., Ltd.	9,792,450.85	-	-	-6,352,226.25	-	-	-	3,440,224.60	-
Kaifeng Huida Zhongnan Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Shangqiu Laojiefang Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Xuchang Yuheng Real Estate Development Co., Ltd.	167,730,720.32	-	-	-2,630,472.02	-	-	-	165,100,248.30	-
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	9,088,473.02	-	-	-3,023,351.26	-	-	-	6,065,121.76	-
Jinhua Jinhai Real Estate Co., Ltd.	100,286,897.62	-	-	-11,341,121.95	-	-	-	88,945,775.67	-
Xiangnan Changxia Jincheng Real Estate Development Co., Ltd.	8,566,626.76	-	-	-3,141,767.80	-	-	-	5,424,858.96	-
Weihai Xinghui Real Estate Development Co., Ltd.	-	15,000,000.00	-	-4,439,846.97	-	-	-	10,560,153.03	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Chongqing Fuao Real Estate Development Co., Ltd.	7,983,273.60	-	-	-4,042,965.28	-	-	-	-	3,940,308.32
Chongqing Jinan Shengfang Real Estate Development Co., Ltd.	-	6,000,000.00	-	-522,938.12	-	-	-	-	5,477,061.88
Lishui Jinqiao Real Estate Co., Ltd.	-	27,500,000.00	-	-7,941,998.04	-	-	-	-	19,558,001.96
Lishui Jinxi Real Estate Co., Ltd.	-	3,000,000.00	-	-109,653.99	-	-	-	-	2,890,346.01
Deqing Yujin Real Estate Development Co., Ltd.	-	173,123,725.49	-	-31,638.86	-	-	-	-	173,092,086.63
Suzhou Shemao Real Estate Co., Ltd.	-	117,701,892.00	-	-	-	-	-	-	117,701,892.00
Kunshan Lanxi Real Estate Development Co., Ltd.	19,210,000.00	-	-	-	-	-	-	-	19,210,000.00
Jiaxing Zhuoda Real Estate Development Co., Ltd.	-	8,000,000.00	-	-9,313.56	-	-	-	-	7,990,686.44
Jiaxing Blue City Development and Construction Co., Ltd.	-	26,923,077.00	-	-4,219,108.40	-	-	-	-	22,703,968.60
Nanjing Zhongnan Rongchuang Real Estate Co., Ltd.	113,608,160.27	-	-	-7,955,182.45	-	-	-	-	105,652,977.82
Guoxin Zhongnan City Development Investment Fund Management (Beijing) Co., Ltd.	9,980,649.35	-	-	-3,310.11	-	-	-	-	9,977,339.24
Shandong Zhongnan Rongyue Equity Investment Fund Management Co., Ltd.	-	4,500,000.00	-	-	-	-	-	-	4,500,000.00
Sub-total	4,383,008,472.88	2,763,424,762.63	278,441,026.60	71,649,391.19	-	182,417.46	-	-13,595,062.65	6,926,228,954.91

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year						Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	
2② Associates								
Suzhou Tianchen Real Estate Development Co., Ltd.	12,535,826.72	-	-	15,799,333.23	-	-	-	28,335,159.95
Nantong Hongchuang Real Estate Co., Ltd.	-	-	-	7,057,477.20	-	-	-	7,057,477.20
Xuzhou Xinzhong Real Estate Development Co., Ltd.	190,804,811.32	-	-	-12,430,491.81	-	-	-	178,374,319.51
Nantong Jinli Real Estate Co., Ltd.	777,772.42	-	-	-751,737.87	-	-	-	26,034.55
Nantong Huachang Real Estate Co., Ltd.	18,508,312.14	-	-	-2,589,358.45	-	-	-	15,918,953.69
Zhenjiang Hongfu Real Estate Co., Ltd.	112,481,703.24	-	-	-1,782,953.12	-	-	-	110,698,750.12
Huainan Jiahua Real Estate Development Co., Ltd.	52,040,000.00	-	-	-	-	-	-	52,040,000.00
Changshu Guancheng Hongxiang Real Estate Co., Ltd.	11,817,107.28	31,094,763.35	-	-18,409,725.07	-	-	-	24,502,145.56
Suzhou Changzun Real Estate Co., Ltd.	275,169,127.32	416,064,600.00	-	-6,151,264.64	-	-	-	685,082,462.68
Yangzhou Yicheng Real Estate Co., Ltd.	18,388,243.63	-	-	-18,388,243.63	-	-	-	-
Nantong Huaxi Real Estate Co., Ltd.	110,684.33	-	-	-110,684.33	-	-	-	-
Anhui Lirui Real Estate Development Co., Ltd.	-	980,000,000.00	-	-10,090.16	-	-	-	979,989,909.84
Xian Huitai Real Estate Development Co., Ltd.	-	980,000,000.00	-	-198.32	-	-	-	979,999,801.68
Ningbo Pushi Real Estate Co., Ltd.	27,926,693.78	-	-	-6,003,251.16	-	-	-	21,923,442.62
Haimen Jinrong Real Estate Development Co., Ltd.	-	-	-	34,746,475.37	-	-	-	34,746,475.37

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	-	-	-	330,301,798.13	-	-	-	-	330,301,798.13
Dongtai Jinteng Real Estate Co., Ltd.	-	7,639,461.38	-	778.43	-	-	-	-	7,640,239.81
Nantong Hongyan Real Estate Co., Ltd.	-	-	-	64,998,017.34	-	-	-	-	64,998,017.34
Nantong Biguiyuan New District Real Estate Co., Ltd.	18,488,890.19	-	-	83,831,501.35	-	-	-	-	102,320,391.54
Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	-	-	-	-	-	-	-	-	-
Haimen Jinjia Real Estate Co., Ltd.	-	-	-	70,426,397.19	-	-	-	-	70,426,397.19
Ningbo Qianhu Bailing Pension Investment Co., Ltd.	-	350,000,000.00	-	-	-	-	-	-	350,000,000.00
Shanghai Lizhi Real Estate Development Co., Ltd.	-	-	-	272,646,721.96	-	-	-	-	272,646,721.96
Xian Zhishengda Real Estate Co., Ltd.	204,779,931.08	362,328,112.82	11,739,565.40	-11,729,300.01	-	-	-543,639,178.49	-	-
Jining Jinqin Real Estate Development Co., Ltd.	13,095,058.96	-	2,454,542.40	-4,528,320.56	-	-	-	-	6,112,196.00
Foshan Yaxu Real Estate Development Co., Ltd.	4,747,146.94	159,993,900.00	-	-5,868,990.27	-	-	-	-	158,872,056.67
Pizhou Jindao Real Estate Development Co., Ltd.	19,729,372.11	-	-	-95,033.50	-	-	-	-	19,634,338.61
Pizhou Zhenbao Island Real Estate Co., Ltd.	48,000,349.43	-	-	-6,829,726.20	-	-	-	-	41,170,623.23
Huaian Shihai Real Estate Development Co., Ltd.	6,608,803.47	-	674,396.86	5,352,292.20	-	-	-	-	11,286,698.81
Yuyao Rongheng Real Estate Co., Ltd.	7,569,078.25	-	-	-5,231,165.60	-	-	-	-	2,337,912.65

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Yuyao Zhongmin Real Estate Co., Ltd.	724,697.11	-	-	27,439,007.58	-	-	-	-	28,163,704.69
Cixi Hexiang Real Estate Co., Ltd.	28,949,675.70	-	-	-4,196,029.01	-	-	-	-	24,753,646.69
Ningbo Hedi Investment Management Co., Ltd.	35,187,270.74	-	-	-5,673.95	-	-	-	-	35,181,596.79
Ningbo Shengrui Real Estate Development Co., Ltd.	49,278,749.89	-	2,986,852.94	-2,252,295.41	-	-	-	-	44,039,601.54
Ningbo Shengliang Real Estate Development Co., Ltd.	11,915,819.27	-	455,029.63	-1,073,346.94	-	-	-	-	10,387,442.70
Ruian New City Yihong Real Estate Development Co., Ltd.	87,224,175.46	-	-	-992,859.04	-	-	-	-	86,231,316.42
Taizhou Zhuoshun Real Estate Development Co., Ltd.	-	6,600,000.00	-	-6,600,000.00	-	-	-	-	-
Kunming Zhongyue Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Yunnan Jiaxun Real Estate Development Co., Ltd.	92,217,371.54	-	6,887,262.69	-9,871,739.60	-	-	-	-	75,458,369.25
Jiaxing Jianan Real Estate Co., Ltd.	31,314,078.32	-	-	-6,414,621.22	-	-	-	-	24,899,457.10
Jiaxing Rongkun Real Estate Co., Ltd.	14,186,347.44	-	-	7,541,994.87	-	-	-	-	21,728,342.31
Changshu Zhongzhi Real Estate Co., Ltd.	333,413,096.07	-	-	6,088,527.48	-	-	-	-	339,501,623.55
Changshu Wanzhong City Real Estate Co., Ltd.	340,773,576.96	-	-	52,903,161.70	-	-	270,696,471.26	-	122,980,267.40
Changshu Biguiyuan Real Estate Development Co., Ltd.	39,259,599.42	-	-	5,524,680.66	-	-	-	-	44,784,280.08
Cixi Chonggui Real Estate Development Co., Ltd.	131,335.80	-	-	-131,335.80	-	-	-	-	-
Cixi Jingui Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year							Provision for impairment at year end
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	
Nantong Jinheng Real Estate Co., Ltd.	62,241,739.14	21,000,000.00	-	129,537,282.68	-	-	-	-	212,779,021.82
Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.	-	-	-	167,092,434.20	-	-	75,924,000.00	-	91,168,434.20
Chongqing Xilian Jin Real Estate Development Co., Ltd.	6,021,533.41	-	-	-3,264,199.11	-	-	-	-	2,757,334.30
Chongqing Shouming Real Estate Development Co., Ltd.	7,227,337.10	-	-	43,184,035.98	-	-	-	-	50,411,373.08
Taicang Tongguang Real Estate Development Co., Ltd.	-	224,000,000.00	-	-1,708,668.08	-	-	-	-	222,291,331.92
Nantong Ganghua Real Estate Co., Ltd.	-	21,428,500.00	-	-11,354,073.39	-	-	-	-	10,074,426.61
Zhejiang Ninglv Cultural Industry Development Co., Ltd.	-	8,700,000.00	-	-698,464.79	-	-	-	-	8,001,535.21
Shanghai Greenland Fengrui Real Estate Co., Ltd.	-	-	-	-	-	-	-	-	-
Zhongnan (Shenzhen) Real Estate Development Co., Ltd.	135,343,275.42	-	-	1,610,371.18	-	-	-	-	136,953,646.60
Shanghai Chengtai Information Technology Co., Ltd.	189,806,982.27	-	-	-3,791,690.37	-	-	-	-	186,015,291.90
Chuzhou Zhongnan Yunda Investment Fund Partnership (Limited Partnership)	-	64,700,000.00	-	-8,098.96	-	-	-	-	64,691,901.04
Zhijiu Prefabricated Green Building Innovation Center Nantong Co., Ltd.	1,621,320.28	-	-	53,477.32	-	-	-	-	1,674,797.60
Nantong City Zhongnan Yuzhu Formwork Technology Co., Ltd.	-	18,000,000.00	-	-	-	-	-	-	18,000,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2019.01.01	Movement in the year						Provision for impairment at year end		
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit		Provision for impairment	2019.12.31
Xuzhou Junmao Real Estate Development Co., Ltd.	-	142,862,140.00	-	-2,269,313.42	-	-	-	-	140,592,826.58	-
Sub-total	2,510,416,893.95	3,794,411,477.55	25,197,649.92	1,170,592,822.26	-	-	346,620,471.26	-	6,559,963,894.09	-
Total	6,893,425,366.83	6,557,836,240.18	303,638,676.52	1,242,242,213.45	-	182,417.46	346,620,471.26	-	13,486,192,849.00	-

Note:

① Qingdao Zhongnan New Century Real Estate Co., Ltd., a subsidiary of the Company, sold all its holding of 40.00% equity interests in Linyi Jintuo Real Estate Development Co., Ltd. in current period, and no longer holds any equity in Linyi Jintuo Real Estate Development Co., Ltd.

② Tianjin Jinqi Real Estate Development Co., Ltd., a subsidiary of the Company, sold all its holding of 19.50% equity interests in Tianjin Xinbi Real Estate Development Co., Ltd., and no longer holds any equity in Tianjin Xinbi Real Estate Development Co., Ltd.

③ Changshan Guanghe Real Estate Co., Ltd. was originally a joint venture of the Group, with a 48.41% shareholding. In current period, it acquired 50.00% equity of Changshan Guanghe Real Estate Co., Ltd. from other parties, and obtained the control of Changshan Guanghe Real Estate Co., Ltd. after the acquisition of the 50% equity. It became a subsidiary of the Group and refer to detail in Note VI.1 (1).

④ Xi'an Zhishengda Real Estate Co., Ltd. was originally an associate of the Group, with a 46.96% shareholding. In current period, it acquired 50% equity of Xi'an Zhishengda Real Estate Co., Ltd. from other parties and obtained the control of Xi'an Zhishengda Real Estate Co., Ltd. after the acquisition of the 50% equity. It became a subsidiary of the Group and refer to detail in Note VI.1 (1).

16. Other non-current financial assets

Category	2019.12.31	2018.12.31
Equity instruments investment	473,898,830.00	—

The details of equity instruments investment held by the Group are as follows:

In April 2017, the Company signed a capital subscription agreement with Lianchu Securities Co., Ltd. to subscribe for 87.00 million shares for RMB 287.10 million, and accounted for 3.38% shareholding in the investee and has no significant influence. By the valuation of the equity, the fair value on 31 December 2018 was RMB 313.07 million, and the fair value on 31 December 2019 was RMB 362.38 million.

In October 2016, the Company signed a capital subscription agreement with Guangzhou Meiren Information Technology Co., Ltd. to subscribe for 169,644.29 shares for RMB 40 million, and accounted for 10.53% shareholding in the investee and has no significant influence. By the valuation of the equity, the fair value on 31 December 2018 was RMB 5.39 million, and the fair value on 31 December 2019 was RMB 5.95 million.

In August 2019, Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd., a wholly-owned subsidiary of the Company, signed a capital subscription agreement with Wuxi Huayun Database Technology Services Co., Ltd. to subscribe for newly addition of capital of RMB 741,735, or shareholding ratio of 0.82% of investee, for a consideration of RMB 50 million. In October 2019, by signing a share transfer agreement with investee's shareholder Tianjin Xinlan Network Technology Partnership (Limited Partnership), it directly purchased a 100.00% equity of Tianjin Xinlan Partnership for a consideration of RMB 50 million, and indirectly acquired 0.88% equity of investee. The Company acquired a total of 1.70% of equity in investees by the two transactions, and has no significant influence. By the valuation of the equity, the fair value on 31 December 2019 was RMB 105.57 million.

17. Investment properties

(1) Investment properties measured at fair value

Item	Housing and buildings
I. Balance as at 31/12/2018	4,210,468,897.66
II. Movements during the year	209,011,102.34
Add: Purchase	-
Transfer from inventories	88,900,000.00
Transfer from fixed assets	4,090,000.00
Other increase	9,558,614.34
Less: Disposals	3,030,000.00
Other transfers out	-
Add: Changes in fair value	109,492,488.00
III. Balance as at 31/12/2019	4,419,480,000.00

Note: The investment properties are assessed by the third-party organization with real estate appraisal qualification hired by the Group, and the appraisal conclusion of the appraisal report is taken as the fair.

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

(2) Investment properties pending certificates of ownership

Item	Carrying amount	Reason for certificates are pending
Housing and buildings	920,320,000.00	Application in process

18. Fixed assets

Item	2019.12.31	2018.12.31
Fixed assets	3,266,882,504.35	3,068,894,608.28
Fixed assets disposal	-	-
Total	3,266,882,504.35	3,068,894,608.28

(1) Information of fixed assets

Item	Housing and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Office equipment	Other equipment	Total
I. Book value:							
1.Beginning balance	3,597,228,640.29	362,059,943.84	128,972,656.95	105,400,970.38	56,245,162.14	39,952,923.87	4,289,860,297.47
2. Additions	384,658,595.15	18,586,895.15	13,755,606.41	19,502,775.99	7,961,030.59	26,850,798.84	471,315,702.13
(1) Purchase	5,982,514.10	18,486,137.15	13,755,606.41	18,042,051.81	7,674,758.74	22,590,782.78	86,531,850.99
(2) Transfer from construction in progress	249,128.11	100,758.00	-	1,460,724.18	286,271.85	4,260,016.06	6,356,898.20
(3) Additions by business combination	-	-	-	-	-	-	-
(4) Other increase	378,426,952.94	-	-	-	-	-	378,426,952.94
3. Decrease	29,515,956.59	14,756,483.46	25,188,930.36	4,959,001.47	4,170,265.81	1,458,175.70	80,048,813.39
(1) Disposal or retired	21,518,991.97	14,756,483.46	25,188,930.36	4,959,001.47	4,170,265.81	1,458,175.70	72,051,848.77
(2) Other decrease	7,996,964.62	-	-	-	-	-	7,996,964.62
4.Closing balance	3,952,371,278.85	365,890,355.53	117,539,333.00	119,944,744.90	60,035,926.92	65,345,547.01	4,681,127,186.21
II. Accumulated depreciation							
1.Beginning balance	717,606,110.52	272,102,182.43	117,588,448.72	72,589,503.08	39,477,847.37	1,601,597.07	1,220,965,689.19
2. Additions	173,150,394.59	28,077,455.24	9,863,927.48	12,559,965.42	9,274,375.50	7,863,276.18	240,789,394.41

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Housing and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Office equipment	Other equipment	Total
(1) Provision	173,150,394.59	28,077,455.24	9,863,927.48	12,559,965.42	9,274,375.50	7,863,276.18	240,789,394.41
3. Decrease	9,398,301.54	13,566,047.04	17,630,132.35	3,917,878.40	2,626,402.30	371,640.11	47,510,401.74
(1) Disposal or retired	8,032,858.65	13,566,047.04	17,630,132.35	3,917,878.40	2,626,402.30	371,640.11	46,144,958.85
(2) Other decrease	1,365,442.89	-	-	-	-	-	1,365,442.89
4. Closing balance	881,358,203.57	286,613,590.63	109,822,243.85	81,231,590.10	46,125,820.57	9,093,233.14	1,414,244,681.86
III. Provision for impairment							
1. Beginning balance	-	-	-	-	-	-	-
2. Additions	-	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-	-
(2) Other increase	-	-	-	-	-	-	-
3. Decrease	-	-	-	-	-	-	-
(1) Disposal or retired	-	-	-	-	-	-	-
(2) Other decrease	-	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-	-
IV. Carrying value							
1. Carrying value at year end	3,071,013,075.28	79,276,764.90	7,717,089.15	38,713,154.80	13,910,106.35	56,252,313.87	3,266,882,504.35
2. Carrying value at beginning of year	2,879,622,529.77	89,957,761.41	11,384,208.23	32,811,467.30	16,767,314.77	38,351,326.80	3,068,894,608.28

Note:

- ① Other increase in book value of fixed assets of RMB 378,426,952.94 is transferred from inventories.
- ② Other decrease in book value of fixed assets of RMB 5,297,751.26 is transferred to investment properties.
- ③ Details of pledge of fixed assets at year end refer to Note XII.2 (3).

(2) Information of fixed assets that has not yet completed the property ownership certificate

Item	Carrying amount	Reason for certificates are pending
Housing and buildings	208,940,535.22	Application in process
19. Construction in progress		
Item	2019.12.31	2018.12.31
Construction in progress	12,146,322.42	46,540,513.07

(1) Information of construction in progress

Item	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Suzhou Grace Select Hotel Project	6,018,569.78	-	6,018,569.78	-	-	-
Tongzhou Bay New Area Conference Center	-	-	-	6,113,073.78	-	6,113,073.78
Kunming Railway Station Grace Select Hotel Fine Decoration project	-	-	-	18,068,905.33	-	18,068,905.33
Renovation of Grace Select Hotel (Shanghai International Tourism Resort Pudong Airport)	-	-	-	7,926,196.15	-	7,926,196.15
Nantong Jinshiyuan Hotel Wuzhen Branch Fine Decoration project	-	-	-	5,547,375.77	-	5,547,375.77
Nantong Jinshi Shiyuan Hotel Wuzhen Branch Fine Decoration Project	-	-	-	4,579,325.85	-	4,579,325.85
Sundry constructions	1,495,099.26	-	1,495,099.26	1,053,272.57	-	1,053,272.57

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Net book value	Book balance	Provision for impairment	Net book value
Nantong Kangmin Full Prefabricated Component Co., Ltd. production workshop plant	3,859,678.15	-	3,859,678.15	3,252,363.62	-	3,252,363.62
Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd. Ecological Paradise Item	772,975.23	-	772,975.23	-	-	-
Total	12,146,322.42	-	12,146,322.42	46,540,513.07	-	46,540,513.07

(2) Movement of significant construction in progress

Project name	2019.01.01	Increase	Transfer to fixed assets	Other decrease	Cumulative amount of capitalized interest	Include:		Interest capitalization rate %	2019.12.31
						Capitalized interest in current period			
Suzhou Grace Select Hotel Project	-	6,018,569.78	-	-	-	-	-	-	6,018,569.78
Tongzhou Bay New Area Conference Center	6,113,073.78	-	-	6,113,073.78	-	-	-	-	-
Kunming Railway Station Grace Select Hotel Fine Decoration project	18,068,905.33	70,092.47	727,845.12	17,411,152.68	-	-	-	-	-
Renovation of Grace Select Hotel (Shanghai International Tourism Resort Pudong Airport)	7,926,196.15	8,767,403.60	-	16,693,599.75	-	-	-	-	-
Nantong Jinshiyuan Hotel Wuzhen Branch Fine Decoration project	5,547,375.77	12,948,078.50	47,979.31	18,447,474.96	-	-	-	-	-

Project name	2019.01.01	Increase	Transfer to fixed assets	Other decrease	Cumulative amount of capitalized interest	Include: Capitalized interest in current period	Interest capitalization rate %	2019.12.31
Nantong Jinshi Shiyuan Hotel Wuzhen Branch Fine Decoration Project	4,579,325.85	10,181,972.91	-	14,761,298.76	-	-	-	-
Nantong Kangmin Full Prefabricated Component Co., Ltd. production workshop plant	3,252,363.62	607,314.53	-	-	-	-	-	3,859,678.15
Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd. Ecological Paradise Item	-	772,975.23	-	-	-	-	-	772,975.23
Total	45,487,240.50	39,366,407.02	775,824.43	73,426,599.93	-	-	-	10,651,223.16

Movement of significant construction in progress (Continued) :

Project name	Budget amount	Cumulative construction input in proportion to budget %	Project progress %	Source of fund
Suzhou Grace Select Hotel Project	20,280,000.00	29.68	29.68	Self-financing
Nantong Kangmin Full Prefabricated Component Co., Ltd. production workshop plant	3,932,160.95	98.16	98.16	Self-financing
Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd. Ecological Paradise Item	2,911,540.00	26.55	26.55	Self-financing
Total	27,123,700.95	--	--	--

20. Intangible assets

(1) Information of intangible assets

Item	Land use rights	Software	Patent and trademark right	Sea use right	Franchise	Total
I. Book value						
1.Beginning balance	168,712,714.33	78,557,326.96	256,634.65	406,981,800.00	59,012,296.97	713,520,772.91
2. Additions	-	13,910,187.52	58,500.00	-	86,987,703.03	100,956,390.55
Purchase	-	13,608,176.61	58,500.00	-	86,987,703.03	100,654,379.64
Additions in business combination	-	-	-	-	-	-
Other additions	-	302,010.91	-	-	-	302,010.91
3. Decrease	-	85,844.36	-	-	-	85,844.36
Disposal	-	85,844.36	-	-	-	85,844.36
Other decrease	-	-	-	-	-	-
4.Closing balance	168,712,714.33	92,381,670.12	315,134.65	406,981,800.00	146,000,000.00	814,391,319.10
II. Accumulated amortization						
1.Beginning balance	25,692,158.20	38,885,667.21	175,070.01	46,197,934.05	3,166,666.67	114,117,496.14
2. Additions	4,177,942.69	12,397,318.83	109,354.01	8,799,606.49	7,451,174.26	32,935,396.28
Provision	4,177,942.69	12,397,318.83	109,354.01	8,799,606.49	7,451,174.26	32,935,396.28
3. Decrease	-	85,844.36	-	-	-	85,844.36
Disposal	-	85,844.36	-	-	-	85,844.36
4.Closing balance	29,870,100.89	51,197,141.68	284,424.02	54,997,540.54	10,617,840.93	146,967,048.06
III. Provision for impairment						
1.Beginning balance	-	-	-	-	-	-
2. Additions	-	-	-	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Land use rights	Software	Patent and trademark right	Sea use right	Franchise	Total
3. Decrease	-	-	-	-	-	-
4. Closing balance	-	-	-	-	-	-
IV. Carrying value						
1. Carrying value at year end	138,842,613.44	41,184,528.44	30,710.63	351,984,259.46	135,382,159.07	667,424,271.04
2. Carrying value at beginning of year	143,020,556.13	39,671,659.75	81,564.64	360,783,865.95	55,845,630.30	599,403,276.77

Note: Details of pledge of intangible assets at year end refer to Note XII.2 (3).

21. Goodwill

(1) Book value of goodwill

Investee	2018.12.31	Increase		Decrease		2019.12.31
		By business combination	Others	Disposal	Others	
Haimen Architectural Design Institute Co., Ltd.	4,188,653.58	-	-	-	-	4,188,653.58
Nantong Changle Construction Services Co., Ltd.	1,499,300.89	-	-	-	-	1,499,300.89
Total	5,687,954.47	-	-	-	-	5,687,954.47

(2) Provision for impairment of goodwill

Investee	2018.12.31	Increase		Decrease		2019.12.31
		Provision	Others	Disposal	Others	
Nantong Changle Construction Services Co., Ltd.	1,499,300.89	-	-	-	-	1,499,300.89

Note:

① The goodwill formed in Nantong Changle Construction Services Co., Ltd. has been fully provided for impairment.

② The goodwill formed in Haimen Architectural Design Institute Co., Ltd. is determined on the difference between the carrying amount and the expected recoverable amount. The expected recoverable amount is calculated by the present value of forecasted future cash flows, and the discount rate in calculation of present value is 13%. By the testing of impairment, the closing balance of goodwill does not have any impairment.

22. Long-term deferred expenses

Item	2018.12.31	Increase	Decrease		2019.12.31
			Amortization	Other decrease	
Decoration cost	199,050,610.40	314,312,792.34	95,442,717.62	39,552,322.45	378,368,362.67
Rent	9,738,812.19	27,452,223.84	29,400,207.14	3,671,472.33	4,119,356.56
Temporary facilities and others	138,109,282.97	258,590,140.29	211,634,689.15	1,810,997.99	183,253,736.12
Total	346,898,705.56	600,355,156.47	336,477,613.91	45,034,792.77	565,741,455.35

23. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets and deferred tax liabilities before offsetting

Item	2019.12.31		2018.12.31	
	Deductible or taxable timing differences	Deferred tax assets or liabilities	Deductible or taxable timing differences	Deferred tax assets or liabilities
Deferred tax assets:				
Provision for impairment of assets	1,708,121,345.94	426,973,605.51	1,206,157,509.70	301,522,343.63
Tax losses carry-forward	5,919,830,007.11	1,477,743,655.36	4,372,953,211.09	1,093,238,303.16
Equity incentive	113,330,375.62	28,332,593.91	38,425,186.07	9,606,296.55
Deferred income	65,157,086.16	16,289,271.54	78,392,000.00	19,598,000.00
Unrealized profit by internal transactions	620,555,830.12	155,138,957.53	394,325,737.96	98,581,434.49
Gain or loss on change in fair value of investment properties	121,830,048.44	30,457,512.11	24,606,518.00	6,151,629.50
Sub-total	8,548,824,693.39	2,134,935,595.96	6,114,860,162.82	1,528,698,007.33
Deferred tax liabilities:				
Gain or loss on change in fair value of investment properties	2,303,787,034.40	575,946,758.60	2,073,949,646.09	518,487,411.52
Fair value of financial instruments	7,066,619.00	1,766,654.75	615,182.40	153,795.60
Sub-total	2,310,853,653.40	577,713,413.35	2,074,564,828.49	518,641,207.12

(2) Deductible timing differences and tax losses not recognized as deferred tax assets

Item	2019.12.31	2018.12.31
Deductible temporary difference	102,568,938.09	182,439,711.85
Deductible tax losses	2,857,387,560.19	2,086,268,830.93
Total	2,959,956,498.28	2,268,708,542.78

(3) Expiry of deductible tax losses not recognized as deferred tax assets in subsequent period

Year	2019.12.31	2018.12.31
2019	--	36,960,287.98
2020	211,167,887.82	141,894,688.44
2021	478,755,222.78	460,475,603.93
2022	879,012,622.97	815,639,495.49
2023	569,321,469.46	549,494,219.75
2024	557,836,123.89	--
Unexpired	161,294,233.27	81,804,535.34
Total	2,857,387,560.19	2,086,268,830.93

24. Other non-current assets

Item	2019.12.31	2018.12.31
Other	-	43,342,136.62

25. Short-term loans

Item	2019.12.31	2018.12.31
Pledged loans	3,062,742,446.00	2,165,700,000.00
Mortgaged loans	6,054,205,422.23	4,705,250,000.00
Guaranteed loans	1,898,521,880.56	1,232,933,531.37
Credit loans	938,614,148.71	2,050,524,579.50
Entrusted loans	-	140,000,000.00
Factoring loans	1,128,218,052.13	392,483,906.90
Total	13,082,301,949.63	10,686,892,017.77

Note:

(1) The Group has no past due short-term loans in the current period.

(2) The Group has obtained factoring loan RMB 1,128,218,052.13 by conducting the outstanding commercial acceptance bills and accounts receivable.

(3) Details of pledge and security of short-term loans refer to Note XII.2. (3).

(4) Details of guarantee of short-term loans refer to Note X.5. (3).

26. Notes payable

Category	2019.12.31	2018.12.31
Commercial acceptance bills	3,464,293,864.02	3,283,600,000.00
Bank acceptance bills	7,534,972,059.33	5,882,292,973.88
Total	10,999,265,923.35	9,165,892,973.88

27. Accounts payable

Item	2019.12.31	2018.12.31
Construction payables	23,314,345,431.07	15,637,888,657.67
Other services	476,774,098.94	366,992,988.36
Total	23,791,119,530.01	16,004,881,646.03

Including significant accounts payable aging over 1 year

Item	Closing balance	Reason of unpaid
Company 1	73,749,111.52	Settlement process not performed
Company 2	59,832,428.34	Settlement process not performed
Company 3	45,947,809.25	Settlement process not performed
Company 4	26,309,874.24	Settlement process not performed
Company 5	23,963,138.67	Settlement process not performed
Total	229,802,362.02	--

28. Advances from customers

Item	2019.12.31	2018.12.31
Housing money	119,524,949,926.42	107,639,004,982.03
Construction money	644,692,081.07	449,912,173.98
Construction contract – billed but not yet completed	3,152,470,031.93	2,005,525,548.94
Other	37,123,993.06	25,793,295.98
Total	123,359,236,032.48	110,120,236,000.93

(1) Construction contract – billed but not yet completed

Item	Closing balance
Amounts being billed and settled	28,188,503,024.89
Less: Cumulative costs incurred	22,433,049,647.81
Cumulative gross margin recognized	2,602,983,345.15
Add: Expected losses	-
Billed but not yet completed	3,152,470,031.93

(2) Receipts of pre-sale housing included in advances from customers

Item	2019.12.31	2018.12.31	Expected completion	Pre-sale %
Linyi Yuefu	4,184,792,896.00	2,841,628,178.00	2022.07	98.19
Yancheng Zhongnan Century City	3,556,754,141.78	5,875,203,688.84	2022.06	92.34
Zhongnan Junyue Fu	3,375,659,332.29	3,218,625,393.68	2020.07	97.92
Qingdao Zhongnan Century City	2,938,520,511.29	3,976,570,268.48	2021.12	90.90

Item	2019.12.31	2018.12.31	Expected completion	Pre-sale %
Zhongyue Garden	2,903,542,359.00	477,338,860.00	2021.04	68.80
108 Project of Fuxiao City, Zhongnan, Wuhan	2,864,597,823.00	1,199,907,723.80	2021.12	83.96
Xi'an Zhongnan Chunxiji	2,853,119,149.00	2,308,734,088.00	2021.01	93.14
Ziyue Fu	2,740,671,368.00	2,779,107,103.00	2020.01	98.65
Guangxi Zhongnan Ziyunji	2,641,268,542.00	-	2021.06	95.08
Xiyue and Lanyue	2,591,718,300.21	838,765,114.50	2021.01	82.87
West Coast Man Yue Bay	2,587,529,098.00	1,823,885,978.00	2021.05	88.93
Xiyue Development Zone	2,505,580,556.00	3,206,305,740.87	2020.10	99.17
Junao Times project	2,483,977,628.00	1,935,143,815.00	2020.03	98.13
Zhongnan Qingyue	2,449,826,677.00	724,003,308.88	2021.06	93.65
Zhongnan Jincheng	2,426,940,919.00	2,632,532,294.73	2021.09	92.08
Haimen Xiyue	2,419,284,020.00	2,230,759,014.00	2020.12	87.62
Xi'an Central South Purple Clouds	2,418,813,094.00	2,370,719,120.00	2021.01	97.10
Zhenjiang Zhongnan Jinyuan/Yujincheng	2,348,086,040.53	3,152,428,865.53	2020.09	97.20
Ziyuhua Garden	2,305,986,196.00	-	2021.09	91.01
Haimen Shangyuecheng	2,260,187,394.00	2,183,337,773.00	2020.01	97.90
Other	64,668,093,881.32	63,864,008,653.72	--	--
Total	119,524,949,926.42	107,639,004,982.03	--	--

29. Employee benefits payable

Item	2018.12.31	Increase	Decrease	2019.12.31
Short-term employee benefits	673,091,390.59	6,823,377,747.85	6,256,461,361.74	1,240,007,776.70
Post-employment benefits - defined contribution plans	291,366.44	238,145,962.88	238,302,488.97	134,840.35
Termination benefits	-	3,095,507.59	3,095,507.59	-
Total	673,382,757.03	7,064,619,218.32	6,497,859,358.30	1,240,142,617.05

(1) Short-term employee benefits

Item	2018.12.31	Increase	Decrease	2019.12.31
Salaries, bonus, and allowances	637,115,823.67	6,432,125,801.66	5,864,748,572.41	1,204,493,052.92
Staff welfare	-	116,622,297.64	116,547,051.52	75,246.12

Item	2018.12.31	Increase	Decrease	2019.12.31
Social insurances	571,049.95	153,726,532.73	154,239,697.27	57,885.41
Including: Medical insurance	550,632.85	124,562,561.67	125,063,766.47	49,428.05
Work injury insurance	9,044.64	18,755,245.10	18,760,575.44	3,714.30
Maternity insurance	11,372.46	10,408,725.96	10,415,355.36	4,743.06
Housing Fund	69,858.82	116,090,121.31	116,076,654.86	83,325.27
Union funds and employee education	35,334,658.15	4,812,994.51	4,849,385.68	35,298,266.98
Total	673,091,390.59	6,823,377,747.85	6,256,461,361.74	1,240,007,776.70

(2) Defined contribution plans

Item	2018.12.31	Increase	Decrease	2019.12.31
Post-employment benefits	291,366.44	238,145,962.88	238,302,488.97	134,840.35
Include: 1. Basic pension insurance	280,839.72	231,314,730.73	231,463,916.12	131,654.33
2. Unemployment insurance	10,526.72	6,831,232.15	6,838,572.85	3,186.02
Total	291,366.44	238,145,962.88	238,302,488.97	134,840.35

(3) Termination benefits

Item	2018.12.31	Increase	Decrease	2019.12.31
Termination benefits and compensation payable within one year	-	3,095,507.59	3,095,507.59	-
Including: Compensation for termination of labor relationship	-	3,095,507.59	3,095,507.59	-

30. Taxes payable

Taxes	2019.12.31	2018.12.31
Enterprise income tax	2,040,712,425.78	1,769,129,646.37
Value-added tax	1,546,405,117.46	681,903,329.17
Personal income tax	65,771,826.54	37,479,477.44
Land appreciation tax	785,210,415.44	385,043,276.18
Property tax	21,897,173.94	18,093,788.25
Land use tax	15,117,970.55	14,297,394.74
Urban maintenance and construction tax	39,142,980.45	22,127,743.98
Education surcharge	17,024,762.71	9,498,710.49
Local education surcharge	11,602,992.49	7,393,214.89
Stamp duty	2,138,848.57	2,904,443.26

Taxes	2019.12.31	2018.12.31
Deed duty	1,196,954.86	2,117,331.53
Other taxes	29,549,799.87	27,284,978.46
Total	4,575,771,268.66	2,977,273,334.76

31. Other payables

Item	2019.12.31	2018.12.31
Interest payable	-	446,215,105.09
Dividend payable	3,886,630.96	211,969.52
Other payables	26,830,242,827.50	16,557,419,397.74
Total	26,834,129,458.46	17,003,846,472.35

(1) Interest payable

Item	2019.12.31	2018.12.31
Bonds interest payable	-	149,580,568.15
Loans interest payable	-	296,634,536.94
Total	-	446,215,105.09

Note:

According to the Ministry of Finance "Notice on Amending and Printing the Format of General Enterprise Financial Statements for 2019" Caihui [2019] No. 6, "Interest payable" only reflects the interest of relevant financial instrument has due but not yet paid on the balance sheet date. The interest on financial instruments accrued based on the effective interest rate method should be included in the book balance of the corresponding financial instrument. At year end, for payment of principle and interest of long-term loans and bonds payable that are due on maturity, the interest accrued according to the effective interest rate method is included in "Long-term loans" and "Bonds payable"; for payment of principle and interest of long-term loans and bonds payable by installments, the interest accrued according to the effective interest rate method is calculated together with the principal, and the portion will be due within one year is reclassified to "non-current liabilities due within one year" according to its liquidity, the amount is RMB 635,193,648.72; The interest accrued on short-term loans before the payment due date is included in "Short-term loans", and the amount is RMB 18,944,648.07. At year end, the Group had no interest due but had not yet paid on the balance sheet date.

(2) Dividend payable

Item	2019.12.31	2018.12.31
Common shares dividend	3,886,630.96	211,969.52

(3) Other payables

Item	2019.12.31	2018.12.31
Current accounts	23,592,885,765.62	13,988,425,115.01
Guarantee deposits and other deposits	1,767,025,308.80	1,527,628,002.69
Collection and payment for other parties	1,204,488,513.16	985,712,107.16
Other	265,843,239.92	55,654,172.88
Total	26,830,242,827.50	16,557,419,397.74

Including significant other payables aging over 1 year:

Item	Amount	Reason of unpaid
Company 1	653,592,809.24	Settlement process not performed
Company 2	444,644,998.67	Settlement process not performed
Company 3	428,020,000.00	Settlement process not performed
Company 4	425,006,607.66	Settlement process not performed
Company 5	362,683,007.90	Settlement process not performed
Total	2,313,947,423.47	--

32. Non-current liabilities due within one year

Item	2019.12.31	2018.12.31
Long-term loans due within one year	8,670,416,636.72	5,975,900,000.00
Bonds payables due within one year	2,316,863,012.00	890,000,000.00
Long-term payables due within one year	145,159,679.45	460,690,600.61
Total	11,132,439,328.17	7,326,590,600.61

(1) Long-term loans due within one year

Item	2019.12.31	2018.12.31
Pledged loans	7,225,486,347.81	820,000,000.00
Mortgaged loans	921,735,888.91	4,450,900,000.00
Guaranteed loans	523,194,400.00	705,000,000.00
Total	8,670,416,636.72	5,975,900,000.00

Note:

① Details of pledge and mortgage refer to Note XII .2 (3).

② Details of guarantee of long-term loans refer to Note X .5. (3).

(2) Bonds payable due within one year

Bond	2019.12.31	2018.12.31
15 Zhongnan Construction MTN001	776,803,278.69	-
15 Zhongnan Construction MTN002	1,205,389,344.26	-
16 Zhongnan 01	70,683,012.50	-
16 Zhongnan 02	35,508,833.44	-
16 Zhongjian 01	-	890,000,000.00
17 Zhongnan 01	3,483,606.56	-
17 Zhongnan 02	180,032.79	-
18CFZR0126	66,164,383.56	-
18 Zhongnan Construction MTN001	53,638,356.16	-
19 Zhongnan Construction ABN001 preferential	24,167,104.25	-
19 Zhongnan 02	47,154,739.73	-
Project Ingenuity II	14,030,046.08	-
16 Zhongzhu 01	11,539,726.03	-
19 Zhongnan 03	8,120,547.95	-
Total	2,316,863,012.00	890,000,000.00

(3) Long-term payables due within one year

Item	2019.12.31	2018.12.31
Finance lease payables	145,159,679.45	460,690,600.61

Note: Details of finance lease payables refer to Note V.36.

33. Other current liabilities

Item	2019.12.31	2018.12.31
VAT output pending for transfer	1,402,261,230.12	1,157,927,825.51

34. Long-term loans

Item	2019.12.31	2018.12.31
Pledged loans	11,406,433,465.51	6,016,640,000.00
Mortgaged loans	30,487,009,103.01	28,091,317,700.00
Guaranteed loans	2,783,235,888.91	1,995,000,000.00
Sub-total	44,676,678,457.43	36,102,957,700.00

Less: Long-term loans due within one year	8,670,416,636.72	5,975,900,000.00
Total	36,006,261,820.71	30,127,057,700.00

Note:

(1) Details of guarantee of long-term loans refer to Note X .5. (3).

(2) Details of pledge and mortgage of long-term loans refer to Note XII .2 (3).

