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

ZHONGYUAN ZHICHENG CO., LTD.

(中原志誠有限公司)

(incorporated in the British Virgin Islands with limited liability)

(the “Issuer”)

US\$300,000,000 3.20 per cent. Guaranteed Bonds due 2026 (the “Bonds”)

Stock Code: 40747

unconditionally and irrevocably guaranteed By

 **中原豫资投资控股集团**

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.

(中原豫资投资控股集团有限公司)

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

(the “Guarantor”)

Joint Global Coordinators

Bank of China

Credit Suisse

Joint Bookrunners and Joint Lead Managers

Bank of China

Credit Suisse

**China CITIC Bank
International**

**China Minsheng
Banking Corp., Ltd.
Hong Kong Branch**

**Hua Xia Bank Co.,
Limited Hong Kong
Branch**

**Sheng Yuan
Securities**

**China Merchants
Securities (HK)**

CBM International

BOCOM International

**China International
Capital Corporation**

**Guotai Junan
International**

**China Industrial
Securities International**

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

CMBC Capital

**China Everbright
Bank Hong Kong
Branch**

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

Reference is made to the notice of listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 6 July 2021 published by the Issuer.

The offering circular dated 25 June 2021 in relation to the Bonds is appended to this announcement.

Hong Kong, 7 July 2021

As at the date of this announcement, the sole director of Zhongyuan Zhicheng Co., Ltd. is Mr. Xu Yanan and the directors of Zhongyuan Yuzi Investment Holding Group Co., Ltd. are Mr. Qin Jianbin, Ms. Miu Wenquan, Mr. Zhou Yanhu and Mr. Li Manzhong.

Appendix 1 – Offering Circular dated 25 June 2021

IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities, investors must not be located in the United States. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to Bank of China Limited, Credit Suisse (Hong Kong) Limited, China CITIC Bank International Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, Hua Xia Bank Co., Limited Hong Kong Branch, Sheng Yuan Securities Limited, China Merchants Securities (HK) Co., Limited, CMB International Capital Limited, BOCOM International Securities Limited, China International Capital Corporation Hong Kong Securities Limited, Guotai Junan Securities (Hong Kong) Limited, China Industrial Securities International Brokerage Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CMBC Securities Company Limited and China Everbright Bank Co., Ltd., Hong Kong Branch (together, the “**Joint Lead Managers**”) that you and any customers you represent are not, and the electronic mail address that you gave the Joint Lead Managers to which this e-mail has been delivered is not, located in the United States and that you consent to delivery of the Offering Circular and any amendments or supplements thereto by electronic transmission.

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

The communication of the attached document and any other document or materials relating to the issue of the securities offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “**relevant persons**”). In the United Kingdom, the securities offered hereby are only available to, and any investment or investment activity to which the attached document relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached document or any of its contents.

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

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of them is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents, nor any person who controls any of them, nor their respective directors, officers, employees, representatives nor agents, nor affiliates of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers.

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

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ZHONGYUAN ZHICHENG CO., LTD.

(中原志誠有限公司)

(incorporated in the British Virgin Islands with limited liability)

US\$300,000,000 3.20 PER CENT. GUARANTEED BONDS DUE 2026

unconditionally and irrevocably guaranteed by



ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.

(中原豫資投資控股集團有限公司)

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

ISSUE PRICE: 100.00 PER CENT.

The 3.20 per cent. guaranteed bonds due 2026 (the "Bonds") will be issued in the aggregate principal amount of US\$300,000,000 by Zhongyuan Zhicheng Co., Ltd. (中原志誠有限公司) (the "Issuer"). The Bonds will be unconditionally and irrevocably guaranteed (the "Guarantee") by Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司) (the "Guarantor"). The Issuer is a company incorporated in the British Virgin Islands with limited liability.

The Bonds will bear interest from and including 6 July 2021 at the rate of 3.20 per cent. per annum. Interest on the Bonds is payable semi-annually in arrear on 6 January and 6 July each year, commencing 6 January 2022. Unless previously redeemed or purchased and cancelled, the Bonds will mature at their principal amount on 6 July 2026.

The Bonds will constitute direct, unsubordinated, unconditional and, subject to Condition 4(a) of the Terms and Conditions of the Bonds, unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves, and shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer. Payments on the Bonds will be made without withholding or deduction for any taxes of the British Virgin Islands, the PRC or any jurisdiction through which payments are made to the extent described in "Terms and Conditions of the Bonds — Taxation".

The Guarantee constitutes direct, unsubordinated, unconditional and, subject to Condition 4(a) of the Terms and Conditions of the Bonds, unsecured obligations of the Guarantor which will at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor. The Guarantee will be contained in the Deed of Guarantee (the "Deed of Guarantee"), which will be entered into between and among the Issuer, the Guarantor and Citicorp International Limited as trustee of the Bondholders (the "Trustee") on or around 6 July 2021 (the "Issue Date"). The Guarantor will file or cause to be filed with the State Administration of Foreign Exchange (the "SAFE") of the PRC the Guarantee in accordance with, and within the time period prescribed by, the Foreign Exchange Administration Rules on Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by the SAFE.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Enterprises (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the "NDRC Notice") promulgated by National Development and Reform Commission (the "NDRC") on 14 September 2015 which came into effect on the same day, the Guarantor has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 4 August 2020 evidencing such registration. Pursuant to the NDRC Notice, the Guarantor will cause relevant information relating to the issue of the Bonds to be reported to the NDRC within 10 PRC business days after the Issue Date.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time at their principal amount (together with interest accrued up to but excluding the date fixed for redemption) in the event of certain changes affecting taxes of the British Virgin Islands or the PRC. At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount, together with accrued interest up to (but excluding) such Put Settlement Date. Upon the occurrence of a No Registration Event (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem on the No Registration Event redemption date (as defined in the Terms and Conditions of the Bonds) all, but not some only, of that holder's Bonds at 100 per cent. of their principal amount together with accrued interest up to (but excluding) the Put Settlement Date. See "Terms and Conditions of the Bonds — Redemption and Purchase".

Investing in the Bonds involves certain risks. See "Risk Factors" beginning on page 12 for a discussion of certain risk factors to be considered in connection with an investment in the Bonds.

The Bonds and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any other jurisdiction, and, subject to certain exceptions, may not be offered or sold within the United States and are only being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of these and certain restrictions on offers and sales of the Bonds and the Guarantee and the distribution of this Offering Circular, see "Subscription and Sale".

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") - In connection with Section 309B of the Securities and Future Act (Chapter 289) of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulation 2018"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulation 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).

The denomination of the Bonds shall be US\$200,000 each and integral multiples of US\$1,000 in excess thereof.

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

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

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

The Bonds are expected to be rated "A" by Fitch Ratings Ltd. ("Fitch") and "A2" by Moody's Investors Service, Inc. ("Moody's"). The Guarantor has been assigned a corporate rating of "A" with a stable outlook by Fitch and "A2" with stable outlook by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

Joint Global Coordinators

Bank of China

Credit Suisse

Joint Bookrunners and Joint Lead Managers

Bank of China	Credit Suisse	China CITIC Bank International	China Minsheng Banking Corp., Ltd., Hong Kong Branch	Hua Xia Bank Co., Limited Hong Kong Branch
Sheng Yuan Securities	China Merchants Securities (HK)	CMB International	BOCOM International	China International Capital Corporation
Guotai Junan International	China Industrial Securities International	China Zheshang Bank Co., Ltd. (Hong Kong Branch)	CMBC Capital	China Everbright Bank Hong Kong Branch

IMPORTANT NOTICE

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Guarantor. The Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this Offering Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. Hong Kong Exchanges and Clearing Limited and SEHK take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

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

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS: The Bonds 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 014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds 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 Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); and (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, 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 Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and, therefore, offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The communication of this Offering Circular and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Promotion Order, or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any relevant persons. In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

Notification under Section 309B(1)(c) of the SFA - In connection with Section 309B of the SFA and the CMP Regulation 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulation 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Guarantee and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates. The Joint Lead Managers, the Trustee and the Agents and their respective affiliates have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Guarantor, the issue and offering of the Bonds or the giving of the Guarantee. Each of the Joint Lead Managers, the Trustee, the Agents and any of their respective affiliates, directors, employees, agents or advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents or advisers undertakes to review the financial condition or affairs of the Issuer or the Guarantor for so long as the Bonds remain outstanding nor to advise any investor or potential investor of the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee, the Agents or their respective affiliates.

This Offering Circular should not be considered as a recommendation by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisors as it deems necessary.

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

Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult his or her advisor.

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY JOINT LEAD MANAGER AS A STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT THE BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.

Listing of the Bonds on the SEHK is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Bonds. In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the terms of the offering of the Bonds, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. The Issuer, the Guarantor, the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents or advisers are not making any representation to any purchaser of the Bonds regarding the legality of any investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. The contents of this Offering Circular should not be construed as providing legal, business, accounting or investment advice. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents and advisers in connection with its investigation of the accuracy of such information or its investment decision.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents or advisers, and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, employees, agents or advisers makes 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. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The contents of this Offering Circular have not been reviewed by any regulatory authority in any jurisdiction. Investors are advised to exercise caution in relation to the offer. If investors are in any doubt about any of the contents of this Offering Circular, investors should obtain independent professional advice.

PRESENTATION OF FINANCIAL INFORMATION

The audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 included in this Offering Circular has been extracted from the Guarantor's consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020. The Guarantor's audited consolidated financial statements were prepared and presented in accordance with the accounting principles generally accepted in, and pursuant to the relevant laws of, the PRC ("PRC GAAP") included elsewhere in this Offering Circular. The Guarantor's consolidated financial statements as at and for the year ended 31 December 2018 have been audited by Zhongxingcai Guanghai Certified Public Accountants LLP (中興財光華會計師事務所(特殊普通合夥)) ("Zhongxingcai Guanghai") in accordance with PRC GAAP. The Guarantor's consolidated financial statements as at and for the years ended 31 December 2019 and 2020 have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP ("BDO") in accordance with PRC GAAP. PRC GAAP differs in certain material respects from International Financial Reporting Standards ("IFRS"). For a discussion of certain differences between PRC GAAP and IFRS, see "*Description of Certain Material Differences between PRC GAAP and IFRS*".