35. Bonds payable

Item	2019.12.31	2018.12.31
Non-public placement of debt financing instrument	135,444,422.62	2,163,158,614.58
Corporate debentures by public issuance to qualified investors	6,757,383,058.87	7,637,919,967.95
Senior unsecured fixed rate USD Bond	3,463,300,404.70	-
Total	10,356,127,886.19	9,801,078,582.53

(1) Movement of bonds payable

Bond	Face value	Issuance date	Debenture period	Issued amount
15 Zhongnan Construction MTN001	1,150,000,000.00	2015/6/26	3+2 years	1,150,000,000.00
15 Zhongnan Construction MTN002	2,260,000,000.00	2015/8/28	3+2 years	2,260,000,000.00
16 Zhongnan 01	964,315,600.00	2016/1/22	3+2 years	964,315,600.00
16 Zhongnan 02	1,133,952,800.00	2016/7/27	3+1+1 years	1,133,952,800.00
17 Zhongnan 01	1,000,000,000.00	2017/12/14	3+2 years	1,000,000,000.00
17 Zhongnan 02	289,000,000.00	2017/12/28	2+2 years	289,000,000.00
18CFZR0126	1,000,000,000.00	2018/2/12	3 years	1,000,000,000.00
18 Zhongnan Construction MTN001	1,000,000,000.00	2018/4/24	3+N years	1,000,000,000.00
19 Zhongnan Construction ABN001preferential	2,000,000,000.00	2019/1/11	2 years	2,000,000,000.00
19 Zhongnan 02	1,180,000,000.00	2019/6/27	2+2 years	1,180,000,000.00
Project Ingenuity II	2,441,670,000.00	2019/6/18	2+1 years	2,438,080,745.10
Project Ingenuity II	348,810,000.00	2019/6/25	2+1 years	351,291,637.81
Project Ingenuity II	697,620,000.00	2019/7/16	2+1 years	707,008,802.50
16 Zhongzhu 01	1,000,000,000.00	2019/11/7	3 years	1,000,000,000.00
19 Zhongnan 03	1,000,000,000.00	2019/11/22	2+2 years	1,000,000,000.00
Subtotal	17,465,368,400.00	--	--	17,473,649,585.41

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Bonds payable (Continued)							
Bond	Beginning balance	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repaid in the year	Other movements	Closing balance
15 Zhongnan Construction MTN001	612,500,000.00	-	44,303,278.69	-	-	120,000,000.00	776,803,278.69
15 Zhongnan Construction MTN002	1,162,500,000.00	-	57,889,344.26	-	-	-15,000,000.00	1,205,389,344.26
16 Zhongnan 01	643,628,578.53	-	70,683,012.50	271,421.47	35,684,400.00	356,100,000.00	1,034,998,612.50
16 Zhongnan 02	1,198,008,500.42	-	35,508,833.44	1,991,499.58	66,047,200.00	-	1,169,461,633.44
16 Zhongnan 03	698,831,786.79	-	-	1,168,213.21	700,000,000.00	-	-
16 Zhongjian 01	890,000,000.00	-	-	-	910,000,000.00	20,000,000.00	-
17 Zhongnan 01	918,954,040.15	-	3,483,606.56	3,045,498.65	-	10,000,000.00	935,483,145.36
17 Zhongnan 02	410,373,276.41	-	180,032.79	22,526,723.59	211,000,000.00	-156,900,000.00	65,180,032.79
18 Zhongnan Construction PPN001	239,028,702.22	-	-	971,297.78	300,000,000.00	60,000,000.00	-
18CFZR0126	998,058,839.36	-	66,164,383.56	470,262.31	-	-	1,064,693,485.23
18 Zhongnan Construction MTN001	697,249,289.51	-	53,638,356.16	1,168,661.09	-	-150,000,000.00	602,056,306.76
18 Zhongnan 01	1,225,298,125.57	-	-	3,701,874.43	2,000,000,000.00	771,000,000.00	-
19 Zhongnan Construction ABN001 preferential	-	2,000,000,000.00	24,167,104.25	-4,658,642.44	-	-206,000,000.00	1,813,508,461.81
19 Zhongnan 02	-	1,180,000,000.00	47,154,739.73	-3,555,577.38	-	-1,041,000,000.00	182,599,162.35
Project Ingenuity II	-	3,488,100,000.00	14,030,046.08	-24,799,595.30	-	-	3,477,330,450.78
16 Zhongzhu 01	996,647,443.57	997,533,000.00	11,539,726.03	3,352,556.43	997,533,000.00	-997,533,000.00	14,006,726.03
19 Zhongnan 03	-	1,000,000,000.00	8,120,547.95	-6,640,289.76	-	-670,000,000.00	331,480,258.19

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Bond	Beginning balance	Issued in the year	Interest accrual on face value	Amortization of discount or premium	Repaid in the year	Other movements	Closing balance
Sub-total	10,691,078,582.53	8,665,633,000.00	436,863,012.00	-986,096.34	5,220,264,600.00	-1,899,333,000.00	12,672,990,898.19
Less: Bonds payable due within one year	890,000,000.00	--	--	--	--	--	2,316,863,012.00
Total	9,801,078,582.53	--	--	--	--	--	10,356,127,886.19

(1) On 28 May 2015, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhui [2015]MTN No.224), the registration of the Company's medium-term note is being accepted. The registered amount is RMB 3.60 billion with effective for 2 years since the date of acceptance notice. The Company issued 2015 Phase 1 medium-term note on 26 June 2015, the note was named "15 Zhongnan Construction MTN001" and the total issuance was RMB 1.20 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was 6.99%. On 11 June 2018, the Company exercise the option to restate the coupon interest rate to 7.50% with effective from 26 June 2018. Phase 2 medium-term note was issued on 28 August 2015, the note was named "15 Zhongnan Construction MTN002" and the total issuance was RMB 2.40 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was 7.00%. On 14 August 2018, the Company exercise the option to restate the coupon interest rate to 7.50% with effective from 28 August 2018.

(2) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond by public issuance on 22 January 2016, the bond was named "16 Zhongnan 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 6.50%. On 21 December 2018, the Company exercise the option to restate the coupon interest rate to 7.80% with effective from 22 January 2019. Phase 2 bond was issued on 27 July 2016, the note was named "16 Zhongnan 02" and the total issuance was RMB 1.20 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the note) and the coupon interest rate was 6.00%. On 1 July 2019, the Company exercise the option to restate the coupon interest rate to 7.30% with effective from 27 July 2019 (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third and forth year after issuance of the note).

(3) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 14 December 2017, the bond was named "17 Zhongnan 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 7.50%.

(4) On 30 December 2015, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2015] No.3169), the application of the Company's public issuance to qualified investors for corporate bonds not more than RMB 4.80 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 2 bond on 28 December 2017, the bond was named "17 Zhongnan 02" and the total issuance was RMB 0.5 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond) and the coupon interest rate was 7.20%. On 2 December 2019, the Company exercise the option to restate the coupon interest rate to 7.60% with effective from 28 December 2019.

(5) On 29 December 2017, by the approval of Beijing Asset Exchange (Creditor's Rights Financing Plan [2017] No.0526), the registration of the Company's non-public placement of debt financing instrument is

being accepted. The registered amount is RMB 1 billion with effective for 2 years since the date of acceptance notice. The Company issued the Phase 1 bond by non-public issuance on 12 February 2018, the bond was named "18CFZR0126" and the total issuance was RMB 1 billion with a term of 3 years and the coupon interest rate was 7.5%.

(6) On 25 April 2016, by the approval of National Association of Financial Market Institutional Investors (Zhongshi Xiezhuan [2016]MTN No.225), the registration of the Company's medium-term note is being accepted. The registered amount is RMB 2.0 billion with effective for 2 years since the date of acceptance notice. The Company issued 2018 Phase 1 medium-term note on 24 April 2018, the note was named "18 Zhongnan Construction MTN001" and the total issuance was RMB 1 billion with a term of 3+N years (no fixed maturity date and the initial period of future redemption is three years later) and the coupon interest rate was 7.80%.

(7) On 6 August 2018, by the approval of the National Association of Financial Market Institutional Investors (Zhongshi Xiezhuan [2018] ABN53), the Company registration of asset-backed note is being accepted. The registered amount is RMB 2.2 billion with effective for 2 years since the date of acceptance notice. The Company issued asset-backed notes on 10 January 2019, the note was named "19 Zhongnan Construction ABN001 Priority" and the total issuance was RMB 2 billion with a term of 2 years, and the coupon interest rate was 7.50%. Also, the Company hold "19 Zhongnan Construction ABN001 Priority" amounted to 0.2 billion with a term of 2 years, and without interest.

(8) On 29 June 2018, the Company applied to issue of corporate bond by non-public issuance for not more than RMB 4.492 billion (inclusive of RMB 4.0 billion) and this was approved by Shenzhen Stock Exchange (Shenzhenhang[2018] No. 367). The Company issued the Phase 2 bond by non-public issuance on 27 June 2019, the bond was named "19 Zhongnan 02" and the total issuance was RMB 1.18 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the first and the second year end after issuance of the bond) and the coupon interest rate was 7.80%.

(9) On 21 March 2019, the Company applied for the registration of overseas SPV to issue bonds not exceeding USD 500 million (equivalent) in the National Development and Reform Commission of the People's Republic of China (Development and Reform Office Foreign Investment Reserve [2019] No. 229). The Company's overseas SPVs issued USD bonds of 350 million, 50 million and 100 million on 18 June 2019, 25 June 2019 and 16 July 2019, respectively. The bond was named "Project Ingenuity II" with total issuance amount of USD 500 million for a term of 3 years (investor has option to sell at the end of second year) and with coupon interest rate of 10.875%.

(10) On 12 August 2016, by the approval of China Securities Regulatory Commission (Zhengjian Xuke [2016] No.1830), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 1.70 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 7 November 2016, the bond was named "16 Zhongnan 01" and the total issuance was RMB 1.0 billion with a term of 5 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of third year after issuance of the bond) and the coupon interest rate was 6.48%. On 10 October 2019, the Company exercised the option to sell back the bonds. After the issuer's final confirmation, the number of bonds cancelled in the current period was zero, the amount of cancellation of the amount was RMB Nil, and the repurchase bonds were resold with starting and ending dates of 7 November 2019 and 6 November 2021 respectively. Total amount of bonds circulating in the market is RMB 100,000,000.00, and the coupon interest rate is adjusted from 6.48% to 7.80%.

(11) On 16 September 2019, by the approval of China Securities Regulatory Commission (Zhengjian

Xuke [2019] No.1717), the application of the Company to issue corporate bonds by public issuance to qualified investors for not more than RMB 2.70 billion is being accepted, and the registered amount is effective for 2 years since the date of approval. The Company issued the Phase 1 bond on 22 November 2019, the bond was named "19 Zhongnan 03" and the total issuance was RMB 1.0 billion with a term of 4 years (issuer has option to inflate coupon interest rate and investor has option to sell at the end of second year after issuance of the bond) and the coupon interest rate was 7.60%.

(12) Other movements are resulted from the purchase or transfer of bonds within the Group.

36. Long-term payables

Item	2019.12.31	2018.12.31
Long-term payables	105,131,028.12	270,618,077.88
Specific payables	157,700,000.00	131,420,000.00
Total	262,831,028.12	402,038,077.88

(1) Long-term payables

Item	2019.12.31	2018.12.31
Finance lease obligations	43,226,069.68	378,851,309.19
Less: Unrecognized finance charges	2,479,766.10	9,614,906.91
Sub-total	40,746,303.58	369,236,402.28
Property assets securitization	119,544,403.99	272,072,276.21
PPP Project	90,000,000.00	90,000,000.00
Less: Long-term payables due within one year	145,159,679.45	460,690,600.61
Total	105,131,028.12	270,618,077.88

Note:

① The Company and Anhui Xingtai Financial Leasing Co., Ltd. signed a sale and lease back financial leasing contract. The leased property is Clamp and Tube Scaffold. The lease period is total 36 months. The total amount of rent payable is RMB 53,865,638.89, and the handling fee is RMB 0.00. The rent is paid in 12 installments. The contract stipulates that when the lease period expires, the leased property can be purchased for RMB 1000. At year end, the amount of recognized long-term payables – finance lease obligation is RMB 14,062,675.00 and the unrecognized finance lease charge is RMB 624,858.68. The closing balance of long-term payables is RMB 13,437,816.32, including an amount of RMB 10,456,634.32 as long-term payables due within one year.

② The Company and GF Financial Leasing (Guangdong) Co., Ltd. signed a sale and lease back financial leasing contract. The leased property is Building No. 2, Phase II, Zhongnan Construction Group Headquarters Base. The lease period is total 24 months. The total amount of rent payable is RMB 33,329,593.92, and the handling fee is RMB 600,000.00. The rent is paid in 24 installments. The contract stipulates that when the lease period expires, the leased property can be purchased for RMB 100. At year end, the amount of recognized long-term payables – finance lease obligation is RMB 29,163,394.68 and the unrecognized finance lease charge is RMB 1,854,907.42. The closing balance of long-term payables is RMB 27,308,487.26, including an amount of RMB 15,158,641.14 as long-term

payables due within one year.

③ PPP project funds are the project land funds paid by the government on behalf, which are billed after acceptance of the project.

(2) Specific payables

Item	2018.12.31	Increase	Decrease	2019.12.31	Reason of formation
Central City Pipeline Special Funds	131,420,000.00	26,280,000.00	-	157,700,000.00	Financial allocation

Note: The special fund of the Central City Pipeline Network is based on the Hangzhou Municipal Bureau of Finance, Hangzhou Urban and Rural Construction Committee Hang Caijian [2017] No. 214 "Circular on Budget of Special Capital for Central City Pipe Network issued advance in 2018" was allocated to the special fund to the subsidiary Hangzhou Dajiangdong Zhongnan Chenjin Construction Development Co., Ltd. for the construction of an underground comprehensive pipeline corridor.

37. Deferred income

Item	2018.12.31	Increase	Decrease	2019.12.31	Reason of formation
Government grants	134,915,281.20	33,650,000.00	40,185,705.91	128,379,575.29	Refer to note

Note: Government grants recorded as deferred income refer to Note XIV.2. Government grants.

38. Share capital (Unit:share)

Item	2018.12.31	Movement in the current year					2019.12.31
		Issue of new shares	Bonus shares	Converted from capital reserve	Other	Sub-total	
Total share capital	3,709,788,797.00	-	-	-	47,066,001.00	-	3,756,854,798.00

Note: On 13 August 2018, the Company's twenty-seventh meeting of the seventh Board of Directors and the ninth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Share options to the Incentive Targets of the 2018 Share option Incentive Plan". On 16 August 2019, the Company's fifteenth meeting of the seventh Board of Directors reviewed and approved the "Proposal on the exercise of the first exercise period for the first grant of options for the 2018 share option incentive plan". The vesting conditions for the first vesting period of the first grant of options for the 2018 share option incentives plan have been fulfilled. A total of 60,522,000 share options held by 38 incentive participants were approved to be vested in the first vesting period. As of 31 December 2019, the Company's option incentive participants had totally exercised 47,066,001 units of option, and the Company's total share capital was increased to 3,756,854,798 shares.

39. Capital reserve

Item	2018.12.31	Increase	Decrease	2019.12.31
Capital premium	2,437,485,592.48	279,754,463.68	27,733,983.37	2,689,506,072.79
Other capital reserves	36,463,117.45	131,326,693.67	34,358,180.73	133,431,630.39
Total	2,473,948,709.93	411,081,157.35	62,092,164.10	2,822,937,703.18

Note:

(1) In the current period, the Group increased its capital reserve - capital premium by RMB 279,572,046.22 due to the capital increase by exercise of rights of incentive targets, and reduced the Group's capital reserve - other Capital reserve by RMB 34,358,180.73.

(2) In the current period, due to changes in equity that did not result in lost of control, the Group adjusted and reduced the capital reserve- capital premium by RMB 27,733,983.37.

(3) In the current period, due to changes in equity of joint ventures that did not result in lost of control, the corresponding adjustment increased the capital reserve-capital premium of the Group by RMB 182,417.46.

(4) Due to the implementation of equity incentives in the current period, the Group incurred equity incentive expenses, correspondingly the Group's other capital reserve is increased by RMB 131,326,693.67, after deducting the effect of minority interests.

40. Other comprehensive income

Item	2018.12.31 (1)	Movement in current year				2019.12.31 (3) = (1) + (2)
		Amount before tax	Less: transferred to profit or loss in current year	Less: income tax	Amount attributable to parent company after tax (2)	Amount attributable to minority shareholder s after tax
Translation difference of foreign currency financial statements	28,702,460.10	689,610.23	-	-	482,727.16	206,883.07
Where the fair value exceeds the carrying amount when property for own use or accounted for as inventory is converted to investment property measured at fair value	1,132,865,322.84	-	-	-	-	1,132,865,322.84
Total	1,161,567,782.94	689,610.23	-	-	482,727.16	206,883.07
						1,162,050,510.10

Note: The after tax amount of other comprehensive income after tax is RMB 689,610.23. Among them, the after tax amount of other comprehensive income attributable to shareholders of the parent company is RMB 482,727.16, and the after tax amount of other comprehensive income attributable to minority shareholders is RMB 206,883.07.

41. Surplus reserve

Item	2018.12.31	Increase	Decrease	2019.12.31
Statutory surplus reserve	685,842,754.92	37,518,593.63	-	723,361,348.55

Note: Statutory surplus reserve is appropriated at 10% of net profit.

42. Undistributed profits

Item	Year ended 2019.12.31	Year ended 2018.12.31	Appropriation %
Closing balance of undistributed profits of prior year before adjustment	9,367,185,488.98	7,322,997,712.76	--
Total adjustments of beginning undistributed profits	-73,521,507.13	285,689,051.77	--
Beginning balance of undistributed profits after adjustment	9,293,663,981.85	7,608,686,764.53	--
Add: Net profit attributable to parent company for the current year	4,163,085,623.09	2,193,097,869.05	--
Less: Appropriation of statutory surplus reserve	37,518,593.63	360,403,368.66	10%
Appropriation of common share dividends	445,174,655.64	74,195,775.94	--
Closing balance of undistributed profits	12,974,056,355.67	9,367,185,488.98	--

43. Operating income and operating cost

Item	Year ended 2019.12.31		Year ended 2018.12.31	
	Income	Cost	Income	Cost
Primary operations	71,298,265,147.72	59,503,731,206.57	39,640,161,552.96	32,212,904,413.03
Other operations	532,520,913.36	297,772,424.83	469,964,319.53	51,973,304.61

Note: Segment information by industry and geographical location refers to Note XIV .1.

44. Taxes and surcharges

Item	Year ended 2019.12.31	Year ended 2018.12.31
Land appreciation tax	1,289,305,953.10	955,270,808.94
Business tax	35,317,244.04	85,956,817.09
Urban maintenance and construction tax	163,912,273.95	107,608,766.78
Land use tax	102,236,460.27	70,881,784.49
Property tax	63,434,970.51	60,383,145.91
Education surcharge	73,379,077.80	52,070,086.34

Item	Year ended 2019.12.31	Year ended 2018.12.31
Stamp duty	70,365,140.37	68,384,972.34
Local education surcharge	49,257,717.66	31,480,644.38
River embankment fund	2,665,309.33	1,610,675.38
Other	28,417,876.95	19,975,615.35
Total	1,878,292,023.98	1,453,623,317.00

Note: Standard charge rates of each taxes and surcharges refer to Note IV. Taxation.

45. Selling and distribution expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31
Advertising and promotion expenses	790,164,391.02	641,873,106.26
Salaries and surcharges	431,517,498.41	179,813,310.69
Office expenses	84,587,004.94	33,187,231.25
Depreciation and amortization	66,838,382.62	41,503,954.45
Travelling expenses	14,502,539.68	6,573,324.08
Entertainment expenses	3,932,281.29	4,159,164.69
Repairs expenses	2,386,769.75	2,317,303.91
Other	68,877,880.85	56,968,726.87
Total	1,462,806,748.56	966,396,122.20

46. General and administrative expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31
Salaries and surcharges	1,997,941,579.80	1,388,905,041.70
Office expenses	324,038,353.13	246,035,544.57
Agent and advisory expenses	182,717,427.36	128,782,670.23
Depreciation and amortization	224,381,491.66	182,654,959.06
Travelling expenses	106,374,241.12	104,686,131.58
Entertainment expenses	76,281,624.16	88,946,196.22
Water and electricity	27,854,485.37	26,649,505.10
Transportation expenses	9,485,026.12	19,235,023.22
Repairing expenses	14,597,202.93	12,465,203.39
Advertisement design expenses	30,492,393.70	33,617,201.00
Equity incentive expenses	134,395,883.40	55,465,920.87
Low value consumables amortization	4,837,876.19	17,501,993.88

Item	Year ended 2019.12.31	Year ended 2018.12.31
Conference expenses	14,588,662.73	16,134,107.56
Insurance	1,984,821.28	1,324,502.53
Other	66,263,680.95	68,170,273.68
Total	3,216,234,749.90	2,390,574,274.59

47. Research and development expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31
Research and development expenses	1,283,730.79	-

48. Financial expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31
Interest expenses	6,587,136,428.07	4,863,975,709.22
Less: Interest capitalized	5,873,293,643.89	4,406,963,979.86
Less: Interest income	212,080,549.16	193,026,169.03
Factoring charge on acceptance bills	38,163,914.73	88,658,016.67
Exchange gain or loss	17,881,971.86	-11,844,217.05
Bank charges and others	116,859,842.65	74,827,416.36
Total	674,667,964.26	415,626,776.31

49. Other income

Item	Year ended 2019.12.31	Year ended 2018.12.31	Related to assets or income
Government grants	99,092,094.06	135,535,007.13	Related to assets/income
Return of personal income tax fee	7,860,477.57	2,161,969.70	—
Gain from debt restructuring	856,184.26	-	—
Total	107,808,755.89	137,696,976.83	—

Note: Details for government grants refer to Note XIV.2. Government grants.

50. Investment income

Item	Year ended 2019.12.31	Year ended 2018.12.31
Gain from disposal of long-term equity investment	265,946,184.24	143,086,055.91
Gain from remeasurement of equity at fair value when obtaining control	166,034,936.18	-

Item	Year ended 2019.12.31	Year ended 2018.12.31
Gain from remaining equity remeasured at fair value after loss of control	-	23,778,470.21
Income from long-term equity investment by equity method	1,242,242,213.46	344,131,171.49
Investment income in banking financial products	26,489,377.49	51,240,666.97
Gain from disposal of trading financial assets	1,895,015.91	-14,737,160.15
Dividends	-	31,509,851.73
Investment income from capital occupation fees	389,388,617.93	—
Loss on derecognition of financial assets at amortized cost	-312,668.68	-
Total	2,091,683,676.53	579,009,056.16

51. Gain from changes in fair value

Source of gain from changes in fair value	Year ended 2019.12.31	Year ended 2018.12.31
Trading financial assets	-14,828,276.36	—
Including: Debt instrument investment	6,048,000.00	—
Funds and stock investment	-21,063,370.05	—
Wealthy financial products	187,093.69	—
Financial assets at fair value through profit or loss	—	14,391,639.20
Other non-current financial assets	55,439,934.00	—
Including: Designated as financial assets at fair value through profit or loss	-	—
Investment properties measured at fair value	10,353,665.11	38,853,482.01
Total	50,965,322.75	53,245,121.21

52. Credit impairment loss ("-" for loss)

Item	Year ended 2019.12.31	Year ended 2018.12.31
Bad debts of accounts receivable	-255,346,324.34	—
Bad debts of other receivables	-224,042,374.64	—
Total	-479,388,698.98	—

53. Assets impairment loss ("-" for loss)

Item	Year ended 2019.12.31	Year ended 2018.12.31
Bad debts	—	-135,652,521.05
Decline in value of inventories	-266,729,938.72	-70,546,973.59
Total	-266,729,938.72	-206,199,494.64

54. Gain from disposal of assets

Item	Year ended 2019.12.31	Year ended 2018.12.31
Gain from disposal of fixed assets ("-" for loss)	8,939,574.16	-26,323,422.93
Gain from disposal of intangible assets ("-" for loss)	-	-32,468.47
Total	8,939,574.16	-26,355,891.40

55. Non-operating income

Item	Year ended 2019.12.31	Year ended 2018.12.31	Amount included in non-recurring gain or loss
Penalty and compensation received	41,948,501.20	26,832,434.18	41,948,501.20
Payables unable to pay	-	8,021,092.14	-
Scrap income	320,555.96	570,234.00	320,555.96
Stocktake surplus	345,214.71	4,854.40	345,214.71
Other	8,476,785.09	28,149,567.78	8,476,785.09
Total	51,091,056.96	63,578,182.50	51,091,056.96

56. Non-operating expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31	Amount included in non-recurring gain or loss
Penalty and compensation paid	132,228,178.55	148,760,476.53	132,228,178.55
Donations	59,187,068.95	13,171,117.61	59,187,068.95
Stocktake deficits	1,582,338.98	1,174,502.26	1,582,338.98
Loss on scrapping of non-current assets	694,658.45	91,766.41	694,658.45
Abnormal loss	204,772.63	378,666.70	204,772.63
Other	11,413,051.83	6,490,572.11	11,413,051.83
Total	205,310,069.39	170,067,101.62	205,310,069.39

57. Income tax expenses

(1) Income tax expenses

Item	Year ended 2019.12.31	Year ended 2018.12.31
Current income tax	2,046,861,837.31	1,135,676,951.24
Deferred income tax	-514,371,765.85	-398,293,344.35
Total	1,532,490,071.46	737,383,606.89

(2) Reconciliation between income tax expenses and accounting profits:

Item	Year ended 2019.12.31	Year ended 2018.12.31
Total profit	6,155,056,891.39	3,049,934,513.79
Expected income tax expenses at applicable tax rates (Profit before tax *25%)	1,538,764,222.85	762,483,628.45
Effect of certain subsidiaries apply different tax rates	5,803,176.28	2,586,992.13
Adjustment for income tax in prior year	-4,923,487.76	35,528,008.74
Income from equity method accounting of associates and joint ventures	-310,560,553.35	-88,056,339.47
Income not subject to tax	-12,498,329.67	-7,792,797.13
Cost, expenses and losses not deductible for tax purposes	54,845,455.59	82,879,549.26
Effect of changes in tax rate on the beginning balance of deferred income tax	5,407.64	14,412.47
Utilization of unrecognized tax losses and deductible temporary differences in prior years	-87,396,661.24	-239,906,786.69
Unrecognized deductible losses and deductible temporary differences	362,425,918.65	169,251,963.71
Other	-13,975,077.53	20,394,975.42
Income tax expenses	1,532,490,071.46	737,383,606.89

58. Notes of cash flow statement

(1) Proceeds from other operating activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Current accounts	31,273,002,495.82	6,405,504,787.22
Government grants	100,416,865.72	268,588,184.76
Interest income	212,080,549.16	193,026,169.03
Non-operating income	50,745,842.25	55,552,235.96

Item	Year ended 2019.12.31	Year ended 2018.12.31
Security deposit for quality supervision	680,556,627.38	-
Total	32,316,802,380.33	6,922,671,376.97

(2) Payment for other operating activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Current accounts	22,844,837,812.80	14,377,675,537.95
Administrative expenses	859,515,795.05	746,046,359.08
Selling expenses	964,450,867.53	745,078,857.06
Non-operating expenses	203,033,071.96	168,800,832.95
Bank charges	116,859,842.65	74,827,416.36
Supervision for pre-sale fund	3,401,654,451.83	-
Total	28,390,351,841.82	16,112,429,003.40

(3) Proceeds from other investing activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Net proceeds from acquisition of subsidiaries and other business units	421,390,456.15	-

(4) Payment for other investing activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Net proceeds from disposal of subsidiaries and other business units	-	448,292,382.46

(5) Proceeds from other financing activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Proceeds from security deposit of financing	1,326,141,878.74	1,827,549,628.51
Proceeds from finance leases	10,000,000.00	50,966,764.46
Proceeds from specific payables	26,280,000.00	-
Total	1,362,421,878.74	1,878,516,392.97

(6) Payment for other financing activities

Item	Year ended 2019.12.31	Year ended 2018.12.31
Payment for security deposit of financing	740,633,817.48	5,239,385,727.21

Item	Year ended 2019.12.31	Year ended 2018.12.31
Payments of finance leases	481,017,970.92	553,783,728.28
Payments of bonds issuance handling fees	39,654,104.88	9,365,043.34
Payment for acquisition of minority interests	6,320,133.00	1,070,804,145.71
Total	1,267,626,026.28	6,873,338,644.54

59. Supplement to cash flow statement

(1) Supplement to cash flow statement

Supplement information	Year ended 2019.12.31	Year ended 2018.12.31
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	4,622,566,819.93	2,312,550,906.90
Add: Impairment for assets	266,729,938.72	206,199,494.64
Credit impairment loss	479,388,698.98	-
Depreciation of fixed assets and amortization of investment properties	240,789,394.41	224,344,974.97
Amortization of intangible assets	32,935,396.28	24,715,912.14
Amortization of long-term deferred expenses	336,477,613.91	172,779,043.95
Losses on disposal of fixed assets, intangible assets, and other long-term assets (Gain as in "-")	-8,939,574.16	26,355,891.40
Loss on retirement of fixed assets (Gain as in "-")	694,658.45	91,766.41
Losses on changes in fair value (Gain as in "-")	-50,965,322.75	-53,245,121.21
Financial expenses (Gain as in "-")	769,888,670.77	445,167,512.31
Investment losses (Gain as in "-")	-2,091,683,676.53	-579,009,056.16
Decrease in deferred tax assets (Increase as in "-")	-573,443,972.08	-445,341,852.98
Increase in deferred tax liabilities (Decrease as in "-")	59,072,206.23	43,956,434.22
Decrease in inventories (Increase as in "-")	-29,621,554,542.98	-28,961,866,397.64
Decrease in operating receivables (Increase as in "-")	-7,269,006,646.46	-18,739,556,105.85
Increase in operating payables (Decrease as in "-")	40,869,057,910.21	64,698,968,486.40
Others	134,323,291.43	55,465,920.87
Net cash flows from operating activities	8,196,330,864.36	19,431,577,810.37
II. Significant investment or finance activities not involving cash:		
Debts converted to capital	-	-
Convertible debts mature within one year	-	-
Fixed assets acquired under finance leases	-	-

Supplement information	Year ended 2019.12.31	Year ended 2018.12.31
III. Net increase / (decrease) in cash and cash equivalents:		
Cash as at end of year	16,168,294,277.21	13,311,062,419.82
Less: cash as at beginning of year	13,311,062,419.82	10,575,923,207.98
Add: cash equivalents as at end of year	-	-
Less: cash equivalents as at beginning of year	-	-
Net increase in cash and cash equivalents	2,857,231,857.39	2,735,139,211.84

(2) Net cash paid to acquisition of subsidiaries during the year

Item	Year ended 2019.12.31
Cash or cash equivalents paid for business combination during the year	372,818,112.82
Including: Xi'an Zhishengda Real Estate Co., Ltd.	362,328,112.82
Changshan Guanghe Real Estate Co., Ltd.	10,490,000.00
Less: Cash and cash equivalents held by subsidiaries on acquisition date	794,208,568.97
Including: Xi'an Zhishengda Real Estate Co., Ltd.	647,506,622.05
Changshan Guanghe Real Estate Co., Ltd.	146,701,946.92
Add: Cash or cash equivalents paid in the current period for business combinations that occurred in the previous period	-
Net cash paid to acquisition of subsidiaries	-421,390,456.15

(3) Net cash receipts in disposal of subsidiaries during the year

Item	Year ended 2019.12.31
Cash or cash equivalents received from disposal of subsidiaries during the year	220,570,150.00
Including: Suzhou Zhongnan Centre Investment Construction Co., Ltd.	220,570,150.00
Xinji Zhongnan Puyue Real Estate Development Co., Ltd.	-
Less: Cash and cash equivalents held by subsidiaries on disposal date	6,145,205.50
Including: Suzhou Zhongnan Centre Investment Construction Co., Ltd.	320,149.20
Xinji Zhongnan Puyue Real Estate Development Co., Ltd.	5,825,056.30
Add: Cash or cash equivalents received in the current period for disposal of subsidiaries that occurred in the previous period	-
Net cash received from disposal of subsidiaries	214,424,944.50

(4) Cash and cash equivalents

Item	2019.12.31	2018.12.31
I. Cash	16,168,294,277.21	13,311,062,419.82
Including: Cash on hand	8,773,529.54	1,416,603.67
Cash at bank readily available for payment	15,625,373,628.10	12,795,088,681.75
Other monetary funds readily available for payment	534,147,119.57	514,557,134.40
II. Cash equivalents	-	-
Including: Bond investment due within 3 months	-	-
III. Cash and cash equivalents as at end of year	16,168,294,277.21	13,311,062,419.82

60. Ownership or using rights of assets subject to restriction

Item	Carrying amount at year end (in ten thousand)	Reason of restriction
Cash and bank balances	924,144.24	Security deposit, pledged loans
Receivables	112,821.81	Factoring loans, pledged loans
Long-term receivables	948,591.58	Mortgage loans, pledged loans

Note: Restriction of assets ownership of land use rights, equity, fixed assets and construction in progress of the Company refer to Note XII.1 (3).

61. Items in foreign currencies

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
Cash and bank balances			
Including: Australian dollar (AUD)	2,101,023.17	4.8843	10,262,027.47
USD	216,626,838.62	6.9762	1,511,232,151.58
HKD	10,556.23	0.8958	9,456.27
EUR	166,530.67	7.8155	1,301,520.45
MRO	307,508.67	0.1866	57,381.12
SR	508.00	1.8597	944.73
RM	295,342.47	1.6986	501,668.72
XOF	19,972,418.00	0.0120	239,669.02
IQD	20,377,000.00	0.0059	120,224.30
DZD	87,562,109.21	0.0590	5,166,164.44
Other receivables			
Including: Australian dollar	127,267.82	4.8843	621,614.21

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Closing balance in foreign currency	Conversion rate	Closing balance translated into RMB
(AUD)			
Other payables			
Including: Australian dollar (AUD)	592,553.09	4.8843	2,894,207.06
Short-term loans			
Including: USD	19,330,000.00	6.9762	134,849,946.00
Bonds payable			
Including: USD	496,445,114.06	6.9762	3,463,300,404.70

VI. Changes in the scope of consolidation

1. Business combinations not under common control

(1) Business combination of enterprises not under common control during the year

Acquiree	Timing of obtaining control	Acquisition cost	Acquired ratio (%)	Acquisition method	Acquisition date	Basis of determination of acquisition date	Revenue of acquiree from date of acquisition to year end	Net profit of acquiree from date of acquisition to year end
Xi'an Zhishengda Real Estate Co., Ltd.	November 2019	362,328,112.82	50.00	Acquisition	2019/11/1	Obtained control	-	-7,816,635.24
Changshan Guanghe Real Estate Co., Ltd.	June 2019	10,490,000.00	50.00	Acquisition	2019/6/1	Obtained control	-	-5,427,612.88

Note:

① During the period, a subsidiary of the Company acquired 50% of the equity of Xi'an Zhishengda Real Estate Co., Ltd., the combination cost was RMB 362,328,112.82 in cash, and the acquisition date was 1 November 2019.

② During the period, a subsidiary of the Company acquired 50% equity of Changshan Guanghe Real Estate Co., Ltd., the combination cost was RMB 10,490,000.00 in cash, and the acquisition date was 1 June 2019.

(2) Combination cost and goodwill

Item	Xi'an Zhishengda Real Estate Co., Ltd.	Changshan Guanghe Real Estate Co., Ltd.
Combination costs:		
Cash	362,328,112.82	10,490,000.00
Fair value of non-monetary assets	-	-
Fair value of debt issued or assumed	-	-

Item	Xi'an Zhishengda Real Estate Co., Ltd.	Changshan Guanghe Real Estate Co., Ltd.
Fair value of equity securities issued	-	-
Fair value of contingent consideration	-	-
Fair value of equity held before the purchase date on the purchase date	340,294,646.50	10,156,418.00
Total combination costs	702,622,759.32	20,646,418.00
Less: Fair value share of identifiable net assets obtained	702,622,759.32	20,646,418.00
Amount of combination costs less than share of identifiable net assets obtained	-	-

(3) Identifiable assets and liabilities on acquisition date

Fair value and carrying amount of identifiable assets and liabilities on acquisition date of Xi'an Zhishengda Real Estate Co., Ltd. and Changshan Guanghe Real Estate Co., Ltd. is as follow:

Item	Xi'an Zhishengda Real Estate Co., Ltd.		Changshan Guanghe Real Estate Co., Ltd.	
	Fair value on acquisition date	Carrying amount on acquisition date	Fair value on acquisition date	Carrying amount on acquisition date
Assets:				
Cash and bank balances	647,506,622.05	647,506,622.05	146,701,946.92	146,701,946.92
Inventories	1,923,317,036.16	1,584,762,072.68	918,757,618.86	904,191,712.33
Total of other assets	135,882,028.85	135,882,028.85	28,375,186.63	28,375,186.63
Liabilities:				
Loans	324,000,000.00	324,000,000.00	369,465,217.00	369,465,217.00
Advances from customers	1,498,590,931.00	1,498,590,931.00	325,171,876.00	325,171,876.00
Other payables	107,171,813.12	107,171,813.12	377,533,466.04	377,533,466.04
Total of other liabilities	52,286,717.30	52,286,717.30	684,193.37	684,193.37

Item	Xi'an Zhishengda Real Estate Co., Ltd.			Changshan Guanghe Real Estate Co., Ltd.		
	Fair value on acquisition date	Carrying amount on acquisition date	Fair value on acquisition date	Fair value on acquisition date	Carrying amount on acquisition date	Carrying amount on acquisition date
Net assets	724,656,225.64	386,101,262.16	20,980,000.00	6,414,093.47		
Less: Minority interests	-	-	-	-		
Net assets obtained in combination	724,656,225.64	386,101,262.16	20,980,000.00	6,414,093.47		

Note: Determination method of fair value of the identifiable assets and liabilities of the acquirer on the acquisition date: Reference to the valuation report

(4) Gain or loss on remeasurement at fair value of previous equity held as at acquisition date

Acquiree	Carrying amount of previous shareholding before the acquisition date	Fair value of previous shareholding before the acquisition date	Gain or loss on remeasurement of previous shareholding before acquisition date	Method and key assumption in determination of fair value of previous shareholding before the acquisition date	Amount of other comprehensive income of previous shareholding before acquisition date transferred to investment income
Xi'an Zhishengda Real Estate Co., Ltd.	181,311,065.67	340,294,646.50	158,983,580.83	Reference to the valuation report	-
Changshan Guanghe Real Estate Co., Ltd.	3,105,062.65	10,156,418.00	7,051,355.35	Reference to the valuation report	-

2. Disposal of subsidiaries

Subsidiary from single disposal to loss of control

Subsidiary	Equity disposal proceed	Disposed shareholding %	Share disposal method	Timing of loss of control	Basis in determining timing of loss of control	Difference between Disposal proceed and net asset of disposed subsidiary attributable to consolidated financial statements	Goodwill in consolidated financial statements relating to the disposed subsidiary
Suzhou Zhongnan Centre Investment Construction Co., Ltd.	441,140,300.00	100.00	Sale	2019.12.31	Lose more than half of the voting rights	252,501,134.79	-
Xinji Zhongnan Puyue Real Estate Development Co., Ltd.	-	100.00	Sale	2019.1.1	Lose more than half of the voting rights	72,491.18	-

Continued:

Subsidiary	Remaining equity ratio when losing control	Carrying amount of remaining equity when losing control	Fair value of remaining equity when losing control	Gains or losses remeasured at fair value	Determination methods and assumption of the fair value of remaining equity when losing control	Other comprehensive income related to the original subsidiary's equity investment transferred to investment income
Suzhou Zhongnan Centre Investment Construction Co., Ltd.	-	-	-	-	---	-
Xinji Zhongnan Puyue Real Estate Development Co., Ltd.	-	-	-	-	---	-

3. Other

(1) Entities newly include in the scope of consolidation

In this reporting period, there are 125 subsidiaries newly registered, including Dongtai Jinxi Real Estate Co., Ltd.

(2) The acquisition of shares does not constitute business combinations, resulting in changes in the scope of consolidation as follows:

Name of entity	Name of entity
Weifang Jinqin Real Estate Development Co., Ltd.	Jiangsu Zhongnan Ke Dianyuan Football Club Co., Ltd.
Xi'an Laijia Real Estate Co., Ltd.	Haimen Football Town Sports Industry Development Co., Ltd.
Xi'an Laiding Property Co., Ltd.	Nantong Zhongnanchancheng Development Co., Ltd.
Xi'an Laiheng Real Estate Co., Ltd.	Dongyang Golden Harbor Real Estate Co., Ltd.
Xi'an Nanxing Real Estate Co., Ltd.	Zhenjiang New District Jinjiang Real Estate Development and Management Co., Ltd.
Shandong Putian Real Estate Co., Ltd.	Ningbo Fenghua Jingchen Real Estate Co., Ltd.
Zhongnan Kedianyuan Sports Culture Industry Co., Ltd.	—

(3) Cancellation of subsidiaries

Name of entity	Name of entity
Qingdao Aiju Trading Co., Ltd.	Hangzhou Maojun Investment Management Co., Ltd.
Taiyuan Zhongnan Jinyue Real Estate Co., Ltd.	Zhengzhou Haoren Real Estate Co., Ltd.
Shanxi Zhongnan Junhe Real Estate Co., Ltd.	Zhaoqing Jinshi Real Estate Co., Ltd.
Chengdu Zhongnan Ruichen Real Estate Development Co., Ltd.	Tianjin Jinxin Real Estate Development Co., Ltd.
Chengdu Yunhao Real Estate Development Co., Ltd.	Shanghai Xiyi Real Estate Co., Ltd.
Chengdu Zhongnan Jinye Real Estate Development Co., Ltd.	Shenzhen Zhongnan Panjin Investment Co., Ltd.
Handan Jindong Real Estate Development Co., Ltd.	Kunshan Jinya Real Estate Development Co., Ltd.
Beijing Changdao Xinye Enterprise Management Co., Ltd.	Hangzhou Wuxian Investment Management Co., Ltd.
Shanghai Yunjing Real Estate Development Co., Ltd.	Nanjing Yuxing Real Estate Development Co., Ltd.
Nantong Zhenheng Property Co., Ltd.	Nanjing Yujin Real Estate Development Co., Ltd.
Jiaying Zhongnan Jinrong Real Estate Co., Ltd.	Nanjing Yuping Real Estate Development Co., Ltd.
Nantong Zhenyu Property Co., Ltd.	Jiangsu Jingxiao Construction Engineering Co., Ltd.
Jiaying Jinsheng Real Estate Co., Ltd.	Union Power Construction Engineering Limited
Nantong Zhongnanyunda Investment Fund Partnership (Limited Partnership)	—

VII. Interests in other entities

1. Equity in subsidiaries

(1) Group structure

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Zhongnan Zhenjiang Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Wenchang Zhongnan Real Estate Development Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Real estate development	100.00	-	Set-up by investment
Wenchang City Baosen Development Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Catering services	-	100.00	Set-up by investment
Haisheng Longhu Park (Gu'an) Real Estate Development Co., Ltd.	Langfang, Hebei Province	Langfang, Hebei Province	Real estate development	-	75.00	Set-up by investment
Zhanjiang Jincheng Real Estate Development Co., Ltd.	Zhanjiang, Guangdong Province	Zhanjiang, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Zhanjiang Jinjia Real Estate Development Co., Ltd.	Zhanjiang, Guangdong Province	Zhanjiang, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan Century City Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Haimen Jinxin Building Material Trading Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building materials wholesale and retail	-	100.00	Set-up by investment
Anqing Zhongsheng Real Estate Development Co., Ltd.	Anqing, Anhui Province	Anqing, Anhui Province	Real estate development	-	60.00	Set-up by investment
Yantai Zhongnan Real Estate Development Co., Ltd.	Yantai, Shandong Province	Yantai, Shandong Province	Real estate development	-	100.00	Set-up by investment
Huai'an Zhongnan Century City Real Estate Co., Ltd.	Huai'an, Jiangsu Province	Huai'an, Jiangsu Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Haimen Zhongnan Jinyuan Real Estate Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	40.00	60.00	Set-up by investment
Rugao Zhongnan Century City Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Taicang Zhongnan Century City Real Estate Development Co., Ltd.	Taicang, Jiangsu Province	Taicang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Hong Kong, China	Hong Kong, China	Real estate development	-	100.00	Set-up by investment
Rome Max Investment Limited	Hong Kong, China	Hong Kong, China	Investment management	-	100.00	Set-up by investment
Yantai Jinshang Real Estate Development Co., Ltd.	Yantai, Shandong Province	Yantai, Shandong Province	Real estate development	-	100.00	Set-up by investment combinations not under common control
Yantai Xinguang Real Estate Co., Ltd.	Yantai, Shandong Province	Yantai, Shandong Province	Real estate development	-	95.84	Set-up by investment
Dongtai Zhongnan Jinyue Real Estate Co., Ltd.	Dongtai, Jiangsu Province	Dongtai, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan Investment Development (International) Co., Ltd.	The British Virgin Islands	The British Virgin Islands	Investment management	-	100.00	Set-up by investment
Dongtai Jinxi Real Estate Co., Ltd.	Dongtai, Jiangsu Province	Dongtai, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan Xinjinxin Real Estate Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan Jinguan Real Estate Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	-	66.50	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Zhongnan Construction Blockchain Agricultural Development (Shenzhen) Company (limited partnership)	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Blockchain technology development	32.67	66.33	Set-up by investment
Heilongjiang Great Northern Wilderness Block Chain Digital Agriculture Co., Ltd.	Harbin, Heilongjiang Province	Harbin, Heilongjiang Province	Wholesale	-	80.00	Set-up by investment
Haimen Chaotian Electronic Commerce Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Online trade agent	-	100.00	Set-up by investment
Qingdao Bay New City Real Estate Development Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	100.00	-	Set-up by investment
Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	48.99	51.01	Set-up by investment
Weifang Zhongnan Jinyi Real Estate Development Co., Ltd.	Weifang, Shandong Province	Weifang, Shandong Province	Real estate development	-	100.00	Set-up by investment
Linyi Jinqin Real Estate Development Co., Ltd.	Linyi, Shandong Province	Linyi, Shandong Province	Real estate development	-	52.95	Set-up by investment
Weifang Jinqin Real Estate Development Co., Ltd.	Weifang, Shandong Province	Weifang, Shandong Province	Real estate development	-	100.00	Purchase of assets
Nanjing Changjin Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Zhongnan New World Centre Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Zhongnan Business Management Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Services	-	100.00	Set-up by investment
Shouguang Zhongnan Real Estate Development Co., Ltd.	Shouguang, Shandong Province	Shouguang, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang Zhongnan Xinjincheng Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	41.77	58.23	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	Yancheng, Jiangsu Province	Yancheng, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Tai'an Zhongnan City Investment Co., Ltd.	Tai'an, Shandong Province	Tai'an, Shandong Province	Real estate development	-	100.00	Set-up by investment
Taian Hongjin Property Co., Ltd.	Tai'an, Shandong Province	Tai'an, Shandong Province	Real estate development	-	100.00	Set-up by investment
Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	Tai'an, Shandong Province	Tai'an, Shandong Province	Real estate development	-	90.00	Set-up by investment
Jining Zhongnan Real Estate Co., Ltd.	Jining, Shandong Province	Jining, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zoucheng Zhongxiang Real Estate Co., Ltd.	Shandong Province Zoucheng	Shandong Province Zoucheng	Real estate development	-	51.00	Set-up by investment
Zibo Jinqian Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zibo Jinqian Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	55.00	Set-up by investment
Zibo Jinbi Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	60.00	Set-up by investment
Zibo Jinsheng Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	100.00	Set-up by investment
Jinan Jinhui Real Estate Co., Ltd.	Jinan, Shandong Province	Jinan, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zibo Jinrong Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zibo Jinhui Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	60.00	Set-up by investment
Tai'an Zhongnan Investment Real Estate Co., Ltd.	Tai'an, Shandong Province	Tai'an, Shandong Province	Real estate development	-	100.00	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Hua'an Zhongnan Jincheng Real Estate Co., Ltd.	Huaian, Jiangsu Province	Huaian, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Zhongnan New Bay Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Wanning Zhongnan City Real Estate Development Co., Ltd.	Wanning, Hainan Province	Wanning, Hainan Province	Real estate development	-	100.00	Set-up by investment
Changjiang Zhongnan Real Estate Development Co., Ltd.	Changjiang County, Hainan Province	Changjiang County, Hainan Province	Real estate development	-	100.00	Set-up by investment
Shenzhen Pingqing Investment Management Co., Ltd.	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Foreign investment	-	100.00	Set-up by investment
Danzhou Zhongnan Real Estate Development Co., Ltd.	Danzhou, Hainan Province	Danzhou, Hainan Province	Real estate development	-	100.00	Set-up by investment
Danyang Zhongnan Jinteng Real Estate Development Co., Ltd.	Danyang, Jiangsu Province	Danyang, Jiangsu Province	Real estate development	-	95.98	Set-up by investment
Ma'anshan Zhongnan Yujin Real Estate Development Co., Ltd.	Ma'anshan, Anhui Province	Ma'anshan, Anhui Province	Real estate development	-	94.94	Set-up by investment
Zhenjiang Jinnan Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan Anju Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongding Jiahe Real Estate Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	51.00	Business combinations not under common control
Changshu Hehe Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Danyang Zhongnan Real Estate Development Co., Ltd.	Danyang, Jiangsu Province	Danyang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Rudong Zhongnan Jinchun Real Estate Development Co., Ltd.	Rudong County, Jiangsu Province	Rudong County, Jiangsu Province	Real estate development	-	55.00	Set-up by investment
Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	Jiangsu Province	Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Shenyang Zhongnan Shengfu Real Estate Development Co., Ltd.	Shenyang Province	Shenyang, Liaoning Province	Real estate development	-	100.00	Set-up by investment
Tangshan Bay International Tourism Island Zhongnan Wenlu Real Estate Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Real estate development	-	100.00	Set-up by investment
Tangshan Zhongnan Lavina Characteristic Town Real Estate Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Real estate development	-	100.00	Set-up by investment
Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Set-up by investment
Xi'an Weixiang Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	85.00	Business combinations not under common control
Xi'an Chixiang Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	85.00	Business combinations not under common control
Xi'an Wuxiong Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	80.00	Business combinations not under common control

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Xi'an Chongfeng Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	control Set-up by investment Business combinations not under common control
Xi'an Zhishengda Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	96.96	Set-up by investment Business combinations not under common control
Meixian Zhongnan Jinhua Real Estate Development Co., Ltd.	Baoji, Shaanxi Province	Baoji, Shaanxi Province	Real estate development	-	65.00	Set-up by investment
Xi'an Lajia Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Purchase of assets
Xi'an Laiding Property Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Purchase of assets
Xi'an Laiheng Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Purchase of assets
Xi'an Luchuan Commercial Operation Management Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Business operations management	-	100.00	Set-up by investment
Xi'an Nanxing Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	51.00	Purchase of assets
Qingdao Zhongnan City Real Estate Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	-	98.85	Set-up by investment
Zibo Jinqin Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	91.06	Set-up by investment
Jinan Ruijin Real Estate Co., Ltd.	Jinan, Shandong Province	Jinan, Shandong Province	Real estate development	-	100.00	Set-up by investment
Weifang Zhongnan Century City Real Estate	Weifang, Shandong	Weifang, Shandong	Real estate	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Development Co., Ltd.	Province	Province	development			investment
Yancheng Zhongnan Yayuan Real Estate Development Co., Ltd.	Yancheng, Jiangsu Province	Yancheng, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Yancheng Zhongnan Century Jincheng Real Estate Development Co., Ltd.	Yancheng, Jiangsu Province	Yancheng, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan World Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Yunnan Shengrong Real Estate Development Co., Ltd.	Kunming, Yunnan Province	Kunming, Yunnan Province	Real estate development	-	97.50	Business combinations not under common control
Yunnan Jinlin Real Estate Co., Ltd.	Kunming, Yunnan Province	Kunming, Yunnan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan Jinteng Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan Jinhe Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Renshou Zhongnan Junjin Real Estate Development Co., Ltd.	Meishan, Sichuan Province	Meishan, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan New World Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Yixin Ruixiang Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Tongcan Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management consulting	-	100.00	Set-up by investment
Haimen Jinxintai Real Estate Development Co.,	Haimen, Jiangsu	Haimen, Jiangsu	Real estate	-	51.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Ltd.	Province	Province	development			investment
Ningbo Zhongjing Property Co., Ltd.	Ningbo, Jiangsu Province	Ningbo, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Cixi Zhonglang Property Co., Ltd.	Cixi, Zhejiang Province	Cixi, Zhejiang Province	Real estate development	-	90.00	Set-up by investment
Taizhou Jingrong Real Estate Co., Ltd.	Jiaojiang District, Taizhou	Jiaojiang District, Taizhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Zhongran Real Estate Co., Ltd.	Wenzhou, Zhejiang Province	Wenzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Zhuji Jingli Real Estate Co., Ltd.	Zhuji, Zhejiang Province	Zhuji, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	Cixi, Zhejiang Province	Cixi, Zhejiang Province	Real estate development	-	100.00	Business combinations not under common control
Ningbo Zhongqi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Qianheng Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jingdong Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Dongcheng Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Taizhou Jinghong Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Taizhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Zhonghu Real Estate Co., Ltd.	Ningbo, Zhejiang	Ningbo, Zhejiang	Real estate	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
	Province	Province	development			investment
Ningbo Zhongkun Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Zhongqi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Fenghua Jingchen Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Purchase of assets
Zhuji Jingrun Real Estate Co., Ltd.	Zhuji, Zhejiang Province	Zhuji, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Zhuji Jingheng Real Estate Co., Ltd.	Zhuji, Zhejiang Province	Zhuji, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Zhongke Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jingxi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Zhuji Jingyi Enterprise Management Co., Ltd.	Zhuji, Zhejiang Province	Zhuji, Zhejiang Province	Corporate management consulting	-	75.00	Set-up by investment
Ningbo Jingtai Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinhua Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Shaoxing Jinyang Real Estate Co., Ltd.	Shaoxing, Zhejiang Province	Shaoxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Zhongwei Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Zhongyue Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
	Province	Province	development			investment
Ningbo Hongling Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Huai'an Zhongnan Jinyuan Real Estate Co., Ltd.	Huaian, Jiangsu Province	Huaian, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan Jincheng Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chengdu Zhongnan Jindu Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Rugao Zhongnan Jinxin Real Estate Co., Ltd.	Rugao, Jiangsu Province	Rugao, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhangjiagang Jinxi Land Co., Ltd.	Zhangjiagang, Jiangsu Province	Zhangjiagang, Jiangsu Province	Real estate development	-	97.39	Set-up by investment
Xuzhou Zhongnan Century City Real Estate Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Xuzhou Century Zhuoyuan Real Estate Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Xuzhou Longyue Real Estate Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Xuzhou Jincheng Commercial Management Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Business management services	-	100.00	Set-up by investment
Xuzhou Xingyue Real Estate Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Xuzhou Mingyue Real Estate Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Zhenyue Real Estate Co., Ltd.	Nantong, Jiangsu	Nantong, Jiangsu	Real estate	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
	Province	Province	development			investment
Shanghai Zhouqu Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Business combinations not under common control
Hangzhou Haiyu Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Shaoxing Yinwo Enterprise Management Consulting Co., Ltd.	Shaoxing, Zhejiang Province	Shaoxing, Zhejiang Province	Management consulting	-	68.18	Set-up by investment
Shaoxing Yijing Real Estate Development Co., Ltd.	Shaoxing, Zhejiang Province	Shaoxing, Zhejiang Province	Real estate development	-	66.00	Set-up by investment
Hangzhou Xiangying Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Planning consultation	-	100.00	Set-up by investment
Changshan Guanghe Real Estate Co., Ltd.	Quzhou, Zhejiang Province	Quzhou, Zhejiang Province	Real estate development	-	98.41	Business combinations not under common control
Jiangmen Zhongnan Yuxi Real Estate Co., Ltd.	Jiangmen, Guangdong Province	Jiangmen, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Wuhan Qifengji Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	-	100.00	Set-up by investment
Zhongnan Luzhou (Tangshan) Real Estate Development Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Real estate development	-	60.00	Set-up by investment
Tianjin Zhongnan Enterprise Management Co.,	Tianjin	Tianjin	Sales agency	-	100.00	Set-up by

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Ltd.			services			investment
Hebei Juli Modern City Real Estate Development Co., Ltd.	Baoding, Hebei Province	Baoding, Hebei Province	Real estate development	-	50.00	Set-up by investment
Tianjin Jinnan Real Estate Information Consulting Co., Ltd.	Tianjin	Tianjin	Consulting agent sales	-	100.00	Set-up by investment
Haikou Jinan Property Co., Ltd.	Haikou, Hainan Province	Haikou, Hainan Province	Real estate development	-	100.00	Set-up by investment
Hainan Jinlan Property Co., Ltd.	Haikou, Hainan Province	Haikou, Hainan Province	Real estate development	-	100.00	Set-up by investment
Hainan Jinyuan Property Co., Ltd.	Haikou, Hainan Province	Haikou, Hainan Province	Real estate development	-	100.00	Set-up by investment
Wenchang Zhongnan Jinhong Real Estate Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Real estate development	-	100.00	Set-up by investment
Wenchang Zhongnan Jinxing Real Estate Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Real estate development	-	100.00	Set-up by investment
Wenchang Zhongnan Jinyang Real Estate Co., Ltd.	Wenchang, Hainan Province	Wenchang, Hainan Province	Real estate development	-	100.00	Set-up by investment
Taixing Zhongnan Jinxi Real Estate Co., Ltd.	Taixing, Jiangsu Province	Taixing, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Zhenze Property Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Lixin Jinhan Real Estate Co., Ltd.	Bozhou, Anhui Province	Bozhou, Anhui Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Xiumiao Investment Management Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Investment management	-	100.00	Set-up by investment
Chengdu Zhongnan Jinhong Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Taichang Zhongnan Jincheng Real Estate Development Co., Ltd.	Taichang, Jiangsu Province	Taichang, Jiangsu Province	Real estate development	-	98.87	Set-up by investment
Hangzhou Baimian Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Xuzhou Zhongnan Huayuan Real Estate Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Bengbu Zhongnan Huayuan Real Estate Development Co., Ltd.	Bengbu, Anhui Province	Bengbu, Anhui Province	Real estate development	-	100.00	Set-up by investment
Bengbu Saite Zhongnan Real Estate Development Co., Ltd.	Bengbu, Anhui Province	Bengbu, Anhui Province	Real estate development	-	80.00	Set-up by investment
Shenyang Zhongnan Xiyue Real Estate Development Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Real estate development	-	100.00	Set-up by investment
Xian Changdao Xinye Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	92.71	Set-up by investment Business combinations not under common control
Changshu Zhongnan Jinjin Land Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Shanghai Qizhao Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment
Hefei Shengnan Real Estate Co., Ltd.	Hefei, Anhui Province	Hefei, Anhui Province	Real estate development	-	100.00	Set-up by investment
Shanghai Yunzan Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment
Shanghai Songlu Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Shanghai Singhou Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment
Haining Jinsheng Real Estate Development Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Shanghai Jin Kun Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment
Wuhan Jingandi Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	-	100.00	Set-up by investment
Wuhan Yuantaimai Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	-	100.00	Set-up by investment
Qianjiang Zhongnan Real Estate Development Co., Ltd.	Qianjiang, Hubei Province	Qianjiang, Hubei Province	Real estate development	-	100.00	Set-up by investment
Nanjing Yuting Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang Yu'an Real Estate Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang Yufa Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang Yujin Real Estate Development Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang Yuyuan Real Estate Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nanjing Jinyu Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	-	80.00	Set-up by investment
Zhenjiang Jinqihe Real Estate Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Pengyuan Investment Management Co., Ltd.	Jiande, Zhejiang Province	Jiande, Zhejiang Province	Investment management	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Hangzhou Jinfu Real Estate Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Pushun Investment Management Co., Ltd.	Jiande, Zhejiang Province	Jiande, Zhejiang Province	Investment management	-	100.00	Set-up by investment
Suzhou Jinyu Land Co., Ltd.	Jiangsu Province Suzhou	Jiangsu Province Suzhou	Real estate development	-	100.00	Set-up by investment
Suzhou Yucheng Real Estate Development Co., Ltd.	Wujiang District, Suzhou	Wujiang District, Suzhou	Real estate development	-	100.00	Set-up by investment
Wuxi Zhongnan Jinhe Land Co., Ltd.	Wuxi, Jiangsu Province	Wuxi, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhengzhou Bangze Real Estate Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	Real estate development	-	100.00	Set-up by investment
Shenzhen Zhongnan Yanxi Investment Co., Ltd.	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Investment and establishment of industry	-	100.00	Set-up by investment
Huizhou Zhongnan Jinde Real Estate Co., Ltd.	Huizhou, Guangdong Province	Huizhou, Guangdong Province	Real estate development	-	85.00	Set-up by investment
Huizhou Jinyu Jialin Real Estate Co., Ltd.	Huizhou, Guangdong Province	Huizhou, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd.	Huizhou, Guangdong Province	Huizhou, Guangdong Province	Real estate development	-	90.00	Business combinations not under common control
Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd.	Meizhou, Guangdong Province	Meizhou, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Shenzhen Zhongnan Jinde Investment Co., Ltd.	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Investment and establishment of	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
			industry			
Shenyang Zhongnan Enterprise Management Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Business management	-	100.00	Set-up by investment
Shenyang Zhongnan Hengyu Real Estate Development Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Real estate development	-	100.00	Set-up by investment
Dalian Zhongnan Real Estate Development Co., Ltd.	Dalian, Liaoning Province	Dalian, Liaoning Province	Real estate development	-	100.00	Set-up by investment
Shenyang Zhongnan Ruiheng Real Estate Development Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Real estate development	-	100.00	Set-up by investment
Qingdao Zhongnan New Century Real Estate Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	-	100.00	Set-up by investment
Jinling Jinhong Real Estate Development Co., Ltd.	Jining, Shandong Province	Jining, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zibo Jinhua Real Estate Development Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	90.00	Set-up by investment
Weihai Xingguang Real Estate Development Co., Ltd.	Weihai, Shandong Province	Weihai, Shandong Province	Real estate development	-	100.00	Set-up by investment
Rudong Jinhui Real Estate Development Co., Ltd.	Rudong County, Jiangsu Province	Rudong County, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Taizhou Boya Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Taizhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Tianjin Jinqi Real Estate Development Co., Ltd.	Tianjin	Tianjin	Real estate development	-	100.00	Set-up by investment
Nantong Tongzhou Jiaxu Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Rugao Shengming Real Estate Development Co., Ltd.	Rugao, Jiangsu Province	Rugao, Jiangsu Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Nantong Rihe Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Yuanmao Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Jinhao Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Guiyang Jinteng Real Estate Co., Ltd.	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Real estate development	-	100.00	Set-up by investment
Guizhou Jinteng Real Estate Development Co., Ltd.	Zunyi, Guizhou Province	Zunyi, Guizhou Province	Real estate development	-	100.00	Set-up by investment
Guizhou Jinrong Real Estate Co., Ltd.	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Real estate development	-	80.00	Set-up by investment
Guizhou Jinsheng Real Estate Co., Ltd.	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Real estate development	-	80.00	Set-up by investment
Xiamen Zhongnan Deyu Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Xiamen Yingpei Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Xiamen Chengxuan Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Xiamen Yujinshang Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Quanzhou Junhong Real Estate Development Co., Ltd.	Quanzhou, Fujian Province	Quanzhou, Fujian Province	Real estate development	-	100.00	Set-up by investment
Xiamen Zhongnan Jinyao Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Fuzhou Zhirui Real Estate Development Co., Ltd.	Fuzhou, Fujian Province	Fuzhou, Fujian Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Quanzhou Junchen Real Estate Development Co., Ltd.	Quanzhou, Fujian Province	Quanzhou, Fujian Province	Real estate development	-	100.00	Set-up by investment
Xiamen Junhao Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	75.00	Set-up by investment
Xiamen Junlian Real Estate Development Co., Ltd.	Xiamen, Fujian Province	Xiamen, Fujian Province	Real estate development	-	100.00	Set-up by investment
Quanzhou Junshang Real Estate Development Co., Ltd.	Quanzhou, Fujian Province	Quanzhou, Fujian Province	Real estate development	-	100.00	Set-up by investment
Huaian Jiahua Real Estate Co., Ltd.	Huaian, Jiangsu Province	Huaian, Jiangsu Province	Real estate development	-	100.00	Business combinations not under common control
Kunming Jinteng Real Estate Co., Ltd.	Kunming, Yunnan Province	Kunming, Yunnan Province	Real estate development	-	100.00	Set-up by investment
Changsha Changxia Yayuan Real Estate Development Co., Ltd.	Changsha, Hunan Province	Changsha, Hunan Province	Real estate development	-	100.00	Set-up by investment
Changsha Yuanyang Real Estate Development Co., Ltd.	Changsha, Hunan Province	Changsha, Hunan Province	Real estate development	-	100.00	Set-up by investment
Changde Nanya Real Estate Development Co., Ltd.	Changde, Hunan Province	Changde, Hunan Province	Real estate development	-	100.00	Set-up by investment
Changde Changxin Real Estate Development Co., Ltd.	Changde, Hunan Province	Changde, Hunan Province	Real estate development	-	100.00	Set-up by investment
Nantong Tongzhou Jinyu Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Shanghai Zhuxin Real Estate Brokerage Co., Ltd.	Shanghai	Shanghai	Real estate agency	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Xi'an Chongda Real Estate Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Set-up by investment
Guiyang Zhongnan New World Real Estate Development Co., Ltd.	Guiyang, Guizhou Province	Guiyang, Guizhou Province	Real estate development	-	100.00	Set-up by investment
Jinhua Jintuo Investment Co., Ltd.	Jinhua, Zhejiang Province	Jinhua, Zhejiang Province	Construction project investment	-	100.00	Set-up by investment
Zhongnan Dexi (Guangzhou) Real Estate Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Guangzhou Jiayi Real Estate Development Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Planning	-	100.00	Set-up by investment
Jiashi (Guangzhou) Industrial Investment Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	consultation service	-	100.00	Set-up by investment
Jiasong Industrial Investment (Guangzhou) Co., Ltd.	Guangzhou, Guangdong Province	Guangzhou, Guangdong Province	Planning	-	100.00	Set-up by investment
Wenzhou Jinteng Real Estate Co., Ltd.	Lucheng District, Wenzhou	Lucheng District, Wenzhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Jinpeng Real Estate Co., Ltd.	Lucheng District, Wenzhou	Lucheng District, Wenzhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Jinyu Real Estate Co., Ltd.	Wenzhou, Zhejiang Province	Wenzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Wenzhou Jinhao Real Estate Co., Ltd.	Lucheng District, Wenzhou	Lucheng District, Wenzhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Jinfan Real Estate Co., Ltd.	Lucheng District, Wenzhou	Lucheng District, Wenzhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Jincheng Real Estate Co., Ltd.	Ouhai District, Wenzhou	Ouhai District, Wenzhou	Real estate development	-	100.00	Set-up by investment
Wenzhou Jin'an Real Estate Co., Ltd.	Wenzhou, Zhejiang Province	Wenzhou, Zhejiang Province	Real estate development	-	51.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Wenzhou Jinlan Real Estate Co., Ltd.	Wenzhou, Zhejiang Province	Wenzhou, Zhejiang Province	Real estate development	-	51.00	Set-up by investment
Hangzhou Jinqi Real Estate Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Maohui Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Hangzhou Jinyu Real Estate Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Zhenhong Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Hangzhou Yaotang Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Hangzhou Jinhong Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Hangzhou Jinkun Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Hangzhou Maoliang Investment Management Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	-	100.00	Set-up by investment
Jinan Jinsheng Real Estate Co., Ltd.	Jinan, Shandong Province	Hangzhou, Zhejiang Province	Investment management	-	100.00	Set-up by investment
Guangxi Jincheng Real Estate Co., Ltd.	Nanning, Guangxi Province	Jinan, Shandong Province	Real estate development	-	100.00	Set-up by investment
		Nanning, Guangxi Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Guangxi Jinqian Real Estate Co., Ltd.	Nanning, Guangxi Province	Nanning, Guangxi Province	Real estate development	-	100.00	Set-up by investment
Guangxi Jinzheng Real Estate Co., Ltd.	Nanning, Guangxi Province	Nanning, Guangxi Province	Real estate development	-	100.00	Set-up by investment
Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	Nanning, Guangxi Province	Nanning, Guangxi Province	Real estate development	-	100.00	Set-up by investment
Guangxi Rongce Real Estate Development Co., Ltd.	Nanning, Guangxi Province	Nanning, Guangxi Province	Real estate development	-	100.00	Set-up by investment
Guangxi Jinteng Real Estate Co., Ltd.	Guangxi Free Trade Zone	Guangxi Free Trade Zone	Real estate development	-	100.00	Set-up by investment
Guangxi Jinze Real Estate Co., Ltd.	Guangxi Free Trade Zone	Guangxi Free Trade Zone	Real estate development	-	100.00	Set-up by investment
Hefei Jinsi Real Estate Co., Ltd.	Hefei, Anhui Province	Hefei, Anhui Province	Real estate development	-	100.00	Set-up by investment
Lhasa Jinteng Enterprise Management Consulting Co., Ltd.	Tibet Autonomous Region	Tibet Autonomous Region	Corporate management consulting	-	100.00	Set-up by investment
Jiaxing Zhongnan Jinheng Real Estate Development Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Nanjing Zhongnan Yucheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Zhengzhou Jinze Real Estate Development Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	Real estate development	-	100.00	Set-up by investment
Kaifeng Zhongnan Jincheng Real Estate Co., Ltd.	Kaifeng, Henan Province	Kaifeng, Henan Province	Real estate development	-	100.00	Set-up by investment
Heze Zhongnan Huacheng Real Estate Co., Ltd.	Heze, Shandong Province	Heze, Shandong Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Heze Zhongnan Century City Real Estate Development Co., Ltd.	Heze, Shandong Province	Heze, Shandong Province	Real estate development	-	100.00	Set-up by investment
Zhengzhou Chengzhi Real Estate Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	Real estate development	-	100.00	Set-up by investment
Zhengzhou Starfire Real Estate Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	Real estate development	-	100.00	Set-up by investment
Changshu Zhongnan Century City Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Changshu Zhongnan Century Jincheng Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Changshu Zhongnan Yujincheng Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	11.53	88.47	Set-up by investment
Kunshan Zhongnan Century City Real Estate Development Co., Ltd.	Kunshan, Jiangsu Province	Kunshan, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Kunshan Zhongnan Jincheng Real Estate Development Co., Ltd.	Kunshan, Jiangsu Province	Kunshan, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Changshu Zhongnan Jinyuan Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	60.00	Set-up by investment
Suzhou Zhongnan Jincheng Real Estate Development Co., Ltd.	Jiangsu Province Suzhou	Jiangsu Province Suzhou	Real estate development	-	100.00	Set-up by investment
Changshu Zhongnan Panjin Real Estate Development Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	20.00	77.23	Set-up by investment
Wuxi Zhongnan Yayuan Land Co., Ltd.	Wuxi, Jiangsu Province	Wuxi, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Suzhou Yuquan Land Co., Ltd.	Jiangsu Province Suzhou	Jiangsu Province Suzhou	Real estate development	-	100.00	Set-up by investment
Suzhou Junxi Land Co., Ltd.	Jiangsu Province Suzhou	Jiangsu Province Suzhou	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Qingdao Jintuo Real Estate Development Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	-	100.00	Set-up by investment
Linyi Jinyue Real Estate Development Co., Ltd.	Linyi, Shandong Province	Linyi, Shandong Province	Real estate development	-	100.00	Set-up by investment
Shandong Putian Real Estate Co., Ltd.	Qingdao, Shandong Province	Qingdao, Shandong Province	Real estate development	-	80.00	Purchase of assets
Shantou Zhongnan Yuxi Real Estate Co., Ltd.	Shantou, Guangdong Province	Shantou, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Jieyang Jichen Real Estate Development Co., Ltd.	Jieyang, Guangdong Province	Jieyang, Guangdong Province	Real estate development	-	100.00	Set-up by investment
Haimen Jinrui Real Estate Co., Ltd.	NantongHaimen	NantongHaimen	Real estate development	-	50.00	Set-up by investment
Nantong Jinlv Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Jinze Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Yangzhou Yuheng Real Estate Development Co., Ltd.	Yangzhou, Jiangsu Province	Yangzhou, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Tanghong Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Planning consultation service	-	100.00	Set-up by investment
Hainan Huaming Jincheng Investment Co., Ltd.	Haikou, Hainan Province	Haikou, Hainan Province	Real estate development	-	100.00	Set-up by investment
Nantong Jinlun Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Haimen Jinhui Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Nantong Huacheng Zhongnan Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Danzhou Zhongnan City Development Co., Ltd.	Danzhou, Hainan Province	Danzhou, Hainan Province	Real estate development	97.00	-	Set-up by investment
Wenchang Zhongnan City Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Zhongnan Century Huacheng Investment Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Qianjiang Zhongnan Yayuan Real Estate Development Co., Ltd.	Qianjiang, Hubei Province	Qianjiang, Hubei Province	Real estate development	-	100.00	Set-up by investment
Nantong Jintong Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Taixing Zhongnan Century City Real Estate Development Co., Ltd.	Taixing, Jiangsu Province	Taixing, Jiangsu Province	Real estate development	21.00	79.00	Set-up by investment
Haimen Zhongnan Investment Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate investment	60.00	-	Set-up by investment
Ledong Zhongnan Investment Co., Ltd.	Ledong County, Hainan Province	Ledong County, Hainan Province	Real estate development	97.00	-	Set-up by investment
Danzhou Zhongnan Land Development Co., Ltd.	Danzhou, Hainan Province	Danzhou, Hainan Province	Real estate development	97.00	-	Set-up by investment
Suzhou Zhongnan Century City Real Estate Development Co., Ltd.	Wujiang, Jiangsu Province	Wujiang, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nantong Jinyi Property Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Yingkou Zhongnan Century City Real Estate Development Co., Ltd.	Yingkou, Liaoning Province	Yingkou, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	100.00	-	Set-up by investment
Chengdu Zhongnan Century Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Chengdu Zhongnan Junjin Real Estate Development Co., Ltd.	Chengdu, Sichuan Province	Chengdu, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Nanchong Zhongnan Jinye Real Estate Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	-	95.22	Set-up by investment
Nanchong Zhongnan Jinhe Real Estate Development Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Chongqing Jinteng Real Estate Development Co., Ltd.	Chongqing	Chongqing	Real estate development	-	100.00	Set-up by investment
Nanchong Zhongnan Jincheng Real Estate Development Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Haimen Zhongnan International Property Agent Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate sales agent	100.00	-	Set-up by investment
Guangrao Zhongnan Real Estate Co., Ltd.	Shandong Province Dongying	Shandong Province Dongying	Real estate development	100.00	-	Set-up by investment
Guangrao Jinshi Real Estate Development Co., Ltd.	Guangrao County, Shandong Province	Guangrao County, Shandong Province	Real estate development	-	100.00	Set-up by investment
Anhui Zhongsheng Construction Investment Co., Ltd.	Anqing, Anhui Province	Anqing, Anhui Province	Real estate investment	60.00	-	Set-up by investment
Zhongnan Century City (Shenyang) Real Estate Development Co., Ltd.	Shenyang, Liaoning Province	Shenyang, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Real estate development	-	100.00	Set-up by investment
Tangshan Zhongnan Jinen Travel Service Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Travel agency services	-	100.00	Set-up by investment
Tangshan Zhongnan Jinyang Tourism Development Co., Ltd.	Tangshan, Hebei Province	Tangshan, Hebei Province	Travel agency services	-	100.00	Set-up by investment
Dongying Zhongnan City Construction Investment Co., Ltd.	Shandong Province Dongying	Shandong Province Dongying	Real estate development	100.00	-	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Dalian Zhongnan Century City Development Co., Ltd.	Dalian, Liaoning Province	Dalian, Liaoning Province	Real estate development	100.00	-	Set-up by investment
Nanjing Zhongnan Xinjincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	60.00	-	Set-up by investment
Nanjing Zhongnan Century City Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	96.89	-	Set-up by investment
Suzhou Zhongnan Yayuan Real Estate Development Co., Ltd.	Jiangsu Province Suzhou	Jiangsu Province Suzhou	Real estate development	98.83	-	Set-up by investment
Zhongnan Yunjin (Beijing) Real Estate Development Co., Ltd.	Beijing	Beijing	Real estate development	100.00	-	Set-up by investment
Tianjin Zhongnan Jinqing Real Estate Development Co., Ltd.	Tianjin	Tianjin	Real estate development	-	100.00	Set-up by investment
Shanghai Jinguan Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	98.90	-	Set-up by investment
Nanjing Lishui Wanchen Property Investment Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Business combinations not under common control
Shanghai Jinfu Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	100.00	-	Set-up by investment
Shanghai Jinyuan Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	100.00	Set-up by investment
Nanjing Zhongnan Huacheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	93.84	-	Set-up by investment
Haimen Zhongnan Real Estate Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Real estate development	94.41	-	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Nanjing Zhongnan Xianlin Shidai Commercial Management Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Hangzhou Zhongnan Yujin Property Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	95.00	-	Set-up by investment
Wuhan Jinyu Zhongnan Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	100.00	-	Set-up by investment
Nanjing Zhongnan Yujincheng Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	95.48	-	Set-up by investment
Tianjin Fuhai Real Estate Development Co., Ltd.	Tianjin	Tianjin	Real estate development	75.00	-	Business combinations not under common control
Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Wuhan, Hubei Province	Wuhan, Hubei Province	Real estate development	100.00	-	Set-up by investment
Taichang Jinxuan Real Estate Development Co., Ltd.	Taichang, Jiangsu Province	Taichang, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Hangzhou Zhongnan Jinwang Real Estate Co., Ltd.	Taichang, Jiangsu Province	Taichang, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Shenzhen Zhongnan Property Co., Ltd.	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Real estate development	100.00	-	Set-up by investment
Shenzhen Zhongnan Zhanye Investment Co., Ltd.	Shenzhen, Guangdong Province	Shenzhen, Guangdong Province	Real estate development	-	67.00	Set-up by investment
Shanghai Xizhuang Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	100.00	-	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Jiaxing Jinyu Real Estate Co., Ltd.	Pinghu, Zhejiang Province	Pinghu, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Guangming Enterprise Management Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Planning Service	94.97	-	Set-up by investment
Jiaxing Jinshan Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Yantai Xiankejiu Hotel Co., Ltd.	Yantai, Shandong Province	Yantai, Shandong Province	Hotel Management	100.00	-	Set-up by investment
Hangzhou Haoke Business Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	100.00	-	Set-up by investment
Hangzhou Masun Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management Information Consulting	100.00	-	Set-up by investment
Nantong Jinhong Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	70.00	30.00	Set-up by investment
Hangzhou Jinyi Real Estate Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Foshan Zhongwujiangxi Real Estate Co., Ltd.	Foshan, Guangdong Province	Foshan, Guangdong Province	Real estate development	49.00	-	Set-up by investment
Jiangsu Zhongnan Century City Real Estate Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Set-up by investment
Oriental Zhongnan Real Estate Development Co., Ltd.	Dongfang, Hainan Province	Dongfang, Hainan Province	Real estate development	100.00	-	Set-up by investment
Zhongnan Kedianyuan Sports Culture Industry Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Sports services	100.00	-	Purchase of assets
Jiangsu Zhongnan Ke Dianyuan Football Club Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Sports services	-	58.48	Purchase of assets

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Haimen Football Town Sports Industry Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Sports services	-	100.00	Purchase of assets
Nantong Zhongnanchangcheng Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	100.00	-	Purchase of assets
Nantong Zhongnangu Investment Management Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Foreign investment	100.00	-	Set-up by investment
Haimen Zhongnangu Information Technology Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Information Technology Development	-	100.00	Set-up by investment
Haimen Zhongnangu Business Incubator Co., Ltd.	NantongHaimen	NantongHaimen	Business incubator	-	100.00	Set-up by investment
Nantong Zhongyu Building Material Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building materials wholesale	100.00	-	Set-up by investment
Shanghai Naming International Trade Co., Ltd.	Shanghai	Shanghai	Material sales	-	100.00	Set-up by investment
Nantong Zhongnan Commercial Development Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Business management	100.00	-	Set-up by investment
Nantong Zhongnan City Shopping Center Management Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Business management	100.00	-	Set-up by investment
Nantong Jinshi Shiyuan Hotel Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Hotel Management	100.00	-	Set-up by investment
Nantong Tengkai Hotel Management Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Hotel Management	-	51.00	Set-up by investment
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Shanghai	Shanghai	Real estate development	75.00	-	Set-up by investment
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	90.00	Business combinations not under

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	common control Business combinations not under common control Business combinations not under common control
Jiangyin Sutai Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	55.00	Business combinations not under common control
Jiaxing Zhongnan Jinyu Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinhong Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinjun Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinli Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinyu Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Dongyang Golden Harbor Real Estate Co., Ltd.	Jinhua, Zhejiang Province	Jinhua, Zhejiang Province	Real estate development	-	100.00	Purchase of assets
Ningbo Jingui Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinyi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Ningbo Jinyue Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinwei Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinzhi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinru Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jincal Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinxuan Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinhui Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinqi Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jincheng Enterprise Management Consulting Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Hangzhou Jinyao Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management consulting	-	70.00	Set-up by investment
Hangzhou Jinyi Enterprise Management Consulting Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Management consulting	-	100.00	Set-up by investment
Nantong Jinyu Property Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinqing Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Huijin Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Ningbo Jinhan Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Jiaxing Jinfa Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Jiaxing Jinxiang Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Zibo Jinrong Real Estate Co., Ltd.	Zibo, Shandong Province	Zibo, Shandong Province	Real estate development	-	100.00	Set-up by investment
Jiaxing Jinqian Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Jiaxing Jinhao Real Estate Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	-	100.00	Set-up by investment
Ningbo Jinyi Enterprise Management Consulting Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Corporate management consulting	-	100.00	Set-up by investment
Jiangsu Jinshi Real Estate Co., Ltd.	Wuxi, Jiangsu Province	Wuxi, Jiangsu Province	Real estate development	-	100.00	Set-up by investment
Jiangsu Yueli Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinjuan Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jincui Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinjia Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinkai Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Jiangsu Jinrong Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinqu Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinchun Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jincan Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jinrui Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Jintao Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiaxing Gongmao Investment Partnership (Limited Partnership)	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Industrial Investment	-	100.00	Set-up by investment
Jiangsu Erjin Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Jiangsu Huanjin Real Estate Co., Ltd.	Jiangsu Province Jiangyin	Jiangsu Province Jiangyin	Real estate development	-	100.00	Set-up by investment
Shanghai Jinqiao Enterprise Management Co., Ltd.	Shanghai	Shanghai	Business management	-	100.00	Set-up by investment
Ningbo Jinmin Enterprise Management Consulting Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Management consulting	-	100.00	Set-up by investment
Ningbo Jinlu Enterprise Management Consulting Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Management consulting	-	100.00	Set-up by investment
Ningbo Jinyu Enterprise Management Consulting Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Management consulting	-	100.00	Set-up by investment
Ningbo Jinye Real Estate Co., Ltd.	Ningbo, Zhejiang Province	Ningbo, Zhejiang Province	Real estate development	-	100.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Jiaxing Zhongnan Jinlejia Real Estate Development Co., Ltd.	Jiaxing, Zhejiang Province	Jiaxing, Zhejiang Province	Real estate development	100.00	-	Set-up by investment
Jiangsu Zhongnan Jinhong Real Estate Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Real estate development	60.00	-	Set-up by investment
Changshu Xinhong Trading Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Wholesale and retail	-	100.00	Set-up by investment
Weihai Jinzhan Real Estate Co., Ltd.	Weihai, Shandong Province	Weihai, Shandong Province	Real estate development	-	100.00	Set-up by investment
Xi'an Shuojin Property Co., Ltd.	Xi'an, Shaanxi Province	Xi'an, Shaanxi Province	Real estate development	-	100.00	Set-up by investment
Zhenjiang New District Jinjiang Real Estate Development and Management Co., Ltd.	Zhenjiang, Jiangsu Province	Zhenjiang, Jiangsu Province	Real estate development	-	100.00	Purchase of assets
Jiangsu Zhongnan Garden Engineering Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Engineering construction	90.11	-	Set-up by investment
Jiangsu Zhongnan Construction Waterproof Engineering Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Engineering construction	89.26	-	Set-up by investment
Nantong Zhongnan Commodity Concrete Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Concrete production	85.72	-	Set-up by investment
Jiangsu Zhongnan Yide Culture & Tourism Industry Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Cultural tourism industry investment consulting	51.00	-	Set-up by investment
Big C&S Group Co., Ltd.	Melbourne, Australia	Melbourne, Australia	Real estate development	70.00	-	Set-up by investment
Jiangsu Tongzhouwan Zhongnan City Development Construction Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	80.00	-	Set-up by investment
Xinghua Zhongnan Enterprise Management Co., Ltd.	Xinghua, Jiangsu Province	Xinghua, Jiangsu Province	PPP project operation	-	90.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Nantong Tianchun Enterprise Management Center (Limited Partnership)	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Business Services	-	50.00	Set-up by investment
Nantong Zhongnan Construction Equipment Installation Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	-	91.15	Set-up by investment
Jiangsu Chenjin Intelligent Technology Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	-	100.00	Set-up by investment
Nantong Changle Construction Services Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Construction services	-	100.00	Set-up by investment
Nantong Kangmin Full Prefabricated Component Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Manufacturing and sales of fully prefabricated components	-	100.00	Set-up by investment
Zhongnan Construction (Shenyang) Construction Industry Co., Ltd.	Shenyang Economic and Technological Development Zone	Shenyang Economic and Technological Development Zone	Manufacturing and sales of fully prefabricated components	-	100.00	Set-up by investment
Nantong Jinxiu Machinery Equipment Installation Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Mechanical equipment installation	-	100.00	Set-up by investment
Nantong Jinhong Construction Engineering Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	-	100.00	Set-up by investment
Nantong Construction Engineering General Contracting (Mauritania) Co., Ltd.	Nouakchott, Mauritania	Nouakchott, Mauritania	Building construction	-	100.00	Set-up by investment
Shandong Jincheng Steel Structure Co., Ltd.	Zichuan District, Zibo, Shandong	Zichuan District, Zibo, Shandong	Steel structure processing and installation	-	82.96	Business combinations not under common control