The audited consolidated financial statements of the Guarantor have been prepared in Chinese and an English translation of the same has been included in this Offering Circular. None of the Joint Lead Managers or any of their respective affiliates, directors, employees, agents and advisers has independently verified or checked the accuracy of such translation and can give no assurance that the information contained in such translation is accurate, truthful or complete.

ROUNDING

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. References to information in billions of units are to the equivalent of a thousand million units.

CERTAIN DEFINITIONS AND CONVENTIONS

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

- the "**Company**", the "**Guarantor**", the "**Parent Company**", the "**Group**" and words of similar import refer to Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司) itself, or its consolidated subsidiaries, as the context requires;
- the "**Issuer**" refers to Zhongyuan Zhicheng Co., Ltd. (中原志誠有限公司);
- "**China**" or the "**PRC**" refers to the People's Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and the Macau Special Administrative Region;

- “**CBRC**” refers to China Bank Regulatory Commission of the PRC, whose responsibilities were integrated into the China Banking and Insurance Regulatory Commission (the “**CBIRC**”) from 21 March 2018;
- “**CSRC**” refers to China Securities Regulatory Commission of the PRC;
- “**Hong Kong**” refers to Hong Kong Special Administrative Region of the PRC;
- “**IFRS**” refers to the International Financial Reporting Standards;
- “**MOF**” refers to the Ministry of Finance of the PRC;
- “**MOFCOM**” refers to the Ministry of Commerce of the PRC;
- “**NDRC**” refers to the National Development and Reform Commission of the PRC;
- “**PBOC**” refers to the People’s Bank of China, the central bank of the PRC;
- “**PRC GAAP**” refers to the generally accepted accounting principles in the People’s Republic of China;
- the “**PRC Government**” refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof or, where the context requires, any of them;
- “**SAFE**” refers to the State Administration of Foreign Exchange of the PRC or its competent local counterpart;
- “**SASAC**” refers to the State-owned Assets Supervision and Administration Commission of the PRC;
- “**SAT**” refers to the State Administration of Taxation of the PRC;
- “**RMB**” or “**Renminbi**” refers to the legal currency of the PRC; and
- “**US\$**” or “**U.S. dollars**” refers to the legal currency of the United States.

The Group records and publishes its financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi into 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 31 December 2020. All such translations in this Offering Circular are provided solely for the investor’s 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*”.

Unless specified otherwise, references in this Offering Circular to, and financial and other information presented with respect to, the Group are to such information of the Guarantor compiled on a consolidated basis.

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.

FORWARD-LOOKING STATEMENTS

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

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

The factors that could cause the Guarantor’s actual results, performance and achievements to be materially different include, among others:

- risks associated with its business activities;
- general economic and political conditions, including those related to the PRC;
- the Guarantor’s ability to implement its business strategy and plan of operation;
- the Guarantor’s ability to expand and manage its growth;
- the Guarantor’s financial condition and results of operations;
- fluctuations in foreign currency exchange rates; and
- those other risks identified in the “Risk Factors” section of this Offering Circular.

Neither the Issuer nor the Guarantor undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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SUMMARY

The summary below is only intended to provide a limited overview of detailed information described elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read the entire Offering Circular, including the section entitled “Risk Factors” and the consolidated financial statements of the Guarantor and related notes thereto, before making an investment decision.

Overview

The Group is the sole provincial-level financing and investment vehicle for low-income housing projects and urbanisation construction projects in Henan Province. It is also the largest government financing and investment vehicle in Henan Province in terms of total assets as at 31 December 2020. The Group has been designated as the exclusive centralised financing platform for low-income housing projects in Henan Province, pursuant to official directives of the Henan Provincial Government. The Company was incorporated in May 2011 by the Department of Finance of Henan Province, when the Henan Provincial Government commenced the initiative to direct private capital into the public sphere, including construction of low-income housing, cultivation of industry cluster areas, and urbanisation of Henan Province in general. Since its inception, the Company has played a crucial role in implementing the Henan Provincial Government’s blueprint for low-income housing construction and urban planning and has achieved proven track record by virtue of its unique position in Henan Province and the strong government support it has received over the years.

Henan Province has a number of economic strengths. It is one of the largest provinces in China in terms of population, which provides it with a sufficient and steady supply of labour resources and a large consumer market. Henan Province is at an accelerated development stage of industrialisation and urbanisation. In recent years, Henan Province has experienced rapid economic development by leveraging favourable policies promulgated by the PRC Government, and it has steadily become an important pillar supporting China’s current economic transformation. In 2011, the State Council of the PRC promulgated the “Central Plains Economic Zone (中原經濟區)” explicitly setting out the economic development plan for Central China with a focus on Henan Province. In 2013, China put forward the “One Belt, One Road (一帶一路)” initiative, which listed Henan Province as one of the core parts of China’s transportation network, making it an important hub for transportation, logistics, goods and resources distribution for implementation of this national strategy. In March 2013, in line with the “One Belt, One Road” initiative, the State Council of the PRC designated and approved the construction of the first airport economic zone with national strategic importance, namely the “Zhengzhou Airport Economic Experimental Zone (鄭州航空港經濟綜合實驗區)”, which is designed to become an important international airport logistics centre in China and an important national passenger transit centre, thus promoting the development of import and export industries in Henan Province and cross-border e-commerce. On 1 April 2017, the State Council of the PRC officially established the “China (Henan) Pilot Free Trade Zone (中國(河南)自由貿易試驗區)”, leveraging Henan Province’s advantages in modern transportation and logistics system to create a high-end service platform for the further opening up of China’s economy. Henan Province’s economic scale and particular stage of development, together with its accelerating urbanisation rate and high growth potential has provided a promising macroeconomic environment and laid a solid foundation for the Group’s further business development.

The Group believes that its key strength is that it has been vested with the exclusive right to act as a centralised financing platform in Henan Province, to provide financial support to low-income housing and industry cluster related projects. Leveraging its capital strengths and strong credit profile, the Group raises funds to support its business through diversified sources, including self-owned funds, bank borrowings and funds allocated by the Henan Provincial Government. Underpinned by the strong government support and its unique position, especially the implementation of provincial directives by the local governments across Henan Province promoting the development of low-income housing and industry clusters, the Group believes there will be continued demand for substantial capital investment and financing needs and therefore huge market potential for its services.

For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue was mainly generated from two major business segments, namely financing and investment business, as its principal business, and other principal businesses, such as landscape engineering and sales of commodities businesses.

Since inception, the Group's principal business has been financing and investment, which mainly consists of interest income and project financing and management business. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its financing and investment business was RMB1,764.9 million, RMB1,740.9 million and RMB1,345.0 million, respectively, representing 83.7 per cent., 43.7 per cent. and 13.8 per cent. of the Group's total operating revenue in the relevant periods.

- *Interest Income Business.* The Group carries out its interest income business through the Company and its wholly-owned subsidiary, Henan Yuzi Urban-Rural Integration Construction and Development Co., Ltd. (河南省豫資城鄉一體化建設發展有限公司) (“**Yuzi Integration**”). The Group uses its own funds to provide loans or entrusted loans to those enterprises with financing needs and, to control its risk exposure, the Group typically lends to state-controlled enterprises with strong financial credentials. Substantially all of these enterprises are also local governments' financing vehicles engaged in the construction of low-income housing projects in Henan Province. The Group usually charges interest at a rate of no less than 6 per cent., in accordance with the relevant financing agreement it enters into with the borrower. The Group also issues private placement bonds to raise funds to provide additional financing for the construction of low-income housing projects in Henan Province. The Group will in turn lend the proceeds raised through such debt security issuances to third-party project companies pursuant to separate borrowing agreements. These project companies, as the borrowers under the aforementioned borrowing agreements, are owned or controlled by local governments in Henan Province and engaged in development of low-income housing projects.
- *Project Financing and Management Business.* The Group typically enters into a financing and investment cooperative agreement with the local government where the relevant project is located. Under such arrangement, the funding source for an individual project consists of capital investment from the local government, capital investment from the Group, and loans borrowed by the Group from relevant financial institutions. Capital investment makes up at least 25 per cent. of the total investment of the relevant project, in which the Group contributes no more than 5 per cent. and the local government contributes no less than 20 per cent. The Group will be responsible for obtaining bank loans, as the borrower under the relevant loan agreements, for the outstanding amount of the total investment for a particular project. The Group's status as the centralised fund-raising platform at the provincial level allows the Group to borrow and pool a substantial amount of funds from the private sector at relatively favourable rates. Loans borrowed by the Group from relevant financial institutions, mainly commercial banks, will be used as the major funding source for low-income housing project financing. The Company also manages the financing of such projects by releasing funds in stages according to the construction progress of the relevant project. Under such business model, the Group typically earns an approximately 6 to 8 per cent. return on its own capital investment. In addition, it charges a 0.1 to 0.2 per cent. management fee based on balance of bank loans at the end of the relevant period, which the Group borrows from relevant banks and subsequently lends to the project companies.

In addition to its financing and investment business, the Group is also engaged in other principal businesses, including landscape engineering, sales of commodities, transportation business, guarantee and consulting, eco-town business, landscape architecture and gas, among others. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from these other principal businesses was RMB247.1 million, RMB1,556.0 million and RMB7,993.0 million, respectively, representing 11.7 per cent., 39.1 per cent. and 81.8 per cent. of the Group's total operating revenue in the relevant periods. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics (as defined below) and has ceased the majority of its business operations in the transportation business. The Group's strategic divestment has enabled it to focus on its principal business in the financing and investment of low-income housing project sector and also to explore business expansion in other segments.

- *Landscape engineering.* The Group carries out its landscape engineering business mainly through Palm Eco-Town Development Co., Ltd. (棕櫚生態城鎮發展股份有限公司) (“**Palm Eco-Town**”) of which it holds 13.10 per cent. of equity interest. Palm Eco-Town mainly provides its services to property development and municipal landscape projects. Palm Eco-Town, as the contractor, is responsible for construction planning, projects execution and management.
- *Sales of Commodities.* The Group carries out its sales of commodities business mainly through its subsidiary, Henan Yuze State Storage Industrial Co., Ltd. (河南豫資國儲實業有限公司) (“**Yuze State Storage**”), which is primarily engaged in bulk commodities trading. The bulk commodities the Group trades include, among others, raw materials and industrial products of metallic minerals, energy and chemicals.
- *Transportation business.* The Group carries out its transportation business mainly through the Company's subsidiary, Huangchuan Guangzhou Logistics Industry Development Co., Ltd. (潢川光州物流產業發展有限公司) (“**Guangzhou Logistics**”). Guangzhou Logistics was incorporated in September 2018 as a joint venture company with Changzhou Tianning Logistics Industry Development Co., Ltd. (常州天寧物流產業發展有限公司) (“**Tianning Logistics**”) as its second largest shareholder and the financial statements and financials of Guangzhou Logistics had been consolidated into the Group since 2018. Guangzhou Logistics was incorporated to implement local government's policy and urban development plan. It mainly provides bulk commodities highway transportation services in Henan Province and acts as an intermediary between transportation service providers and its clients through its online logistics platform. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in the transportation business.
- *Guarantee and Consulting.* The Group carries out its guarantee and consulting business through its subsidiary, Henan Zhongyu Financing Guarantee Co., Ltd. (河南省中豫融資擔保有限公司) (“**Zhongyu Guarantee**”) of which it holds 32.50 per cent. of equity interest. Zhongyu Guarantee is primarily engaged in credit enhancement services through provision of financing guarantees, financial guarantees and performance guarantees to local state-owned enterprises in Henan Province. Zhongyu Guarantee provides these guarantees in line with its risk tolerance and typically obtains counter-guarantees from these local state-owned enterprises to minimise its exposure.
- *Eco-town business.* The Group carries out its eco-town business mainly through Palm Eco-Town. Eco-town business mainly consists of three phrases: (i) construction related auxiliary services, (ii) management of ancillary facilities, and (iii) operation of eco-towns. Its construction related auxiliary services cover, among others, consulting, planning and design, for which Palm Eco-Town receives service fees.
- *Landscape architecture.* The Group carries out its landscape architecture business mainly through Palm Eco-Town. Landscape architecture business mainly covers landscape and architectural planning design. Palm Eco-Town has completed a number of signature architectural planning projects located in large cities in China such as Qinjiang Old River Road Wetland Cultural Park of Meizhou (梅州琴江老河道濕地文化公園), Guangdong Province, Nanning Garden Expo Park of Guangxi Province (廣西南寧園博園) and Huawei Terminal Project of Dongguan (東莞華為終端項目), Guangdong Province.

- *Gas.* The Group carries out its gas business through its subsidiary, Henan Yutian New Energy Co., Ltd. (河南豫天新能源有限公司) (“**Yutian New Energy**”). Yutian New Energy commenced its operation in 2019 and is primarily engaged in construction of mid and downstream pipelines, investment and operation related to facilities for township and rural gas end-users, urban gas distribution, construction investment and operation of mid and upstream pipelines, gas storage and gas production from rural waste in Henan Province.
- *Others.* In addition to the above, the Group also engages in other businesses, such as property management, greenery projects and seedling sale, sale of affordable housing, provision of factoring services and sale of heating power.

Furthermore, the Group is engaged in non-principal businesses. For the years ended 31 December 2018, 2019 and 2020, the Group’s operating revenue generated from its non-principal businesses was RMB96.9 million, RMB683.2 million and RMB433.0 million, respectively, representing 4.6 per cent., 17.2 per cent. and 4.4 per cent. of the Group’s total operating revenue in the relevant periods. The operating revenue generated from this segment is mainly attributable to income from provision of transportation services in Henan Province for the years ended 31 December 2018 and 2019, and from the Group’s gas supporting business and project management business for the year ended 31 December 2020.

By virtue of the rapid development of its financing and investment business and its unique position in the low-income housing industry in Henan Province, the Group has experienced rapid growth in recent years. For the years ended 31 December 2018, 2019 and 2020, the Group’s operating revenue was RMB2,108.8 million, RMB3,980.0 million and RMB9,771.0 million, respectively, representing a compound annual growth rate (“**CAGR**”) of approximately of 115.24 per cent. from 2018 to 2020. For the years ended 31 December 2018, 2019 and 2020, the Group had a net profit of RMB259.6 million, RMB378.5 million and RMB707.8 million, respectively. As at 31 December 2020, the Group’s total assets amounted to approximately RMB323.4 billion.

Competitive Strengths

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

- Unique market position in the region
- Unrivalled capabilities in projects selection
- Comprehensive support and protection against credit risk
- Diversified financing sources and sound credit profile
- Strong support from Henan Provincial Government
- Experienced and dedicated management team

Business Strategies

The Group aims to further its unique role in providing innovative government financing solutions and urbanising Henan Province in general. To that end, the Group intends to focus on the following strategies:

- To constantly innovate its operation and financing models for further development into other business segments
- To deepen business cooperation with PRC policy banks and enhance risk management capabilities with capital support from the government
- To further enhance its position as a centralised financing platform for Henan province and focus on its principal business

Recent Developments

Redemption of Offshore Debt Securities at Maturity

On 19 January 2021, Zhongyuan Sincere Investment co. LTD (“**Zhongyuan Sincere**”) redeemed its US\$300,000,000 3.75 per cent. guaranteed bonds due 2021 in full together with the accrued interest at maturity. The bonds were issued on 19 January 2018 and had a tenor of three years. The bonds were guaranteed by the Guarantor.

Signing of Strategic Cooperation Agreement

On 27 April 2021, the Group signed a strategic cooperation agreement with Zhongmou County People’s Government of Henan Province. The agreement is intended to serve the ecological protection and development of the Yellow River Basin and the implementation of national strategies such as Zhengzhou-Kaifeng metropolis, and to promote local economic development in Henan Province.

Divestment of Guangzhou Logistics

On 12 May 2021, the Group divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in its transportation business since then. The Group’s strategic divestment has enabled it to focus on its principal business in the financing and investment of low-income housing project and also to explore business expansion in other segments.

General Information

The Company was incorporated as a limited liability company with a registered capital of RMB100.0 million in China in May 2011. In April 2017, the Company changed its name from “Henan Province Yuzi Urban and Rural Investment Development Co., Ltd. (河南省豫資城鄉投資發展有限公司)” to “Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司)”. The Company’s registered office is located at Xipei Building, Department of Finance of Henan Province, Jingsan Road, Zhengzhou, Henan Province, China. The Company’s website is <http://www.zyyzgroup.com>. Information contained on its website does not constitute part of this Offering Circular.

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 3 March 2020. Its BVI company number is 2032567 and its registered office is located at 3rd Floor, J & C Building, Road Town, Tortola, British Virgin Islands, VG1110. The Issuer is directly-owned by Yuzi International Co., Limited (豫資國際有限公司), which is a Hong Kong incorporated limited liability company, indirectly and wholly-owned by the Company. The Issuer’s primary purpose is to act as one of the Company’s financing subsidiaries to issue debt securities. The Issuer has, and will have, no material assets apart from advances made to affiliated companies through intercompany loans. 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.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2018, 2019 and 2020 set forth below is extracted from the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020. The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 have been audited by BDO in accordance with PRC GAAP. The Guarantor's audited consolidated financial statements as at and for the year ended 31 December 2018 have been audited by Zhongxingcai Guanghua in accordance with PRC GAAP. PRC GAAP differs in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Description of Certain Material Differences between PRC GAAP and IFRS".

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

None of the Trustee or the Agents or any of their respective affiliates, directors or advisers makes any representation or warranty, express or implied, regarding the sufficiency of such consolidated financial results for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group's financial condition, results of operations and results.