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Haimen Architectural Design Institute Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Architectural design	-	100.00	Business combinations not under common control
Haimen Zhongnan Pile Foundation Testing Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Pile foundation inspection	-	95.00	Set-up by investment
Liaoning Zhongnan Jinxing Construction Engineering Co., Ltd.	Shenyang Economic and Technological Development Zone	Shenyang Economic and Technological Development Zone	Building construction	-	100.00	Set-up by investment
Zhongnan Construction (Nantong) Construction Industry Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Manufacturing and sales of fully prefabricated components	-	100.00	Set-up by investment
Nantong Zhongnan Road Bridge Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Road and bridge construction	-	100.00	Set-up by investment
Nantong Zhongnan Yongjin Construction Engineering Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	-	90.65	Set-up by investment
Nantong Zhongnan Building Industrial Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	-	100.00	Set-up by investment
Jiangsu Zhongnan Construction Technology Development Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Construction Technology	-	100.00	Set-up by investment
Nantong Construction Engineering General Contracting (Saudi Arabia) Co., Ltd.	Saudi Arabia	Saudi Arabia	Building construction	-	100.00	Set-up by investment
Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd.	Nanjing, Jiangsu Province	Nanjing, Jiangsu Province	Tourism development services	-	80.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Haimen Tongle Municipal Engineering Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Municipal public works construction	-	100.00	Business combinations not under common control
Jiangsu Zhongnan Construction Industry Group (Malaysia) Co., Ltd.	Malaysia	Malaysia	Building construction	-	100.00	Set-up by investment
Jiangsu Zhongnan Construction Industry Group Zhejiang Investment Co., Ltd.	Wenling, Zhejiang Province	Wenling, Zhejiang Province	Construction Industry Investment	-	100.00	Set-up by investment
Hangzhou Daijiangdong Zhongnan Chenjin Construction Development Co., Ltd.	Hangzhou, Zhejiang Province	Hangzhou, Zhejiang Province	Building construction	-	80.00	Set-up by investment
Jiangsu Zhongnan Construction Industry Group Huoshan Investment Co., Ltd.	Huoshan County, Lu'an, Anhui Province	Huoshan County, Lu'an, Anhui Province	PPP project operation	-	90.00	Set-up by investment
Jining Zhongnan Hospital Management Co., Ltd.	Jining, Shandong Province	Jining, Shandong Province	PPP project operation	-	95.00	Set-up by investment
Sanya Haimian City Investment and Construction Co., Ltd.	Sanya, Hainan Province	Sanya, Hainan Province	PPP project operation	-	75.00	Set-up by investment
Ningbo Zhongnan Investment Co., Ltd.	Cixi, Zhejiang Province	Cixi, Zhejiang Province	PPP project operation	-	100.00	Set-up by investment
Xuzhou Zhongnan Construction Development Co., Ltd.	Xuzhou, Jiangsu Province	Xuzhou, Jiangsu Province	PPP project operation	-	94.00	Set-up by investment
Liangshan Zhongnan Construction Development Co., Ltd.	Jining, Shandong Province	Jining, Shandong Province	PPP project operation	-	98.00	Set-up by investment
Dong'a County Zhongnan Construction Development Co., Ltd.	Dong'a County, Liaocheng, Shandong Province	Dong'a County, Liaocheng, Shandong Province	PPP project operation	-	95.00	Set-up by investment

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Rizhao Zhongnan Park Operation Development Co., Ltd.	Rizhao, Shandong Province	Rizhao, Shandong Province	PPP project operation	-	80.00	Set-up by investment
Tancheng Zhongnan Construction Development Co., Ltd.	Tancheng, Linyi, Shandong	Tancheng, Linyi, Shandong	PPP project operation	-	90.00	Set-up by investment
Shenzhou Zhongnan Enterprise Management Co., Ltd.	Shenzhou, Hengshui, Hebei	Shenzhou, Hengshui, Hebei	PPP project operation	-	98.00	Set-up by investment
Rongcheng Zhongnan Construction Investment Development Co., Ltd.	Rongcheng, Shandong Province	Rongcheng, Shandong Province	PPP project operation	-	95.00	Set-up by investment
Jieshou Zhongnan Construction and Development Co., Ltd.	Jieshou, Anhui Province	Jieshou, Anhui Province	PPP project operation	-	81.00	Set-up by investment
Binhai Zhongnan Construction Development Co., Ltd.	Yancheng Binhai, Jiangsu Province	Yancheng Binhai, Jiangsu Province	PPP project operation	-	95.00	Set-up by investment
Badong Tongtong Construction Development Co., Ltd.	Badong County, Hubei Province	Badong County, Hubei Province	PPP project operation	-	89.10	Set-up by investment
Peixian Yangtun Zhongnan Construction and Development Co., Ltd.	Yang Tun, Pei County, Jiangsu Province	Yang Tun, Pei County, Jiangsu Province	PPP project operation	2.50	90.00	Set-up by investment
Linqing Xinzongnan Construction and Development Co., Ltd.	Linqing, Liaocheng, Shandong Province	Linqing, Liaocheng, Shandong Province	PPP project operation	-	95.00	Set-up by investment
Ningbo Jinshi Investment Co., Ltd.	Cixi, Zhejiang Province	Cixi, Zhejiang Province	PPP project operation	-	90.00	Set-up by investment
Linzhou Zhongnan Construction Development Co., Ltd.	Linzhou, Henan Province	Linzhou, Henan Province	PPP project operation	-	69.30	Set-up by investment
Xinghua Xingzhong Project Management Co., Ltd.	Xinghua, Jiangsu Province	Xinghua, Jiangsu Province	PPP project operation	-	81.00	Set-up by investment
Yongjia Jincheng Construction Development Co., Ltd.	Wenzhou, Zhejiang Province	Wenzhou, Zhejiang Province	PPP project operation	-	99.00	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Handan Zhongnan Project Management Co., Ltd.	Handan, Hebei Province	Handan, Hebei Province	PPP project operation	-	90.00	Set-up by investment
Tengzhou Gongxin Construction Development Co., Ltd.	Tengzhou, Zaozhuang, Shandong Province	Tengzhou, Zaozhuang, Shandong Province	PPP project operation	-	87.30	Set-up by investment
Zhoukou Zhongnan Project Management Co., Ltd.	Zhoukou, Henan Province	Zhoukou, Henan Province	PPP project operation	-	100.00	Set-up by investment
Ruili Zhongnan Construction and Development Co., Ltd.	Ruili, Dehong Prefecture, Yunnan Province	Ruili, Dehong Prefecture, Yunnan Province	PPP project operation	-	89.00	Set-up by investment
Suiping JIANAN Infrastructure Construction Development Co., Ltd.	Suiping County, Henan Province	Suiping County, Henan Province	PPP project operation	-	90.00	Set-up by investment
Anyang Zhongnan Ecological Corridor Construction Development Co., Ltd.	Anyang, Henan Province	Anyang, Henan Province	PPP project operation	-	99.00	Set-up by investment
Liaocheng Dongchangfu District Construction and Development Co., Ltd.	Liaocheng, Shandong Province	Liaocheng, Shandong Province	PPP project operation	-	95.00	Set-up by investment
Bozhou Zhongnan Harbin Industrial Medical Management Co., Ltd.	Bozhou, Anhui Province	Bozhou, Anhui Province	PPP project operation	-	87.02	Set-up by investment
Zhongnan Xingsheng (Gu'an) New Building Materials Co., Ltd.	Gu'an, Langfang, Hebei Province	Gu'an, Langfang, Hebei Province	Manufacturing and sales of new building materials	-	70.00	Set-up by investment
Sun Tower Construction Limited	Hong Kong, China	Hong Kong, China	Building construction	-	100.00	Set-up by investment
Huaibei Zhongsui Construction Development Co., Ltd.	Suixi County, Anhui Province	Suixi County, Anhui Province	PPP project operation	-	90.00	Set-up by investment
Lichuan Tongtu Construction Development Co., Ltd.	Lichuan, Hubei Province	Lichuan, Hubei Province	PPP project operation	-	90.25	Set-up by investment

Subsidiary	Principal place of business	Place of registration	Nature of business	Shareholding ratio %		Method of acquisition
				Direct	Indirect	
Luoyang Zhongluo City Construction Co., Ltd.	Luoyang, Henan Province	Luoyang, Henan Province	PPP project operation	-	100.00	Set-up by investment
Suining Zhongyun Construction Development Co., Ltd.	Suining County, Jiangsu Province	Suining County, Jiangsu Province	PPP project operation	-	80.00	Set-up by investment
Zhengzhou Jingzhong Engineering Management Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	PPP project operation	-	95.00	Set-up by investment
Zhengzhou Jingnan Engineering Management Co., Ltd.	Zhengzhou, Henan Province	Zhengzhou, Henan Province	PPP project operation	-	95.00	Set-up by investment
Chongzhou Zhongnan Construction Development Co., Ltd.	Chongzhou, Sichuan Province	Chongzhou, Sichuan Province	PPP project operation	-	95.00	Set-up by investment
Biyang Zhongnan Hankun Tongtong Management Co., Ltd.	Biyang County, Henan Province	Biyang County, Henan Province	PPP project operation	-	95.00	Set-up by investment
NANTONG CONSTRUCTION (AUSTRALIA) PTY LTD	Australia	Australia	Building construction	-	70.00	Set-up by investment
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd. the company	Shanghai	Shanghai	Investment management	100.00	-	Set-up by investment
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Haimen, Jiangsu Province	Haimen, Jiangsu Province	Building construction	100.00	-	Set-up by investment
Shanghai Chuangzhijin Trading Co., Ltd.	Shanghai	Shanghai	Building materials sales	-	100.00	Set-up by investment
Jinzichuang (Shanghai) Industrial Development Co., Ltd.	Shanghai	Shanghai	Business services	-	100.00	Set-up by investment
Nanchong Zhongnan Construction Development Co., Ltd.	Nanchong, Sichuan Province	Nanchong, Sichuan Province	Real estate development	-	100.00	Set-up by investment
Pingchang Zhongnan Urban and Rural Investment Development Co., Ltd.	Bazhong, Sichuan Province	Bazhong, Sichuan Province	Investment management	-	100.00	Set-up by investment

(2) Holding less than half of the voting rights but still controlling the investee:

Item	Shareholding ratio %	Reason included in the consolidation scope
Hebei Juli Modern City Real Estate Development Co., Ltd.	50.00	According to the equity agreement, the Company held 100% voting rights of investee
Foshan Zhongwujingxi Real Estate Co., Ltd.	49.00	According to the equity agreement, the Company held 100% voting rights of investee
Haimen Jinrui Real Estate Co., Ltd.	50.00	According to the equity agreement, the Company exercises control over investee
Nantong Tianchun Enterprise Management Center (Limited Partnership)	50.00	According to the equity agreement, the Company exercises control over investee

(3) Holding more than half of the voting rights but not controlling the investee:

Item	Shareholding ratio %	Reason not included in the consolidation scope
Zoucheng Jinshan Real Estate Co., Ltd.	51.00	According to the equity agreement, jointly control with other investors
Jining Zhongnan Intelligent Property Co., Ltd.	65.00	According to the equity agreement, jointly control with other investors
Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	70.00	According to the equity agreement, jointly control with other investors
Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	70.00	According to the equity agreement, jointly control with other investors
Yantai Jincheng Real Estate Development Co., Ltd.	51.00	According to the equity agreement, jointly control with other investors
Shenyang Metro Yurui Project Management Co., Ltd.	80.00	According to the equity agreement, jointly control with other investors
Xuzhou Jinxi Real Estate Development Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Xuzhou Jinyue Real Estate Development Co., Ltd.	70.00	According to the equity agreement, jointly control with other investors
Huaian Jinxi Real Estate Co., Ltd.	55.00	According to the equity agreement, jointly control with other investors

Item	Shareholding ratio %	Reason not included in the consolidation scope
Zhuji Jinghui Real Estate Co., Ltd.	78.03	According to the equity agreement, jointly control with other investors
Zhuji Jingshi Real Estate Co., Ltd.	64.53	According to the equity agreement, jointly control with other investors
Zhuji Jingming Real Estate Co., Ltd.	85.00	According to the equity agreement, jointly control with other investors
Kunming Zhongyue Real Estate Co., Ltd.	51.00	According to the equity agreement, the Company exercises significant influence in investee
Weihai Xinghui Real Estate Development Co., Ltd.	75.00	According to the equity agreement, jointly control with other investors
Lishui Jinqiao Real Estate Co., Ltd.	55.00	According to the equity agreement, jointly control with other investors
Jiangsu Jinze Real Estate Co., Ltd.	70.00	According to the equity agreement, jointly control with other investors
Suzhou Shemao Real Estate Co., Ltd.	51.00	According to the equity agreement, jointly control with other investors
Huzhou Jinyu Real Estate Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Zhangjiagang Jinyu Land Co., Ltd.	51.00	According to the equity agreement, jointly control with other investors
Lianyungang Huaxi Real Estate Co., Ltd.	65.00	According to the equity agreement, jointly control with other investors
Haimen Jinteng Real Estate Co., Ltd.	75.00	According to the equity agreement, jointly control with other investors
Pingjia (Shenzhen) Investment Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Pingxi (Shenzhen) Investment Co., Ltd.	60.00	According to the equity agreement, jointly control with other investors
Huasheng Real Estate Development (Shenzhen) Co., Ltd.	51.00	According to the equity agreement, jointly control with other investors
Huainan Jiahua Real Estate Development Co., Ltd.	51.00	According to the equity agreement, the Company exercises significant influence in investee

(4) Changes in the shareholder's equity in the subsidiary and still control the subsidiary

① Changes in the shareholder's equity in subsidiaries:

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Subsidiary	Shareholding before change %	Shareholding after change %	Reason of change in shareholding
Qingdao Zhongnan City Real Estate Co., Ltd.	95.79	98.85	Acquired shares from minority
Changshu Zhongnan Jinjin Land Co., Ltd.	98.50	100.00	Acquired shares from minority
Jiangsu Zhongnan Garden Engineering Co., Ltd.	83.90	90.11	Acquired shares from minority
Bozhou Zhongnan Harbin Industrial Medical Management Co., Ltd.	87.01	87.02	Acquired shares from minority

Note: In addition to the above share transaction with minority shareholders, the Group introduced a mechanism of risk sharing and benefit sharing with employees, namely, the Project follow-up investment plan. After the implementation of the Project follow-up plan, other investors are the minority shareholder of the investee and the Company still control each of the subsidiaries after the transaction. The Company's capital reserve decreased by RMB 27,257,803.13 due to changes in equity investment during the current period.

② The impact of transactions on minority interests and equity attributable to owners of the parent company:

Item	Qingdao Zhongnan City Real Estate Co., Ltd.	Changshu Zhongnan Jinjin Land Co., Ltd.	Jiangsu Zhongnan Garden Engineering Co., Ltd.	Bozhou Zhongnan Harbin Industrial Medical Management Co., Ltd.
Acquisition cost / sale consideration:				
Cash	320,133.00	6,000,000.00	754,800.00	8,404.00
Fair value of non-monetary assets	-	-	-	-
Total of acquisition cost /sale consideration	320,133.00	6,000,000.00	754,800.00	8,404.00
Less: Amount of share of net assets of subsidiaries in proportion to equity acquired / disposed	-2,509,415.63	5,470,063.41	3,638,106.80	8,402.18
Difference	2,829,548.63	529,936.59	-2,883,306.80	1.82
Include: adjustment of capital reserve	-2,829,548.63	-529,936.59	2,883,306.80	-1.82
Adjustment of surplus reserve	-	-	-	-
Adjustment of undistributed profit	-	-	-	-

2. Equities in joint venture or associates

(1) Significant associates

Associates	Principal place of business	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatment on investment in joint ventures or associates
				Direct	Indirect	
Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.	Changshu, Jiangsu Province	Changshu, Jiangsu Province	Real estate development	-	31.64	Equity method
Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	50.00	Equity method
Nantong Jinheng Property Co., Ltd.	Nantong, Jiangsu Province	Nantong, Jiangsu Province	Real estate development	-	30.00	Equity method
Shanghai Lizhi Real Estate Development Co., Ltd.	Shanghai	Shanghai	Real estate development	-	40.00	Equity method

(2) Financial information of significant associates:

Item	Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.		Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Current assets	1,397,550,681.26	2,669,994,352.51	1,529,896,244.53	3,790,166,091.29
Non-Current assets	94,144.90	31,146,507.16	-	20,613,536.63
Total assets	1,397,644,826.16	2,701,140,859.67	1,529,896,244.53	3,810,779,627.92
Current liabilities	1,109,456,319.15	2,745,063,810.15	869,292,648.27	3,432,620,237.81
Non-current liabilities	-	-	-	400,000,000.00
Total liabilities	1,109,456,319.15	2,745,063,810.15	869,292,648.27	3,832,620,237.81
Net assets	288,188,507.01	-43,922,950.48	660,603,596.26	-21,840,609.89
Include: Minority interests	-	-	-	-
Owners' equity attributable to parent company	288,188,507.01	-43,922,950.48	660,603,596.26	-21,840,609.89
Share of net assets by the shareholding ratio	91,168,434.20	-13,895,025.38	330,301,798.13	-10,920,304.94
Adjustment	-	-	-	-
Including: Goodwill	-	-	-	-
Unrealized profit or loss in internal transactions	-	-	-	-
Provision for impairment	-	-	-	-
Others	-	-	-	-
Carrying amount of investment in associates	91,168,434.20	-	330,301,798.13	-
Fair value of equity investment with public quote price	--	--	--	--

Continued:

Item	Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.		Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	
	Year ended 2019.12.31	Year ended 2018.12.31	Year ended 2019.12.31	Year ended 2018.12.31
Operating income	2,358,611,519.35	118,067.63	3,065,740,529.34	27,287.67
Net profit	572,111,457.49	-71,883,535.70	682,444,206.15	-45,493,094.30
Net profit on discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	572,111,457.49	-71,883,535.70	682,444,206.15	-45,493,094.30
Dividend received from associate	75,924,000.00	-	-	-

Item	Nantong Jinheng Property Co., Ltd.		Shanghai Lizhi Real Estate Development Co., Ltd.	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Current assets	1,067,268,449.59	2,119,057,333.77	1,238,599,920.61	4,644,855,012.60
Non-Current assets	131,518.30	165,725.50	20,315.60	54,534.12
Total assets	1,067,399,967.89	2,119,223,059.27	1,238,620,236.21	4,644,909,546.72
Current liabilities	358,136,561.83	1,841,750,595.50	557,003,431.32	4,714,513,286.47
Non-current liabilities	-	-	-	-
Total liabilities	358,136,561.83	1,841,750,595.50	557,003,431.32	4,714,513,286.47
Net assets	709,263,406.06	277,472,463.77	681,616,804.89	-69,603,739.75
Include: Minority interests	-	-	-	-
Owners' equity attributable to parent company	709,263,406.06	277,472,463.77	681,616,804.89	-69,603,739.75
Share of net assets by the shareholding ratio	212,779,021.82	83,241,739.14	272,646,721.96	-27,841,495.90
Adjustment	-	-	-	-
Including: Goodwill	-	-	-	-
Unrealized profit or loss in internal transactions	-	-	-	-
Provision for impairment	-	-	-	-

Item	Nantong Jinheng Property Co., Ltd.		Shanghai Lizhi Real Estate Development Co., Ltd.	
	2019.12.31	2018.12.31	2019.12.31	2018.12.31
Others	-	-	-	-
Carrying amount of investment in associates	212,779,021.82	83,241,739.14	272,646,721.96	-
Fair value of equity investment with public quote price	-	-	-	-

Continued:

Item	Nantong Jinheng Property Co., Ltd.		Shanghai Lizhi Real Estate Development Co., Ltd.	
	Year ended 2019.12.31	Year ended 2018.12.31	Year ended 2019.12.31	Year ended 2018.12.31
Operating income	1,652,423,679.59	735,570,642.73	4,934,787,736.90	-
Net profit	432,261,192.29	196,088,178.45	751,220,544.64	-43,124,772.50
Net profit on discontinued operations	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	432,261,192.29	196,088,178.45	751,220,544.64	-43,124,772.50
Dividend received from associate	-	-	-	-

(3) Summary of financial information of insignificant joint venture and associates

Item	2019.12.31/ Year ended 2019.12.31	2018.12.31/ Year ended 2018.12.31
Joint Ventures:		
Total carrying value of investment	6,926,228,954.91	3,805,282,531.77
Total amount calculated in according to shareholding ratio	71,649,391.19	-224,399,415.30
Net profit	-201,812,657.40	-807,957,650.60
Other comprehensive income	-	-
Total comprehensive income	-201,812,657.40	-807,957,650.60
Associates:		
Total carrying value of investment	5,653,067,917.98	3,139,666,402.60
Total amount calculated in according to shareholding ratio	271,014,585.29	-43,422,100.40
Net profit	285,412,674.24	-384,405,516.49

Item	2019.12.31/ Year ended 2019.12.31	2018.12.31/ Year ended 2018.12.31
Other comprehensive income	-	-
Total comprehensive income	285,412,674.24	-384,405,516.49

(4) Restriction in transfer of currency fund to the Company from joint venture or associate

The Company's joint venture or associates are not having restriction in transfer of currency fund to the Company.

VIII. Financial instruments and risk management

Details of these financial instruments were disclosed in relevant notes. Risks associated with these financial instruments, as well as the Group's risk management policies meant to mitigate these risks are described below. The Group's management managed and monitored these risk exposures to ensure the above risks are controlled within certain limits.

1. Risk management objectives and policies

The Group's objective in risk management is to obtain an appropriate balance between risk and profits, and strive to reduce the adverse impact of the financial risk on the Group's financial performance. Based on this objective, the Group has developed the risk management policy to identify and analyze the risks the Group is facing, set the appropriate tolerable level of risks and design the internal control process to monitor the risk level. The Group reviews the risk management policy and relevant internal control system to adapt to the changes of market or operations regularly. The Group's internal audit department also reviews regularly or randomly tests whether the performance of internal control system accord with the risk management policy.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (mainly interest rate risk and exchange risk).

The Board of Directors is responsible for planning and establishing the group's risk management framework, specifying the group's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Group has formulated risk management policies to identify and analyze the risks. These risk management policies specify specific risks and cover market risk, credit risk and liquidity risk management. The Group regularly evaluates changes in the market environment and business activities of the Group to determine whether to update risk management policies and systems. The risk management of the Group shall be carried out by the Risk Management Committee in accordance with the policies approved by the Board of Directors. The Risk Management Committee identifies, evaluates and evades related risks through close cooperation with other business units of the Group. The Internal Audit Department of the Group conducts regular audits on risk management control and procedures, and reports the results to the Audit Committee of the Group.

The Group disperses the risk of financial instruments and reduces the risk concentrated on any single industry, specific region or specific counterparty by appropriately diversifying investment, business portfolio and formulating corresponding risk management policies.

(1) Credit risk

Credit risk is the risk that a counterparty of financial assets will cause a financial loss for the Group by failing to discharge an obligation.

The Group managed the credit risk by group. The credit risk mainly came from bank deposits, trading financial assets, bills receivable, accounts receivable, other receivables and long-term receivables.

The bank deposits of the Group mainly deposited in state-owned banks and other large and medium sized listed banks. The Group expects that there is no significant credit risks exist on the bank deposit.

For accounts receivable, other receivables and long-term receivables, the Group makes relevant policies to control credit risk exposures. The Group assesses the quality of debtors' credit rating and set their credit limits and credit period based on the debtors' financial position, agencies rating, the probability of guarantee from the third party, credit history and other factors such as current market condition. The Group adopts the policy to trade with counterparty with good credit and request for securities when necessary, so as to remediate the financial loss when the counterparty is unable to fulfill their obligation. The Group monitors the debtors' credit records regularly and ensures its overall credit risk within controllable range by written reminders, shorten or cancel credit periods to the debtors with bad credit history.

The debtors of the group's accounts receivable are artificially distributed among customers in different industries and regions. The Group continuously carries out credit assessment on the financial status of accounts receivable and purchases credit guarantee insurance when appropriate.

The maximum exposure to credit risk borne by the Group is the carrying amount of each financial asset in the balance sheet. The Group did not provide any guarantee that may cause the Group to bear credit risk. Details refer to Note XII 2.

In the Group's accounts receivable, the accounts receivable due from the top five debtors accounted for 17.59% (2018: 17.95%); in the Group's other receivables, the other receivables due from the top five debtors accounted for 14.00% of the total (2018: 17.35%).

(2) Liquidity risk

Liquidity risk is the risk that the Group is short of funds to deliver cash or other financial assets or meet settlement obligations.

To manage liquidity risk, the Group maintains cash and cash equivalents at a level that the management considers adequate and monitors them so as to meet its operation demand as well as to reduce the effect of cash flow fluctuations. The management is responsible for monitoring the usefulness of bank loans to ensure it complies with the covenants in loan agreements. Meanwhile, the management obtains the commitment from the principal financial institutions to provide enough surplus in reserve to satisfy the Group's short and long-term fund demands.

(3) Market risk

Market risk of financial instrument is the risk of fluctuation in the fair value or future cash flow due to changes of market price, including interest rate risk, foreign exchange rate risk and other pricing risks.

Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flow of financial instrument due to the changes of market interest rate. Interest rate risk can come from the recognized interest-bearing financial instrument and unrecognized financial instrument (such as loan commitments).

Interest rate risk of the Group mainly arises from interest-bearing borrowings, such as long-term bank

loans and bonds payable. Financial liabilities with floating interest rates causes interest rate risks in cash flow to the Group and financial liabilities with fixed interest rates causes interest rate risks in fair value to the Group. The Group determines the proportion of fixed and floating interest rate bank loans according to current market situation and maintains the appropriate combination of the instruments with fixed and floating interest rate by regular review and monitoring.

The Group pays close attention to the effect of interest rate changes on the Group's interest rate risk. The Group does not adopt any interest rate hedge, but the management is responsible for monitoring interest rate risk and will consider hedging on significant interest rate risk. Since fixed deposits are short-term in nature, the interest rate risk over fair value of bank deposits is not significant.

Interest-bearing financial instruments held by the Group are as follows: (Unit: RMB 10,000 Yuan) :

Item	Year ended 2019.12.31	Year ended 2018.12.31
Fixed rate financial instruments		
Financial liabilities	7,059,226.20	5,812,223.70
Including: Short-term loans	1,308,230.19	1,068,689.20
Long-term loans	4,467,667.85	3,610,295.77
Bonds payable	1,267,299.09	1,069,107.86
Long-term payables	16,029.07	64,130.87
Total	7,059,226.20	5,812,223.70
Floating rate financial instruments		
Financial assets	2,540,973.67	2,041,691.51
Including: Cash and bank balances	2,540,973.67	2,041,691.51
Total	2,540,973.67	2,041,691.51

Exchange rate risk

Exchange rate risk is the risk of fluctuation of financial instrument fair value or future cash flow fluctuation due to the changes of foreign exchange rate. Exchange rate risk can arise from financial instrument measured at foreign currencies other than the reporting currency.

The Group's main operations are located in China and its main business is settled in RMB. However, the Group's recognised foreign currency assets and liabilities and future foreign currency transactions still have foreign exchange risks.

As of December 31, 2019, the amount of foreign currency financial assets and foreign currency financial liabilities held by the Group converted into RMB are presented as follows:

Item	Foreign currency liabilities 2019.12.31	Foreign currency assets 2019.12.31
USD	3,598,150,350.70	1,511,232,151.58
Australian dollar (AUD)	2,894,207.06	10,883,641.68

Item	Foreign currency liabilities	Foreign currency assets
	2019.12.31	2019.12.31
HKD	-	9,456.27
EUR	-	1,301,520.45
MRO	-	57,381.12
SR	-	944.73
RM	-	501,668.72
XOF	-	239,669.02
IQD	-	120,224.30
DZD	-	5,166,164.44
Total	3,601,044,557.76	1,529,512,822.31

The Group pays close attention to the impact of exchange rate changes on the Group's exchange rate risk. The Group currently has not taken any measures to avoid exchange rate risk. However, the management is responsible for monitoring exchange rate risks and will consider hedging significant exchange rate risks when necessary.

2. Capital management

The aim of the Group's capital management policy is to safeguard the continuing operation of the Group, and hence provide returns for shareholders, and benefits for other stakeholders, meanwhile maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust financing method or dividends payable to the shareholders, returning capital to the shareholders, issue new shares or other equity instruments, or selling assets to reduce liabilities.

The Group monitors capital structure on the basis of asset-liability ratio (Total liabilities divided by total assets). As at 31 December 2019, the Group's asset-liability ratio is 90.77% (As at 31 December 2018: 91.69%).

IX. Fair value

The level in which fair value measurement is categorized is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. Fair value hierarchy is divided into the following:

Level 1: quoted price of identical assets or liabilities in active markets (unadjusted)

Level 2: directly (i.e. price) or indirectly (i.e. deduced from the price) use the observable input values other than the quoted prices of asset or liability in Level 1.

Level 3: asset or liability that use any input values (unobservable input values) other than observable market data.

(1) Items and amounts measured at fair value

As at 31 December 2019, assets and liabilities measured at fair value are presented by the above three levels:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I.Recurring fair value measurement				
(1) Trading financial assets				
1. Debt instrument investment	246,820,479.51	-	-	246,820,479.51
2. Funds and stock investment	24,263,759.04	-	-	24,263,759.04
3. Wealthy financial products	-	-	1,250,187,093.69	1,250,187,093.69
(2) Receivable financing				
1. Bills receivable	-	-	42,395,544.00	42,395,544.00
(3) Non-current assets due within one year				
1. Debts investment	-	-	50,000,000.00	50,000,000.00
(4) Other non-current financial assets				
1. Equity instruments investment	-	-	473,898,830.00	473,898,830.00
(5) Investment properties				
1. Leased buildings	-	-	4,419,480,000.00	4,419,480,000.00
Total assets measured at fair value on a recurring basis	271,084,238.55	-	6,235,961,467.69	6,507,045,706.24
II. Total assets by non-recurring measurement at fair value				
Various identifiable liabilities of the acquiree in a business combination not under common control	-	-	3,800,540,439.47	3,800,540,439.47
Total liabilities by non-continuous measurement at fair value	-	-	3,800,540,439.47	3,800,540,439.47
Various identifiable liabilities of the acquiree in a business combination not under common control	-	-	3,054,904,213.83	3,054,904,213.83
Total liabilities by non-continuous measurement at fair value	-	-	3,054,904,213.83	3,054,904,213.83

In current year, the Group's financial assets and financial liabilities fair value does not occur conversion between level 1 and level 2, or transfer to or from level 3.

For financial instrument in an active market, the Group measures the fair value at quoted price in an active market.

2. Quantitative information of important unobservable input values used in level 3 of fair value measurement

Content	Fair value at year end	Valuation techniques
Trading financial assets:		
Wealthy financial products	1,250,187,093.69	Expected income approach

Content	Fair value at year end	Valuation techniques
Receivable financing:		
Bills receivable	42,395,544.00	Discounted cash flow method
Non-current assets due within one year:		
Debts investment	50,000,000.00	Discounted cash flow method
Other non-current financial assets:		
Equity instruments investment	473,898,830.00	Market approach
Investment properties:		
Commercial real estate and parking spaces	88,900,000.00	Income approach
	4,330,580,000.00	Market approach
Assets that are not continuously measured at fair value:		
Identifiable assets of the acquired entity through business combination not under common control	3,800,540,439.47	Asset-based approach/income approach
Liabilities not measured continuously at fair value:		
Identifiable liabilities of the acquired entity through business combination not under common control	3,054,904,213.83	Asset-based approach/income approach

3. Items and amounts not measured at fair value but disclosed the fair value

Financial assets and financial liabilities measured at amortized cost include: cash and bank balances, bills receivable, accounts receivable, other receivables, long-term receivables, short-term loans, bills payable, accounts payable, other payables, long-term loans due within one year, long-term payables, long-term loans and bonds payable.

X. Related party and related party transactions

1. Parent Company

Name	Place of registration	Business nature	Registered capital (RMB in ten thousand)	Parent Group shareholding percentage in the Group %	Parent Group voting right percentage in the Group %
Zhongnan City Construction Investment Co., Ltd.	No. 188, Changqing Road, Changle Town, Haimen City	Development and Sale of Commercial Housing; City Construction Investment	163,227.63	53.75	53.75

Note of the parent company of the Company:

Zhongnan City Construction Investment Co., Ltd. (hereinafter referred as "Zhongnan City Investment Company") is an entity mainly engaged in investment, development and sale of real estate. Its place of

registration is Nantong city and the legal representative is Chen Jinshi.

The Company's ultimate controlling party is Mr Chen Jinshi.

2. The Company's subsidiaries

Details of subsidiaries refer to Note VII.1.

3. The Group's joint venture and associates

Details of significant joint venture and associate refer to Note V.15.

Significant joint venture and associate refer to Note VII. 2.

4. Other related parties of the Group

Related party	Relationship with the Group
Chen Jinshi	Actual controlling party
Zhongnan City Construction Investment Co., Ltd.	Parent Company of the company
Zhongnan Holding Group Co., Ltd.	Parent Company of parent company
Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	Investee of parent company of the Company's parent company
Jiangsu Shenyu Integrated House Co., Ltd.	Investee of parent company of the Company's parent company
Shanghai Wulu Construction Engineering Consulting Co., Ltd.	Investee of parent company of the Company's parent company
Qingdao Lidong City Construction Investment Co., Ltd.	Investee of parent company of the Company's parent company
Nantong Huiyuan Pawn Co., Ltd.	Investee of parent company of the Company's parent company
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Style Industry Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Wood Industry Co., Ltd.	Common ultimate controlling party
Zhongnan Holding Group (Shanghai) Asset Management Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Maochuang Investment Co., Ltd.	Common ultimate controlling party
Tangshan Zhongnan International Tourist Resort Property Service Co., Ltd.	Common ultimate controlling party
Haimen Zhongnan Property Management Co., Ltd.	Common ultimate controlling party
Shanghai Jinqi Technology Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Industrial Investment Co., Ltd.	Common ultimate controlling party
Jiangsu Grace Sports Culture Communication Co., Ltd.	Common ultimate controlling party
Nanchong Century City Property Management Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Construction and Decoration Co., Ltd.	Common ultimate controlling party

Related party	Relationship with the Group
Nantong Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	Common ultimate controlling party
Hainan Zhongnan Property Services Co., Ltd.	Common ultimate controlling party
Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	Common ultimate controlling party
Jiangsu Jiinyin Commercial Factoring Co., Ltd.	Common ultimate controlling party
Shenzhen Zhongnan Jincheng Investment Co., Ltd.	Common ultimate controlling party
Beijing City Construction Zhongnan Municipal Engineering Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Jinshi Enterprise Management Co., Ltd.	Common ultimate controlling party
Weifang Zhongjin Housing Construction Engineering Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Hankun Project Management Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Education Technology Co., Ltd.	Common ultimate controlling party
Shanghai Zhongnan Source Equity Investment Fund Management Co., Ltd.	Common ultimate controlling party
Jiangsu Jinqi Information Technology Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Sports Exhibition Center Management Co., Ltd.	Common ultimate controlling party
Nantong Lingyuan Power Equipment Co., Ltd.	Common ultimate controlling party
Hangzhou Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	Common ultimate controlling party
Huizhou Weiguang Huitong Cultural Tourism Development Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Panshi New Energy Development Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Plate Technology Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Mining Co., Ltd.	Common ultimate controlling party
Inner Mongolia Lusheng New Material Technology Co., Ltd.	Common ultimate controlling party
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Common ultimate controlling party
Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	Common ultimate controlling party
Qingdao Zhongnan Property Management Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan Property Services Co., Ltd.	Common ultimate controlling party
Nantong Panshi Investment Co., Ltd.	Common ultimate controlling party
Yantai Jinde Real Estate Co., Ltd.	Common ultimate controlling party
Haimen Zhongnan Jinya Kindergarten Co., Ltd.	Common ultimate controlling party
Haimen Zhongnan Jinlin Research and Training Co., Ltd.	Common ultimate controlling party

Related party	Relationship with the Group
Yangzhou Zhongnan Jinhong Industrial Park Development Co., Ltd.	Common ultimate controlling party
Wuxi Hongshi High-tech Development Co., Ltd.	Common ultimate controlling party
Jiangsu Zhongnan New Material Co., Ltd.	Common ultimate controlling party
Foshan Shunde Jinrong Real Estate Co., Ltd.	Common ultimate controlling party
Jinan Zhongnan Real Estate Co., Ltd.	Common ultimate controlling party
Hefei Zhongnan Hi-Tech Industrial Park Operation Management Co., Ltd.	Common ultimate controlling party
Shanghai Rongshi Industrial Development Co., Ltd.	Common ultimate controlling party
Chengdu Zhongnan Industrial Park Management Co., Ltd.	Common ultimate controlling party
Shaoxing Hongshi Real Estate Co., Ltd.	Common ultimate controlling party
Zhongnan Urban Construction (Beijing) Machinery Construction Co., Ltd.	Common ultimate controlling party
Zhenjiang Century City Property Management Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Culture Communication Co., Ltd.	Common ultimate controlling party
Chuzhou Zhongnan Hi-Tech Industrial Park Development Management Co., Ltd.	Common ultimate controlling party
Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Nanjing Jinfan Real Estate Co., Ltd.	Common ultimate controlling party
Ningbo Zhongnan Hi-Tech Jincheng Industrial Park Management Co., Ltd.	Common ultimate controlling party
Xi'an Zhongnan Longsheng Real Estate Co., Ltd.	Common ultimate controlling party
Zhangzhou Zhongnan Hi-Tech Investment Co., Ltd.	Common ultimate controlling party
Chongqing Jinshi Industrial Co., Ltd.	Common ultimate controlling party
Weifang Rongshi Real Estate Development Co., Ltd.	Common ultimate controlling party
Jingjiang Jinlin Technology Industrial Park Management Co., Ltd.	Common ultimate controlling party
Danyang Jinyu Real Estate Co., Ltd.	Common ultimate controlling party
Huahe Kangyuan Biotechnology Hebei Co., Ltd.	Common ultimate controlling party
Chongqing Hangshi Industrial Co., Ltd.	Common ultimate controlling party
Huizhou Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Foshan Jinming Real Estate Co., Ltd.	Common ultimate controlling party
Zhaoqing Duanzhou District Hongshi Real Estate Co., Ltd.	Common ultimate controlling party
Xiangtan Jinshi Real Estate Co., Ltd.	Common ultimate controlling party
Nantong Zhongnan Maochuang Investment Co., Ltd.	Common ultimate controlling party
Taishan Rongshi Real Estate Co., Ltd.	Common ultimate controlling party
Suzhou Zhongnan Centre Investment Construction Co.,	Common ultimate controlling party

Related party	Relationship with the Group
Ltd.	
Shanghai Jinding Enterprise Management Co., Ltd.	Common ultimate controlling party
Shanghai Nanshang Real Estate Co., Ltd.	Subsidiary of the Company's associate
Yueqing Changyue Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Tianjin Xinyou Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shangqiu Yuhua Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Hangzhou Jiazheng Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Xuzhou Yining Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shenyang Jinke Junda Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Zhangjiagang Quantang Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shangqiu Ruihai Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Ningbo Guangkai Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Jiaxing Jinqi Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shangqiu Haiyue Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Nantong Xituo Real Estate Development Co., Ltd.	Subsidiary of the Company's joint venture
Xuzhou Yiju Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Zhangjiagang Zhimao Property Co., Ltd.	Subsidiary of the Company's joint venture
Jinhua Junyuan Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Shaoxing Shimao Ruiying Real Estate Co., Ltd.	Subsidiary of the Company's joint venture
Hangzhou Zhongjing Bangda Real Estate Co., Ltd.	Investee of actual controlling party
Shanghai Chaoming Clean Energy Technology Co., Ltd.	Investee of actual controlling party
Wenchang Holiday Management Co., Ltd.	Investee of actual controlling party
Nantong Jinhai Construction Engineering Co., Ltd.	Investee of the Company's key management personnel
Haimen Yigao Power Machinery Co., Ltd.	Investee of the Company's key management personnel
Beijing Zhongnan Jincheng Real Estate Development Co., Ltd.	Investee of the Company's key management personnel
Qingdao Zhongnan Real Estate Co., Ltd.	Investee of the Company's key management personnel
Nantong Feiyu Electrical Equipment Co., Ltd.	Investee of the Company's key management personnel
Yu Han Chen	The Company's key management personnel
Xi'an Laixing Real Estate Co., Ltd.	Other stakeholders
Jiangsu Zhongnan Charity Foundation	Investee of close family member of actual controlling party

Related party	Relationship with the Group
Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	Investee of close family member of actual controlling party
Haimen Zhongnan International Primary School	Investee of close family member of actual controlling party

5. Related party transactions

(1) Purchase from and sales to related party

① Purchase of goods and receiving of services

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Purchase engineering services	1,044,654,843.63	341,720,845.79
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Purchase engineering services, Purchase material	750,973,998.81	192,154,907.60
Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	Purchase engineering services	227,868,476.24	170,593,318.08
Jiangsu Zhongnan Property Services Co., Ltd.	Purchase engineering services, Paid property fees	194,835,738.28	167,570,573.73
Nantong Feiyu Electrical Equipment Co., Ltd.	Purchase material, Purchase engineering services	95,436,797.47	44,009,124.86
Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	Purchase material, Purchase engineering services	87,259,691.50	53,313,204.09
Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	Paid service fee, Purchase engineering services	66,062,379.58	4,937,574.19
Beijing City Construction Zhongnan Municipal Engineering Co., Ltd.	Purchase engineering services	51,631,942.50	6,199,943.44
Shanghai Wulu Construction Engineering Consulting Co., Ltd.	Paid service fee, Purchase engineering services	38,009,680.00	2,369,811.20