Summary Consolidated Income Statements Data

	For the year ended 31 December		
	2018	2019	2020
	(RMB in thousands) (audited)	(RMB in thousands) (audited)	(RMB in thousands) (audited)
Operating revenue	2,108,825	3,980,027	9,770,952
Less: operating cost	1,408,357	3,070,009	7,883,748
Taxes and surcharges	49,188	81,985	147,975
Selling expenses	—	613	93,363
General and administrative expenses	471,183	556,422	920,688
Research and development expense	—	—	168,879
Financial expenses	401,560	633,942	910,992
Add: other income	86,368	451,527	370,833
Investment income	480,483	535,952	1,271,196
Income from changes in fair value	1,313	11,065	20,423
Losses from credit impairment	—	—	(243,990)
Losses from asset impairment.....	(91,520)	(104,457)	(171,465)
Income/(losses) from disposal of assets.....	202,455	25,647	139
Operating profit	457,635	556,788	892,441
Add: non-operating revenue.....	267	80,688	78,270
Less: non-operating expenses.....	4,088	5,802	61,485
Total profit	453,814	631,674	909,226
Less: income tax expenses.....	194,247	253,159	201,439
Net Profit	259,567	378,515	707,787
Net profit attributable to shareholders of the parent company	189,700	215,664	608,580
Minority interest income.....	69,867	162,852	99,207
Total comprehensive income	259,567	378,108	695,474
Total comprehensive income attributable to owners of the parent company.....	189,700	215,256	616,538
Total comprehensive income attributable to minority shareholders	69,867	162,852	78,936

Consolidated Balance Sheet Data

	As at 31 December		
	2018	2019	2020
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)
	(audited)	(audited)	(audited)
Assets			
Current assets			
Monetary funds	15,225,306	15,111,253	16,523,324
Financial assets held for trading.....	–	–	196,210
Financial assets measured at fair value through current profit or loss	275,841	228,083	675,261
Notes receivable	–	21,450	61,715
Accounts receivable	188,144	468,068	3,849,134
Receivables financing.....	–	–	8,097
Advances to suppliers.....	578,829	1,365,769	609,675
Other receivables.....	11,384,115	12,160,534	18,804,553
Inventories.....	7,393,191	6,085,895	14,254,663
Contract assets	–	–	4,727,677
Non-current assets maturing within one year	–	5,580,000	12,314,771
Other current assets.....	1,630,736	1,852,286	3,807,574
Total current assets	<u>36,676,163</u>	<u>42,873,337</u>	<u>75,832,653</u>
Non-current assets			
Available-for-sale financial assets	21,455,604	22,448,334	25,049,009
Long-term receivables	186,338,520	180,642,958	166,464,763
Long-term equity investments	1,292,268	1,877,448	5,587,664
Other non-current financial assets	–	–	229,960
Investment properties	4,624,889	9,623,999	18,154,268
Fixed assets	7,051,246	6,459,825	10,418,672
Construction in progress.....	2,312,887	3,590,577	9,659,994
Productive biological assets	–	–	2,026,394
Intangible assets	6,841,012	5,266,751	5,757,224
Goodwill.....	–	–	67,973
Long-term deferred expenses.....	1,553	19,720	37,585
Deferred income tax assets.....	51,150	35,380	352,290
Other non-current assets.....	531,392	652,170	3,792,942
Total non-current assets	<u>230,500,520</u>	<u>230,617,161</u>	<u>247,598,739</u>
Total assets	<u>267,176,684</u>	<u>273,490,498</u>	<u>323,431,392</u>

	As at 31 December		
	2018	2019	2020
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)
	(audited)	(audited)	(audited)
Liabilities and owners' equity			
Current liabilities			
Short-term borrowings.....	1,153,200	1,155,980	4,364,975
Notes payable	100,000	254,100	783,920
Accounts payable	167,202	962,498	6,359,071
Advances from customers.....	145,379	256,827	1,168,547
Contract liabilities.....	–	–	597,593
Employee compensation payable.....	10,394	16,889	17,705
Taxes and surcharges payable.....	255,313	296,335	528,503
Other payables.....	10,067,534	10,686,655	13,007,292
Non-current liabilities maturing within one year.....	11,312,814	19,521,055	21,899,526
Other current liabilities	70,834	142,981	1,690,141
Total current liabilities.....	<u>23,282,670</u>	<u>33,293,320</u>	<u>50,417,274</u>
Non-current liabilities			
Long-term borrowings	138,474,968	130,219,460	138,708,623
Bonds payable	18,820,388	19,437,084	16,280,155
Long-term payables	6,714,126	5,957,352	8,303,488
Deferred income	109,528	26,445	26,114
Deferred income tax liabilities	–	–	9,249
Other non-current liabilities	–	–	651,112
Total non-current liabilities	<u>164,119,010</u>	<u>155,640,342</u>	<u>163,978,741</u>
Total liabilities	<u>187,401,680</u>	<u>188,933,662</u>	<u>214,396,015</u>
Owners' equity			
Share capital.....	8,749,890	8,749,890	8,749,890
Capital reserves	51,453,691	53,319,668	58,815,417
Other comprehensive income	–	(408)	7,550
Surplus reserves	83,221	86,819	109,930
Retained earnings	1,027,664	1,209,968	1,762,720
Total equity attributable to owners of the parent company.....	61,314,466	63,365,937	69,445,507
Minority equity	18,460,537	21,190,899	39,589,870
Total owners' equity	<u>79,775,003</u>	<u>84,556,836</u>	<u>109,035,376</u>
Total liabilities and owners' equity.....	<u>267,176,684</u>	<u>273,490,498</u>	<u>323,431,392</u>

Summary Consolidated Statement of Cash Flows Data

	For the year ended 31 December		
	2018	2019	2020
	(RMB in thousands)	(RMB in thousands)	(RMB in thousands)
	(audited)	(audited)	(audited)
Net cash flows used in operating activities.....	(2,192,452)	(740,492)	(1,042,027)
Net cash flows used in investment activities.....	(22,324,637)	(13,204,891)	(7,453,707)
Net cash flows from financing activities.....	19,636,230	11,755,107	8,331,359
Effect of fluctuation in exchange rate on cash and cash equivalents.....	–	1,078	(332,203)
Net decrease of cash and cash equivalents.....	(4,880,858)	(2,189,199)	(496,579)
Closing balance of cash and cash equivalents.....	12,629,638	10,440,439	9,943,861

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of the offering of the Bonds and is qualified in its entirety by the remainder of this Offering Circular. For a more complete description of the Terms and Conditions of the Bonds, see “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form”. Some of the terms described below are subject to important limitations and exceptions. Defined terms used in this summary shall have the meanings given to them in “Terms and Conditions of the Bonds”.

Issuer	Zhongyuan Zhicheng Co., Ltd. (中原志誠有限公司)
Guarantor	Zhongyuan Yuze Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司)
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. Its obligations in that respect will be contained in the Deed of Guarantee (and any supplement thereto). The Guarantor undertakes that it will register or cause to be registered the Deed of Guarantee with SAFE in accordance with, and within the time period prescribed by, the Cross-border Security Registration (跨境擔保外匯管理規定), and obtain a registration record from SAFE on or before the Registration Deadline and, subject to the completion of Cross-border Security Registration, comply with all applicable PRC laws and regulations in relation to the Guarantee.
Issue	US\$300,000,000 in aggregate principal amount of 3.20 per cent. Guaranteed Bonds due 2026.
Issue Price	100.00 per cent.
Form and Denomination	The Bonds will be issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.20 per cent. per annum, payable semi-annually in arrear on 6 January and 6 July in each year, commencing 6 January 2022.
Issue Date	6 July 2021.
Maturity Date	6 July 2026.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves, and shall at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such exceptions as may be provided by applicable legislation.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Negative Pledge	The Bonds contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.
Events of Default	The Bonds contain certain events of default provisions as further described in Condition 9 of the Terms and Conditions of the Bonds.
Taxation	<p>All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within British Virgin Islands, or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, as further described in Condition 8 of the Terms and Conditions of the Bonds.</p> <p>If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate (as defined in the Terms and Conditions of the Bonds), or a deduction or withholding by the laws of the British Virgin Islands is required, in such event that the Issuer or, as the case may be, the Guarantor shall, subject to the limited exceptions specified in the Terms and Conditions of the Bonds, pay such additional amounts as will result in the receipt by the Bondholders after such withholding or deduction of such amount as would have been received by them had no such withholding or deduction been required.</p>
Final Redemption	Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 July 2026.
Redemption for Tax Reasons	The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), in the event of certain changes affecting taxes of the British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption for Change of Control	At any time following the occurrence of a Change of Control, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Put Settlement Date at 101 per cent. of their principal amount, together with accrued interest up to (but excluding) the Put Settlement Date, as further described in Condition 6(c) of the Terms and Conditions of the Bonds.

Optional Redemption for Non-Registration	Upon the occurrence of a No Registration Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem on the Put Settlement Date all, but not some only, of such holder's Bonds at 100 per cent. of their principal amount, together with accrued interest up to (but excluding) the Put Settlement Date, as further described in Condition 6(c) of the Terms and Conditions of the Bonds.
Clearing Systems	The Bonds will be issued in registered form and represented initially by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Clearance and Settlement	The Bonds have been accepted for clearance by Euroclear and Clearstream under the International Securities Identification Number ("ISIN") of XS2251156563. The Common Code of the Bonds is 225115656.
Governing Law	English law.
Rating	The Bonds are expected to be rated "A" by Fitch and "A2" by Moody's. The Guarantor has been assigned a corporate rating of "A" with a stable outlook by Fitch and "A2" with stable outlook by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Trustee	Citicorp International Limited.
Registrar, Transfer and Principal Paying Agent	Citibank, N.A., London Branch.
Listing	Application will be made to the SEHK for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
Further Issues	The Issuer may from time to time, without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all respects except for the first payment of interest on them and the timing for complying with the Registration Conditions and the NDRC Post-issue Filing) so as to be consolidated and form a single series with the Bonds.
Use of Proceeds	See " <i>Use of Proceeds</i> ".
Risk Factors	For a discussion of certain risk factors that should be considered in evaluating an investment in the Bonds, see " <i>Risk Factors</i> ".

RISK FACTORS

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

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

Risks Relating to the Group in General and its Business

The Group's business is heavily dependent on the level of economic development in Henan Province and the PRC.

The Group operates its business primarily in Henan Province in the PRC, and its assets and customers are highly concentrated in Henan Province. Therefore, the Group's business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Henan Province and the PRC.

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's gross domestic product ("GDP") in recent years and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau of the PRC, the PRC's economic growth rate slowed in recent years, with an annual GDP growth rate of 2.3 per cent. in 2020. COVID-19 has also had a significant impact on the growth of PRC economy. Given the continuous spread of COVID-19 globally and the evolving impact of the pandemic on the global economy, the full recovery of the PRC economy still remains uncertain.