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Zhongnan Holding Group Co., Ltd.	Paid service fee	36,735,564.37	4,405,916.02
Qingdao Zhongnan Property Management Co., Ltd.	Purchase engineering services, Paid property fees	32,509,632.02	45,598,348.00
Jiangsu Zhongnan Wood Industry Co., Ltd.	Purchase engineering services	26,301,850.23	8,558,147.44
Jiangsu Zhongnan Plate Technology Co., Ltd.	Purchase marterial	12,606,780.60	-
Haimen Zhongnan Property Management Co., Ltd.	Purchase engineering services, Paid service fee	9,824,694.35	2,462,184.79
Jiangsu Shenyu Integrated House Co., Ltd.	Purchase marterial, Purchase engineering services	9,469,212.15	3,741,367.94
Tangshan Zhongnan International Tourist Resort Property Service Co., Ltd.	Paid service fee	8,288,163.83	14,296,409.90
Shanghai Jinqi Technology Co., Ltd.	Purchase engineering services, Purchase marterial	3,600,876.80	8,672,355.04
Hainan Zhongnan Property Services Co., Ltd.	Paid property fees	3,405,611.57	5,267,871.31
Other sundry related party transactions	Purchase engineering services, Paid service fee	2,922,134.66	4,382,128.33

② Sales of goods and rendering of services

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Shangqiu Ruihai Real Estate Co., Ltd.	Engineering Services	235,493,679.58	20,050,000.00
Shangqiu Haiyue Real Estate Co., Ltd.	Engineering Services	162,551,346.72	30,738,181.82
Nantong Huaxi Real Estate Co., Ltd.	Engineering Services	145,834,740.02	41,906,356.37
Kunming Zhongyue Real Estate Co., Ltd.	Interest income	104,155,842.47	35,809,636.36
Foshan Yuchen Real Estate Development Co., Ltd.	Provide services, Engineering Services	103,782,443.32	31,748,568.39
Jiaxing Jianan Real Estate Co., Ltd.	Interest income	102,983,776.19	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	Provide services, Engineering Services	99,002,070.66	55,423,662.58
Haimen Dingxi Real Estate Co., Ltd.	Engineering Services	94,472,884.19	5,600,000.00
Nantong Jintuo Real Estate Co., Ltd.	Engineering Services	90,826,130.11	26,054,545.45
Changshu Guancheng Hongxiang Real Estate Co., Ltd.	Interest income	89,071,098.37	108,589,088.36
Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	Interest income	79,318,967.65	77,407,888.51
Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	Interest income	61,378,451.13	-
Yangzhou Yicheng Real Estate Co., Ltd.	Interest income	47,104,591.75	-
Nanjing Jinfan Real Estate Co., Ltd.	Sales of goods	45,298,371.31	-
Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	Sales of goods	37,894,314.26	-
Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	Sales agency services, Engineering services	31,164,003.74	114,862,083.42
Zhuji Jinghui Real Estate Co., Ltd.	Provide services	27,897,946.51	-
Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	Sales agency services, Engineering services	27,658,818.48	50,430,471.25
Nantong Jinde Real Estate Co., Ltd.	Interest income	18,967,924.53	180,352.55
Shanghai Greenland Fengrui Real Estate Co., Ltd.	Engineering Services	18,939,289.02	24,394,769.28
Shanghai Nanshang Real Estate Co., Ltd.	Interest income	17,213,735.09	8,294,075.17
Jiangsu Grace Sports Culture Communication Co., Ltd.	Sales of goods, Provide services	16,583,113.86	14,763,841.49
Nantong Huachang Real Estate Co., Ltd.	Interest income, Engineering Services	15,466,269.14	6,985,086.08
Nantong Jinhui Real Estate Co., Ltd.	Engineering Services	14,078,785.71	707,013.40
Haimen Jinjia Real Estate Co., Ltd.	Engineering Services	13,106,846.39	69,143,370.42
Haimen Jinbang Real Estate Co., Ltd.	Sales of goods	11,586,963.29	-
Huaian Yihong Real Estate Development Co., Ltd.	Interest income, Engineering Services	11,233,167.93	-
Zhuji Jingshi Real Estate Co., Ltd.	Sales of goods	10,336,359.97	-
Taicang Zhongnan Yayuan Real Estate	Interest income	10,188,679.24	-

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Development Co., Ltd.			
Kaifeng Huida Zhongnan Real Estate Co., Ltd.	Provide sales agency services	10,029,153.77	-
Yuyao Zhongmei Real Estate Co., Ltd.	Provide services	9,534,393.28	-
Ruian New City Yihong Real Estate Development Co., Ltd.	Interest income	9,089,935.93	-
Nantong Jinyue Real Estate Co., Ltd.	Provide sales agency services	8,635,623.61	-
Suzhou Changzun Real Estate Co., Ltd.	Interest income	8,354,731.13	266,037.74
Zhenjiang Yifa Real Estate Development Co., Ltd.	Interest income	8,301,240.29	1,485,849.06
Yunnan Jiaxun Real Estate Development Co., Ltd.	Interest income	7,924,528.30	-
Binzhou Biguiyuan Real Estate Development Co., Ltd.	Paid service fee	7,867,924.52	-
Huainan Jiahua Real Estate Development Co., Ltd.	Interest income	7,547,169.81	-
Suzhou Kaiping Real Estate Development Co., Ltd.	Engineering Services	7,255,995.68	42,912,316.75
Xuzhou Yining Real Estate Co., Ltd.	Interest income	7,069,791.67	-
Ningbo Biguiyuan Real Estate Development Co., Ltd. Hangzhou Bay New Area	Provide services	6,930,258.70	905,660.38
Nantong Ganghua Real Estate Co., Ltd.	Interest income	6,286,986.67	-
Nantong Jinzhou Real Estate Co., Ltd.	Sales of goods	6,219,463.23	-
Jiangsu Zhongnan Construction Decoration Co., Ltd.	Engineering services	5,996,130.23	10,524,778.29
Yunnan Jiazhuo Real Estate Development Co., Ltd.	Interest income	5,424,528.30	-
Suzhou Tianchen Real Estate Development Co., Ltd.	Interest income	5,165,065.53	1,321,725.37
Shaoxing Longyue Real Estate Development Co., Ltd.	Interest income	4,793,851.82	-
Nantong Seal Real Estate Co., Ltd.	Engineering services	4,730,072.51	470,034.53
Taicang Huisheng Real Estate Development Co., Ltd.	Provide services, Engineering services	3,464,888.32	4,808,914.09
Handan Jinguang Real Estate Development Co., Ltd.	Provide services	3,357,968.28	-
Foshan Yaxu Real Estate Development Co., Ltd.	Provide services	3,101,935.33	-
Xuzhou Xinzhong Real Estate Development Co., Ltd.	Interest income	2,991,439.57	-
Cixi Hexiang Real Estate Co., Ltd.	Provide services	2,943,396.24	2,358,490.57

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Zhangjiagang Contemporary Qinghe Real Estate Co., Ltd.	Interest income	2,923,967.92	-
Taizhou Jinglun Real Estate Co., Ltd.	Provide services	2,902,933.92	-
Ningbo Hangzhou Bay New Area Haige Real Estate Co., Ltd.	Provide services	2,889,622.65	-
Huaian Shihai Real Estate Development Co., Ltd.	Sales of goods	2,761,384.63	-
Rudong Gangrui Real Estate Co., Ltd.	Interest income	2,712,452.83	-
Xuzhou Yiju Real Estate Co., Ltd.	Interest income	2,665,564.23	-
Haimen Haicheng Real Estate Co., Ltd.	Interest income, Engineering services	2,664,505.86	-
Cixi Chonggui Real Estate Development Co., Ltd.	Provide services	2,465,849.06	1,463,867.93
Nantong Jinlong Real Estate Co., Ltd.	Interest income	2,264,150.94	-
Shaoxing Jinjia Real Estate Co., Ltd.	Provide sales agency services	2,242,691.20	-
Nantong Xituo Real Estate Development Co., Ltd.	Engineering Services	2,217,463.21	-
Zoucheng Jinshan Real Estate Co., Ltd.	Interest income	2,045,120.92	-
Yancheng Jinbi Real Estate Development Co., Ltd.	Interest income	1,968,393.23	-
Ningbo Shimao Yueying Real Estate Co., Ltd.	Provide services	1,933,962.27	1,367,924.53
Jining Jinqin Real Estate Development Co., Ltd.	Provide sales agency services	1,905,708.02	-
Cixi Hengkun Real Estate Co., Ltd.	Provide services	1,890,471.70	1,942,641.51
Taizhou Zhuoxin Real Estate Development Co., Ltd.	Interest income	1,886,792.44	-
Taizhou Zhuoshun Real Estate Development Co., Ltd.	Interest income	1,867,924.52	-
Nantong Jinheng Property Co., Ltd.	Provide sales agency services	1,847,209.81	2,175,082.57
Zhongnan Holding Group Co., Ltd.	Sales of goods	1,842,662.01	809,945.17
Taicang Xinheng Real Estate Development Co., Ltd.	Interest income	1,768,988.44	-
Cixi Xingkun Real Estate Co., Ltd.	Provide services	1,741,792.43	1,093,301.89
Zhangjiagang Quantang Real Estate Co., Ltd.	Interest income	1,709,657.55	1,245,283.02
Cixi Jingui Real Estate Co., Ltd.	Provide services	1,697,924.54	45,283.02
Nantong Tongzhou Shuangheng Real Estate Co., Ltd.	Interest income	1,433,328.46	4,244,979.74
Yueqing Changyue Real Estate Co., Ltd.	Interest income	1,421,084.88	-
Chengdu Century Zhongnan Real Estate Development Co., Ltd.	Interest income	1,304,685.58	-

Related party	Related party transaction	Year ended 2019.12.31	Year ended 2018.12.31
Jiangsu Zhongnan Property Services Co., Ltd.	Sales of goods, Provide services	1,185,016.67	795,248.80
Zhenjiang Yirun Zhongnan Real Estate Company	Interest income	1,083,962.27	-
Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	Sales of goods, Engineering Services	1,021,041.09	-
Yuyao Rongheng Real Estate Co., Ltd.	Provide services	1,018,867.92	778,726.42
Yuyao Glory Real Estate Co., Ltd.	Provide services	1,018,867.92	778,726.42
Other sundry related party transactions	Sales of goods, Provide services	12,938,947.75	59,023,390.98

(2) Rental with related party

The Company as lessee

Lessor	Leased property	Rental in the current year	Rental in prior year
Chen Jinshi	Building and construction	-	-

Note: The Company leased a property from Mr. Chen Jinshi. The property is located on the 1st to 7th floor, Building 46, Building 12, No. 188 South 4th Ring Road, Fengtai District, Beijing City. The building is 1968.30 square meters in floor space. The above houses are used free of charge.

(3) Guarantee of related party

① The Group as guarantor (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
The Group	Changshu Guancheng Hongxiang Real Estate Co., Ltd.	66,150.00	2017/11/24	2023/11/23	No
The Group	Changshu Zhicheng Real Estate Development Co., Ltd.	11,250.00	2017/10/16	2022/10/16	No
The Group	Cixi Hengkun Real Estate Co., Ltd.	12,834.00	2018/7/26	2023/7/20	No
The Group	Cixi Xingkun Real Estate Co., Ltd.	9,900.00	2019/11/27	2022/11/26	No
The Group	Foshan Yaxu Real Estate Development Co., Ltd.	36,300.00	2019/5/13	2022/5/12	No
The Group	Foshan Yuchen Real Estate Development Co., Ltd.	50,000.00	2018/9/14	2021/12/31	No
The Group	Huaian Hejin Real Estate Co., Ltd.	40,800.00	2019/9/24	2024/9/23	No
The Group	Jiaying Jianan Real Estate	88,000.00	2018/6/1	2023/6/1	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
	Co., Ltd.				
The Group	Jinhua Junyuan Real Estate Co., Ltd.	22,440.00	2018/10/19	2023/7/19	No
The Group	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	20,000.00	2019/7/17	2024/7/17	No
The Group	Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	19,200.00	2019/10/1	2024/9/30	No
The Group	Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	179,200.00	2019/8/1	2025/7/31	No
The Group	Nantong Ganghua Real Estate Co., Ltd.	21,000.00	2019/8/1	2025/7/31	No
The Group	Ningbo Guangkai Real Estate Development Co., Ltd.	10,265.50	2019/5/6	2023/5/6	No
The Group	Ningbo Biguiyuan Real Estate Development Co., Ltd.	7,334.00	2019/8/30	2023/8/15	No
The Group	Hangzhou Bay New Area Ningbo Biguiyuan Real Estate Development Co., Ltd.	14,520.00	2019/4/15	2023/7/6	No
The Group	Hangzhou Bay New Area Ningbo Biguiyuan Real Estate Development Co., Ltd.	12,540.00	2018/12/17	2023/12/30	No
The Group	Hangzhou Bay New Area Ningbo Biguiyuan Real Estate Development Co., Ltd.	8,019.00	2019/10/22	2024/10/21	No
The Group	Shaoxing Jinjia Real Estate Co., Ltd.	45,700.00	2019/3/15	2022/9/14	No
The Group	Shaoxing Jinjia Real Estate Co., Ltd.	13,693.05	2019/6/19	2024/6/18	No
The Group	Shaoxing Longyue Real Estate Development Co., Ltd.	136,000.00	2019/6/20	2022/6/19	No
The Group	Shaoxing Shimao Ruiying Real Estate Co., Ltd.	20,000.00	2019/12/9	2024/12/8	No
The Group	Shenyang Jinke Junda Real Estate Development Co., Ltd.	9,800.00	2018/10/17	2021/9/22	No
The Group	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	75,000.00	2018/6/11	2024/6/10	No
The Group	Taizhou Zhuoshun Real Estate Development Co., Ltd.	21,450.00	2019/4/26	2022/4/26	No
The Group	Taizhou Zhuoshun Real Estate Development Co., Ltd.	3,300.00	2019/6/26	2022/6/26	No
The Group	Taicang Tongguang Real Estate Development Co., Ltd.	40,000.00	2019/4/26	2025/4/22	No
The Group	Weihai Xinghui Real Estate	26,250.00	2019/5/15	2025/5/15	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
	Development Co., Ltd.				
The Group	Xi'an Laixing Real Estate Co., Ltd.	71,876.00	2019/10/31	2025/10/28	No
The Group	Xiangtan Changxia Jincheng Real Estate Development Co., Ltd.	60,000.00	2018/12/6	2023/12/5	No
The Group	Xuzhou Jinchuan Real Estate Development Co., Ltd.	28,798.00	2018/8/31	2023/8/31	No
The Group	Yangzhou Yicheng Real Estate Co., Ltd.	15,000.00	2018/9/10	2023/8/10	No
The Group	Zhenjiang Hengrun Real Estate Development Co., Ltd.	13,000.00	2018/10/11	2023/10/9	No
The Group	Zhenjiang Yirun Zhongnan Real Estate Company	14,000.00	2018/7/9	2023/6/27	No
The Group	Chongqing Fuao Real Estate Development Co., Ltd.	5,525.00	2019/5/24	2022/5/24	No
The Group	Chongqing Xilian Jin Real Estate Development Co., Ltd.	8,230.25	2018/10/11	2023/4/11	No
The Group	Zhuji Jingshi Real Estate Co., Ltd.	16,500.00	2018/8/9	2023/8/9	No
The Group	Zibo Jincheng Real Estate Development Co., Ltd.	35,000.00	2019/3/25	2022/9/25	No
The Group	Suzhou Zhongnan Centre Investment Construction Co., Ltd.	30,000.00	2019/6/27	2023/6/26	No
The Group	Cixi Jingui Real Estate Co., Ltd.	100,000.00	2018/11/13	2023/11/12	No
The Group	Xuchang Yuheng Real Estate Development Co., Ltd.	60,000.00	2018/12/3	2023/12/2	No
The Group	Zhangjiagang Jinyu Land Co., Ltd.	36,720.00	2019/6/25	2024/6/25	No
The Group	Rugao Jinrui Real Estate Co., Ltd.	31,200.00	2019/12/16	2024/12/16	No
The Group	Yuyao Jinhao Real Estate Co., Ltd.	29,000.00	2019/3/26	2024/3/26	No
The Group	Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	20,000.00	2019/12/30	2024/12/29	No
The Group	Ningbo Shengrui Real Estate Development Co., Ltd.	10,500.00	2018/10/31	2023/10/30	No
The Group	Yueqing Changyue Real Estate Co., Ltd.	10,500.00	2018/9/7	2023/9/7	No
The Group	Zhenjiang Yifa Real Estate Development Co., Ltd.	5,610.00	2019/1/29	2023/1/28	No
The Group	Zhenjiang Yifa Real Estate Development Co., Ltd.	9,900.00	2018/6/15	2023/6/14	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
The Group	Ningbo Shenglang Real Estate Development Co., Ltd.	2,360.00	2018/12/6	2023/12/1	No
The Group	Zhuji Jingming Real Estate Co., Ltd.	44,950.00	2019/11/5	2023/11/4	No
The Group	Xuzhou Jinxi Real Estate Development Co., Ltd.	36,000.00	2019/8/1	2024/8/2	No
The Group	Jining Jinqin Real Estate Development Co., Ltd.	30,000.00	2018/9/27	2021/9/26	No
The Group	Nantong Jinzhou Real Estate Co., Ltd.	33,880.00	2018/9/21	2021/9/19	No

② The Group as guarantee (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Zhongnan Holding Group Co., Ltd.	The Group	4,400.00	2019/6/28	2022/6/27	No
Zhongnan City Construction Investment Co., Ltd.	The Group	5,600.00	2019/6/28	2022/6/27	No
Zhongnan Holding Group Co., Ltd.	The Group	5,600.00	2019/6/28	2022/6/27	No
Zhongnan Holding Group Co., Ltd.	The Group	60,000.00	2019/7/30	2022/7/29	No
Zhongnan Holding Group Co., Ltd.	The Group	100,000.00	2017/11/9	2022/6/23	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2019/10/31	2024/10/31	No
Zhongnan Holding Group Co., Ltd.	The Group	24,000.00	2018/3/8	2022/12/20	No
Zhongnan Holding Group Co., Ltd.	The Group	11,290.00	2019/4/22	2022/8/4	No
Zhongnan Holding Group Co., Ltd.	The Group	53,478.00	2019/3/27	2024/3/26	No
Zhongnan Holding Group Co., Ltd.	The Group	100,000.00	2019/12/24	2024/12/24	No
Zhongnan Holding Group Co., Ltd.	The Group	50,000.00	2019/1/30	2023/1/29	No
Zhongnan Holding Group Co., Ltd.	The Group	70,000.00	2015/6/10	2027/4/26	No
Zhongnan Holding Group Co., Ltd.	The Group	20,000.00	2018/4/28	2022/2/13	No
Zhongnan City Construction Investment Co., Ltd.	The Group	20,000.00	2018/4/28	2022/2/13	No
Zhongnan Holding Group Co., Ltd.	The Group	65,000.00	2019/5/31	2022/5/22	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Zhongnan Holding Group Co., Ltd.	The Group	65,000.00	2019/12/12	2022/11/12	No
Zhongnan City Construction Investment Co., Ltd.	The Group	18,000.00	2019/11/29	2022/11/25	No
Zhongnan Holding Group Co., Ltd.	The Group	30,000.00	2019/5/17	2022/2/14	No
Zhongnan Holding Group Co., Ltd.	The Group	120,000.00	2019/1/14	2023/10/24	No
Zhongnan Holding Group Co., Ltd.	The Group	7,500.00	2019/4/28	2023/4/28	No
Zhongnan City Construction Investment Co., Ltd.	The Group	13,000.00	2019/4/19	2022/6/16	No
Zhongnan Holding Group Co., Ltd.	The Group	65,000.00	2019/12/30	2022/9/30	No
Zhongnan Holding Group Co., Ltd.	The Group	120,000.00	2019/11/13	2023/5/12	No
Zhongnan Holding Group Co., Ltd.	The Group	101,000.00	2017/8/10	2022/8/20	No
Zhongnan Holding Group Co., Ltd.	The Group	4,900.00	2019/9/25	2022/9/23	No
Zhongnan Holding Group Co., Ltd.	The Group	6,400.00	2019/12/5	2022/11/30	No
Zhongnan Holding Group Co., Ltd.	The Group	6,500.00	2019/12/5	2022/11/30	No
Zhongnan Holding Group Co., Ltd.	The Group	500.00	2019/6/10	2022/6/26	No
Zhongnan Holding Group Co., Ltd.	The Group	4,000.00	2019/7/30	2023/7/30	No
Zhongnan Holding Group Co., Ltd.	The Group	73,000.00	2018/11/30	2032/11/28	No
Zhongnan Holding Group Co., Ltd.	The Group	350,000.00	2019/5/23	2034/6/20	No

③ Related guarantee among the Group (Unit: in ten thousand)

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	20,000.00	2019/5/29	2022/5/28	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Group Co., Ltd.	5,000.00	2019/11/29	2022/11/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	120,000.00	2018/9/13	2023/9/14	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	120,000.00	2018/9/13	2023/9/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	38,000.00	2019/1/22	2024/1/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Linyi Jinqin Real Estate Development Co., Ltd.	46,750.00	2018/4/10	2023/4/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Linyi Jinqin Real Estate Development Co., Ltd.	35,000.00	2018/10/20	2022/10/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	40,000.00	2019/10/28	2024/10/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.. Zhenjiang Yuyuan Real Estate Co., Ltd.	Tai'an Zhongnan City Investment Co., Ltd.	45,000.00	2019/12/15	2021/12/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an Zhongnan City Investment Co., Ltd.	19,300.00	2018/9/5	2024/9/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	48,000.00	2019/12/11	2025/12/8	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zoucheng Zhongxiang Real Estate Co., Ltd.	16,000.00	2019/3/15	2023/5/7	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinqian Real Estate Co., Ltd.	30,000.00	2019/11/22	2024/11/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinbi Real Estate Co., Ltd.	28,100.00	2019/9/30	2023/9/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jinan Jinhui Real Estate Co., Ltd.	30,000.00	2019/9/2	2024/8/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zibo Jinhui Real Estate Co., Ltd.	20,000.00	2019/12/2	2023/12/2	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Tai'an Zhongnan Investment Real Estate Co., Ltd.	20,000.00	2019/4/18	2024/4/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongnan Anju Real Estate Development Co., Ltd.	16,000.00	2017/11/15	2023/11/14	No
Chengdu Zhongding Jiahe Real Estate Co., Ltd.	Chengdu Zhongnan Anju Real Estate Development Co., Ltd.	16,000.00	2017/11/15	2023/11/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongding Jiahe Real Estate Co., Ltd.	5,700.00	2017/12/18	2023/12/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	45,000.00	2018/9/30	2023/9/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	70,000.00	2019/6/1	2023/6/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	68,000.00	2019/5/22	2022/6/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhongnan Jiafeng Real Estate Co., Ltd.	142,439.77	2019/6/1	2024/6/10	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Chixiang Real Estate Co., Ltd.	24,000.00	2018/10/11	2022/9/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Wuxiong Real Estate Co., Ltd.	5,000.00	2019/6/3	2022/6/3	No
Xi'an Chixiang Real Estate Co., Ltd.	Xi'an Wuxiong Real Estate Co., Ltd.	5,000.00	2019/6/3	2022/6/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongnan Jinteng Real Estate Development Co., Ltd.	41,770.00	2019/1/29	2022/1/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shanghai Qizhao Real Estate Co., Ltd.	100,000.00	2018/11/20	2023/11/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenyang Zhongnan Hengyu Real Estate Development Co., Ltd.	20,000.00	2018/11/2	2023/10/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guizhou Jinrong Real Estate Co., Ltd.	75,000.00	2019/1/31	2022/7/31	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Quanzhou Junchen Real Estate Development Co., Ltd.	32,100.00	2019/4/12	2023/4/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xiamen Junhao Real Estate Development Co., Ltd.	50,000.00	2019/10/31	2024/2/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenzhou Jinyu Real Estate Co., Ltd.	80,000.00	2019/11/28	2024/12/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenzhou Jinchen Real Estate Co., Ltd.	40,000.00	2019/5/24	2023/12/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinqi Real Estate Co., Ltd.	30,000.00	2019/10/25	2023/5/6	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinyu Real Estate Co., Ltd.	149,950.00	2019/11/20	2022/11/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guangxi Jinchi Real Estate Co., Ltd.	28,300.00	2019/11/18	2022/12/11	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	37,926.35	2019/6/19	2025/6/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Taixing Zhongnan Century City Real Estate Development Co., Ltd.	30,000.00	2018/12/27	2022/1/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongnan Century Real Estate Development Co., Ltd.	110,000.00	2018/4/4	2023/4/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Chengdu Zhongnan Junjin Real Estate Development Co., Ltd.	60,000.00	2018/4/28	2021/3/16	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanchong Zhongnan Jinye Real Estate Co., Ltd.	30,600.00	2019/10/23	2022/11/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guangrao Zhongnan Real Estate Co., Ltd.	6,300.00	2019/3/23	2025/3/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Guangrao Jinshi Real Estate Development Co., Ltd.	13,000.00	2018/6/15	2023/6/16	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	29,211.00	2019/2/14	2025/2/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Dongying Zhongnan City Construction Investment Co., Ltd.	5,600.00	2018/8/9	2023/8/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Foshan Zhongwujingxi Real Estate Co., Ltd.	100,000.00	2018/12/3	2023/12/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang New District Jinjiang Real Estate Development and Management Co., Ltd.	15,000.00	2019/7/19	2026/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Changde Nanya Real Estate Development Co., Ltd.	50,000.00	2019/6/21	2022/12/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Suzhou Yucheng Real Estate Development Co., Ltd.	85,000.00	2019/6/28	2024/6/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Changshu Zhongnan Jinjin Land Co., Ltd.	170,000.00	2019/9/23	2024/9/23	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Bengbu Saite Zhongnan Real Estate Development Co., Ltd.	8,000.00	2019/12/27	2024/12/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhangjiagang Jinxi Land Co., Ltd.	1,185.00	2019/7/26	2022/8/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shanghai Zhouqu Real Estate Development Co., Ltd.	10,660.00	2019/3/28	2024/3/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wanning Zhongnan City Real Estate Development Co., Ltd.	35,000.00	2019/9/29	2024/3/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Yunnan Jinlin Real Estate Co., Ltd.				
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Jinyu Real Estate Co., Ltd.	9,800.00	2019/6/28	2022/10/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Jinyu Real Estate Co., Ltd.	4,200.00	2019/6/28	2022/10/26	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinfu Real Estate Co., Ltd.	299,000.00	2019/7/5	2023/7/5	No
Haimen Zhongnan Century City Development Co., Ltd.	Hangzhou Jinfu Real Estate Co., Ltd.	149,000.00	2019/7/11	2023/7/11	No
Nantong Zhongnan New World Centre Development Co., Ltd.	Hangzhou Jinfu Real Estate Co., Ltd.	149,000.00	2019/7/11	2023/7/11	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Hangzhou Jinfu Real Estate Co., Ltd.	149,000.00	2019/7/11	2023/7/11	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Jinlv Real Estate Co., Ltd.	50,000.00	2019/12/11	2023/3/31	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Huaian Jiahua Real Estate Co., Ltd.	10,000.00	2019/9/26	2022/9/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	45,000.00	2018/12/19	2023/12/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	20,000.00	2019/12/6	2022/12/26	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	100,000.00	2019/7/12	2022/12/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	20,000.00	2018/6/12	2023/6/11	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhuji Jingli Real Estate Co., Ltd.	39,880.00	2019/8/16	2022/10/16	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiaxing Jinshan Real Estate Co., Ltd.	6,300.00	2019/12/25	2020/3/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Bengbu Zhongnan Huayuan Real Estate Development Co., Ltd.	105,000.00	2019/3/29	2022/9/28	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Jinning Jinhong Real Estate Development Co., Ltd.	132,000.00	2019/6/27	2023/12/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangyin Sutai Real Estate Co., Ltd.	65,000.00	2018/8/31	2020/6/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangyin Sutai Real Estate Co., Ltd.	50,000.00	2018/12/18	2020/12/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangyin Sutai Real Estate Co., Ltd.	80,000.00	2019/12/3	2022/11/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Yujin Real Estate Development Co., Ltd.	40,000.00	2019/8/9	2024/7/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Dongtai Jinxi Real Estate Co., Ltd.	22,650.00	2019/11/20	2020/11/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	65,000.00	2019/5/22	2025/5/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongjing Property Co., Ltd.	85,000.00	2018/11/9	2022/11/8	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongjing Property Co., Ltd.	11,290.00	2019/4/22	2022/8/4	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhenjiang Jinqihe Real Estate Co., Ltd.	49,950.00	2019/7/19	2022/7/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Lixin County Jinhan Real Estate Co., Ltd.	85,000.00	2019/10/15	2024/4/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd.	60,000.00	2019/5/17	2024/4/23	No
Nantong Zhongnan New World Centre Development Co., Ltd.	Shenzhen Zhongnan Yanxi Investment Co., Ltd.	30,000.00	2019/2/25	2022/3/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenzhen Zhongnan Yanxi Investment Co., Ltd.	30,000.00	2019/2/25	2022/3/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	240.00	2019/7/19	2022/1/18	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	230.00	2019/7/26	2022/1/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	30.00	2019/8/2	2022/1/17	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	135.00	2019/9/6	2022/3/5	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	100.00	2019/9/12	2022/3/11	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	400.00	2019/9/17	2022/3/16	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	200.00	2019/10/12	2022/4/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	300.00	2019/10/15	2022/4/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	100.00	2019/10/22	2022/4/22	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	515.00	2019/10/28	2022/4/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	100.00	2019/11/15	2022/5/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	200.00	2019/11/29	2022/5/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	330.00	2019/12/27	2022/6/27	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	700.00	2019/12/31	2022/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	100.00	2019/12/31	2022/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	20,000.00	2019/8/26	2022/8/25	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan New World Centre Development Co., Ltd.	70,000.00	2015/6/10	2027/4/26	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Group Co., Ltd.	5,000.00	2019/5/21	2022/5/20	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Group Co., Ltd.	3,000.00	2019/5/10	2020/5/19	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongnan Construction Equipment Installation Co., Ltd.	5,000.00	2019/12/16	2022/12/15	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nantong Zhongyu Building Material Co., Ltd.	20,000.00	2019/5/29	2022/12/12	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xi'an Zhishengda Real Estate Co., Ltd.	105,000.00	2019/10/31	2025/10/18	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wenchang Zhongnan Real Estate Development Co., Ltd.	100,000.00	2017/6/30	2022/6/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Haimen Jinrui Real Estate Co., Ltd.	25,000.00	2019/11/25	2024/11/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Zhuji Jingli Real Estate Co., Ltd.	11,250.00	2019/9/18	2022/12/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Rugao Zhongnan Jinxin Real Estate Co., Ltd.	29,000.00	2019/1/4	2022/4/2	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	20,000.00	2018/11/1	2022/12/8	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Wuhan Jinyu Zhongnan Real Estate Development Co., Ltd.	13,000.00	2019/4/3	2024/4/3	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd.	20,000.00	2019/6/18	2021/9/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Dongtai Zhongnan Jinyue Real Estate Co., Ltd.	26,600.00	2019/12/30	2022/3/29	No

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	5,600.00	2019/12/1	2022/11/30	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	303,500.00	2018/9/13	2023/3/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Jinjun Real Estate Co., Ltd.	70,000.00	2019/4/24	2023/10/23	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Zhejiang Investment Co., Ltd.	33,000.00	2016/10/25	2030/10/20	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Xuzhou Zhongnan Construction Development Co., Ltd.	156,000.00	2018/1/26	2033/1/25	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Shenzhou Zhongnan Enterprise Management Co., Ltd.	30,000.00	2018/5/15	2034/12/9	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Rizhao Zhongnan Park Operation Development Co., Ltd.	100,000.00	2018/9/27	2030/7/24	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Sanya Haimian City Investment and Construction Co., Ltd.	193,000.00	2018/1/29	2040/1/27	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Sanya Haimian City Investment and Construction Co., Ltd.	42,769.00	2018/1/24	2040/1/24	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Rongcheng Zhongnan Construction Investment Development Co., Ltd.	20,000.00	2019/1/11	2033/1/11	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Rongcheng Zhongnan Construction Investment Development Co., Ltd.	60,000.00	2019/1/2	2033/1/2	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Binhai Zhongnan Construction Development Co., Ltd.	240,000.00	2019/1/29	2038/1/29	No
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Liaocheng Dongchangfu District Construction and Development Co., Ltd.	90,000.00	2019/11/15	2043/11/14	No

Guarantor	Guarantee	Guaranteed amount	Start date	Expiry date	Whether guarantee finished
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	18,000.00	2019/11/29	2022/11/25	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	2,500.00	2019/6/24	2022/6/24	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	23,000.00	2019/4/19	2022/6/16	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	10,500.00	2019/11/26	2022/10/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	16,800.00	2019/11/29	2022/11/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Building Industry Group Co., Ltd.	101,000.00	2017/8/10	2022/8/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd.	10,000.00	2019/3/14	2028/3/28	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Jiangsu Zhongnan Construction Industry Group Zhejiang Investment Co., Ltd.	3,000.00	2019/7/18	2022/7/1	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Shenzhou Zhongnan Enterprise Management Co., Ltd.	5,000.00	2018/5/15	2034/12/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Binhai Zhongnan Construction Development Co., Ltd.	200,000.00	2019/1/29	2038/1/29	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Liaocheng Dongchangfu District Construction and Development Co., Ltd.	90,000.00	2019/11/15	2043/11/14	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Jinshi Investment Co., Ltd.	350,000.00	2019/5/23	2034/6/20	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Xinghua Zhongnan Enterprise Management Co., Ltd.	6,000.00	2018/2/9	2030/2/9	No
Jiangsu Zhongnan Construction Group Co., Ltd.	Ningbo Zhongnan Investment Co., Ltd.	210,000.00	2018/2/6	2032/2/5	No

(4) Remuneration of key management personnel

In current year, the Group has key management personnel of 21 persons (including 6 persons resigned).
In prior year, the key management personnel were 24 persons (including 7 persons resigned).

Item	Year ended 2019.12.31 (in ten thousand)	Year ended 2018.12.31 (in ten thousand)
Remuneration of key management personnel	6,315.00	7,331.30

(5) Other related party transactions

Related party	Related party transaction	Target company	Equity ratio (%)	Transaction price
Shanghai Jinding Enterprise Management Co., Ltd.	Sale of equity	Suzhou Zhongnan Centre Investment Construction Co., Ltd.	100.00	441,140,300.00
Zhongnan Holding Group Co., Ltd.	Purchase of equity	Zhongnan Kedianyuan Sports Culture Industry Co., Ltd.	100.00	73,202,800.00
Zhongnan Holding Group Co., Ltd.	Purchase of equity	Nantong Zhongnancheng Development Co., Ltd.	100.00	-
Shanghai Zhongnan Jinshi Enterprise Management Co., Ltd.	Purchase of equity	Weifang Jinqin Real Estate Development Co., Ltd.	100.00	235,094,100.00

6. Receivables and payables with related party

(1) Receivables from related party

Item	Related party	2019.12.31	2018.12.31
Accounts receivable	Shangqiu Ruihai Real Estate Co., Ltd.	66,717,973.72	11,955,000.00
Accounts receivable	Jiaxing Jianan Real Estate Co., Ltd.	64,914,239.06	-
Accounts receivable	Nantong Huaxi Real Estate Co., Ltd.	55,914,299.69	20,242,811.56
Accounts receivable	Kunming Zhongyue Real Estate Co., Ltd.	52,793,328.55	12,343,347.87
Accounts receivable	Shangqiu Haiyue Real Estate Co., Ltd.	50,076,856.95	10,335,951.47
Accounts receivable	Changshu Guancheng Hongxiang Real Estate Co., Ltd.	49,266,249.31	34,854,450.23
Accounts receivable	Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	46,069,776.61	49,920,597.56
Accounts receivable	Nantong Jintuo Real Estate Co., Ltd.	44,826,187.15	14,176,032.26
Accounts receivable	Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	42,056,212.67	23,490,869.63
Accounts receivable	Nanjing Jinfan Real Estate Co., Ltd.	39,292,312.70	-
Accounts receivable	Foshan Yuchen Real Estate Development Co., Ltd.	38,255,744.73	24,069,864.87
Accounts receivable	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	32,558,956.29	42,459,308.32
Accounts receivable	Haimen Jinjia Real Estate Co., Ltd.	25,714,391.99	24,136,252.25
Accounts receivable	Suzhou Kaiping Real Estate Development Co., Ltd.	24,893,398.74	55,096,107.78
Accounts receivable	Haimen Dingxi Real Estate Co., Ltd.	20,955,223.95	3,955,380.90
Accounts receivable	Haimen Jinbang Real Estate Co., Ltd.	20,248,070.06	4,920,657.75
Accounts receivable	Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	19,387,055.55	23,870,605.04
Accounts receivable	Mianyang Zhongnan Jinshi Real Estate Co., Ltd.	16,610,304.29	-
Accounts receivable	Funan Zhongnanxin Road Investment Co., Ltd.	12,431,222.00	-
Accounts receivable	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	8,764,509.82	13,708,625.56
Accounts receivable	Nantong Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	8,124,583.28	7,523,947.01
Accounts receivable	Nantong Huachang Real Estate Co., Ltd.	6,348,055.37	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2019.12.31	2018.12.31
Accounts receivable	Jiangsu Zhongnan Construction Decoration Co., Ltd.	6,050,479.94	10,478,384.04
Accounts receivable	Shanghai Greenland Fengrui Real Estate Co., Ltd.	4,320,628.20	-
Accounts receivable	Huaian Yihong Real Estate Development Co., Ltd.	4,151,609.55	-
Accounts receivable	Zhongnan Holding Group Co., Ltd.	3,910,731.51	-
Accounts receivable	Haimen Haicheng Real Estate Co., Ltd.	2,316,000.00	-
Accounts receivable	Suzhou Tianchen Real Estate Development Co., Ltd.	2,298,303.39	763,431.50
Accounts receivable	Cixi Hexiang Real Estate Co., Ltd.	-	2,500,000.00
Accounts receivable	Cixi Hengkun Real Estate Co., Ltd.	-	2,059,200.00
Accounts receivable	Other sundry accounts receivable	17,384,907.44	17,184,700.04
Prepayments	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	140,726,895.08	44,448,488.25
Prepayments	Jiangsu Jianyin Commercial Factoring Co., Ltd.	49,393,813.11	876,000.00
Prepayments	Tangshan Zhongnan International Tourist Resort Property Service Co., Ltd.	18,937,174.88	-
Prepayments	Jiangsu Shenyu Integrated House Co., Ltd.	9,590,127.16	12,844,440.64
Prepayments	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	7,379,986.44	32,613,012.39
Prepayments	Jiangsu Zhongnan Construction Decoration Co., Ltd.	3,464,706.74	-
Prepayments	Yantai Jinde Real Estate Co., Ltd.	3,282,071.47	-
Prepayments	Jiangsu Zhongnan Property Services Co., Ltd.	3,188,366.03	2,031,680.80
Prepayments	Nantong Feiyu Electrical Equipment Co., Ltd.	6,598,582.54	19,213,672.63
Prepayments	Nantong Zhongnan Style Industry Co., Ltd.	-	14,124,422.58
Prepayments	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	-	9,105,892.57
Prepayments	Shanghai Zhongnan Hankun Project Management Co., Ltd.	-	5,129,800.00
Prepayments	Qingdao Zhongnan Property Management Co., Ltd.	-	4,553,946.17
Prepayments	Haimen Zhongnan Property Management Co., Ltd.	-	2,877,220.48
Prepayments	Hainan Zhongnan Property Services Co., Ltd.	-	2,431,066.83
Prepayments	Jiangsu Zhongnan Charity Foundation	-	2,400,000.00
Prepayments	Other sundry prepayments	1,035,933.75	1,742,195.48

Item	Related party	2019.12.31	2018.12.31
Other receivables	Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	965,191,659.64	1,491,535,972.60
Other receivables	Nantong Huapu Real Estate Co., Ltd.	805,049,100.00	-
Other receivables	Haimen Jinrong Real Estate Development Co., Ltd.	774,205,000.00	774,205,000.00
Other receivables	Yunnan Jiazhuo Real Estate Development Co., Ltd.	765,493,828.23	841,174,746.34
Other receivables	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	711,870,754.82	700,151,276.82
Other receivables	Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	642,948,654.59	320,372,133.97
Other receivables	Xuzhou Jingyue Real Estate Development Co., Ltd.	625,513,969.16	-
Other receivables	Chengdu Century Zhongnan Real Estate Development Co., Ltd.	507,781,912.53	527,786,008.93
Other receivables	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	473,947,089.93	103,674,284.86
Other receivables	Kunming Zhongyue Real Estate Co., Ltd.	462,063,937.00	443,731,631.00
Other receivables	Rugao Jinrui Real Estate Co., Ltd.	392,790,948.80	-
Other receivables	Haimen Haicheng Real Estate Co., Ltd.	379,597,909.13	-
Other receivables	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	366,849,127.61	461,359,701.74
Other receivables	Taizhou Zhuoshun Real Estate Development Co., Ltd.	355,974,300.00	12,721,500.00
Other receivables	Changshu Nanbi Real Estate Development Co., Ltd.	354,488,748.50	239,188,748.50
Other receivables	Chongqing Jinnan Shengtang Real Estate Development Co., Ltd.	349,648,866.59	-
Other receivables	Foshan Yaxu Real Estate Development Co., Ltd.	329,822,838.12	519,516,738.12
Other receivables	Lishui Jinqiao Real Estate Co., Ltd.	326,090,000.00	300,000,000.00
Other receivables	Suzhou Zhongnan Centre Investment Construction Co., Ltd.	305,149,354.28	-
Other receivables	Huaian Jinxi Real Estate Co., Ltd.	304,054,990.25	-
Other receivables	Lianyungang Huaxi Real Estate Co., Ltd.	303,332,205.46	287,852,205.46
Other receivables	Jinhua Jinhai Real Estate Co., Ltd.	296,712,100.64	425,290,547.49
Other receivables	Kaifeng Huida Zhongnan Real Estate Co., Ltd.	284,942,506.85	254,031,719.39
Other receivables	Suzhou Biying Real Estate Development Co., Ltd.	281,085,406.04	224,034,061.84