The national economic condition of the PRC has a material effect on the regional economic performance in the PRC. Henan Province has experienced a prolonged period of steady economic growth in recent years. According to the Henan Province Bureau of Statistics, Henan Province's GDP increased from RMB2,309.2 billion in 2010 to RMB5,499.7 billion in 2020. However, the annual growth rate of Henan Province's GDP decreased from 12.2 per cent. in 2010 to 1.3 per cent. in 2020. These changes were generally in line with the decline in the PRC's GDP growth rate during the same periods.

The future prospects of the PRC's and Henan Province's economy depend on many different factors, most of which are beyond the Group's control. It is uncertain how the economic condition and future development in Henan Province will be affected by the slowdown in the growth of the PRC economy. There is no assurance that the economy of Henan Province will continue to be maintained at historical growth rates, if at all. Continued slowdown in the economic growth in Henan Province may affect the fiscal income and financial condition of the Henan Provincial Government as well as its plans and budgets for city construction and development. This may in turn decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects.

PRC regulations on the administration of local government debts and their financing vehicles will have a material impact on the Group's financing and business models.

The Group's results of operations and financial condition may be materially affected by changes in the regulation of the PRC Government concerning local government debts and the financing vehicles of local governments. In September 2014, the State Council of the PRC released the Opinion on Enhancing the Administration of Fiscal Debts of Local Governments (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) with an aim to control a significant increase in local government debts and associated risks in the PRC's banking system. Circular 43 generally prohibits local governments to incur indebtedness to finance the development of government projects and other public interest projects with the proceeds of the borrowings incurred by financing vehicles the relevant local governments own or control, such as the Company.

In 2015, the MOF rolled out a nationwide debt swap programme (the “**Debt Swap Programme**”) under which local governments were permitted to exchange bank loans of their financing vehicles incurred for funding the development of government projects and other public interest projects with long-term and low-interest government bonds they issued within the quota allocated by the MOF. As at the date of this Offering Circular, the Group has no outstanding indebtedness pending swaps with government bonds issued by the Henan Provincial Government under the Debt Swap Programme.

Subsequent to the release of Circular 43 and the implementation of the Debt Swap Programme, the Henan Provincial Government assumes no obligations to repay any of the Group's outstanding borrowings as guarantor or other capacity, and is no longer permitted to use fiscal funds to repay or refinance the Group's outstanding indebtedness, regardless of whether or not the indebtedness was incurred to finance the development of government or public interest projects, including the Bonds. The Group should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities.

To strengthen the management of financing vehicles and effectively prevent fiscal financial risks, the State Council issued the Notice on Strengthening Management of Financing Vehicle of Local Government (國務院關於加強地方政府融資平臺公司管理有關問題的通知(國發[2010]19號)) (“**Circular 19**”) in June 2010 and the General Office of the NDRC issued the Notice on Further Regulating Issuance of Bonds by Financing Vehicle of Local Government (關於進一步規範地方政府投融資平臺公司發行債券行為有關問題的通知(發改辦財金[2010]2881號)) (“**Circular 2881**”) in November 2010. According to Circular 19, all levels of local governments shall settle the existing debts of their respective financing vehicles. According to Circular 2881, the level of indebtedness of local governments will impact a financing vehicle's ability to issue enterprise bonds. Such requirements may have a significant impact on the Issuer and the Group's access to financing and operations.

Furthermore, the MOF, together with NDRC, PBOC, CSRC and CBRC, and the Ministry of Justice, released Circular 50 (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) to emphasize the principles and policies set out in Circular 43 in April 2017. Circular 50 generally prohibits the PRC Government from transferring public welfare assets and land reserves into the financing vehicle, or undertaking to use the estimated land reserve transfer income as the debt repayment fund resources of the financing vehicle. The financing vehicle shall voluntarily declare to the creditor in writing on their non-performing governmental financing function and clarify that their new debts shall not belong to local governmental debts according to the law as at January 1, 2015 when carrying out debt financing domestically and abroad. On 6 June 2019, the General Office of the NDRC issued the Circular of the General Office of the National Development and Reform Commission on Relevant Requirements for the Record-filing and Registration of Foreign Debts Issued by Local State-owned Enterprises (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”). According to Circular 666, proceeds from foreign debts issued by local state-owned enterprises which undertake governmental financing function can only be used to repay the local state-owned enterprise' outstanding medium and long-term foreign debts with remaining maturity of less than one year. The PRC Government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in China. There can be no assurance that the Group's financing and business model and also its indebtedness will not be materially affected by future changes in the regulatory regime concerning the financing vehicles of local governments. In addition, the Group has been providing financings through various measures to the financing vehicles of some local governments in Henan Province, which are subject to Circular 43 and the Debt Swap Programme. There

can be no assurance that these financing vehicles will be able to repay the borrowings from the Group after the release of Circular 43. Any non-payment of the interest or principal of the loans by the financing vehicles or local governments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks associated with contracting with public bodies, such as the Henan Provincial Government.

As at the date of this Offering Circular, the Company is directly wholly-owned by the Department of Finance of Henan Province. As such, Henan Provincial Government has a significant influence on the Group, including major investment decisions, development strategies, appointment of directors and certain senior management positions. When the Henan Provincial Government carries out its administrative function and implements the PRC Government's policies, there can be no assurance that the Henan Provincial Government would always take actions that are in the Group's best commercial interests or that aim to maximise the Group's profit. Those actions, which may be beneficial to Henan Province as a whole, could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

There can be no assurance that Henan Province or the PRC Government will not roll out new reforms, measures or policies that may have an adverse effect on the financial condition or business and financial performance of the Group or the entities who have business relationships with the Group. It is generally believed that the PRC economy is experiencing a period known as the "new norm" and the PRC Government may issue new policies or announce new reform schemes to maintain the PRC's economic growth. Those new policies and reform schemes are beyond the Company's foreseeability and control. The Henan Provincial Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment. Any amendment, modification or repeal of existing policies of the Henan Provincial Government, especially the policies on the management of state-owned assets could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group's credit rating also depends on the continued support of the Henan Government, in particular, policy and financial support for the Group unique position in the development of low-income housing projects and redevelopment of low-income areas in Henan Province. Any adverse changes in government policies related to this sector may have an adverse impact on the Group's business, financial condition and results of operations. From the time to time the Group enters into contracts with the local governments or local government controlled entities, mainly relating to its financing and investment business for the development of low-income housing projects and redevelopment of low-income areas in Henan Province. While the Group believes that it currently maintains good working relationships with these local government authorities and entities, there can be no assurance that its relationship with local governments will continue to be maintained on good terms in the future.

The PRC Government (including but not limited to the Henan Provincial Government and Department of Finance of Henan Province) has no obligation to pay any amount under the Bonds as payment obligations under the Bonds remain the sole obligation of the Issuer and/or the Guarantor.

The PRC Government (including but not limited to the Henan Provincial Government and Department of Finance of Henan Province) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee or the transaction documents relating to the Bonds. The payment obligations under the Bonds remain the sole obligation of the Issuer and/or, as the case may be, the Guarantor as an obligor. This position has been reinforced by the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知) ("Circular 23"), the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知) ("Circular 706") and Circular 666. None of the PRC Government (including but not limited to the Henan Provincial Government and Department of Finance of Henan Province) has any obligation to pay any amount under the Bonds. Investments in the Bonds are based on the credit risk of the Issuer and the Guarantor, rather than that of the PRC Government (including but not limited to the Henan Provincial Government and

Department of Finance of Henan Province). In the event the Issuer and/or, as the case may be, the Guarantor does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and the Guarantor and its respective assets (which also exclude the public assets), and not any other person including the PRC Government (including but not limited to the Henan Provincial Government and Department of Finance of Henan Province), any other local or municipal government authorities. As Circular 23, Circular 706 and Circular 666 are relatively new and given the limited volume of published decisions related to these circulars, the interpretation and enforcement of these laws and regulations involve uncertainties and any adverse interpretation and enforcement of such laws and regulations in the future may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, any ownership or control by the PRC Government (including but not limited to the Henan Provincial Government and Department of Finance of Henan Province) does not necessarily correlate to, or provide any assurance as to, the Issuer's and/or the Guarantor's financial condition. If the Issuer and/or, as the case may be, the Guarantor does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer and the Guarantor, and not the PRC Government. Similar to other companies beneficially owned or controlled by the PRC Government, the Issuer and the Guarantor may be generally perceived to have access to liquidity support from its beneficial controlling shareholder in light of its ownership structure and the nature of its beneficial controlling shareholder, particularly in the event that the Issuer and/or the Guarantor becomes financially distressed. However, the PRC Government as the ultimate shareholder of the Issuer and the Guarantor only has limited liability in the Issuer and the Guarantor if the Issuer and/or, as the case may be, the Guarantor fails to meet its obligations under these instruments, and, as a result, no financial support from any PRC Governmental entity may materialise. The Issuer and the Guarantor should rely upon the cash flow generated from its operations and external borrowings to satisfy its cash needs for servicing its outstanding indebtedness and for financing its operating activities. The Bonds are solely to be repaid by the Issuer and/or, as the case may be, the Guarantor as an obligor and the obligations of the Issuer and/or the Guarantor, as the case may be, under the Bonds and/or the Guarantee shall solely be fulfilled by the Issuer and/or the Guarantor, as the case may be, as an independent legal person.

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

The Group is primarily engaged in financing and investment businesses to support the construction and development of low-income housing projects and redevelopment of low-income areas in Henan Province, which require substantial capital resources. The Group believes that it will continue to require substantial capital resources to fund its existing operations and future expansion. See “— *The Group requires significant funding to support its business and may not be able to obtain sufficient and timely funds to finance its operations or expansion.*” The Group's capital expenditure and investment plans are affected by a number of factors, such as cost overruns and fluctuations in the market prices of key materials. An adverse change in these factors may result in an increase in the actual investment relating to a specific project, creating capital shortfall based on the original budgets, and may adversely affect the results of operations and financial condition of the Group.