Item	Related party	2019.12.31	2018.12.31
Other receivables	Foshan Yuchen Real Estate Development Co., Ltd.	279,200,000.00	472,643,300.00
Other receivables	Jiaxing Zhuoda Real Estate Development Co., Ltd.	261,998,604.42	-
Other receivables	Rudong Gangrui Real Estate Co., Ltd.	261,119,924.95	-
Other receivables	Jining Jinqin Real Estate Development Co., Ltd.	242,470,340.73	245,897,424.84
Other receivables	Xiangtan Changxia Jincheng Real Estate Development Co., Ltd.	240,358,401.30	392,358,401.30
Other receivables	Huzhou Jinyu Real Estate Co., Ltd.	239,283,000.00	-
Other receivables	Zhangjiagang Jinyu Land Co., Ltd.	236,442,189.72	237,048,806.39
Other receivables	Hangzhou Jiazheng Real Estate Co., Ltd.	233,888,066.00	234,757,666.00
Other receivables	Haining Hongxiang Jinyu Real Estate Co., Ltd.	225,715,000.00	-
Other receivables	Shanghai Jinding Enterprise Management Co., Ltd.	220,447,304.84	-
Other receivables	Zhuji Jingming Real Estate Co., Ltd.	218,493,650.52	-
Other receivables	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	200,000,000.00	220,000,000.00
Other receivables	Shaoxing Jinjia Real Estate Co., Ltd.	198,780,172.07	212,817,153.00
Other receivables	Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	198,567,482.32	198,475,239.36
Other receivables	Taizhou Zhuoxin Real Estate Development Co., Ltd.	191,143,160.19	191,143,160.19
Other receivables	Shanghai Greenland Fengrui Real Estate Co., Ltd.	180,617,735.29	189,458,329.00
Other receivables	Nanjing Zhongnan Rongchuang Real Estate Co., Ltd.	173,616,510.86	23,616,510.86
Other receivables	Rudong Gangda Real Estate Co., Ltd.	146,977,943.33	-
Other receivables	Huaian Hejin Real Estate Co., Ltd.	143,449,615.22	-
Other receivables	Ningbo Hangzhou Bay New Area Haige Real Estate Co., Ltd.	141,574,331.17	233,129,875.00
Other receivables	Xuzhou Yining Real Estate Co., Ltd.	141,054,328.15	139,761,232.76
Other receivables	Hangzhou Hui Eye Investment Management Co., Ltd.	136,254,471.33	207,654,471.33
Other receivables	Nantong Junzhi Real Estate Co., Ltd.	126,616,019.34	126,616,019.34
Other receivables	Nantong Xinhe Real Estate Co., Ltd.	117,258,837.65	-

Item	Related party	2019.12.31	2018.12.31
Other receivables	Changshu Guancheng Hongxiang Real Estate Co., Ltd.	115,799,411.15	-
Other receivables	Nantong Jinli Real Estate Co., Ltd.	108,252,043.14	121,612,043.14
Other receivables	Yangzhou Yicheng Real Estate Co., Ltd.	155,167,497.81	376,595,492.55
Other receivables	Haimen Jinteng Real Estate Co., Ltd.	106,536,279.23	-
Other receivables	Zibo Jincheng Real Estate Development Co., Ltd.	104,364,800.00	224,985,384.96
Other receivables	Shanghai Juexu Real Estate Co., Ltd.	102,742,320.00	17,742,320.00
Other receivables	Zhenjiang Hengrun Real Estate Development Co., Ltd.	99,247,376.00	81,497,376.00
Other receivables	Hangzhou Shuishengxin Real Estate Development Co., Ltd.	96,722,256.00	79,062,256.00
Other receivables	Fushun Shenghuabang Real Estate Development Co., Ltd.	95,761,022.73	-
Other receivables	Zoucheng Jinshan Real Estate Co., Ltd.	90,101,839.00	191,935,419.00
Other receivables	Cixi Xingkun Real Estate Co., Ltd.	87,771,741.75	25,236,741.75
Other receivables	Huaian Yihong Real Estate Development Co., Ltd.	82,300,000.00	80,247,688.00
Other receivables	Pizhou Jindao Real Estate Development Co., Ltd.	81,320,342.50	313,248,542.50
Other receivables	Zhangjiagang Zhimao Property Co., Ltd.	79,518,996.00	-
Other receivables	Haimen Haikang Property Co., Ltd.	79,227,573.22	-
Other receivables	Shenyang Jinchen Enterprise Management Co., Ltd.	77,782,513.14	78,096,650.13
Other receivables	Ningbo Yongyao Real Estate Co., Ltd.	72,814,963.50	101,814,963.50
Other receivables	Binzhou Biguiyuan Real Estate Development Co., Ltd.	69,186,465.75	191,686,465.75
Other receivables	Shenyang Metro Yurui Project Management Co., Ltd.	67,581,683.39	-
Other receivables	Zhongnan Holding Group Co., Ltd.	66,106,807.03	-
Other receivables	Jiaxing Rongkun Real Estate Co., Ltd.	65,413,328.81	5,404,380.32
Other receivables	Cixi Jingui Real Estate Co., Ltd.	63,212,921.30	145,292,921.30
Other receivables	Huaian Shihai Real Estate Development Co., Ltd.	59,500,000.00	59,500,000.00
Other receivables	Hangzhou Changyi Business Information Consulting Co., Ltd.	58,650,000.00	68,550,000.00

Item	Related party	2019.12.31	2018.12.31
Other receivables	Suqian Zhongnan New World Real Estate Development Co., Ltd.	56,449,174.98	53,449,174.98
Other receivables	Huaian Yucheng Real Estate Development Co., Ltd.	56,097,163.84	-
Other receivables	Jiaxing Jianan Real Estate Co., Ltd.	54,517,175.50	197,220,675.50
Other receivables	Haining Hongxiang Jinyuan Real Estate Co., Ltd.	52,190,775.00	-
Other receivables	Lishui Jinxi Real Estate Co., Ltd.	50,013,000.00	-
Other receivables	Huasheng Real Estate Development (Shenzhen) Co., Ltd.	48,623,700.00	-
Other receivables	Ningbo Shengrui Real Estate Development Co., Ltd.	47,176,494.00	90,926,494.00
Other receivables	Tianjin Junyou Real Estate Information Consulting Co., Ltd.	44,612,704.97	44,612,704.97
Other receivables	Nantong Hongchuang Estate Co., Ltd.	43,523,223.74	73,493,223.74
Other receivables	Shanghai Nanshang Real Estate Co., Ltd.	40,585,357.67	22,585,357.67
Other receivables	Xuchang Yuheng Real Estate Development Co., Ltd.	39,175,244.75	281,312,777.39
Other receivables	Xuzhou Yiju Real Estate Co., Ltd.	37,429,314.23	34,763,750.00
Other receivables	Kunshan Lanxi Real Estate Development Co., Ltd.	37,073,280.00	-
Other receivables	Pingjia (Shenzhen) Investment Co., Ltd.	36,000,000.00	-
Other receivables	Pingxi (Shenzhen) Investment Co., Ltd.	36,000,000.00	-
Other receivables	Jiaxing Blue City Development and Construction Co., Ltd.	33,351,342.00	-
Other receivables	Hangzhou Yuansheng Enterprise Management Co., Ltd.	29,251,305.04	-
Other receivables	Xinjiang Tianyu Shengshi Real Estate Development Co., Ltd.	27,700,000.00	-
Other receivables	Wenchang Holiday Management Co., Ltd.	26,065,670.27	26,065,670.27
Other receivables	Chongqing Xilian Jin Real Estate Development Co., Ltd.	20,887,631.94	90,210,237.83
Other receivables	Zhongnan Holding Group (Shanghai) Asset Management Co., Ltd.	20,003,536.41	514,878.97
Other receivables	Zhenjiang Hongfu Real Estate Co., Ltd.	18,875,000.00	68,905,000.00
Other receivables	Pizhou Zhenbao Island Real Estate Co., Ltd.	18,375,156.50	38,375,156.50
Other receivables	Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	16,474,452.77	16,474,452.77

Item	Related party	2019.12.31	2018.12.31
Other receivables	Chuzhou Zhongnan Yunda Investment Fund Partnership (Limited Partnership)	15,000,000.00	15,000,000.00
Other receivables	Jiangsu Zhongnan Property Services Co., Ltd.	11,556,494.89	9,245,617.70
Other receivables	Taicang Xinheng Real Estate Development Co., Ltd.	11,445,720.00	11,445,720.00
Other receivables	Nantong Zhongnan Sports Exhibition Center Management Co., Ltd.	10,774,925.12	10,774,925.12
Other receivables	Ningbo Shenglang Real Estate Development Co., Ltd.	10,401,880.00	8,001,880.00
Other receivables	Taizhou Jinglun Real Estate Co., Ltd.	9,087,935.67	202,317,935.67
Other receivables	Jiaying Jinqi Real Estate Co., Ltd.	8,554,127.34	8,554,127.34
Other receivables	Huainan Jiahua Real Estate Development Co., Ltd.	8,000,000.00	262,048,285.10
Other receivables	Nantong Zhongnan Hi-Tech Industrial Park Management Co., Ltd.	7,988,746.78	7,811,998.18
Other receivables	Yuyao Jinhao Real Estate Co., Ltd.	6,856,276.91	260,609,434.25
Other receivables	Nantong Feiyu Electrical Equipment Co., Ltd.	6,856,160.00	6,857,760.00
Other receivables	Nantong Zhongnan Industrial Investment Co., Ltd.	5,518,421.94	5,243,491.48
Other receivables	Zhongnan (Shenzhen) Real Estate Development Co., Ltd.	4,807,121.11	1,223,919.39
Other receivables	Jiangsu Grace Sports Culture Communication Co., Ltd.	4,427,365.92	15,240,000.00
Other receivables	Yancheng Jinbi Real Estate Development Co., Ltd.	3,112,173.77	107,112,173.77
Other receivables	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	2,688,386.62	1,702,235.64
Other receivables	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	2,636,743.47	3,253,946.50
Other receivables	Wuxi Hongshi High-tech Development Co., Ltd.	2,150,561.68	-
Other receivables	Shenzhen Zhongnan Jincheng Investment Co., Ltd.	2,066,998.51	3,242,261.42
Other receivables	Weihai Xinghui Real Estate Development Co., Ltd.	1,875,000.00	321,997,800.00
Other receivables	Xuzhou Jinxi Real Estate Development Co., Ltd.	1,082,999.30	396,000,000.00
Other receivables	Shanghai Zhongnan Jinshi Enterprise Management Co., Ltd.	1,052,311.35	2,017,315.19
Other receivables	Yantai Jincheng Real Estate Development Co., Ltd.	976,389.98	23,210,300.00
Other receivables	Nantong Jintuo Real Estate Co., Ltd.	850,000.00	144,637,082.61

Item	Related party	2019.12.31	2018.12.31
Other receivables	Qingdao Zhongnan Property Management Co., Ltd.	639,887.90	2,271,114.40
Other receivables	Jiangsu Zhongnan Charity Foundation	430,000.00	41,045,137.00
Other receivables	Chongqing Shouming Real Estate Development Co., Ltd.	428,791.96	49,502,700.60
Other receivables	Nantong Wanpeng Real Estate Co., Ltd.	260,000.00	29,023,625.27
Other receivables	Haimen Dingxi Real Estate Co., Ltd.	200,000.00	305,169,093.78
Other receivables	Nantong Jinhui Real Estate Co., Ltd.	120,000.00	692,261,324.67
Other receivables	Chongqing Fuao Real Estate Development Co., Ltd.	51,295.50	65,891,674.38
Other receivables	Nantong Jinhai Construction Engineering Co., Ltd.	-	2,851,207.00
Other receivables	Xi'an Zhishengda Real Estate Co., Ltd.	-	1,002,533,468.00
Other receivables	Shanxing Huizhong Real Estate Development Co., Ltd.	-	854,873,235.00
Other receivables	Shangqiu Laojiefang Real Estate Co., Ltd.	-	531,942,500.00
Other receivables	Ningbo Biguiyuan Real Estate Development Co., Ltd. Hangzhou Bay New Area	-	392,367,732.84
Other receivables	Nantong Zhuoyu Real Estate Development Co., Ltd.	-	256,033,989.58
Other receivables	Suzhou Changzun Real Estate Co., Ltd.	-	209,536,726.10
Other receivables	Handan Jinguang Real Estate Development Co., Ltd.	-	178,848,300.00
Other receivables	Changshan Guanghe Real Estate Co., Ltd.	-	157,102,929.89
Other receivables	Zhuji Jinhui Real Estate Co., Ltd.	-	137,096,111.26
Other receivables	Yuyao Rongheng Real Estate Co., Ltd.	-	109,098,120.09
Other receivables	Linyi Jintuo Real Estate Development Co., Ltd.	-	107,168,000.00
Other receivables	Nantong Tenglong Real Estate Co., Ltd.	-	98,567,536.72
Other receivables	Xuzhou Xinzhong Real Estate Development Co., Ltd.	-	88,144,320.00
Other receivables	Zhenjiang Yifa Real Estate Development Co., Ltd.	-	82,067,329.50
Other receivables	Nantong Jinyue Real Estate Co., Ltd.	-	80,756,660.16
Other receivables	Zhuji Jingshi Real Estate Co., Ltd.	-	76,162,572.68

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2019.12.31	2018.12.31
Other receivables	Qingdao Zhonglianghong Real Estate Co., Ltd.	-	71,596,825.03
Other receivables	Ruian New City Yihong Real Estate Development Co., Ltd.	-	54,943,065.00
Other receivables	Beijing City Construction Zhongnan Municipal Engineering Co., Ltd.	-	53,594,284.50
Other receivables	Tianjin Xinbi Real Estate Development Co., Ltd.	-	49,059,142.68
Other receivables	Nantong Jinzhou Real Estate Co., Ltd.	-	48,290,809.59
Other receivables	Shanghai Jinjing Real Estate Co., Ltd.	-	47,080,993.35
Other receivables	Cixi Hengkun Real Estate Co., Ltd.	-	43,401,105.50
Other receivables	Jining Zhongnan Intelligent Property Co., Ltd.	-	29,125,411.73
Other receivables	Anning Zhongnan Yunjung Real Estate Development Co., Ltd.	-	25,304,400.00
Other receivables	Zhenjiang Yirun Zhongnan Real Estate Company	-	20,153,823.09
Other receivables	Yunnan Jiaxun Real Estate Development Co., Ltd.	-	15,848,740.15
Other receivables	Cixi Chonggui Real Estate Development Co., Ltd.	-	14,107,961.29
Other receivables	Zhangjiagang Contemporary Qinghe Real Estate Co., Ltd.	-	11,964,014.00
Other receivables	Nantong Jinlong Real Estate Co., Ltd.	-	11,523,606.48
Other receivables	Taihe Guannan Real Estate Co., Ltd.	-	6,000,000.00
Other receivables	Ningbo Guangkai Real Estate Development Co., Ltd.	-	3,000,000.00
Other receivables	Shanghai Zhongnan Hankun Project Management Co., Ltd.	-	2,110,976.65
Other receivables	Other sundry receivables	15,192,419.77	11,028,780.05

(2) Payables to related party

Item	Related party	2019.12.31	2018.12.31
Accounts payable	Jiangsu Jianyin Commercial Factoring Co., Ltd.	576,967,578.67	13,475,435.96
Accounts payable	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	311,437,841.24	22,113,346.16
Accounts payable	Jiangsu Zhongnan Construction Decoration Co., Ltd.	106,147,439.30	51,903,008.44
Accounts payable	Nantong Feiyu Electrical Equipment Co., Ltd.	55,744,444.71	23,390,317.22

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2019.12.31	2018.12.31
Accounts payable	Jiangsu Zhongnan Property Services Co., Ltd.	53,552,533.04	30,050,081.90
Accounts payable	Jinfeng Global Decoration Engineering (Tianjin) Co., Ltd.	51,129,430.05	48,234,554.17
Accounts payable	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	32,121,425.64	25,450,552.30
Accounts payable	Xuzhou Jinxi Real Estate Development Co., Ltd.	27,594,247.21	-
Accounts payable	Qingdao Zhongnan Property Management Co., Ltd.	18,017,771.38	16,721,293.84
Accounts payable	Zhongnan Holding Group Co., Ltd.	11,601,528.93	11,422,554.24
Accounts payable	Jiangsu Zhongnan Plate Technology Co., Ltd.	10,975,077.82	-
Accounts payable	Jiangsu Zhongnan Jincheng Engineering Consulting Co., Ltd.	5,450,916.31	1,499,620.78
Accounts payable	Nantong Zhongnan Industrial Investment Co., Ltd.	5,020,940.04	4,921,793.63
Accounts payable	Beijing City Construction Zhongnan Municipal Engineering Co., Ltd.	4,106,908.42	6,104,240.84
Accounts payable	Hainan Zhongnan Property Services Co., Ltd.	3,523,488.74	3,328,264.07
Accounts payable	Shanghai Wulu Construction Engineering Consulting Co., Ltd.	2,320,451.32	550,000.00
Accounts payable	Jiangsu Shenyu Integrated House Co., Ltd.	2,204,965.68	2,415,247.03
Accounts payable	Shanghai Jinqi Technology Co., Ltd.	2,136,963.12	929,103.57
Accounts payable	Zhongnan Urban Construction (Beijing) Machinery Construction Co., Ltd.	-	10,116,373.98
Accounts payable	Tangshan Zhongnan International Tourist Resort Property Service Co., Ltd.	-	2,590,698.41
Accounts payable	Other sundry accounts payable	4,449,751.05	6,083,593.73
Advances from customers	Nantong Lingyuan Power Equipment Co., Ltd.	8,600,000.00	3,600,000.00
Advances from customers	Changshu Guancheng Hongxiang Real Estate Co., Ltd.	3,973,385.13	-
Advances from customers	Huaian Yucheng Real Estate Development Co., Ltd.	3,220,107.86	-
Advances from customers	Nantong Ganghua Real Estate Co., Ltd.	2,030,350.36	-
Advances from customers	Suzhou Kaiping Real Estate Development Co., Ltd.	-	2,269,580.00

Item	Related party	2019.12.31	2018.12.31
customers			
Advances from customers	Jining Jinqin Real Estate Development Co., Ltd.	-	2,013,401.41
Advances from customers	Other sundry advances from customers	4,718,226.75	3,120,371.05
Other payables	Haimen Jinbang Real Estate Co., Ltd.	1,342,020,880.39	542,024,130.39
Other payables	Suzhou Changzun Real Estate Co., Ltd.	970,305,603.18	-
Other payables	Haimen Jinrong Real Estate Development Co., Ltd.	733,910,000.00	780,915,000.00
Other payables	Suzhou Kaiping Real Estate Development Co., Ltd.	668,143,809.24	712,587,000.00
Other payables	Nantong Jinhui Real Estate Co., Ltd.	659,785,253.61	-
Other payables	Lishui Jinqiao Real Estate Co., Ltd.	652,112,529.17	-
Other payables	Kunming Zhongyue Real Estate Co., Ltd.	649,763,607.66	622,125,895.34
Other payables	Nantong Jinde Real Estate Co., Ltd.	618,879,609.45	205,790,007.45
Other payables	Nantong Biguiyuan Chengdong Real Estate Co., Ltd.	444,644,998.67	731,204,285.88
Other payables	Shanghai Lizhi Real Estate Development Co., Ltd.	428,020,000.00	440,800,000.00
Other payables	Xuzhou Jinchuan Real Estate Development Co., Ltd.	376,159,245.00	120,659,245.00
Other payables	Taicang Tongguang Real Estate Development Co., Ltd.	374,114,107.76	-
Other payables	Ningbo Shimao Yueying Real Estate Co., Ltd.	353,118,443.00	89,442,502.68
Other payables	Changshu Zhongzhi Real Estate Co., Ltd.	352,858,250.00	399,208,250.00
Other payables	Weifang Zhongnan Jincheng Real Estate Development Co., Ltd.	335,709,343.28	29,337,633.56
Other payables	Nantong Hongyan Real Estate Co., Ltd.	324,142,130.41	444,997,323.91
Other payables	Shangqiu Laojiefang Real Estate Co., Ltd.	288,607,500.00	-
Other payables	Changshu Zhongnan Xiangtiyuan Real Estate Co., Ltd.	286,759,007.90	455,313,007.90
Other payables	Shenyang Zhongnan Yisheng Real Estate Development Co., Ltd.	283,243,904.38	93,259,904.38
Other payables	Nantong Jinheng Property Co., Ltd.	281,011,355.40	296,611,355.40

Item	Related party	2019.12.31	2018.12.31
Other payables	Jining Jinqin Real Estate Development Co., Ltd.	268,657,540.94	185,499,800.00
Other payables	Taizhou Zhuoshun Real Estate Development Co., Ltd.	231,000,000.00	-
Other payables	Haimen Jinjia Real Estate Co., Ltd.	218,787,059.59	276,037,059.59
Other payables	Nantong Tenglong Real Estate Co., Ltd.	202,432,463.28	-
Other payables	Yantai Jinchen Real Estate Development Co., Ltd.	190,607,632.65	-
Other payables	Zhuji Jinghui Real Estate Co., Ltd.	187,101,842.14	-
Other payables	Fushun Shenghuabang Real Estate Development Co., Ltd.	184,482,666.67	-
Other payables	Ningbo Biguiyuan Real Estate Development Co., Ltd. Hangzhou Bay New Area	172,592,267.20	-
Other payables	Huaian Yihong Real Estate Development Co., Ltd.	171,933,323.30	169,021,271.10
Other payables	Xuzhou Xinzhong Real Estate Development Co., Ltd.	169,225,680.00	-
Other payables	Shanghai Zhongnan Puyue Real Estate Co., Ltd.	168,000,000.00	130,000,000.00
Other payables	Xuzhou Junmao Real Estate Development Co., Ltd.	161,387,419.67	4,545,279.67
Other payables	Xuzhou Jinxi Real Estate Development Co., Ltd.	153,000,000.00	-
Other payables	Zhenjiang Yirun Zhongnan Real Estate Company	149,405,629.17	14,173,608.87
Other payables	Foshan Yaxu Real Estate Development Co., Ltd.	139,625,433.88	-
Other payables	Kaifeng Huida Zhongnan Real Estate Co., Ltd.	137,429,016.69	126,405,405.58
Other payables	Taicang Zhongnan Yayuan Real Estate Development Co., Ltd.	134,388,211.00	102,288,211.00
Other payables	Yunnan Jiaxun Real Estate Development Co., Ltd.	129,436,259.85	-
Other payables	Taizhou Zhuoxin Real Estate Development Co., Ltd.	125,550,000.00	58,500,000.00
Other payables	Weihai Xinghui Real Estate Development Co., Ltd.	120,286,565.60	-
Other payables	Nantong Huachang Real Estate Co., Ltd.	119,000,000.00	119,000,000.00
Other payables	Changshu Wanzhong City Real Estate Co., Ltd.	117,075,528.74	265,622,000.00
Other payables	Ruian New City Yihong Real Estate Development Co., Ltd.	116,550,000.00	10,244,130.00
Other payables	Zhuji Jingshi Real Estate Co., Ltd.	116,205,458.09	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2019.12.31	2018.12.31
Other payables	Zhengzhou Jinguan Boao Real Estate Development Co., Ltd.	112,026,409.60	112,002,808.92
Other payables	Nantong Jinzhou Real Estate Co., Ltd.	102,023,190.53	2,854,604.00
Other payables	Huaian Shihai Real Estate Development Co., Ltd.	99,822,452.03	68,200,000.00
Other payables	Zhangjiagang Contemporary Qinghe Real Estate Co., Ltd.	86,436,580.00	-
Other payables	Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd.	86,000,000.00	-
Other payables	Nantong Biguiyuan New District Real Estate Co., Ltd.	84,456,900.00	84,456,900.00
Other payables	Zibo Jincheng Real Estate Development Co., Ltd.	84,000,000.00	-
Other payables	Zhangjiagang Quantang Real Estate Co., Ltd.	83,957,600.10	47,657,600.10
Other payables	Beijing Urban Construction Zhongnan Civil Engineering Group Co., Ltd.	79,577,995.25	29,430,557.41
Other payables	Nantong Tongzhou Shuangheng Real Estate Co., Ltd.	79,108,634.21	73,248,000.00
Other payables	Nantong Ganghua Real Estate Co., Ltd.	72,309,323.48	-
Other payables	Zhenjiang Yifa Real Estate Development Co., Ltd.	70,908,587.23	-
Other payables	Ningbo Guangkai Real Estate Development Co., Ltd.	68,700,000.00	-
Other payables	Nantong Jintuo Real Estate Co., Ltd.	64,162,917.37	-
Other payables	Jining Zhongnan Intelligent Property Co., Ltd.	62,703,416.44	-
Other payables	Hangzhou Changyi Business Information Consulting Co., Ltd.	58,950,000.00	-
Other payables	Changshu Biguiyuan Real Estate Development Co., Ltd.	53,300,000.00	54,700,000.00
Other payables	Foshan Yuchen Real Estate Development Co., Ltd.	52,800,429.77	-
Other payables	Pingdu Zhongnan Jincheng Real Estate Co., Ltd.	51,058,330.45	31,142,678.04
Other payables	Nantong Wanpeng Real Estate Co., Ltd.	50,136,374.73	-
Other payables	Zhongnan Holding Group Co., Ltd.	48,123,032.17	13,524,473.46
Other payables	Shanghai Pingqi Industrial Co., Ltd.	47,167,800.00	21,317,800.00
Other payables	Shenyang Jinke Junda Real Estate Development Co., Ltd.	45,864,000.00	45,864,000.00
Other payables	Jiaxing Rongkun Real Estate Co., Ltd.	44,250,000.00	34,721,047.92

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Item	Related party	2019.12.31	2018.12.31
Other payables	Taicang Huisheng Real Estate Development Co., Ltd.	42,848,750.00	53,016,250.00
Other payables	Zhenjiang Hengrun Real Estate Development Co., Ltd.	36,920,000.00	-
Other payables	Nantong Huaxi Real Estate Co., Ltd.	35,920,770.61	4,080,770.61
Other payables	Ningbo Hedi Investment Management Co., Ltd.	35,182,396.00	35,182,396.00
Other payables	Changshu Gongzhu Real Estate Co., Ltd.	33,800,000.00	46,730,000.00
Other payables	Nantong Jinyue Real Estate Co., Ltd.	32,868,339.84	-
Other payables	Shangqiu Ruihai Real Estate Co., Ltd.	32,000,000.00	-
Other payables	Cixi Hexiang Real Estate Co., Ltd.	31,400,000.00	31,400,000.00
Other payables	Jiangsu Zhongnan Construction Decoration Co., Ltd.	25,876,824.80	651,885.64
Other payables	Anning Zhongnan Yunjung Real Estate Development Co., Ltd.	25,617,900.00	-
Other payables	Nantong Seal Real Estate Co., Ltd.	25,000,047.21	25,000,047.21
Other payables	Chongqing Shouming Real Estate Development Co., Ltd.	22,022,623.15	-
Other payables	Yuyao Zhongmei Real Estate Co., Ltd.	20,833,543.12	2,500,000.00
Other payables	Cixi Chonggui Real Estate Development Co., Ltd.	20,187,138.71	-
Other payables	Nantong Huayue Real Estate Co., Ltd.	18,380,700.34	-
Other payables	Qingdao Zhongnan Real Estate Co., Ltd.	17,782,354.46	17,782,354.46
Other payables	Nantong Jinlong Real Estate Co., Ltd.	17,476,393.52	-
Other payables	Chongqing Fuao Real Estate Development Co., Ltd.	16,494,999.41	1,350,271.00
Other payables	Nanjing Zhongnan Rongchuang Real Estate Co., Ltd.	16,492,883.70	16,492,883.70
Other payables	Haimen Dingxi Real Estate Co., Ltd.	16,250,001.00	-
Other payables	Shangqiu Yuhua Real Estate Co., Ltd.	15,000,000.00	-
Other payables	Suzhou Tianchen Real Estate Development Co., Ltd.	14,100,000.00	20,100,000.00
Other payables	Nantong Zhuoyu Real Estate Development Co., Ltd.	12,502,500.00	-
Other payables	Shenzhen Zhongnan Jincheng Investment Co., Ltd.	11,100,000.00	1,500,000.00

Item	Related party	2019.12.31	2018.12.31
Other payables	Handan Jinguang Real Estate Development Co., Ltd.	10,900,000.00	-
Other payables	Jiangsu Grace Sports Culture Communication Co., Ltd.	10,487,507.00	19,920,000.00
Other payables	Tianjin Xinyou Real Estate Co., Ltd.	9,570,000.00	-
Other payables	Haimen Yigao Power Machinery Co., Ltd.	9,431,523.52	9,431,523.52
Other payables	Weifang Zhongnan Jinyue Real Estate Development Co., Ltd.	7,201,952.66	-
Other payables	Qingdao Zhonglianghong Real Estate Co., Ltd.	6,624,596.97	-
Other payables	Changshu Zhicheng Real Estate Development Co., Ltd.	6,040,510.00	22,040,510.00
Other payables	Qingdao Zhongnan Jincheng Real Estate Co., Ltd.	5,047,810.00	-
Other payables	Jiangsu Zhongnan Property Services Co., Ltd.	4,429,744.13	28,016,281.96
Other payables	Shanghai Zhongnan Maochuang Investment Co., Ltd.	4,123,163.76	8,344,191.48
Other payables	Xuchang Yuheng Real Estate Development Co., Ltd.	4,000,000.00	4,000,000.00
Other payables	Shanghai Zhongnan Hankun Project Management Co., Ltd.	3,716,850.85	-
Other payables	Nantong Zhongnan Style Industry Co., Ltd.	3,235,581.23	22,624,643.23
Other payables	Cixi Hengkun Real Estate Co., Ltd.	3,031,894.50	-
Other payables	Jiangsu Huanyu Construction Equipment Manufacturing Co., Ltd.	492,741.92	4,451,251.90
Other payables	Nantong Feiyu Electrical Equipment Co., Ltd.	275,578.86	2,252,353.49
Other payables	Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	-	779,772,764.09
Other payables	Xi'an Zhishengda Real Estate Co., Ltd.	-	580,701,111.11
Other payables	Jiangsu Jianyin Commercial Factoring Co., Ltd.	-	448,070,725.35
Other payables	Shanghai Shunbi Real Estate Development Co., Ltd.	-	95,778,000.00
Other payables	Changshu Guancheng Hongxiang Real Estate Co., Ltd.	-	56,007,597.85
Other payables	Yuyao Glory Real Estate Co., Ltd.	-	19,214,102.11
Other payables	Other sundry payables	6,261,024.19	8,525,563.76

(3) Information of assets and liabilities transferred but still having continuous involvement

The Company transferred 100% equity of Suzhou Zhongnan Centre Investment Construction Co., Ltd. (referred to as "target company"), which is responsible for the Suzhou Zhongnan Center project, to the controlling shareholder Zhongnan Holding Group Co., Ltd. (referred to as "Zhongnan Holding") for a price of RMB 441.14 million. Before that, in order to meet the needs of business development, in accordance with the authorization of the resolution of the shareholders general meeting, the Company transferred the credit rights of RMB 300.76 million on target company to China Huarong Asset Management Co., Ltd. Shanghai Free Trade Pilot Branch Company (referred to as "Huarong Asset") at a fair price of RMB 300.00 million, for which the target company pledged the land use rights of Suzhou Zhongnan Center Project, and the Company pledged 100% of the equity of the target company in order to provide a guarantee for the relevant transaction, and at the same time, the Company provided joint liability guarantee. This resulted in the continuous involvement in transferred financial assets of RMB 300.76 million and liabilities of RMB 300.00 million.

XI. Share-based payments

(1) Basic information of share-based payments

1. Basic information of the first grant of share option incentive plan in 2018

The Company held the twenty-fourth meeting of the seventh Board of Directors and the eighth meeting of the seventh Board of Supervisors on 17 July 2018, and reviewed and approved the "Proposal of the 2018 Share option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Management Measures for the Implementation of the Share option Incentive Plan in 2018" and "Proposal for Checking the List of Incentive Targets of the Company's 2018 Share option Incentive Plan (Draft)". On 24 July 2018, the twenty-sixth meeting of the seventh Board of Directors passed the "Proposal on Submission to Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Share option Incentive Plan". On 9 August 2018, the Seventh Extraordinary General Meeting of Shareholders of 2018 reviewed and approved the "Proposal for the 2018 Share option Incentive Plan (Draft) and Abstract", the "Proposal for the Implementation of the Management Measures for the Implementation of the 2018 Share option Incentive Plan", and the "Proposal on Submission to Shareholders General Meeting to Authorize the Board of Directors to Handle the Matters Related to the Company's Share option Incentive Plan". On 13 August 2018, the twenty-seventh meeting of the seventh Board of Directors and the ninth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Share options to the Incentive Targets of the 2018 Share option Incentive Plan", pursuant to which 215.80 million share options were granted to 49 incentive targets which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 6.33 per share and grant date on 13 August 2018. The forty-eighth meeting of the seventh board of directors, held on 18 July 2019, reviewed and approved the "Proposal on Adjusting the Exercise Price of First Grant of Share option Incentive Plan for 2018 and 2019". The exercise price of the first grant of share option incentive plan was adjusted to RMB 6.21 per share.

The period of validity of this grant of share options is 4 years, calculated from the date of grant of share options; the lock-up period of this grant of share options is from 13 August, 2018. According to the difference of the first, second and third lock-up phases, the un-locking dates of corresponding options

are 12 August, 2019, 12 August, 2020 and 12 August, 2021, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the share options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the share options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met, the company will terminate its right to participate in the incentive plan. The share options granted by the incentive plan but not executed by the company shall be cancelled by the company.

The annual performance appraisal objectives for granting share options are: (1) compared with the performance in 2017, the net profit attributable to the shareholders in the audited consolidated statements in 2018 is not less than 240% higher; (2) compared with the performance in 2017, the net profit attributable to the shareholders in the audited consolidated statements in 2019 is not less than 560% higher; (3) compared with the performance in 2017, the net profit attributable to shareholders in the audited consolidated statements in 2020 is not less than 1060% higher.

Incentive employees need to satisfy the following requirements when apply for the unlocking of share option:

The incentive object will be assessed and evaluated at the company level. The results are divided into four grades: A, B, C and D. If the annual assessment level of the incentive object is A, B or C during the exercise period, 100% of options in current phase can be exercised. If the annual assessment level of the incentive object is D during the exercise period, the options in current phase can not be exercised. Shares that fail to exercise shall be cancelled by the company.

2. Basic information of the first grant of share option incentive plan in 2019

The Company held the forty-fifth meeting of the seventh Board of Directors and the fourteenth meeting of the seventh Board of Supervisors on 30 May 2019, and reviewed and approved the "Proposal for the

2019 Share option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Measures for the Implementation of the Share option Incentive Plan in 2019" and the "Proposal for Submission to the Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Share option Incentive Plan". On 19 June 2019, the seventh Extraordinary General Meeting of Shareholders of 2019 reviewed and approved the "Proposal for the 2019 Share option Incentive Plan (Draft) and Abstract", "Proposal for the Implementation of the Measures for the Implementation of the Share option Incentive Plan in 2019" and the "Proposal for Submission to the Shareholders General Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Share option Incentive Plan". On 2 July 2019, the forty-seventh meeting of the seventh Board of Directors and the fifteenth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the First Grant of Share options to the 2019 Share option Incentive Plan", pursuant to which 112.09 million share options were granted to 486 incentive targets which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 8.49 per share and grant date on 2 July 2019. The forty-eighth meeting of the seventh board of directors, held on 18 July 2019, reviewed and approved the "Proposal on Adjusting the Exercise Price of First Grant of Share option Incentive Plan for 2018 and 2019". The exercise price of the grant of share option incentive plan in 2019 was adjusted to RMB 8.37 per share.

The period of validity of this grant of share options is 4 years, calculated from the date of grant of share options; the lock-up period of this grant of share options is from 2 July 2019. According to the difference of the first, second and third lock-up phases, the un-locking dates of corresponding options are 1 July 2020, 1 July 2021 and 1 July 2022, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the share options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the share options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met,

the company will terminate its right to participate in the incentive plan. The share options granted by the incentive plan but not executed by the company shall be cancelled by the company.

The annual performance appraisal objectives for granting share options are: (1) Based on 2017 performance, the net profit in 2019 will be at least 560% higher than that in 2017; (2) Based on the 2017 performance, the net profit in 2020 will be at least 1060% higher than that in 2017; (3) Based on the 2017 performance, the net profit in 2021 will be at least 1408% higher than that in 2017 (Net profit refers to the net profit attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value. The amount of net profit attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value in 2017 is RMB 603 million).

Incentive employees need to satisfy the following requirements when apply for the unlocking of share option:

At the company level, the incentive employees will be assessed and evaluated during the vesting period, when the annual evaluation results of the incentive employees reach 100%, then 100% of options in current phase becomes exercisable. If the annual assessment result of the incentive employees within the vesting period does not meet the requirement, the options in current phase will not be exercisable.

3. Basic information of the grant of reserved share option incentive plan in 2018

On 5 August 2019, the forty-ninth meeting of the seventh Board of Directors and the sixteenth meeting of the seventh Board of Supervisors reviewed and approved the "Proposal on the Grant of Reserved Share options for the 2018 Share option Incentive Plan", pursuant to which 16.80 million share options were granted to 53 incentive targets which are considered to meet the authorization conditions by the Board of Directors and the Board of Supervisors, with an exercise price of RMB 8.54 per share and grant date on 5 August 2019.

The validity period of this share option grant is 4 years, calculated from the date of share option grant; the vesting period for the grant of share options began on 5 August 2019. According to the difference between the first, second, and third vesting period, the corresponding options will be exercisable on 4 August 2020, 4 August 2021 and 4 August 2022, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last

trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

In each fiscal year of the unlocking/waiting period, the share options granted in this plan are evaluated and unlocked/exercised in different years, so as to achieve the goal of performance appraisal as the condition of unlocking/exercising the right as the incentive object. If the current unlocking/exercise conditions are met, the share options granted by the incentive target will be unlocked/exercised in accordance with the provisions of this plan. If the current unlocking/exercising conditions are not met, the company will terminate its right to participate in the incentive plan. The share options granted by the incentive plan but not executed by the company shall be cancelled by the company.

The annual performance appraisal objectives for granting share options are: (1) Based on 2017 performance, the net profit in 2018 will be at least 240% higher than that in 2017; (2) Based on the 2017 performance, the net profit in 2019 will be at least 560% higher than that in 2017; (3) Based on the 2017 performance, the net profit in 2020 will be at least 1008% higher than that in 2017.

Incentive employees need to satisfy the following requirements when apply for the unlocking of share option:

The incentive object will be assessed and evaluated at the company level. The results are divided into four grades: A, B, C and D. If the annual assessment level of the incentive object is A, B or C during the exercise period, 100% of options in current phase can be exercised. If the annual assessment level of the incentive object is D during the exercise period, the options in current phase cannot be exercised. Shares that fail to exercise shall be cancelled by the company.

(2) Relevant data in share-based payments

1. Information of share-based payments

Total amount of various equity instruments granted by the company in this period	① Initial grant of 112.09 million shares in 2019 incentive plan
Total amount of various equity instruments of the company being exercised in this period	② Reserve of 16.80 million shares in 2018 incentive plan
Total amount of various equity instruments of the company being forfeited in this period	Initial grant of 47,066,001 shares in 2018 incentive plan 75.8966 million shares
Range of exercise price and contract remaining period of the Company's options outstanding at year end	① Exercise price of initial grant in 2018 incentive plan is RMB 6.21, and the contract remaining period is 2 years and 7 months ② Exercise price of initial grant in 2019 incentive plan is RMB 8.37, and the contract remaining period is 3 years and 6 months ③ Exercise price of reserve in 2018

	incentive plan is RMB 8.54, and the contract remaining period is 3 years and 7 months
Range of exercise price and contract remaining period of the Company's other equity instruments outstanding at year end	None

2. Equity-settled share-based payment

Determination method of fair value of equity instruments on grant date	Black-Scholes model
Basis for determining the number of available equity instruments	Expected the exercise conditions can be met, and the granted employees will exercise the options
Reasons for the significant difference between the current estimate and the previous estimate	None
Accumulated amount of equity-settled share-based payment included in capital reserve	185,902,733.72
Total amount of expenses recognised in equity-settled share-based payment in this period	134,395,883.40

3. Modification and termination of share-based payment

Modification of share-based payment	None
Termination of share-based payment	None

XII. Commitments and Contingencies

1. As of 31 December 2019, the Group does not have any commitment to be disclosed.

2. Contingencies

(1) Contingencies of the pending litigation or arbitration and their financial implications

(1.1) The Group as plaintiff

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Zhongnan Holding Group Co., Ltd., Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Qingdao Licang District People's Government, Dazhaoyuan Community Resident Committee, Xiangtan Road Sub-district Office, Licang District, Qingdao	Contract disputes	Shandong Provincial High People's Court	134,231.43	First trial
Zhongnan Holding Group Co., Ltd., Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Qingdao Licang District People's Government, Nanling Community Residents Committee, Xiangtan Road Sub-district Office, Licang District, Qingdao	Contract disputes	Shandong Provincial High People's Court	60,895.16	First trial/ Arbitration

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Zhongnan Holding Group Co., Ltd., Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Qingdao Licang District People's Government, Dazhaoyuan Community Resident Committee, Xiangtan Road Sub-district Office, Licang District, Qingdao	Contract disputes	Shandong Provincial High People's Court	16,804.69	First trial
Qingdao Zhongnan New Century Real Estate Co., Ltd.	Shandong Fufeng Real Estate Co., Ltd.	Contract disputes of Cooperative development of real estate	Linyi Intermediate People's Court	3,000.00	First trial
Guangrao Zhongnan Real Estate Co., Ltd.	Jiangsu Xuyun Construction (Group) Co., Ltd.	Contract disputes of Construction project	Shandong Provincial High People's Court	2,666.30	Retrial of first trial
Huai'an Zhongnan Century City Real Estate Co., Ltd.	Zhejiang Titi Construction Co., Ltd.	Contract disputes of Construction work	People's Court of Huaian Economic and Technological Development Zone	2,371.60	Second trial
Changshu Zhongnan Jinyuan Real Estate Development Co., Ltd.	Nantong Yijian Group Co., Ltd.	Contract disputes of Construction work	People's Court of Changshu City	1,782.10	Retrial of first trial
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Chen Jiangchao, Chen Xiangfu, Bao Xiaoyan, Wang Fuyuan, Cao Jinghong & Yan Yingshu	Contract disputes of Construction work	Sanhe City People's Court of Hebei Province	1,100.00	Case filed
Total (8 items)	--	--	--	222,851.28	--

Note: As of this report date, besides of the above litigations that the Group as plaintiff with claims amount over RMB 10 million, there are still 64 litigations with total claims amount of RMB 38.33 million that the Group as plaintiff with claims amount below RMB 10 million.