The Group historically satisfied its cash requirements with (i) cash flow generated from its operations and investment, (ii) government grants and subsidies, (iii) the proceeds of bank and other borrowings, and (iv) the proceeds from the issuance of debt securities. The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to carry on its business activities in an efficient manner, due performance of the Group's contractors, changes in the general market conditions and regulatory environment and the competition in certain sectors in which the Group operates. Any adverse change in any of these factors, which may be out of the Group's control, may result in capital shortfall. There is no assurance that the Group's operating activities are able to generate sufficient cash to satisfy its cash needs at all times.

In the event that the Group is unable to secure sufficient capital with its cash reserves, it has to increase its reliance on external financing. The Group's ability to arrange for external financing and the cost of such financing are dependent on numerous factors, including:

- general economic and capital market conditions;

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

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

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

The Group relies on bank loans and proceeds from issuance of debt securities to satisfy a portion of its capital requirements and the Group has had a significant amount of outstanding indebtedness. As at 31 December 2020, the Group's total indebtedness was approximately RMB188.3 billion, of which approximately RMB20.4 billion would become due within one year. In addition, the Group had outstanding guarantee in a total amount of RMB32.7 billion as at 31 December 2020. Substantial indebtedness could impact the Group's business in a number of ways, including:

- requiring the Group to divert its operating cash flow to service its indebtedness;
- increasing the Group's finance costs, thus affecting the overall profits of the Group;
- decreasing the Group's financial flexibility in carrying on its business or responding to unexpected market changes;
- limiting, together with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increasing the Group's vulnerability to adverse general economic and industry conditions.

As the Group's business scale continues to grow, its capital requirement and its reliance on external financing may continue to increase. The Group's financial performance and operating results may be materially and adversely affected if its cash flows and capital resources are insufficient to fund its debt repayment obligations. Failure to repay the Group's debt could result in the imposition of penalties, including increases in rates of interest that the Group pays following the legal actions against the Group by its creditors, or bankruptcy.

The Group may be unable to effectively mitigate credit risk and maintain its asset quality, which could have a material adverse impact on its business, financial condition and results of operations.

Financing and investment is the Group's principal business. The Group extends loans and provide other forms of capital investment and financial support to local governments and other entities for development of low-income housing projects in Henan Province. The sustainability of the Group's business and its future development depends largely on its ability to effectively manage credit risk and maintain the quality of its assets. As such, any deterioration in the asset quality or impairment in the collectability of receivables could materially and adversely affect the Group's business, financial condition and results of operations. The Group has established various internal risk management systems and policies to minimize the credit risk and maintain its asset quality. However, there can be no assurance that the Group's credit evaluation process and methods to mitigate the credit risks are adequate and that the quality of the Group's assets will not deteriorate in the future.

The quality of the Group's asset portfolio may deteriorate for a variety of reasons, including factors beyond its control, such as a slowdown in the economic growth of the PRC or global economies, a recurrence of a global credit crisis or other adverse macroeconomic trends, or a slowdown in low-income housing development, infrastructure construction, primary land development and low-income area redevelopment and any other industries in which the Group's customers primarily engage. In the event that the quality of any of the financing projects deteriorates, the Group's overall asset quality and profitability will be materially and adversely affected.

There can be no assurance that the Group can or will continue to match the maturity profile of its assets and liabilities as they grow.

The Group strives to effectively match the maturity profile of its financing with its assets on an ongoing basis. The Group manages liquidity risk by regularly monitoring the relative maturities between the assets and liabilities and by taking the necessary steps to maintain an appropriate and prudent balance of long-term and short-term funding sources. Although there has been no shortage of liquidity in the past, there can be no assurance that the Group will continue to achieve the same in the future. The Group may not be able to effectively match the maturities of its assets and liabilities, or to manage its liquidity risk regarding its borrowings and leased assets, which may in turn lead to a liquidity shortage and the Group may not be able to repay its matured debts, therefore materially and adversely affecting its business, financial condition and results of operations.

The Group requires significant funding to support its business and may not be able to obtain sufficient and timely funds to finance its operations or expansion.

The Group funds its operations and expansion through external financing, including loans from policy and commercial banks and issuance of debt securities, in addition to the cash generated from its operations. The Group expects that it will continue to do so in the future, and as the Group continues to expand its scale, the Group will require additional funding. As at 31 December 2020, the balance of the Group's bank loans amounted to RMB153.7 billion. The Group also had a total of approximately RMB17.5 billion outstanding onshore debt securities and US\$800.0 million outstanding offshore debt securities as at the same date. If sufficient financing is not available to meet the Group's needs, the Group may not be able to refinance the existing portfolio, fund the operation and/or expansion of its business, introduce new services or compete effectively. Furthermore, the Group's ability to obtain funding at relatively low cost is impacted by the Group's credit profile, which in turn, to a certain extent, depends on the support it receives from the Henan Provincial Government. In the event that the government support is no longer available or becomes more limited, the Group's ability to obtain sufficient funding and therefore its business, financial condition and results of operation may be materially and adversely affected.

Deterioration in debt repayment abilities of local governments or adverse changes in PRC regulatory policies affecting government financing could materially and adversely affect the Group's business, asset quality, financial condition, results of operations and prospects.

The Group provides financing and investment services to enterprises associated with local governments such as local government financing vehicles, for the development of low-income housing projects, primary land development and low-income area redevelopment projects. The ability of enterprises associated with local governments to repay interest and principal of the loans depends, to a

certain extent, on whether they are able to obtain sufficient financial support from the government. It is possible that such financial support may be reduced or denied due to the local governments' lack of liquidity, budget priorities or other factors, in which scenario, these enterprises associated with local governments may not be able to repay the interest and principal of the loans when due. In addition, it may be more difficult for the Group to take recourse against such local government financing vehicles as compared to other business partners.

The PRC Government has promulgated policies to regulate the size and method of debt financing by local governments, which will in turn limit the local government's investment plan. These policies have, to some extent, restrained the Group's abilities to develop new financing projects with local governments or enterprises associated with PRC governments, which may, in turn, materially and adversely affect the Group's business, financial condition and results of operations.

The Group's provisions for impairment losses on receivables may not be adequate to cover future credit losses, and the Group may need to increase the provisions for impaired receivables to cover such losses.

The Group makes provisions for impairment losses on its receivables in accordance with PRC GAAP. The amount of the Group's provisions for impairment losses is determined on the basis of its internal provision procedures and guidelines with consideration of various factors, such as the nature and industry-specific characteristics of its customers and their creditworthiness, economic conditions and trends and delinquencies. As the provisions under PRC GAAP require significant judgment and estimation, the Group's provisions for impairment losses may not always be adequate to cover credit losses in the business operations. The Group's provisions may prove to be inadequate if adverse changes occur in the PRC economy or if other events adversely affect specific customers, industries or markets. Under such circumstances, the Group may need to make additional provisions for the receivables, which could significantly reduce its profit and may materially and adversely affect its business, prospects, financial condition and results of operations.

The Group is subject to risks related to a variety of industries.

The Company has a number of consolidated subsidiaries in the PRC. The Group operates in a variety of business segments, including landscape engineering, sales of commodities, transportation business, guarantee and consulting, eco-town business, landscape architecture and gas, among others. As a result of such diverse characteristics of its subsidiaries and its multiple businesses, the Group faces challenges not found in companies with a single business segment.

In addition, the Group engages in its financing and investment business in relation to a number of industries, including, among others, development of low-income housing, infrastructure construction, primary land development and low-income area redevelopment. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its financing and investment business was RMB1,764.9 million, RMB1,740.9 million and RMB1,345.0 million, respectively, representing 83.7 per cent., 43.7 per cent. and 13.8 per cent. of the Group's total operating revenue in the relevant periods. A substantial part of the Group's financing and investment business relates to providing financing to low-income housing development projects and redevelopment of low-income areas in Henan Province. In addition, the Group's guarantee and consulting business covers provision of financing guarantees, financial guarantees and performance guarantees to local state-owned enterprises in Henan Province. As such, the Group is subject to the same set of risk factors as its customers/borrowers, which may affect the financial condition and cash flows of its customers and their ability to perform their obligations under the relevant financing agreements.

These risk factors include industry competition, competition from substitute services, revenue and cost structures, fluctuations in industrial average prices, interest rates and foreign exchange rates, labour costs and union issues, maintenance costs, insurance costs, security costs, and the effect of certain events such as wars, social unrest, pandemics, natural disasters, major accidents and acts of terrorism. The relevant businesses are also affected by government regulation of operations and mergers and acquisitions, environmental regulation, the availability and cost of debt and available equity capital. The Group's financial performance is dependent on the financial strength of its customers and their ability to manage these risks effectively. If any of its customers defaults on repayment or fails to satisfy their respective

obligations under the relevant financing agreements, the Group has to repay the debts for its customers as the initial borrower or guarantor. To the extent that the Group's customers experience negative effects from these risk factors, the Group's business, financial condition, results of operations and prospects may be adversely affected.

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

Certain financing contracts entered into by the Group's members 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. Such restrictions may negatively affect the relevant companies' ability to respond to changes in market conditions, pursue the business opportunities the Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Group's business. Any of these factors could materially and adversely affect the Group's ability to satisfy its obligations under outstanding financial obligations, such as the Bonds after issuance.

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

Some of the Group's assets are provided as security to secure the borrowings of the Group or its related parties. These assets mainly include the Group's deposit certificates. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operation efficiency. If the Company and its subsidiaries are unable to service and repay their debts under such loan facilities on a timely basis, the assets mortgaged or charged to secure the Group's bank loans may be foreclosed, which may adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's relatively short history in its new business segments may make it difficult to evaluate their respective prospects and future financial performance.

Palm Eco-Town became a consolidated subsidiary of the Company in February 2020 and its financial condition and results of operations have been reflected in the Guarantor's consolidated financials since then. Palm Eco-Town is primarily engaged in landscape engineering, landscape architecture and eco-town business. The Group has expanded its scope of business into such segments by consolidation of Palm Eco-Town. For details, see "*Description of the Group — The Group's Businesses — Other Principal Businesses*". The Group has a relatively short operating history in these business segments and there can be no assurance that they will successfully integrate into the Group's existing businesses or generate the same level of operating revenue in the future. The Group's relatively short history in these business segments makes it difficult to evaluate their respective prospects and future financial performance. The Group may not be able to capture the opportunities associated with these business segments or recover the costs associated with them, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's other principal businesses may face credit and default risks of its key customers.

The Group's landscape engineering business is capital intensive in nature and its key customers are mainly property developers and local governments. As a result, cash flow from the Group's landscape engineering business are largely subject to the financial condition and financing and repayment capabilities of such property developers and local governments. If the Group's landscape engineering business continues to grow, the related accounts receivable balance may increase, which may expose the Group to default and credit risks of its customers. Macroeconomic conditions and tightening government control on credit policies could also result in financial difficulties for property developers, including limited access to the credit markets, insolvency or bankruptcy, and as a result could cause the Group's customers in the property development sector to delay payments, request modifications to their payment arrangements or default on their payment obligations. In addition, the Group's municipal landscape projects typically have a relatively long payback period. Local governments might have difficulties in meeting their repayment obligations of the Group's municipal landscape projects if their financial condition deteriorates. If the Group is unable to collect payments from its key customers, its financial condition and results of operations may be materially and adversely affected.

The Group's key customers of its sales of commodities business are state-owned enterprises, which are mainly engaged in the agricultural and industrial businesses in Henan Province. As a result, cash flow generated from the Group's sales of commodities business largely depends on the financial condition and repayment capabilities of such local state-owned enterprises. Despite the fact that the Group signs sales contract with its customers to lock the price and protect itself from price fluctuations, customers may still default on their payments to the Group due to deterioration in liquidity condition and other factors affecting their repayment capabilities. If the Group is unable to collect payments from any of its key customers, its financial condition and results of operations may be materially and adversely affected.

The Group carries out its guarantee and consulting business through Zhongyu Guarantee. Zhongyu Guarantee is primarily engaged in credit enhancement services through provision of guarantees to local state-owned enterprises. As a result, cash flow generated from the Group's guarantee and consulting business are largely affected by the financial condition and repayment capabilities of such local state-owned enterprises. As at 31 December 2020, Zhongyu Guarantee had an outstanding guarantee balance of RMB17,089.5 million. Even though Zhongyu Guarantee provides these guarantees in line with its risk tolerance and typically obtains counter-guarantees from the local state-owned enterprises to minimise its exposure, it may be difficult and time-consuming for the Group to take control of or liquidate the collateral securing the counter-guarantees. In addition, a court or other judicial or governmental authorities may declare the counter-guarantees to be invalid or otherwise decline or fail to enforce such counter-guarantees. The Group is therefore exposed to the risk that it may not be able to recover all or any part of the amounts guaranteed. If the Group is unable to liquidate the assets of the counter-guarantees or if the counter-guarantors fail to fully perform their guarantee obligations on a timely basis, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group's sales of commodities business may face risks associated with warehousing of the products traded by the Group.

The Group contracts with third-party warehouse management providers to store certain of its products in relation to its sales of commodities business. Before delivery of products to customers, the products are stored in the contracted warehouses. Warehouse management providers maintain insurance to cover losses the Group may sustain as a result of accidents, including fires, in the warehouses. However, if any of such accidents were to occur, the Group may not be able to supply the relevant products to its customers in a timely manner or at all, and the Group's market reputation might be adversely affected. The Group's products are also subject to risks of misappropriation by the warehouse management providers including unauthorised use or disposal. The occurrence of any of these incidents could also require the Group to make significant unanticipated capital expenditures and delay delivery of products. If any one or more of the above risks were to materialise, the financial condition and results of operations of the Group may be adversely affected.

Net cash outflows from operating activities may materially and adversely affect the Group's liquidity and financial condition.

For the years ended 31 December 2018, 2019 and 2020, the Group had net cash outflows from operating activities of RMB2,192.5 million, RMB740.5 million and RMB1,042.0 million, respectively. Net cash outflows from operating activities may reduce the Group's liquidity, financial flexibility and ability to obtain additional bank loans. There can be no assurance that the Group will record net cash inflows from operating activities in the future, or that the Group will have sufficient cash from other sources to fund its operations. The Group's liquidity and financial condition may be materially and adversely affected should the Group record net cash outflows from operating activities in the future. If the Group resorts to other financing activities to obtain additional cash, the Group will incur additional financing costs. There can be no assurance that the Group will be able to obtain the financing on terms acceptable to it or at all.

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

As at 31 December 2018, 2019 and 2020, the Group's other receivables amounted to RMB11,384.1 million, RMB12,160.5 million and RMB18,804.6 million, respectively, representing 31.0 per cent., 28.4 per cent. and 24.8 per cent. of the Group's total current assets as at the same date. The Group's other receivables primarily comprise the loans to unconsolidated related parties and amounts due to the Group under current account by local governments. There are inherent risks associated with the ability of the relevant companies to make timely payments and any failure to make timely payments by these entities could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

Any failure of the Group to comply with applicable laws, rules and regulations with respect to the regulation of its business operations, including obtaining or maintaining necessary qualifications, permits and approvals for its operations may adversely affect its business, financial condition and results of operations.

The Group is required to obtain a number of approvals, licenses and permits from different governmental authorities to conduct its business activities in China. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in determining the grant of approvals, licences, permits and certificates necessary for conducting the business. Therefore, there are significant uncertainties in the interpretation and implementation of PRC laws, rules, regulations, policies and measures and inconsistencies between verbal clarifications by the governmental authorities and the regulations concerned, the non-compliance of which may subject the Group to penalties or restriction of business activities. The Group carries out its interest income business by providing loans and entrusted loans to those enterprises with financing needs. The Group's interest income business may be identified as the Company's main business under relevant PRC laws, under which the Company's interest income business may be required to be stated in the Company's business license and be approved by relevant governmental authorities. As at the date of this Offering Circular, the Company's business license does not state interest income business or loan extension business as the Company's main business. In the event the relevant governmental authorities determine that the Company's business activities in term of its interest income business are in violation of the Company's business license or relevant PRC laws, such governmental authorities may order the Company to suspend its business activities, confiscate the Company's illegal income or impose a fine (the maximum amount being RMB500,000 if no illegal income) on the Company, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

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

Most of the Group's bank loans bear interests that accrue at rates linked to the benchmark lending rates published by the PBOC. A material fluctuation in the benchmark lending rates may have a material impact on the Group's interest expenses and payables under its bank loans and in turn negatively affect its financing costs and results of operations. The 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, the 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, the PBOC decreased the benchmark one-year lending rate five times, from 7.47 per cent. to 5.31 per cent. in December 2008, which remained unchanged until September 2010. Since then, the one-year lending rate was gradually increased to 6.56 per cent. on 7 July 2011 and onwards. In recent years, a perceptible 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, the PBOC for a number of times reduced the benchmark one-year lending rate to 4.35 per cent. as at 24 October 2015 and onwards. Although the Group's financial condition and results of operations may benefit from a low-interest environment, there is no assurance that this environment will continue. Any increase in the benchmark lending rate by the PBOC in the future will increase the Group's financing costs and adversely affect its profitability, financial condition and results of operations.

The Group may cease to enjoy government subsidies and grants, the loss of which, or a reduction in which, could adversely affect the Group's business and financial condition.

The Group from time to time receives government grants and subsidies from different governmental authorities. For the years ended 31 December 2018, 2019 and 2020, government grants received by the Group were RMB86.4 million, RMB451.5 million and RMB368.8 million, respectively. Those government grants are not recurring. Whether or not the Group will receive the same or a sufficient amount of government grants, if at all, largely depends on the future fiscal income and policies of the Henan Provincial Government. The granting of the government subsidies is determined by the relevant governmental authorities in its discretion. There can be no assurance that the Group will continue to receive the same government subsidies and grants or enjoy the same preferential treatments as it has in the past. Any loss or reduction in government subsidies and grants or other form of government support could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

If the Group fails to maintain effective internal controls and sound corporate governance, its business, financial condition, results of operations and reputation could be materially and adversely affected.

Due to the limited operating history of the Group, there can be no assurance that material deficiencies in the Group's internal control will not be discovered in the future. The Group has implemented various measures to improve its internal controls and corporate governance, such as governance policies with respect to finance and investment activities and internal control measures to enhance the protection of confidential information. However, there can be no assurance that such measures will prove to be effective due to the Group's relatively short track record. Moreover, the Group's efforts to improve its internal controls have required, and in the future may require, increased costs and significant management time and commitment. If the Group fails to maintain effective internal controls, its business, financial condition, results of operations or reputation could be materially and adversely affected.

The Group's limited insurance coverage may not adequately protect it against all operational risks.

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

- credit risks relating to the borrowers under its financing and investment business or other contractual third parties;
- loss on investments;

- disruption in the global capital markets and the economy in general;
- operating limitations imposed by environmental or other regulatory requirements;
- mechanical production interruptions, electricity outages and equipment failure;
- work-related personal injuries;
- on-site occupational accidents;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

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

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

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

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;
- misappropriation of funds;

- conducting transactions that exceed authorised limits;
- engaging in misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- engaging in unauthorised or excessive transactions to the detriment of the Group's customers;
- making or accepting bribery activities;
- conducting any insider dealing; or
- otherwise not complying with applicable laws or the Group's internal policies and procedures.

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

The Group is exposed to litigation risks.