(1.2) The Group as defendant

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
Dongying Tongcheng Labor Service Co., Ltd.	Guangrao Zhongnan Real Estate Co., Ltd.	Disputes over the priority right to compensation for construction project prices	Dongying Intermediate People's Court	5,602.84	First trial
Shandong Fufeng Real Estate Co., Ltd.	Qingdao Zhongnan New Century Real Estate Co., Ltd.	Contract disputes of Cooperative development of real estate	Linyi Intermediate People's Court	5,000.00	First trial
He Fengqi	Danzhou Zhongnan Real Estate Development Co., Ltd.	Contract disputes of Construction	Hainan Provincial	4,515.34	First trial

Plaintiff	Defendant	Case	Court	Subject amount (in ten thousand)	Case progress
	Jiangxi Construction Engineering Second Construction Co., Ltd.	work	Second Intermediate People's Court		
Zhang Wenhua	Haimen Zhongnan Century City Development Co., Ltd., Jiangsu Zhongnan Building Industry Group Co., Ltd.	Contract disputes of Construction project	Nantong Intermediate People's Court	4,292.85	Retrial of first trial
Dongying Tongcheng Labor Service Co., Ltd.	Guangrao Zhongnan Estate Co., Ltd.	Real Contract disputes of Construction work	Dongying Intermediate People's Court	4,000.00	Second trial
Jiangsu Suzhong Construction Co., Ltd.	Guangrao Zhongnan Estate Co., Ltd.	Real Contract disputes of Construction work	Dongying Intermediate People's Court	3,934.70	First trial
Tang Rongji	Zhongtai Construction Group Co., Ltd., Heze Zhongnan Century City Real Estate Development Co., Ltd.	Contract disputes of Construction project	Heze Intermediate People's Court	2,040.00	First trial
Wenzhou Acceleration Commercial Service Co., Ltd.	Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Contract disputes	Wuhan Huangpi District People's Court	1,710.27	First trial
Total (8 items)	--	--	--	31,096.00	--

Note: As of this report date, besides of the above litigations that the Group as defendant with claims amount over RMB 10 million, there are still 757 litigations with total claims amount of RMB 141.03 million that the Group as defendant with claims amount below RMB 10 million.

(2) Guarantees provided to related party refer to Note X.5 (3).

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

(3) Mortgage and pledge of the Company's borrowings are as below:

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Nantong Zhongnan New Bay Development Co., Ltd.	Land use rights	Su (2018) Tongzhou Bay Real Estate No. 0000533	45862.59 sq.m.	7,338.01
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Security deposit	-	-	34,881.00
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Security deposit	-	-	34,881.00
		Nantong housing rights certificate No. 120058567, Su Tong Guo Yong (2012) No. 01102612,	260833.87 sq.m., 4795.26 sq.m.,	
		Nantong housing rights certificate No. 120058565,	11319.27 sq.m.,	210,200.14
		Su Tong Guo Yong (2012) No. 01102613,	2080.93 sq.m.,	
		Nantong housing rights certificate No. 120058566,	4198.37 sq.m.,	
		Su Tong Guo Yong (2012) No. 01102614	771.83 sq.m.	
		Nantong housing rights certificate No. 120052953,	63241.89 sq.m.,	
		Su Tong Guo Yong (2013) No. 01100009,	4896.82 sq.m.,	222,346.57
		Nantong housing rights certificate No. 120052955,	279.01 sq.m.,	
		Nantong housing rights certificate No. 120052954	1488.81 sq.m.	
		Wen Guo Yong (2017) W0302380	36220.17 sq.m.	13,322.69
		-	750 million units	100,000.00
		Ji Gu'an County Real Estate No. 0003289. 0003292	71037.96 sq.m.	100,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Haimen Zhongnan Century City Development Co., Ltd.	Certificates of deposit	GAGZ19001	-	14,200.00
Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Land use rights	Lu (2017) Qingdao housing rights certificate No. 0087419, Lu (2017) Qingdao housing rights certificate No. 0090178	18557.41 sq.m., 21170.10 sq.m.	54,862.00
Linyi Jinqin Real Estate Development Co., Ltd.	Land use rights	Lu (2017) Linyi housing rights certificate No. 0043429	113366 sq.m.	172,623.31
Linyi Jinqin Real Estate Development Co., Ltd.	Land use rights	Lu (2018) Linyi housing rights certificate No. 0097678	35309 sq.m.	52,276.00
Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Equity in Linyi Jinqin Real Estate Development Co., Ltd.	-	52.95% equity	529.50
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	Construction in progress	Cheng Nan Guo Yong (2012) No. 603303	68468 sq.m.	51,350.70
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	Construction in progress	Cheng Nan Guo Yong (2012) No. 603304	40629 sq.m.	30,471.60
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	Construction in progress	Cheng Nan Guo Yong (2013) No. 600306	54336 sq.m.	74,369.00
Zhenjiang Yuyuan Real Estate Co., Ltd.	Land use rights	Su (2019) Zhenjiang housing rights certificate No. 0105217	68696 sq.m.	71,759.40
Tai'an Zhongnan City Investment Co., Ltd.	Land use rights and Construction in progress	Lu (2017) Tai'an housing rights certificate No. 0008904	35914 sq.m.	24,000.00
Tai'an Zhongnan City Investment Co., Ltd.	Land use rights	Lu (2018) Tai'an housing rights certificate No. 0003328	51834 sq.m.	12,420.75
Nanjing Yuting Real Estate Development Co., Ltd.	Equity of Zhenjiang Yuyuan Real Estate Co., Ltd.	-	100% equity	2,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	Land use rights	Lu (2019) Tai'an housing rights certificate No. 0033259	129837 sq.m.	101,272.86
Zoucheng Zhongxiang Real Estate Co., Ltd.	State-owned construction land use right	Lu (2018) Zoucheng housing rights certificate No. 0008975	66669 sq.m.	32,041.00
Tai'an Zhongnan City Investment Co., Ltd.	Equity of Zoucheng Zhongxiang Real Estate Co., Ltd.	-	51% equity	510.00
Zibo Jinqian Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Zibo Zhangdian District housing rights certificate No. 0012772	Land use rights of 119207.49 sq.m., construction area of 23014.61 sq.m.	56,001.95
Jinan Jinhui Real Estate Co., Ltd.	Land use rights	Lu (2019) Jinan housing rights certificate No. 0100985	17916 sq.m.	51,000.00
Zibo Jinhui Real Estate Co., Ltd.	Land use rights	Lu (2019) Zibo Zhangdian District housing rights certificate No. 0009023	41802 sq.m.	25,083.44
Tai'an Zhongnan Investment Real Estate Co., Ltd.	Land use rights	Lu (2018) Tai'an housing rights certificate No. 0034681	18301 sq.m.	10,981.00
Chengdu Zhongding Jiahe Real Estate Co., Ltd.	Land use rights	Chuan (2017) Wenjiang District housing rights certificate No. 0037094	25340.16 sq.m.	71,700.00
Chengdu Zhongnan Anju Real Estate Development Co., Ltd.	Equity of Chengdu Zhongding Jiahe Real Estate Co., Ltd.	-	51% equity	1,173.00
Shenyang Zhongnan Lejia Real Estate Development Co., Ltd.	Land use rights and Construction in progress	Liao (2018) Shenyang housing rights certificate No. 9000138	50060.76 sq.m.	59,174.09
Xi'an Laiheng Real Estate Co., Ltd.	Land use rights	Shaan (2019) Xi'an housing rights certificate No. 0163807	59427.97 sq.m.	165,840.00
Xi'an Laiheng Real Estate Co., Ltd.	Land use rights	Shaan (2019) Xi'an housing rights certificate No. 0152409	15195.83 sq.m.	41,249.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Xi'an Laijia Real Estate Co., Ltd.	Land use rights	Shaan (2019) Xi'an housing rights certificate No. 0152404	37240.43 sq.m.	100,459.97
Xi'an Laiding Property Co., Ltd.	Land use rights	Shaan (2019) Xi'an housing rights certificate No. 0152400	25673.07 sq.m.	69,346.89
Xi'an Chixiang Real Estate Co., Ltd.	Construction in progress	Xi Jing Kai SGXK-JW[2018] No. 21	88678.81 sq.m.	60,122.00
Xi'an Chixiang Real Estate Co., Ltd.	Land use rights and Construction in progress	Shaan (2018) Xi'an Gaoling District housing rights certificate No. 0000002	117203.48 sq.m.	60,122.00
Yancheng Zhongnan Yayuan Real Estate Development Co., Ltd.	Land use rights	Su (2018) Yancheng housing rights certificate No. 0001260	36740 sq.m.	37,045.00
Chengdu Zhongnan Jinteng Real Estate Development Co., Ltd.	Land use rights	Chuan (2018) Wenjiang District housing rights certificate No. 0008901	27354.56 sq.m.	60,139.00
Chengdu Zhongnan World Real Estate Development Co., Ltd.	Equity of Chengdu Zhongnan Jinteng Real Estate Development Co., Ltd.	-	100% equity	5,000.00
Lixin Jinhan Real Estate Co., Ltd.	State-owned construction land use right	Wan (2018) Lixin County housing rights certificate No. 0005272	112722.04 sq.m.	61,776.00
Nantong Zhenze Property Co., Ltd.	Equity of Lixin Jinhan Real Estate Co., Ltd.	-	100% equity	2,000.00
Hefei Shengnan Real Estate Co., Ltd.	Land use rights	Wan (2018) housing rights certificate No. 0050299	78205.10 sq.m.	181,619.28
Shanghai Qizhao Real Estate Co., Ltd.	Equity of Hefei Shengnan Real Estate Co., Ltd.	-	60% equity	1,200.00
Shenyang Zhongnan Hengyu Real Estate Development Co., Ltd.	Land use rights	Liao (2018) Shenyang housing rights certificate No. 9000181	15402.33 sq.m.	33,885.13
Guiyang Jinteng Real Estate Co., Ltd.	Equity of Guizhou Jinrong Real Estate Co., Ltd.	-	80% equity	800.00
Guizhou Jinrong Real Estate Co., Ltd.	Land use rights	Qian (2019) Nanming District housing rights certificate No. 0002407	96816.20 sq.m.	125,598.20

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Xiamen Zhongnan Deyu Real Estate Development Co., Ltd.	Equity of Quanzhou Junchen Real Estate Development Co., Ltd.	-	80% equity	800.00
Xiamen Junhao Real Estate Development Co., Ltd.	Land use rights	Min (2019) Xiamen housing rights certificate No. 0048403	17514.51 sq.m.	92,000.00
Wenzhou Jinyu Real Estate Co., Ltd.	Land use rights	2019) Wenzhou housing rights certificate No. 0025469	36793 sq.m.	197,800.00
Wenzhou Jincheng Real Estate Co., Ltd.	Land use rights	Zhe (2019) Wenzhou housing rights certificate No. 0020628	18897.21 sq.m.	55,733.56
Wenzhou Jinfan Real Estate Co., Ltd.	Equity of Wenzhou Jincheng Real Estate Co., Ltd.	-	100% equity	1,000.00
Hangzhou Jinqi Real Estate Co., Ltd.	Creditor right	-	-	20,000.00
Hangzhou Maohui Enterprise Management Consulting Co., Ltd.	Equity of Hangzhou Jinyu Real Estate Co., Ltd.	-	100% equity	1,000.00
Guangxi Jincheng Real Estate Co., Ltd.	Equity of Guangxi Rongce Real Estate Development Co., Ltd.	-	100% equity	1,000.00
Haimen Zhongnan Century City Development Co., Ltd.	Equity of Guangxi Jincheng Real Estate Co., Ltd.	-	100% equity	1,000.00
Guangxi Rongce Real Estate Development Co., Ltd.	Zhongnan Chunfeng South Bank Project	Gui (2019) Nanning housing rights certificate No. 0369610	59631.10 sq.m.	76,744.00
Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	Plot 336 of Zhongnan Ziyunji Project	Gui (2019) Nanning housing rights certificate No. 0202653	37389.04 sq.m.	37,926.35
Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	Plot 337 of Zhongnan Ziyunji Project	Gui (2019) Nanning housing rights certificate No. 0164438	41558.66 sq.m.	52,355.00
Kaifeng Zhongnan Jincheng Real Estate Co., Ltd.	State-owned construction land use right	Yu (2018) Kaifeng housing rights certificate No. 0005402	40731.42 sq.m.	40,065.94
Taixing Zhongnan Century City Real	Land use rights	Tai Guo Yong (2015) No. 798	49729 sq.m.	5,450.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Estate Development Co., Ltd.				
Nantong Zhongnan Century Huacheng Investment Co., Ltd.	Equity of Taixing Zhongnan Century City Real Estate Development Co., Ltd.	-	79% equity	47,400.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Taixing Zhongnan Century City Real Estate Development Co., Ltd.	-	21% equity	12,600.00
Chengdu Zhongnan Century Real Estate Development Co., Ltd.	Land use rights	Chuan (2017) Chengdu housing rights certificate No. 0292392	127826.38 sq.m.	290,830.58
Chengdu Zhongnan Junjin Real Estate Development Co., Ltd.	Land use rights	Chuan (2017) Chengdu housing rights certificate No. 0292346	42273.27 sq.m.	120,009.59
Guangrao Zhongnan Real Estate Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Guangrao housing rights certificate No. 0005423	43167.43 sq.m.	10,719.09
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Guangrao Zhongnan Real Estate Co., Ltd.	-	100% equity	10,000.00
Guangrao Jinshi Real Estate Development Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Guangrao housing rights certificate No. 0001327	858.38 sq.m.	13,000.00
Guangrao Zhongnan Real Estate Co., Ltd.	Equity of Guangrao Jinshi Real Estate Development Co., Ltd.	-	100% equity	1,000.00
Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	General building	(Dao) Property pre-sale certificate No. 18008	10369.35 sq.m.	20,000.00
Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	Land use rights	Tangwan Dao Guo Yong (2013) No. 0011130218001004GB00011	67537.60 sq.m.	17,661.00
Dongying Zhongnan City Construction	Land use rights and Construction in	Lu (2017) Dongying housing rights certificate No.	1260.16 sq.m.	5,600.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Investment Co., Ltd.	progress	0021134		
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Dongying Zhongnan City Construction Investment Co., Ltd.	-	100% equity	10,000.00
Nanjing Zhongnan Century City Real Estate Development Co., Ltd.	Land use rights	Su (2019) Ning Yu housing rights certificate No. 0033079	35358.97 sq.m.	20,000.00
Foshan Zhongwujingxi Real Estate Co., Ltd.	Land use rights	Yue (2018) Fu Gao housing rights certificate No. 0026312	66923.34 sq.m.	49,029.78
Zhenjiang New District Jinjiang Real Estate Development and Management Co., Ltd.	State-owned construction land use right	Zhen Guo Yong (2013) No. 12181	29495.50 sq.m.	25,067.00
Renshou Zhongnan Junjin Real Estate Development Co., Ltd.	Land use rights	Chuan (2018) Renshou County housing rights certificate No. 007004	50139.58 sq.m.	43,621.00
Xi'an Zhishengda Real Estate Co., Ltd.	Land use rights and Construction in progress	Shaan (2018) Xi'an housing rights certificate No. 0000417	35619.16 sq.m.	82,057.00
Xi'an Zhishengda Real Estate Co., Ltd.	Land use rights and Construction in progress	Shaan (2018) Xi'an housing rights certificate No. 0000418	71457.08 sq.m.	42,301.00
Xi'an Chongfeng Real Estate Co., Ltd.	Equity of Xi'an Zhishengda Real Estate Co., Ltd.	-	37% equity	20,720.00
Changsha Changxia Yayuan Real Estate Development Co., Ltd.	Equity of Changde Nanya Real Estate Development Co., Ltd.	-	10% equity	99.00
Suzhou Yucheng Real Estate Development Co., Ltd.	State-owned construction land use right	Su (2019) Wujiang District, Suzhou City housing rights certificate No. 9006060	62524.09 sq.m.	130,022.00
Bengbu Saite Zhongnan Real Estate Development Co., Ltd.	State-owned construction land use right	Wan (2019) Huaiyuan County housing rights certificate No. 0012146	64197.53 sq.m.	14,600.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Zhangjiagang Jinxi Land Co., Ltd.	-	97.39% equity	2,921.70

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Shanghai Zhouqu Real Estate Development Co., Ltd.	Land use rights	Hu Property No. Feng (2015) No. 004786	20175 sq.m.	16,400.00
Yunnan Jinlin Real Estate Co., Ltd.	State-owned construction land use right	Yuan (2019) Panlong District housing rights certificate No. 0413864	37001.90 sq.m.	52,727.71
Yunnan Shengrong Real Estate Development Co., Ltd.	Equity of Yunnan Jinlin Real Estate Co., Ltd.	-	100% equity	1,000.00
Jiaxing Jinyu Real Estate Co., Ltd.	Land use rights and Construction in progress	Zhe (2017) Pinghu housing rights certificate No. 0044298	10953.33 sq.m.	21,569.00
Shanghai Xizhuang Real Estate Co., Ltd.	Equity of Jiaxing Jinyu Real Estate Co., Ltd.	-	100% equity	1,000.00
Hangzhou Pengyuan Investment Management Co., Ltd.	Equity of Hangzhou Jinfu Real Estate Co., Ltd.	-	50% equity	1,000.00
Hangzhou Jinfu Real Estate Co., Ltd.	Land use rights	Zhe (2019) Hangzhou housing rights certificate No. 0155678	65845 sq.m.	416,938.00
Nantong Jinlv Real Estate Co., Ltd.	State-owned construction land use right	Su (2019) Haimen housing rights certificate No. 0042560	105380 sq.m.	79,500.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Nantong Jinlv Real Estate Co., Ltd.	-	100% equity	2,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Yancheng Zhongnan Yayuan Real Estate Development Co., Ltd.	-	100% equity	36,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Huaian Jiahua Real Estate Co., Ltd.	-	70% equity	5,000.00
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Land use rights	Lun Guo Yong 2018 No. 34625	41424 sq.m.	70,002.70
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Equity of Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	-	90% equity	900.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Creditor right in housing sales receivables	-	-	20,000.00
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	Land use rights	Lun Guo Yong 2011 No. 20890	22932.50 sq.m.	47,397.40
Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	Land use rights	Lun Guo Yong 2011 No. 20891	57852 sq.m.	119,615.50
Ningbo Zhongnan Jinshi Real Estate Co., Ltd.	Equity of Ningbo Economic and Technological Development Zone Jianyu Real Estate Co., Ltd.	-	100% equity	5,000.00
Jiangyin Sutai Real Estate Co., Ltd.	Land use rights	Cheng Tu Guo Yong (2010) No. 26232	49743 sq.m.	65,000.00
Jiangyin Sutai Real Estate Co., Ltd.	Land use rights	Cheng Tu Guo Yong (2010) No. 26240	62280 sq.m.	50,000.00
Jiangyin Sutai Real Estate Co., Ltd.	Land use rights	Su (2019) Jiangyin housing rights certificate No. 0007586	84246.20 sq.m.	50,000.00
Shanghai Zhongnan Jinshi Real Estate Co., Ltd.	Equity of Jiangyin Sutai Real Estate Co., Ltd.	-	55% equity	3,960.00
Danyang Zhongnan Real Estate Development Co., Ltd.	Right to use construction land	Su (2019) Danyang housing rights certificate No. 0027546	112274.70 sq.m.	99,775.88
Qingdao Bay New City Real Estate Development Co., Ltd.	Qingdao Bay Area A Hotels and Business	Lu (2018) Qingdao Huangdao District housing rights certificate No. 0098517	76092.12 sq.m.	61,843.25
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Danyang Zhongnan Real Estate Development Co., Ltd.	-	100% equity	2,000.00
Zhenjiang Yujin Real Estate Development Co., Ltd.	Land use rights	Su (2019) Zhenjiang housing rights certificate No. 0056286	55539.28 sq.m.	57,983.00
Nanjing Yuting Real Estate Development	Nanjing Jinyu Real Estate	-	75% equity	750.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Co., Ltd.	Development Co., Ltd.			
Nanjing Jinyu Real Estate Development Co., Ltd.	Equity of Zhenjiang Jinqih Real Estate Co., Ltd.	-	100% equity	2,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2011) No. 0110004	22987.21 sq.m.	32,480.00
Nantong Tongzhou Jinyu Real Estate Co., Ltd.	Land use rights	Su (2018) Tongzhou District housing rights certificate No. 0016716	33299 sq.m.	53,478.00
Nantong Tongzhou Jinyu Real Estate Co., Ltd.	Construction in progress and underground garage	2018 Bank of China's highest credit 51170439502	33276.14 sq.m.	10,600.68
Nantong Tongzhou Jinyu Real Estate Co., Ltd.	Construction in progress and underground garage	2019 Bank of China's highest credit 51170439501	34704.82 sq.m.	11,131.99
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Equity of Dongtai Jinxi Real Estate Co., Ltd.	-	41.40% equity	6,709.70
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Dongtai Jinxi Real Estate Co., Ltd.	-	21.57% equity	3,495.00
Jinling Jinhong Real Estate Development Co., Ltd.	State-owned construction land use right	Lu (2018) Jining housing rights certificate No. 0028388	126546 sq.m.	92,624.48
Taizhou Jingrong Real Estate Co., Ltd.	Equity of Ningbo Zhongling Real Estate Co., Ltd.	-	100% equity	1,000.00
Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	Land use rights	Zhe (2016) Hangzhouwan New District housing rights certificate No. 0003640	68025 sq.m.	65,000.00
Zhuji Jingli Real Estate Co., Ltd.	Equity of Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	-	100% equity	30,000.00
Ningbo Fenghua Jingchen Real Estate Co., Ltd.	Land use rights	Zhe (2019) Ningbo (Fenghua) housing rights certificate No. 00346645, Zhe (2019) Ningbo (Fenghua) housing rights	13302 sq.m., 53322 sq.m.	150,000.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
		certificate No. 00346643		
Ningbo Zhongqi Real Estate Co., Ltd.	Equity of Ningbo Fenghua Jingchen Real Estate Co., Ltd.		100% equity	1,000.00
Nantong Zhenyou Real Estate Co., Ltd.	Equity of Shanghai Zhouqu Real Estate Development Co., Ltd.	-	90% equity	4,500.00
Zibo Jinbi Real Estate Co., Ltd.	Equity of Zibo Jinsheng Real Estate Co., Ltd.	-	70.48% equity	1,480.00
Changshu Zhongnan Jinjin Land Co., Ltd.	State-owned construction land use right	Su (2019) Changshu housing rights certificate No. 8122055	31341 sq.m.	123,047.90
Changshu Zhongnan Jinjin Land Co., Ltd.	State-owned construction land use right	Su (2019) Changshu housing rights certificate No. 8122053	20300 sq.m.	84,104.93
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Changshu Zhongnan Jinjin Land Co., Ltd.	-	100% equity	40,000.00
Guizhou Jinsheng Real Estate Co., Ltd.	Land use rights	Qian (2019) Nanming District housing rights certificate No. 0023663, Qian (2019) Nanming District housing rights certificate No. 0023664	121461 sq.m., 38606.70 sq.m.	158,587.07
Guiyang Jinteng Real Estate Co., Ltd.	Equity of Guizhou Jinsheng Real Estate Co., Ltd.	-	80% equity	800.00
Suzhou Junxi Land Co., Ltd.	Land use rights	Su (2019) Suzhou housing rights certificate No. 5146006	18443.20 sq.m.	66,982.99
Suzhou Junxi Land Co., Ltd.	Land use rights	Su (2019) Suzhou housing rights certificate No. 5146005	31553.50 sq.m.	114,597.66
Suzhou Yuquan Land Co., Ltd.	Equity of Suzhou Junxi Land Co., Ltd.	-	100% equity	5,000.00
Changshu Zhongnan Century City Real Estate Development Co., Ltd.	Equity of Kunshan Zhongnan Jincheng Real Estate Development	-	62.50% equity	92,669.00

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Qingdao Jintuo Real Estate Development Co., Ltd.	Co., Ltd. Equity of Linyi Jinyue Real Estate Development Co., Ltd.	-	30% equity	90,900.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Housing ownership	Nantong Property certificate No. 140036957, Su Tong Guo Yong (2014) No. 1101697, Nantong Property certificate No. 120058575, Su Tong Guo Yong (2012) No. 0110 Nantong housing rights certificate No. 120058562, Su Tong Guo Yong (2012) No. 01102615, Nantong housing rights certificate No. 120058563, Su Tong Guo Yong (2012) No. 01102616, Nantong housing rights certificate No. 120058560, Su Tong Guo Yong (2012) No. 01102618	15633.50 sq.m. Land use rights of 3454.96 sq.m., housing area of 18793.30 sq.m.	4,500.00 61,090.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Suzhou Zhongnan Centre Investment Construction Co., Ltd.	-	100% equity	3,000.00
Haimen Zhongnan Century City (Hong Kong) Co., Ltd.	Security deposit	-	-	69,762.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Nantong Zhongnan New World Centre Development Co., Ltd.	-	100% equity	100,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Ground floor, No. 10 Taoyuan Road, Chongchuan Distrid, Nantong City	Su (2017) Nantong housing rights certificate No. 0088434	16008.08 sq.m.	30,010.00
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	Land use rights	Su (2017) Nantong housing rights certificate No. 0028525	75793.81 sq.m.	367,628.00
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	-	60% equity	13,500.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Nantong Zhongnan New World Centre Development Co., Ltd.	Real estate	Nantong housing rights certificate No. 120058565, Su Tong Guo Yong (2012) No. 01102613, Nantong housing rights certificate No. 120058566, Su Tong Guo Yong (2012) No. 01102614, Nantong Property certificate No. 140036956, Nantong Property certificate No. 140036955	Land use rights of 2852.76 sq.m., construction area of 15517.64 sq.m.	85,347.03
Nantong Zhongnan New World Centre Development Co., Ltd.	Real estate	Nantong Property certificate No. 140036956, Nantong Property certificate No. 140036955	7942.79 sq.m., 7957.64 sq.m.	48,269.00
Haimen Jinrui Real Estate Co., Ltd.	Land use rights	Su (2019) Haimen housing rights certificate No. 0037407	29180 sq.m.	49,057.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Equity of Haimen Jinrui Real Estate Co., Ltd.	-	25% equity	2,500.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights and commercial property	Su Tong Guo Yong (20014) No. 01101700, Nantong housing rights certificate No. 140036954	Land use rights of 965.11 sq.m., commercial property area of 7767.45 sq.m.	15,534.90
Ningbo Zhongjing Property Co., Ltd.	Equity of Ningbo Zhongkun Real Estate Co., Ltd.	-	95% equity	950.00
Ningbo Zhongkun Real Estate Co., Ltd.	Equity of Zhuji Jingming Real Estate Co., Ltd.	-	85% equity	1,700.00
Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	Construction in progress	E (2017) Wuhan Huangbei housing rights certificate No. 0013971	Land area of 81664.43 sq.m., construction area of 24409.83 sq.m.	23,766.87
Jiangsu Zhongnan Construction Group Co., Ltd.	Equity of Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	-	100% equity	5,000.00
Shenzhen Zhongnan Yanxi Investment Co., Ltd.	Equity of Meizhou Zhongnan Chenxi Real Estate Development Co., Ltd.	-	51.02% equity	1,000.00
Zhongnan Construction (Shenyang) Construction Industry Co., Ltd.	Real estate	Shen Property certificate Economic and Technological Development Zone No. N160014872,	22523.82 sq.m.,	4,653.41

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
		Shen Property certificate Economic and Technological Development Zone No. N160014873	5418.81 sq.m.	
Zhongnan Construction (Shenyang) Construction Industry Co., Ltd.	Land use rights	Shen Kai Guo Yong (2012) No. 39	152589.70 sq.m.	7,370.09
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Equity of Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd.	-	80% equity	3,432.00
Jiangsu Zhongnan Xuanwu Lake Ecological Tourism Development Co., Ltd.	Accounts receivable (franchise rights)	65705719000678612273	-	121,737.00
Rizhao Zhongnan Park Operation Development Co., Ltd.	Land use rights and Construction in progress	Lu (2018) Rizhao housing rights certificate No. 0028246	102545.70 sq.m.	88,030.87
Jiangsu Zhongnan Construction Industry Group Huoshan Investment Co., Ltd.	Long-term receivables	-	-	117,449.12
Jining Zhongnan Hospital Management Co., Ltd.	Long-term receivables	-	-	96,114.80
Ningbo Zhongnan Investment Co., Ltd.	Long-term receivables	-	-	253,348.83
Xuzhou Zhongnan Construction Development Co., Ltd.	Long-term receivables	-	-	224,544.00
Shenzhen Zhongnan Enterprise Management Co., Ltd.	Long-term receivables	-	-	60,975.00
Rongcheng Zhongnan Construction Investment Development Co., Ltd.	Long-term receivables	-	-	80,000.00
Sanya Haimian City Investment and Construction Co., Ltd.	Long-term receivables	-	-	193,000.00
Sanya Haimian City Investment and	Long-term receivables	-	-	388,828.00

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Construction Co., Ltd.				
Binhai Zhongnan Construction Development Co., Ltd.	Long-term receivables	-	-	390,216.00
Xinghua Xingzhong Project Management Co., Ltd.	Long-term receivables	-	-	73,000.00
Liaocheng Dongchangfu District Construction and Development Co., Ltd.	Long-term receivables	-	-	275,880.03
Jiangsu Zhongnan Building Industry Group Co., Ltd.	Equity of Liaocheng Dongchangfu District Construction and Development Co., Ltd.	-	95% equity	22,895.00
Ningbo Jinshi Investment Co., Ltd.	Long-term receivables	-	-	726,326.22
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Certificates of deposit	0188293	-	8,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Certificates of deposit	0188271	-	43,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Certificates of deposit	0188273	-	10,000.00
Jiangsu Zhongnan Construction Group Shanghai Investment Development Co., Ltd.	Certificates of deposit	0186439	-	11,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2011) No. 0110005	17269.58 sq.m.	20,482.98
Nantong Zhongnan New World Centre	Land use rights and shops	Nantong housing rights certificate No. 71001417,	Land use rights of	5,026.20

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Development Co., Ltd.		Su Tong Guo Yong (2008) No. 01102229	1771.97 sq.m., Shops area of 4475.69 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2006) No. 0110024	10169.15 sq.m.	15,375.75
Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	Land use rights	Lu (2018) Qingdao housing rights certificate No. 0090657	53849.40 sq.m.	70,211.61
Jiangsu Zhongnan Construction Group Co., Ltd.	Land use rights and housing ownership	Haizheng housing rights certificate No. 151008094-151008116, Hai Guo Yong (2015) No. 070309-070330	Land use rights of 5329.98 sq.m., Housing area of 81953.45 sq.m.	69,000.00
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	Commercial real estate	Yan Property certificate Jun Yong No. 0355018, Cheng Nan Guo Yong (2015) No. 609260	Property area of 28435.96 sq.m., Land area of 1292.50 sq.m.	24,170.57
Nantong Zhongnan New World Centre Development Co., Ltd.	Real estate	Nantong housing rights certificate No. 120058576, Su Tong Guo Yong (2012) No. 01102623	Housing area of 5671.32 sq.m., Land area of 1042.62 sq.m.	20,983.88
Nantong Zhongnan New World Centre Development Co., Ltd.	Real estate	Nantong housing rights certificate No. 12114018-12114028, Nantong housing rights certificate No. 71046736, Nantong housing rights certificate No. 12113027, Nantong housing rights certificate No. 12113011, Nantong housing rights certificate No. 120058556	1405.89 sq.m., 276.33 sq.m., 214.02 sq.m., 214.02 sq.m., 4043.68 sq.m.	18,000.00
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2007) No. 01102393, Su Tong Guo Yong (2007) No. 01102394	158.23 sq.m., 158.23 sq.m.	

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Mortgagor	Collateral	Certificate	Mortgage area or quantity	Mortgage Value/ Guarantee Amount (in ten thousand)
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102231	132.20 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102236	129.61 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102216	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102233	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102222	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102217	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102219	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102232	155.54 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102223	129.61 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102235	129.61 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2008) No. 01102237	158.12 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2009) No. 01101322	127.04 sq.m.	
Nantong Zhongnan New World Centre Development Co., Ltd.	Land use rights	Su Tong Guo Yong (2012) No. 01102620	743.39 sq.m.	

(4) As of 31 December 2018, the guarantee for mortgage loan of commercial housing buyers provided by the Group is as follow:

The Group provides mortgage guarantee for commercial housing buyers in accordance with the real estate business practices. As of 31 December 2019, the balance of the Group's mortgage guarantee for commercial housing buyers is RMB 51,629.47million. The amount of the guarantee covers the loan principal, interest, penalty interest, compound interest, liquidated damages, compensation and the expense incurred by lender to recover the debt and all other expenses payable by the borrower. The term of the guarantee is from the date of loan contract signed by the owner and the bank until the Group has completed the registration of the real estate mortgage for the buyer of the commercial housing and has delivered the relevant registration document to the bank.

(5) As of 31 December 2019, the irrevocable letter of guarantee that has not been expired is as follows:

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Xuzhou Shuanglou Logistics Park Management Committee	Industrial and Commercial Bank of China Haimen Sub-branch	100,000,000.00	2017/8/30	2020/6/3
Xi'an Labor Security Supervision Detachment	Industrial and Commercial Bank of China Haimen Sub-branch	2,090,000.00	2019/11/12	2020/11/30
Dong'a County Housing and Urban-rural Construction Bureau	Industrial and Commercial Bank of China Haimen Sub-branch	10,000,000.00	2018/3/15	2020/9/15
Housing and Urban-rural Construction Bureau of Renshou County	Industrial and Commercial Bank of China Haimen Sub-branch	7,570,000.00	2019/9/6	2021/2/1
Dongguan Guanya Huangang Lake Commercial and Residential District Construction Co., Ltd.	Bank of China Haimen Sub-branch	44,682,085.83	2017/9/15	2020/3/11
Xi'an Changan District Labor Security Supervision Brigade	Bank of China Haimen Sub-branch	1,048,300.00	2017/10/26	Effective from the day when the person in charge of the Bank or the authority has the right to sign and affix a special seal for the guarantee business, until the completion of the construction project acceptance and the completion of the filing and the date when the beneficiary issues a certificate of non-arrearance of migrant workers
Bank of China Limited Guangdong Branch	Bank of China Haimen Sub-branch	3,000,000.00	2018/4/11	2020/2/29
Foshan Sanshui District Human Resources and Social Security Bureau	Bank of China Haimen Sub-branch	3,000,000.00	2018/5/3	2020/4/30
Xi'an Guoyi Real Estate Development Limited	Bank of China Haimen Sub-branch	12,268,170.52	2018/5/3	2020/7/30
International Economic Cooperation Bureau of the Ministry of Commerce	Bank of China Haimen Sub-branch	310,000.00	2018/6/7	Not less than 180 days after the tender deadline

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Xinghua City Education Bureau	Bank of China Haimen Sub-branch	90,000,000.00	2018/6/29	2020/6/29
Labor Security Supervision Brigade, Xiuying District, Haikou City	Bank of China Haimen Sub-branch	1,532,368.36	2018/8/17	From the date of opening to the completion of the project's acceptance, and after verification by the Labor Security Supervision Brigade of Xiuying District of Haikou City, there is no wage arrears of migrant workers and it is terminated after a certifica
Haikou Human Resources and Social Security Bureau	Bank of China Haimen Sub-branch	3,258,206.08	2018/8/17	From the date of opening to the completion of the project's acceptance, and after the beneficiary checks that there is no arrears of migrant workers' wages and issues a non-arrears of wages, it is terminated
Housing Planning and Construction Bureau of the People's Government of Qiaotou Town, Dongguan City	Bank of China Haimen Sub-branch	3,000,000.00	2018/8/17	Effective from the date of opening, valid for 30 days after the completion of the construction item (handover) acceptance
International Economic Cooperation Bureau of the Ministry of Commerce	Bank of China Haimen Sub-branch	800,000.00	2019/7/4	Not less than 180 days
Weinan Baoneng Real Estate Co., Ltd.	Bank of China Haimen Sub-branch	3,279,552.50	2019/7/15	2022/3/1
Yancheng Chengnan New District Development Construction Investment Co., Ltd.	Bank of China Haimen Sub-branch	20,707,925.07	2019/7/19	2020/12/23
Changshu Guancheng Hongxiang Real Estate Co., Ltd.	Bank of China Haimen Sub-branch	8,172,340.52	2019/7/29	2020/6/30
Housing and Urban-rural Construction Bureau of Anzhou District, Mianyang City	Bank of China Haimen Sub-branch	1,045,918.26	2019/8/9	2020/1/31
Housing and Urban-rural Construction Bureau of Anzhou District, Mianyang City	Bank of China Haimen Sub-branch	3,143,476.71	2019/8/8	2020/7/3
DIRECTION DES PROJETS EDUCATION ET FORMATION DE LA REPUBLIQUE ISLAMIQUE	Bank of China Haimen Sub-branch	85,000.00	2019/8/13	2020/1/17
Huai'an City Huai'an District Urban Investment Property Co.,	Bank of China Haimen Sub-branch	6,000,000.00	2019/9/9	2020/8/5

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Ltd. & Huai'an Hongxin State-owned Assets Investment Management Co., Ltd.				
Jiangsu Provincial Communications Engineering Construction Bureau	China Construction Bank Haimen Sub-branch Business Department	63,042,300.00	2018/3/19	2020/3/7
Chengdu Jiayu Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	7,585,192.70	2018/4/11	2020/3/20
Management Committee of Tancheng County Medical Industrial Park, Shandong Province	China Construction Bank Haimen Sub-branch Business Department	15,000,000.00	2018/4/8	2020/6/28
Xi'an Hailing Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	18,840,600.00	2017/12/4	2020/6/30
Tianjin Fuhai Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	6,592,606.90	2017/3/17	2020/3/15
Ningbo Hesheng Mingcheng Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	686,513.93	2019/11/20	2020/6/10
Guangdong Xinjue Semiconductor Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	5,164,409.17	2019/11/20	2020/10/31
Shaanxi Zongtai Industrial Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	3,000,000.00	2019/11/20	2020/7/15
Lianjing Intelligent Electronics Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	5,709,613.21	2019/11/20	2020/10/31
Nanchong Jinke Hongtai Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	8,105,000.00	2019/10/29	2021/3/25
Hutchison Huangpu Real Estate (Chengdu) Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	108,983,000.00	2019/9/30	2021/6/30
Qingdao Cody Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	553,610.00	2019/9/26	2020/4/30
Fushun Aohai Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	13,135,500.00	2019/9/29	2021/7/10
Qingdao Cody Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	1,676,695.00	2019/9/26	2020/4/30
Wuhan Fiberhome Technology Service Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	200,000.00	2019/10/9	2020/4/8
Nantong Huaxi Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	12,650,000.00	2019/9/9	2020/8/31
Wuxi Shenzhen-Hong Kong International Service Outsourcing Industry Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	1,381,465.70	2019/9/12	2020/1/30
Jinan Zhengqi Real Estate Co.,	China Construction Bank	7,295,260.10	2019/9/6	2020/12/3

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Ltd.	Haimen Sub-branch Business Department			
Wuxi Shenzhen-Hong Kong International Service Outsourcing Industry Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	2,762,931.40	2019/9/12	2020/1/30
Tai'an Wanyue Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	14,079,000.00	2019/9/5	2020/6/7
Nanjing Yanlord Jiangzhou Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	504,973.28	2019/8/20	2020/4/30
CCCC No. 3 Navigation Engineering Bureau Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	7,600,000.00	2019/5/6	2020/12/31
Public Security Bureau of Wenling City	China Construction Bank Haimen Sub-branch Business Department	15,000,000.00	2016/4/12	2020/2/28
Henan Renhao Industrial Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	1,799,500.00	2019/2/27	2020/3/28
Nanjing Shengxiangyuan Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	11,955,000.00	2019/1/17	2020/12/31
Nanjing Shengxiangyuan Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	45,814,000.00	2019/1/18	2020/12/31
Ganzhou Rundi Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	42,432,400.00	2019/1/29	2021/1/30
Haimen Dingxi Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	12,400,000.00	2018/11/30	2020/8/12
Taizhou Xingguangyao Real Estate Development Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	26,551,300.00	2018/9/12	2020/10/28
Jiaxing Jianan Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	8,418,617.76	2018/9/12	2020/5/20
Nantong Central Innovation Zone Construction Investment Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	46,680,000.00	2018/8/22	2021/7/30
Chengdu Deshang Gaoxin Real Estate Co., Ltd.	China Construction Bank Haimen Sub-branch Business Department	5,000,000.00	2018/7/27	2020/4/1
Wuxi Fengshuilong International Real Estate Co., Ltd.	China Minsheng Bank Co., Ltd. Nantong Branch	683,000.00	2019/7/1	2020/6/29
Wuxi Shengang International Service Outsourcing Industry Development Co., Ltd.	China Minsheng Bank Co., Ltd. Nantong Branch	480,000.00	2019/7/1	2020/6/29
Cixi Xinchenghe Construction Office	China CITIC Bank Nantong Branch	100,000,000.00	2018/12/11	2021/12/11
Rongcheng Housing and Urban-rural Construction Bureau	Industrial Bank Co., Ltd. Nantong Branch	20,000,000.00	2019/3/25	2020/3/22
Tengzhou Housing and Urban-rural Construction Bureau	Industrial Bank Co., Ltd. Nantong Branch	30,000,000.00	2019/3/25	2020/3/22
Jining City Rencheng District	Industrial Bank Co., Ltd.	15,000,000.00	2019/5/24	2020/2/20

Beneficiary	Bank issuing the letter of guarantee	Guarantee amount	Letter of guarantee starting date	Letter of Guarantee Due Date
Health Bureau	Nantong Branch			
Shijiazhuang Anlian Real Estate Development Co., Ltd.	Industrial Bank Co., Ltd. Nantong Branch	2,500,000.00	2019/6/11	2020/6/11
Hangzhou Dajiangdong Industrial Concentration Zone Management Office	Bank of Jiangsu Haimen Branch	50,000,000.00	2019/8/29	2020/12/31

(6) As of 31 December 2019, the Group does not have other contingency to be disclosed.

XIII. Events after balance sheet date

1. Notes to significant events after balance sheet date

(1) Information of Grant of Reserved Options for the 2019 Share Option Incentive Plan

The Company held the No. 58th meeting of the seventh Board of Directors and the 20th meeting of the seventh Board of Supervisors on 20 January 2020, and reviewed and approved the "Proposal on the Grant of Reserved Options for the 2019 Share Option Incentive Plan". The resolution decided to grant 20,889,400.00 share options to 89 incentive employees on 20 January 2020, and the exercise price is RMB 9.83 per share.

The period of validity of this grant of share options is 4 years, calculated from the date of grant of share options; the lock-up period of this grant of share options is from 20 January 2020. According to the difference of the first, second and third lock-up phases, the un-locking dates of corresponding options are 19 January 2021, 19 January 2022 and 19 January 2023, respectively.

The participants can apply for un-locking in three phases:

1. The first phase of un-locking period is the first trading date after 12 months of grant date to the last trading date of 24 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
2. The second phase of un-locking period is the first trading date after 24 months of grant date to the last trading date of 36 months of grant date. The number of restricted shares un-locking is 33% of the total number of grant.
3. The third phase of un-locking period is the first trading date after 36 months of grant date to the last trading date of 48 months of grant date. The number of restricted shares un-locking is 34% of the total number of grant.

The annual performance appraisal objectives for granting share options are: (1) Based on 2017 performance, the net profit in 2019 will be at least 560% higher than that in 2017; (2) Based on the 2017 performance, the net profit in 2020 will be at least 1060% higher than that in 2017; (3) Based on the 2017 performance, the net profit in 2021 will be at least 1408% higher than that in 2017 (Net profit refers to the net profit attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value. The amount of net profit attributable to shareholders of listed companies after deducting the amount of impact by investment properties measured at fair value in 2017 is RMB 603 million).

Incentive employees need to satisfy the following requirements when apply for the unlocking of share option:

At the company level, the incentive employees will be assessed and evaluated during the vesting period, when the annual evaluation results of the incentive employees reach 100%, then 100% of options in current phase becomes exercisable. If the annual assessment result of the incentive employees within the vesting period does not meet the requirement, the options in current phase will not be exercisable.

(2) Public issuance of corporate bonds (first phase) to qualified investors in 2020 (epidemic prevention and control debt)

On 3 March 2020, the Company issued the "Announcement on the Issuance of Corporate Bonds to Qualified Investors in 2020 (Phase 1) (Epidemic Prevention and Control Debt)", which plans to publicly issue corporate bond (Epidemic Prevention and Control Debt) of no more than RMB 1.7 billion to qualified investors with bond issuance price is RMB 100 each. The bond is divided into two varieties: the first variety is a term of 4 years, with investors have option to sell back and the Company has option to adjust the coupon rate at the end of the second year; the second variety is a term of 5 years, with investors have option to sell back and the Company has option to adjust the coupon rate at the end of the third year. The bonds will be issued by inquiring the qualified investors for pricing and placement, and the issuance period is from 5 March 2020 to 6 March 2020. As of this reporting date, the bond issuance has all been completed, the actual issuance scale is RMB 1.7 billion, of which the first variety is RMB 800 million and the coupon rate is 6.80% per annum; the second variety is RMB 900 million and the coupon rate is 7.40% per annum.

(3) Faced with the impact of the new coronavirus epidemic in 2020, the Company continues to assess and actively responds to its impact on the Company's financial position and operating results

2. Profit distribution subsequent to balance sheet date

On 27 April 2020, the Company's held the 62nd meeting of the Seventh Board of Directors which reviewed and approved the proposal of the Company's 2019 profit distribution and capital reserve to increase share capital: Based on the number of shares on the dividend registration date of the Company as the base number, a cash dividend of RMB 2.80 (including tax) for every 10 shares will be distributed to all shareholders, and no share capital will be distributed.

3. Other events after the balance sheet date

As of 27 April 2020, the Group has no other matters that should be disclosed after the balance sheet date.

XIV. Other significant matters

1. Segment reporting

The Group divides its business into 3 reporting segments according to the internal organizational structure, management requirements, and the internal reporting system. The reporting segments are determined based on the financial information required by routine management. The management can periodically evaluate the operating results of the component to determine its allocation of resources and evaluate their performance.

The Group's reportable segments include:

- (1) Real estate segment;
- (2) Building construction segment;
- (3) Hotel properties and other segments.

The information of segment reporting is disclosed in accordance with the accounting policies that the segments report to the management. The accounting policies and measurement basis of the operating segments are the same as accounting policies and measurement basis of preparing the financial statements.

(1) Profit or loss, assets and liabilities of segments

2019/ 31 December 2019	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
Operating income	51,586,576,589.98	22,177,499,936.63	2,070,042,883.33	-4,003,333,348.86	71,830,786,061.08
Include: Income outside the Group	51,586,576,589.98	19,063,126,838.09	1,181,082,633.01	-	71,830,786,061.08
Income between segments	-	3,114,373,098.54	888,960,250.32	-4,003,333,348.86	-
Include: Primary operating income	51,127,341,868.04	22,160,959,697.89	2,013,296,930.65	-4,003,333,348.86	71,298,265,147.72
Operating cost	42,337,684,026.12	20,180,170,366.27	936,026,113.65	-3,652,376,874.64	59,801,503,631.40
Include: Primary operating cost	42,077,015,615.61	20,172,283,224.68	906,809,240.92	-3,652,376,874.64	59,503,731,206.57
Operating expenses	3,392,141,450.38	1,205,653,764.69	1,242,188,865.18	-484,990,886.74	5,354,993,193.51
Operating profit/(loss)	5,892,484,538.09	662,699,867.47	-104,760,817.94	-141,147,683.80	6,309,275,903.82
Total assets	216,254,151,007.27	58,177,085,811.22	61,076,740,640.65	-44,937,389,632.69	290,570,587,826.45
Total liabilities	230,810,175,506.65	47,989,811,305.25	22,710,520,473.83	-37,762,526,224.14	263,747,981,061.59
Supplementary information:					
1. Capital expenditure	209,036,802.78	7,099,664,747.90	542,559,545.63	-	7,851,261,096.31
2. Depreciation and amortization charge	217,530,884.68	159,211,147.69	233,460,372.23	-	610,202,404.60
3. Non-cash expenses besides depreciation and amortization	54,143,377.39	13,572,986.69	66,679,519.32	-	134,395,883.40
4. Assets impairment loss	481,842,940.20	270,899,882.35	-6,624,184.85	-	746,118,637.70

2018/ 31 December 2018	Real estate segment	Building construction segment	Hotel properties segment	Elimination	Total
Operating income	27,560,078,269.32	15,240,203,685.16	1,976,411,232.48	-4,666,567,314.47	40,110,125,872.49
Include: Income	27,560,078,269.32	11,660,156,086.47	889,891,516.70	-	40,110,125,872.49

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

outside the Group

Income between segments	-	3,580,047,598.69	1,086,519,715.78	-4,666,567,314.47	-
Include: Primary operating income	27,078,078,755.95	15,207,613,655.88	1,954,243,962.28	-4,599,774,821.15	39,640,161,552.96
Operating cost	21,983,693,842.74	13,474,280,299.31	1,307,084,553.09	-4,500,180,977.50	32,264,877,717.64
Include: Primary operating cost	21,945,311,643.28	13,460,773,041.37	1,307,000,705.88	-4,500,180,977.50	32,212,904,413.03
Operating expenses	2,121,042,811.15	948,757,831.23	806,700,378.44	-103,903,847.72	3,772,597,173.10
Operating profit/ (loss)	2,613,068,560.64	757,341,744.16	-134,998,406.54	-78,988,465.35	3,156,423,432.91
Total assets	209,296,436,476.49	43,254,268,600.91	20,166,515,713.79	-37,023,133,768.86	235,694,087,022.33
Total liabilities	193,345,966,763.19	35,609,998,964.34	19,090,456,737.51	-31,945,767,987.44	216,100,654,477.60
Supplementary information:					
1. Capital expenditure	155,653,609.69	4,830,968,400.94	1,094,859,810.22	-	6,081,481,820.85
2. Depreciation and amortization charge	186,404,103.57	159,211,147.69	257,708,262.30	-	603,323,513.56
3. Non-cash expenses besides depreciation and amortization	53,615,343.33	1,850,577.54	-	-	55,465,920.87
4. Assets impairment loss	141,681,870.65	35,820,476.56	28,697,147.43	-	206,199,494.64

(2) Other segment information

① Income of goods and services from external customers

Item	Year ended 2019.12.31	Year ended 2018.12.31
Property sale income	51,586,576,589.98	27,560,078,269.32
Building construction income	19,063,126,838.09	11,660,156,086.47
Hotel properties and other income	1,181,082,633.01	889,891,516.70
Total	71,830,786,061.08	40,110,125,872.49

② Geographic information

As the Group's overseas entities have not yet commenced operation, income and assets are basically in the region of China, so there is no reporting of more detailed geographic information.

③ Information about principal customers

The Group's main business is sold directly to end customers and is less dependent on customers.

2. Government grants

(1) Government grants recorded as deferred income and measured at gross amount method subsequently

Item	Category	2018.12.31	Additions during the year	Amount recognized in profit or loss in the year	Other movement	2019.12.31	Item presented in profit or loss in the year	Related to asset/income
Headquarter base land transfer fee subsidy [Note ①]	Finance allocation	39,082,417.28	-	1,118,058.75	-	37,964,358.53	Other income	Related to asset
Subsidy for fixed assets on NPC Building product project [Note ②]	Finance allocation	6,041,000.00	-	431,500.00	-	5,609,500.00	Other income	Related to asset
Subsidy for land transfer fee [Note ③]	Finance allocation	10,799,863.92	-	401,233.32	-	10,398,630.60	Other income	Related to asset
Development Subsidy for Cishan Scenic Spot in Yantai [Note ④]	Finance allocation	78,392,000.00	25,000,000.00	38,234,913.84	-	65,157,086.16	Other income	Related to asset/income
Government and Social Capital Cooperation Awards [Note ⑤]	Finance allocation	600,000.00	650,000.00	-	-	1,250,000.00	Other income	Related to asset
Special fund for central inclusive financial development [Note ⑥]	Finance allocation	-	8,000,000.00	-	-	8,000,000.00	Other income	Related to asset
Total	--	134,915,281.20	33,650,000.00	40,185,705.91	-	128,379,575.29	--	--

Note:

① The Company's 45-hectare site in the second phase of its headquarters base was acquired on 23 May 2013 and obtained a Land use rights certificate (Land use right certificate number: Haiguoyong (2013) No. 071052). According to the Haimen Municipal People's Government (2013) No. 479, in order to reward the Company for its successful listing, the People's Government of Haimen City returned the above-mentioned land transfer fee of RMB 44,722,350.00 previously paid by the Company in 2014. The Company received the payment and recognized as deferred income which will be recognized in profit or loss for the current year based on the remaining amortization period of the land.

② According to approval by Shenyang Municipal Government in 2012 «About notice of 2012 Shenyang City promote key industries development special fund scheme (seventh batch) » (Shenzhuanxiangban [2012] No.10). Finance Bureau of Shenyang made payment of RMB 8.63 million to the Company's subsidiary Zhongnan Construction (Shenyang) Building Industry Co., Ltd. and the payment is specific for subsidy of fixed assets investment of the project "NPC Building product Project

(Building Industry Base Phase 1 Construction) ”.

③ According to 《Nantong Binhai Park Cooperative Development Agreement》 entered between the Company and Nantong Binhai Park Management Committee in 2013, in order to support the construction of Zhongnan Group Industry Park, Nantong Binhai Park Management Committee paid award funding of RMB 12,037,000.00 to the Company's subsidiary Zhongnan Construction (Nantong) Building Industry Co., Ltd. when the actual land price of Zhongnan NPC project is higher than the average land price of raw land of RMB 60,000.00 per mu.

④ Yantai Jinshang Real Estate Development Co., Ltd. invests and develops Yantai Cishan Scenic Spot Project, which belongs to the support project of Yantai Economic and Technological Development Management Committee. According to the investment and development agreement, it is agreed that Yantai Development Zone should return the support fund to Yantai Jinshan in the form of not limited to cash, and the cash compensation of RMB 143,600,000.00, which is calculated according to the land payment paid by Yantai Jinshan, included in deferred income.

Yantai Xianhaiju Hotel Co., Ltd., another main entity of the development of Cishan Scenic Spot in Yantai, in accordance with the investment and development agreement to return the support funds in the same way, has received RMB 28,900,000.00 of cash compensation from Yantai Development Zone as of 31 December 2019 and included in deferred income.

⑤ According to the 《Shandong Provincial Government and Social Capital Cooperation Special Funds Management Measures》 (Lucaijin [2017] No.5) and Jicai Finance Index [2017] No.8's Notice on the Budget Indicators of Shandong Provincial Government and Social Capital Cooperation Awards and Supplementary Funds in 2017, Jining Zhongnan Hospital Management Co., Ltd. allocated to its subsidiary company RMB 0.60 million, which is used in Jining as PPP Project Special Funds for of Rencheng District Elderly Care Hospital of Integrated Chinese and Western Medicine.

According to the "Notice on the Provincial Government and Social Capital Cooperation Awards" (Dong Cai Jin [2019] No. 20), RMB 150,000 was received by Dong'a County Zhongnan Construction Development Co., Ltd. for the use of special funds for PPP demonstration projects.

According to the "Notice of Capital Management Measure of Shandong Provincial Government and Social Capital Cooperation Award", Rizhao Housing and Urban-Rural Development Committee awarded Rizhao Zhongnan Park Operation Development Co., Ltd. for a national demonstration project of RMB 500,000.

⑥ According to the "Special Funds Management Measures for Inclusive Financial Development" (Cai Jin [2016] No. 85) of the Ministry of Finance in 2018, Rizhao's Tracking PPP projects is supported by award instead of financing, award funds of RMB 8.00 million was given to Rizhao Zhongnan Park Operation Development Co., Ltd. for Rizhao Technology Innovation Center PPP project.

(2) Government grants recognized in income for the year by gross method

Item	Category	Recognized as income in the year	Presented in income statement	Related to assets/Related to income
Government grant for carrying forward deferred income	Finance allocation	40,185,705.91	Other income	Related to assets/income
Subsidy from Bureau of Finance	Finance allocation	10,467,636.86	Other income	Related to income
Award for tax payment	Finance allocation	40,078,347.57	Other income	Related to income
Total of other small government grants	Finance allocation	8,360,403.72	Other income	Related to assets/income
Total	--	99,092,094.06	--	--

XV. Notes to significant items of parent company financial statements

1. Other receivables

Item	2019.12.31	2018.12.31
Interest receivable	-	-
Dividend receivable	3,017,351,545.57	3,017,351,545.57
Other receivables	101,939,251,371.43	91,245,073,371.78
Total	104,956,602,917.00	94,262,424,917.35

(1) Dividend receivable

Item	2019.12.31	2018.12.31
Dividends	3,017,351,545.57	3,017,351,545.57

(2) Other receivables

① Disclosure by ageing

Ageing	2019.12.31
Within 1 year	68,100,132,385.45
1 to 2 years	24,801,753,826.02
2 to 3 years	6,549,961,630.29
3 to 4 years	2,372,195,346.97
4 to 5 years	80,980,513.88
Over 5 years	313,908,243.41
Sub-total	102,218,931,946.02
Less: Provision for bad debts	279,680,574.59
Total	101,939,251,371.43

② Disclosure by nature

Item	2019.12.31	2018.12.31
Security deposit and deposits	85,988,857.53	94,773,857.55
Petty cash and withholding fund	8,388,437.46	9,533,893.38
Cooperating parties	39,027,396.30	-
Government agencies	98,938.54	98,938.54
Related parties in the scope of consolidation	96,601,123,444.82	85,796,207,884.36
Related parties outside the scope of consolidation	5,147,262,071.64	5,203,069,974.08
Others	337,042,799.73	296,667,803.39
Total	102,218,931,946.02	91,400,352,351.30

③ Information of provision for bad debts

At year end, prevision for bad debts on those in first stage:

Category	Book balance	Expected credit losses rate in the next 12-month (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from government agencies	98,938.54	0.30	296.82	98,641.72
Receivables from cooperating parties	39,027,396.30	0.30	117,082.19	38,910,314.11
Receivables from related parties in the scope of consolidation	96,601,123,444.82	-	-	96,601,123,444.82
Receivables from related parties not in scope of consolidation	5,147,262,071.64	0.30	15,441,786.21	5,131,820,285.43
Receivables of security deposit and deposits	85,988,857.53	0.30	257,966.57	85,730,890.96
Receivables of petty cash and withholding fund	8,388,437.46	0.30	25,165.31	8,363,272.15
Receivables from others	61,164,011.94	4.00	2,446,560.48	58,717,451.46
Total	101,943,053,158.23	--	18,288,857.58	101,924,764,300.65

At year end, provision for bad debts on those in second stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Assessed by portfolio for provision for bad debts				
Including:				
Receivables from others	221,566,787.88	93.46	207,079,717.10	14,487,070.78
Total	221,566,787.88	93.46	207,079,717.10	14,487,070.78

At year end, provision for bad debts on those in third stage:

Category	Book balance	Expected credit loss rate for lifetime (%)	Provision for bad debts	Carrying amount
Individually assessed for provision for bad debts				
Receivables from others	54,311,999.91	100.00	54,311,999.91	-

As at 31 December 2018, provision for bad debts is as follow:

Category			2018.12.31		Net amount
	Amount	Ratio %	Provision for bad debts	Provision ratio %	
Individually significant and provision for bad and doubtful debts individually	-	-	-	-	-
Assessed by portfolio for provision for bad debts of other receivables	91,357,352,351.30	99.95	122,278,979.52	0.13	91,235,073,371.78
Including: Ageing group	253,667,803.39	0.28	122,278,979.52	48.20	131,388,823.87
Credit group	91,103,684,547.91	99.67	-	-	91,103,684,547.91
Individually insignificant but provision for bad and doubtful debts individually	43,000,000.00	0.05	33,000,000.00	76.74	10,000,000.00
Total	91,400,352,351.30	100.00	155,278,979.52	0.17	91,245,073,371.78

④ Additions, recoveries or reversals of provision for bad debts

Provision for bad debts	First stage Expected credit loss within 12 months	Second stage Expected credit loss for the lifetime (no credit impairment occurred)	Third stage Expected credit loss for the lifetime (credit impairment has occurred)	Total
Balance at 31 December 2018	--	--	--	155,278,979.52
Adjustment of initial adoption of new financial instruments standards	--	--	--	15,922,429.99
Balance at 1 January 2019	16,540,034.91	121,661,374.60	33,000,000.00	171,201,409.51
Movement of balance at 1 January 2019				
-- transfer to second stage	318,690.76	-318,690.76	-	-
-- transfer to third stage	-	21,311,999.91	-21,311,999.91	-
-- back to second stage		-	-	-
-- back to first stage	-	-	-	-
Provision for the year	2,012,448.50	63,842,716.76	42,623,999.82	108,479,165.08
Recovered or reversal in the year	-	-	-	-
Written-off in the year	-	-	-	-
Other change	-	-	-	-
Balance at 31 December 2019	18,871,174.17	206,497,400.51	54,311,999.91	279,680,574.59

⑤ Top five debtors of other receivables

Total other receivables due from the top five debtors is RMB 43,595,552,439.59, accounting for 42.65% of the total other receivable and they are mainly receivables from related parties.

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

2. Long-term equity investment

Item	2019.12.31			2018.12.31		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	20,660,397,822.18	22,000,000.00	20,638,397,822.18	18,909,927,986.99	22,000,000.00	18,887,927,986.99
Investment in joint ventures	427,744,062.07	-	427,744,062.07	390,387,552.84	-	390,387,552.84
Investment in associates	685,079,367.34	-	685,079,367.34	202,142,388.30	-	202,142,388.30
Total	21,773,221,251.59	22,000,000.00	21,751,221,251.59	19,502,457,928.13	22,000,000.00	19,480,457,928.13

(1) Investment in subsidiaries

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Jiangsu Tongzhouwan Zhongnan City Development Construction Co., Ltd.	80,106,180.00	-	-	80,106,180.00	-	-
Nantong Zhongnan Commercial Development Co., Ltd.	10,000,000.00	2,284,628.65	-	12,284,628.65	-	10,000,000.00
Nantong Zhongnan City Shopping Center Management Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-	10,000,000.00
Nantong Jinshi Shiyuan Hotel Co., Ltd.	2,000,000.00	-	-	2,000,000.00	-	2,000,000.00
Jiangsu Zhongnan Garden Engineering Co., Ltd.	10,204,000.00	754,800.00	-	10,958,800.00	-	-
Jiangsu Zhongnan Construction Waterproof Engineering Co., Ltd.	5,853,174.00	-	327,596.95	5,525,577.05	-	-
Nantong Zhongnan Commodity Concrete Co., Ltd.	27,552,000.00	-	1,836,000.00	25,716,000.00	-	-
Jiangsu Zhongnan Building Industry Group Co., Ltd.	3,625,029,206.95	2,014,632,848.09	1,850,577.53	5,637,811,477.51	-	-
Nantong Zhongyu Building Material Co., Ltd.	50,000,000.00	340,865.10	-	50,340,865.10	-	-
Nantong Zhongnangu Investment Management Co.,	4,000,000.00	-	-	4,000,000.00	-	-

-260-

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

-261-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Shanghai Jinfu Real Estate Development Co., Ltd.	630,000,000.00	586,107.98	-	630,586,107.98	-	-
Tianjin Fuhai Real Estate Development Co., Ltd.	22,500,000.00	1,583,804.00	-	24,083,804.00	-	-
Zhongnan Yunjin (Beijing) Real Estate Development Co., Ltd.	50,000,000.00	605,982.40	-	50,605,982.40	-	-
Shenzhen Zhongnan Property Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-	-
Foshan Zhongwujingxi Real Estate Co., Ltd.	6,133,718.36	755,973.86	-	6,889,692.22	-	-
Changshu Zhongnan Panjin Real Estate Development Co., Ltd.	40,000,000.00	-	-	40,000,000.00	-	-
Changshu Zhongnan Yujincheng Real Estate Development Co., Ltd.	29,400,000.00	-	-	29,400,000.00	-	-
Suzhou Zhongnan Century City Real Estate Development Co., Ltd.	1,124,636,986.30	-	-	1,124,636,986.30	-	-
Suzhou Zhongnan Yayuan Real Estate Development Co., Ltd.	422,448,000.00	-	-	422,448,000.00	-	-
Zhongnan Zhenjiang Real Estate Development Co., Ltd.	819,934,249.35	-	-	819,934,249.35	-	-
Zhenjiang Zhongnan Xinjincheng Real Estate Development Co., Ltd.	628,950,930.00	-	-	628,950,930.00	-	-
Nanjing Zhongnan Century City Real Estate Development Co., Ltd.	950,000,000.00	-	-	950,000,000.00	-	-
Nanjing Zhongnan Xianlin Shidai Commercial Management Co., Ltd.	30,000,000.00	-	-	30,000,000.00	-	-
Nanjing Zhongnan Xinjincheng Real Estate Development Co., Ltd.	300,000,000.00	75,747.80	-	300,075,747.80	-	-
Nanjing Zhongnan Huacheng Real Estate Development Co., Ltd.	597,980,247.03	628,706.74	-	598,608,953.77	-	-
Nanjing Zhongnan Yujincheng Real Estate Development Co., Ltd.	335,260,223.54	-	-	335,260,223.54	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Nanjing Zhongnan Jincheng Real Estate Development Co., Ltd.	225,000,000.00	-	-	225,000,000.00	-	-
Nanjing Lishui Wanchen Property Investment Co., Ltd.	183,765,668.65	-	-	183,765,668.65	-	-
Nanjing Changjin Real Estate Development Co., Ltd.	143,037,967.57	-	-	143,037,967.57	-	-
Jiangsu Zhongnan Century City Real Estate Development Co., Ltd.	100,000,000.00	-	-	100,000,000.00	-	-
Nantong Zhongnan New World Centre Development Co., Ltd.	2,062,895,788.36	4,214,783.56	-	2,067,110,571.92	-	-
Haimen Zhongnan Century City Development Co., Ltd.	458,520,217.47	-	-	458,520,217.47	-	-
Haimen Zhongnan Jinyuan Real Estate Development Co., Ltd.	400,000,000.00	-	-	400,000,000.00	-	-
Haimen Zhongnan Real Estate Development Co., Ltd.	94,413,000.00	-	-	94,413,000.00	-	-
Nantong Zhongnan Century Huacheng Investment Co., Ltd.	202,056,197.26	-	1,692,607.82	200,363,589.44	-	-
Nantong Jinyi Property Co., Ltd.	252,549,318.68	249,967.74	-	252,799,286.42	-	-
Nantong Huacheng Zhongnan Real Estate Development Co., Ltd.	184,842,909.50	-	-	184,842,909.50	-	-
Nantong Jinhong Real Estate Co., Ltd.	35,000,000.00	136,346.04	-	35,136,346.04	-	-
Haimen Zhongnan Investment Co., Ltd.	60,000,000.00	-	-	60,000,000.00	-	-
Taixing Zhongnan Century City Real Estate Development Co., Ltd.	126,000,000.00	227,243.40	-	126,227,243.40	-	-
Hangzhou Zhongnan Yujin Property Co., Ltd.	20,000,000.00	90,897.36	-	20,090,897.36	-	-
Dongying Zhongnan City Construction Investment Co., Ltd.	100,000,000.00	-	-	100,000,000.00	-	-
Guangrao Zhongnan Real Estate Co., Ltd.	100,000,000.00	61,333.22	-	100,061,333.22	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Qingdao Bay New City Real Estate Development Co., Ltd.	494,355,523.75	-	-	494,355,523.75	-	-
Qingdao Zhongnan Century City Real Estate Industry Investment Co., Ltd.	573,407,685.80	6,629,651.68	-	580,037,337.48	-	-
Wuhan Jinyuan Zhongnan Real Estate Development Co., Ltd.	50,231,322.19	1,428,229.61	-	51,659,551.80	-	-
Wuhan Jinyu Zhongnan Real Estate Development Co., Ltd.	50,000,000.00	1,045,319.64	-	51,045,319.64	-	-
Danzhou Zhongnan City Development Co., Ltd.	97,000,000.00	-	-	97,000,000.00	-	-
Danzhou Zhongnan Land Development Co., Ltd.	20,000,000.00	-	-	20,000,000.00	-	-
Wenchang Zhongnan Real Estate Development Co., Ltd.	372,085,131.66	2,448,574.98	-	374,533,706.64	-	-
Wenchang Zhongnan City Development Co., Ltd.	100,000,000.00	-	-	100,000,000.00	-	-
Ledong Zhongnan Investment Co., Ltd.	48,500,000.00	-	-	48,500,000.00	-	-
Nanchong Century City (Zhongnan) Real Estate Development Co., Ltd.	500,000,000.00	-	-	500,000,000.00	-	-
Tangshan Zhongnan International Tourist Island Real Estate Investment Development Co., Ltd.	180,616,859.18	-	180,427,489.68	189,369.50	-	-
Haimen Zhongnan International Property Agent Co., Ltd.	10,000,000.00	-	-	10,000,000.00	-	-
Zhongnan Century City (Shenyang) Real Estate Development Co., Ltd.	220,000,000.00	-	-	220,000,000.00	-	-
Yingkou Zhongnan Century City Real Estate Development Co., Ltd.	100,000,000.00	90,897.36	-	100,090,897.36	-	-
Dalian Zhongnan Century City Development Co., Ltd.	65,000,000.00	-	-	65,000,000.00	-	-
Suzhou Zhongnan Centre Investment Construction Co., Ltd.	296,257,322.19	-	296,257,322.19	-	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Anhui Zhongsheng Construction Investment Co., Ltd.	126,000,000.00	-	-	126,000,000.00	-	-
Hefei Shengnan Real Estate Co., Ltd.	925,288.77	188,203.89	-	1,113,492.66	-	-
Jiaxing Zhongnan Jinheng Real Estate Development Co., Ltd.	18,762,800.00		18,355,336.83	407,463.17	-	-
Kaifeng Zhongnan Jincheng Real Estate Co., Ltd.	616,859.18		616,859.18	-	-	-
Ma'anshan Zhongnan Yujin Real Estate Development Co., Ltd.	1,644,957.81	429,768.11	-	2,074,725.92	-	-
Ningbo Zhongjing Property Co., Ltd.	925,288.77	3,372,592.45	-	4,297,881.22	-	-
Shenyang Zhongnan Leijia Real Estate Development Co., Ltd.	925,288.77		720,769.71	204,519.06	-	-
Taichang Zhongnan Jincheng Real Estate Development Co., Ltd.	1,233,718.36	3,045,652.08	-	4,279,370.44	-	-
Tai'an Zhongnan City Investment Co., Ltd.	616,859.18	1,613,723.40	-	2,230,582.58	-	-
Xi'an Chixiang Real Estate Co., Ltd.	1,644,957.81	3,939,672.96	-	5,584,630.77	-	-
Yancheng Zhongnan Century City Real Estate Investment Co., Ltd.	925,288.77	3,587,101.22	-	4,512,389.99	-	-
Yunnan Shengrong Real Estate Development Co., Ltd.	925,288.77	3,845,378.72	-	4,770,667.49	-	-
Changsha Changxia Yayuan Real Estate Development Co., Ltd.	616,859.18	1,247,526.68	-	1,864,385.86	-	-
Hangzhou Jinji Real Estate Co., Ltd.	231,322.19		41,952.69	189,369.50	-	-
Chengdu Zhongnan Century Real Estate Development Co., Ltd.	2,056,197.26	6,492,570.66	-	8,548,767.92	-	-
Fuzhou Zhirui Real Estate Development Co., Ltd.	616,859.18		616,859.18	-	-	-
Nantong Zhongnanchangcheng Development Co., Ltd.	-	3,000,000.00	-	3,000,000.00	-	-
Zhongnan Kedianyuan Sports Culture Industry Co., Ltd.	-	73,202,800.00	-	73,202,800.00	-	-

-265-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Shenyang Zhongnan Hengyu Real Estate Development Co., Ltd.	-	3,671,589.41	-	3,671,589.41	-	-
Xiamen Zhongnan Deyu Real Estate Development Co., Ltd.	-	3,412,248.26	-	3,412,248.26	-	-
Lixin Jinhan Real Estate Co., Ltd.	-	2,599,977.49	-	2,599,977.49	-	-
Nantong Jinlv Real Estate Co., Ltd.	-	3,124,406.62	-	3,124,406.62	-	-
Guangxi Jincheng Real Estate Co., Ltd.	-	3,003,210.14	-	3,003,210.14	-	-
Wenzhou Jinteng Real Estate Co., Ltd.	-	3,141,354.81	-	3,141,354.81	-	-
Huizhou Jialin Zhiyuan Real Estate Development Co., Ltd.	-	3,818,360.15	-	3,818,360.15	-	-
Shanghai Zhuxin Real Estate Brokerage Co., Ltd.	-	65,524,244.17	-	65,524,244.17	-	-
Jieyang Jichen Real Estate Development Co., Ltd.	-	1,782,023.25	-	1,782,023.25	-	-
Hangzhou Jinfu Real Estate Co., Ltd.	-	377,899.03	-	377,899.03	-	-
Hangzhou Jinqi Real Estate Co., Ltd.	-	3,221,906.43	-	3,221,906.43	-	-
Zibo Jinquan Real Estate Co., Ltd.	-	405,888.21	-	405,888.21	-	-
Tianjin Zhongnan Enterprise Management Co., Ltd.	-	489,210.79	-	489,210.79	-	-
Danyang Zhongnan Jinteng Real Estate Development Co., Ltd.	-	42,298.77	-	42,298.77	-	-
Heze Zhongnan Huacheng Real Estate Co., Ltd.	-	42,298.77	-	42,298.77	-	-
Xi'an Wuxiong Real Estate Co., Ltd.	-	787,477.13	-	787,477.13	-	-
Danzhou Zhongnan Real Estate Development Co., Ltd.	-	178,644.81	-	178,644.81	-	-
Guiyang Jinteng Real Estate Co., Ltd.	-	42,298.77	-	42,298.77	-	-
Chengdu Zhongnan Jinteng Real Estate Development Co., Ltd.	-	181,794.72	-	181,794.72	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Nanchong Zhongnan Jinhe Real Estate Development Co., Ltd.	-	151,495.60	-	151,495.60	-	-
Renshou Zhongnan Junjin Real Estate Development Co., Ltd.	-	151,495.60	-	151,495.60	-	-
Chongqing Jinteng Real Estate Development Co., Ltd.	-	75,747.80	-	75,747.80	-	-
Quanzhou Junhong Real Estate Development Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Xiamen Junhao Real Estate Development Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Jiaxing Jinshan Real Estate Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Shanghai Zhouqu Real Estate Development Co., Ltd.	-	446,912.02	-	446,912.02	-	-
Jinan Jinhui Real Estate Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Tai'an High-tech Zone Jinhe Real Estate Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Tai'an Zhongnan City Investment Co., Ltd. High-tech Division	-	227,243.40	-	227,243.40	-	-
Tai'an Zhongnan Investment Real Estate Co., Ltd.	-	151,495.60	-	151,495.60	-	-
Linyi Jinqin Real Estate Development Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Qingdao Zhongnan City Real Estate Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Yantai Xinguang Real Estate Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Zibo Jinqin Real Estate Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Bengbu Zhongnan Huayuan Real Estate Development Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Huai'an Zhongnan Century City Real Estate Co., Ltd.	-	356,014.66	-	356,014.66	-	-
Changshu Zhongnan Jinjin Land Co., Ltd.	-	681,730.20	-	681,730.20	-	-
Changshu Zhongnan Jinyuan Real Estate Development Co., Ltd.	-	492,360.70	-	492,360.70	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.
Notes to the financial statements
For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)
[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Changshu Zhongnan Century City Real Estate Development Co., Ltd.	-	333,290.32	-	333,290.32	-	-
Kunshan Zhongnan Jincheng Real Estate Development Co., Ltd.	-	484,785.92	-	484,785.92	-	-
Zhangjiagang Jinxi Land Co., Ltd.	-	159,070.38	-	159,070.38	-	-
Dongtai Zhongnan Jinyue Real Estate Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Haimen Zhongnan Xinjinxin Real Estate Development Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Qianjiang Zhongnan Yayuan Real Estate Development Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Xi'an Weixiang Real Estate Co., Ltd.	-	901,398.82	-	901,398.82	-	-
Xian Changdao Xinye Real Estate Co., Ltd.	-	325,715.54	-	325,715.54	-	-
Xi'an Zhishengda Real Estate Co., Ltd.	-	318,140.76	-	318,140.76	-	-
Zhengzhou Chengzhi Real Estate Co., Ltd.	-	136,346.04	-	136,346.04	-	-
Zhengzhou Jinze Real Estate Development Co., Ltd.	-	712,029.32	-	712,029.32	-	-
Changjiang Zhongnan Real Estate Development Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Guangxi Jinxin Baiye Real Estate Development Co., Ltd.	-	113,621.70	-	113,621.70	-	-
Wanning Zhongnan City Real Estate Development Co., Ltd.	-	166,645.16	-	166,645.16	-	-
Guizhou Jinrong Real Estate Co., Ltd.	-	560,533.72	-	560,533.72	-	-
Guizhou Jinsheng Real Estate Co., Ltd.	-	75,747.80	-	75,747.80	-	-
Ningbo Hangzhou Bay New Area Haiwen Real Estate Co., Ltd.	-	507,510.26	-	507,510.26	-	-

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2018.12.31	Increase	Decrease	2019.12.31	Provision for impairment in current year	Closing balance of provision for impairment
Wenzhou Jincheng Real Estate Co., Ltd.	-	477,211.14	-	477,211.14	-	-
Wenzhou Jinyu Real Estate Co., Ltd.	-	939,272.72	-	939,272.72	-	-
Total	18,909,927,986.99	2,253,213,206.95	502,743,371.76	20,660,397,822.18	-	22,000,000.00

(2) Investment in associates and joint ventures

Investee	2018.12.31	Movement in the year						Closing balance of provision for impairment
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	
① Associates								
Nanjing Jinan Zhongyuan Real Estate Development Co., Ltd.	-	-	-	-	-	-	-	-
Haimen Jinjia Real Estate Co., Ltd.	-	-	-	70,426,397.19	-	-	-	70,426,397.19
Ningbo Qianhu Baiting Pension Investment Co., Ltd.	-	350,000,000.00	-	-	-	-	-	350,000,000.00
Zhongan (Shenzhen) Real Estate Development Co., Ltd.	12,335,406.03	-	-	1,610,371.18	-	-	-	13,945,777.21
Shanghai Chengtai Information Technology Co., Ltd.	189,806,982.27	-	-	-3,791,690.37	-	-	-	186,015,291.90
Chuzhou Zhongnan Yunda Investment Fund Partnership (Limited Partnership)	-	64,700,000.00	-	-8,098.96	-	-	-	64,691,901.04
Sub-total	202,142,388.30	414,700,000.00	-	68,236,979.04	-	-	-	685,079,367.34

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

Investee	2018.12.31	Movement in the year						Closing balance of provision for impairment		
		Additional investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit		Provision for impairment	Other
② Joint Ventures										
Suzhou Kaiping Real Estate Development Co., Ltd.	241,796,927.44	-	-	80,742,856.36	-	-	-	-	322,539,783.80	-
Wuhan Zhongnan Jinyue Real Estate Development Co., Ltd.	17,313,620.32	-	-	-2,048,706.78	-	-	-	-	15,264,913.54	-
Shanghai Zhongnan Puyue Real Estate Co., Ltd.	56,226,864.15	-	-	-56,409,281.61	-	182,417.46	-	-	-	-
Nanjing State-owned New City Yijin Real Estate Investment Co., Ltd.	42,125,926.47	-	-	8,382,629.22	-	-	-	-	50,508,555.69	-
Zhenjiang Yirun Zhongnan Real Estate Company	22,943,565.11	-	-	-974,613.49	-	-	-	-	21,968,951.62	-
Shanghai Juexu Real Estate Co., Ltd.	-	-	-	7,484,518.18	-	-	-	-	7,484,518.18	-
Guoxin Zhongnan City Development Investment Fund Management (Beijing) Co., Ltd.	9,980,649.35	-	-	-3,310.11	-	-	-	-	9,977,339.24	-
Sub-total	390,387,552.84	-	-	37,174,091.77	-	182,417.46	-	-	427,744,062.07	-
Total	592,529,941.14	414,700,000.00	-	105,411,070.81	-	182,417.46	-	-	1,112,823,429.41	-

3. Investment income

Item	Year ended 2019.12.31	Year ended 2018.12.31
Gain from disposal of long-term equity investment	146,764,053.05	46,720,968.21
Income on long-term equity investment by equity method	105,411,070.82	259,915,394.24
Investment income in banking financial products	24,796,538.06	44,663,633.34
Dividends	18,212,000.00	2,575,608,709.80
Investment income from capital occupation fees	294,717,170.35	-
Total	589,900,832.28	2,926,908,705.59

XVI. Supplement information

1. Non-recurring gain or loss in current year

Item	Year ended 2019.12.31
Gain or loss on disposal of non-current assets	274,885,758.40
Government grants	99,092,094.06
Gain or loss from entrusting others to invest or manage assets	26,489,377.49
Gain or loss from fluctuation of fair value of financial assets and financial liabilities at fair value through profit or loss, besides of any effective hedging operations related to normal business of the Group	-14,828,276.36
Investment income from disposal of financial assets and financial liabilities at fair value through profit and available-for-sale financial assets	1,895,015.91
Gain from remeasurement of equity at fair value when obtaining control	166,034,936.18
Investment income from capital occupation fees	389,388,617.93
Gain or loss from fluctuation in fair value of investment property which is measured at fair value	10,353,665.11
Gain from debt restructuring	856,184.26
Gain or loss on changes in fair value of non-current financial assets	55,439,934.00
Other non-operating income/ (expenses), net	-154,219,012.43
Other gain or loss items met the definition of non-recurring item	-312,668.68
Total amount of non-recurring items	855,075,625.87
Less: effects of income tax on non-recurring items	203,733,828.06
Net amount of non-recurring items	651,341,797.81
Less: effects of non-recurring items attributable to minority shareholders of the Group (after tax)	-2,221,182.32
Non-recurring items attributable to the shareholders of the Company	653,562,980.13

Jiangsu Zhongnan Construction Group Co., Ltd.

Notes to the financial statements

For the year ended 31 December 2019 (all amounts in RMB unless otherwise stated)

[English Translation for Reference Only]

2. Rate of return of equity and earnings per share

Profit in reporting period	Weighted average rate of return of equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	21.58	1.1151	1.1151
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	18.19	0.9401	0.9401

Jiangsu Zhongnan Construction Group Co., Ltd.

27 April 2020

THE ISSUER

**Haimen Zhongnan Investment Development
(International) Co., Ltd.**

Sea Meadow House
P.O. Box 116
Road Town
Tortola, VG1110
British Virgin Islands

THE COMPANY

Jiangsu Zhongnan Construction Group Co., Ltd.
(江蘇中南建設集團股份有限公司)

9/F, Block A, Lianqiang International Plaza
No.1068, Tianshan West Road
Changning District, Shanghai
PRC

THE TRUSTEE

Citicorp International Limited

20th Floor, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

**PRINCIPAL PAYING AGENT, REGISTRAR
AND TRANSFER AGENT**

Citibank, N.A., London Branch

1 North Wall Quay
Dublin 1
Ireland

LEGAL ADVISORS TO US

as to U.S. law

King & Wood Mallesons

13/F Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

as to PRC law

JunHe LLP

26/F, HKRI Centre One
HKRI Taikoo Hui
288 Shimen Road (No. 1)
Shanghai 200041
PRC

as to BVI law

Walkers (Hong Kong)

15th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

LEGAL ADVISORS TO THE INITIAL PURCHASERS

as to U.S. law

Linklaters

11/F Alexandra House
Chater Road
Hong Kong

as to PRC law

Jingtian & Gongcheng

34/F, Tower 3, China Central Place
77 Jianguo Road
Beijing 100025
PRC

LEGAL ADVISORS TO THE TRUSTEE

as to U.S. law

Mayer Brown

16-19/F, Prince's Building
10 Chater Road
Central
Hong Kong

INDEPENDENT AUDITOR

Grant Thornton

5th Floor, Scitech Place
22 Jianguomen Wai Avenue
Chaoyang District
Beijing 100004
PRC