The Group may from time to time be involved in disputes with banks, governmental entities, indigenous residents, contractors, suppliers, employees and other third party service providers during the course of its daily operations. Claims may be brought against members of the Group based on a number of reasons and the Group may bring up claims against project companies for overdue repayment. If the disputes or claims are not resolved or settled through negotiation or mediation, the Group may be involved in lengthy and costly litigation or arbitration proceedings, which may distract the Group's financial and managerial resources. In the event that the Group prevails in those legal proceedings, there is no assurance that the judgment or awards will be effectively enforced. If a judgment or award is rendered against the Group, the amounts payable by the Group may not be fully covered by the Group's insurance, and the amounts could differ from the provisions made by the Group based on its estimates. Any material charges associated with claims brought against the Group and material write-downs associated with the Group's claims could have a material adverse impact on its financial condition, results of operations and cash flow. As at the date of this Offering Circular, the results of searches against the Company and its subsidiaries on the online database of judgment debtors maintained by the Supreme People's Court of the PRC did not reveal any of the aforesaid entities as a judgment debtor.

The Group is subject to joint venture risks.

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

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

The success of the Group's business is dependent to a large extent on its ability to attract and retain key personnel who possess in-depth knowledge and understanding of investment, as well as the industries in which the Group invests or operates. These key personnel include members of the Group's senior management, experienced investment managers and finance professionals, project development and management personnel, legal professionals, risk management personnel, information technology and other operational personnel. Competition for attracting and retaining these individuals is intensive. Such

competition may require the Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, the employees may take time to familiarize itself with any new standard procedures and consequently may not comply with the standard procedures of any new business in an accurate and timely manner. The occurrence of any of the events discussed above could lead to unexpected loss to the Group and adversely affect its financial condition and results of operations.

The Group's businesses may be affected by an outbreak, or threatened outbreak, of any severe contagious disease, including the COVID-19 pandemic, and occurrence of natural disasters which may in turn significantly reduce demand for its products and services and have an adverse effect on its financial condition and results of operations.

The Group's business is subject to general economic and social conditions in Henan Province and the PRC. Natural disasters, epidemics and other force majeure events which are beyond the Group's control may adversely affect the economy and livelihood of the PRC population. Some regions in the PRC are under the threat of earthquakes, sandstorms, snowstorms, fires, droughts, or epidemics such as Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)), or H7N9 avian flu, Middle East Respiratory Syndrome (MERS), Ebola virus disease or COVID-19. For instance, two serious earthquakes hit Sichuan Province in May 2008 and April 2013, respectively resulting in significant loss of lives and destruction of assets in the region. The outbreak of COVID-19 in the PRC since late 2019 may adversely impact the PRC economy and growth prospects in 2020. For example, the operation of eco-towns by Palm Eco-Town has been adversely affected by the outbreak of COVID-19 in the PRC, which led to a decrease in number of tourists and operating revenue generated from such segment in 2020. Furthermore, COVID-19 spread around the world in early 2020 and was declared a pandemic on 11 March 2020 by the World Health Organization. In particular, the outbreak of COVID-19 across the PRC and around the world has resulted in a global health crisis and has restricted the level of business activity in affected areas. Stringent measures, including mandatory quarantines and travel restrictions, were imposed in numerous regions across the PRC in an effort to contain the outbreak, causing a noticeable reduction in regional and national economic activities. Government restrictions imposed around the world to limit the spread of COVID-19 resulted in a sharp contraction in global economic activity during 2020. At the same time, governments also took steps designed to soften the extent of the damage to investment, trade and labour markets. Economic activity recovered unevenly in the second half of 2020 as some jurisdictions imposed renewed restrictions in the fourth quarter in response to a resurgence in COVID-19 cases. While a number of vaccine candidates have announced high efficacy rates, raising hopes of widespread immunisation from COVID-19 being achieved by the end of 2021 and government restrictions being eased, the rollout of vaccination programmes could be uneven across markets, hampering the global pace of recovery even as individual markets return to pre-pandemic levels of activity. The further outbreak of COVID-19, a recurrence of SARS or an outbreak of any other epidemics in the PRC especially in the region where the Group has operations, may result in material influence on its related business, which in turn may adversely affect its financial condition and results of operations. Any period of sustained disruption to the Group's operation may have an adverse effect on its business, financial condition and results of operations.

The Company published and may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Prospective investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

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

The Group's historical financial information may not be directly comparable with its future financial information.

The historical financial information of the Company is sometimes adjusted or restated to address subsequent changes in accounting standards, the Company's accounting policies and/or applicable laws and regulations with retrospective impact on the Group's financial reporting or to reflect the comments provided by the Group's independent auditors during the course of their audit or review in subsequent financial periods. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Company's historical financial statements and that contained in its future financial statements.

PRC GAAP might differ from IFRS to a certain extent. The Group's former auditor has limited international capital markets experience.

The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 were prepared in accordance with PRC GAAP. Although PRC GAAP are substantively in line with IFRS, PRC GAAP are, to a certain extent, different from IFRS. See "*Description of Certain Material Differences Between PRC GAAP and IFRS*". There is no guarantee that PRC GAAP will fully converge with IFRS or there will be no additional differences between the two accounting standards in the future. Prospective investors should consult their own professional advisers for an understanding of any differences that may exist between PRC GAAP and IFRS, and how those differences might affect the financial information included in this Offering Circular.

The Group's independent auditor as at and for the year ended 31 December 2018, Zhongxingcai Guanghua, is a registered member of the Chinese Institute of Certified Public Accountants. Although it has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider these factors prior to making any investment decision.

The Group's auditors have received warning letters issued by relevant PRC regulators in recent years.

Public accounting firms and public accountants in the PRC are subject to regulation and supervision by various PRC regulators, including CSRC and its local branches, the MOF and also the Chinese Institute of Certified Public Accountants. In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their scrutiny of PRC public accountants and accounting firms. As a result, public accounting firms in China have been subject to more frequent examinations. In 2019, BDO, the Group's independent auditor, received warning letters from CSRC and its local branches, such as Guangdong, Jiangsu and Shenzhen, due to the flaws in its audit work for certain companies in the PRC. Such flaws include inadequate audit procedures, inaccurate disclosure for certain line items, incomplete audit working papers, among others. The auditor of the Group is based in the Henan Branch of BDO and has confirmed that it is not involved in any of the aforementioned incidents. BDO's involvement in such incidents could affect investors' confidence in companies and financial statements audited by it. Based on the confirmation from BDO, the auditors involved in the audit work of the Group's financial statements for the year ended 31 December 2020 are not involved in any of the aforementioned investigations. Nonetheless, there can be no assurance that any negative news about BDO would not have an adverse effect on the audit service it provides to the Group or that there will not be any further investigations in or warning letters received by BDO, which may have a material and adverse effect on the Group.

In 2018, according to online news, Zhongxingcai Guanghua, the Group's independent auditor as at and for the year ended 31 December 2018, received warning letters from CSRC and its Jilin, Beijing, Shanghai and other local branches, due to the flaws in its audit work for certain companies in the PRC. Such flaws included inadequate audit procedures, inaccurate disclosure for certain ratios, lack of audit working papers, among others. This auditor is based in the Henan Branch of Zhongxingcai Guanghua and has confirmed that it is not involved in any of the aforementioned incidents. Zhongxingcai Guanghua's involvement in such incidents could affect investors' confidence in companies and financial statements audited by it. Based on the confirmation from Zhongxingcai Guanghua, the auditors involved in the audit work of the Group's financial statements as at and for the year ended 31 December 2018 are not involved in any of the aforementioned investigations. However, there can be no assurance that any negative news relating to Zhongxingcai Guanghua would not have an adverse effect on its audit work relating to the Group or that there will not be any further investigations in or warning letters received by Zhongxingcai Guanghua, which may have a material and adverse effect on the Group's reputation.

In addition, the auditors of the Group may be subject to regulatory investigations or penalties from time to time, which may expose the Group's auditors or its management, officers or employees to further sanctions imposed by relevant PRC authorities. Such regulatory sanctions may include suspension of audit services performed by such auditors by the MOF and/or CSRC, which in turn may restrict the Group's auditors from providing audit work or other services to the Group. Under these circumstances, the Group may have to discontinue its engagement with its auditors, which may adversely affect the Group's financial reporting.

The Group's business may be affected by any adverse publicity or negative public perception regarding the industries in which the Group operates, or stemming from other parties with which the Group has business relationships.

Adverse publicity or negative public perception regarding the industries in which the Group operates could result in a decrease in demand for the Group's businesses. Such negative public perception may result from negative publicity regarding the safety or quality of particular projects of the Group or its contractors and suppliers or the general negative reputation of the Group's service providers. Mere negative publicity could have a material adverse effect on the Group's reputation, results of operations and financial condition, regardless of whether such reports are factually supported or genuine. Negative public perception may also arise from regulatory investigations or liability claims, regardless of whether any liability claim is successful against the Group. There can be no assurance that any such negative publicity will not occur in the future or that the Group will be able to detect any and remedy or respond effectively.

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

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

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

The Group's business depends on the integrity and performance of the business, accounting and other data processing systems of the Company and its subsidiaries. If the Group's systems may not be able to effectively address the issues arising from an increased business or may otherwise fail to perform, the Group could experience unanticipated disruptions in business, slower response times and limitation on its ability to monitor and manage data and risk exposures, control financial and operation conditions, and keep accurate records. These consequences could result in operating outages, poor operating performance, financial losses, and intervention of regulatory authorities. Although the Group's systems have not experienced major system failures and delays in the past, there is no assurance that the Group's systems would not experience future systems failures and delays, or that the measures taken by the Group to reduce the risk of system disruptions are adequate. If internet traffic and communication volume increase unexpectedly or other unanticipated events occur, the Group may need to expand and upgrade the Group's technology, systems and network infrastructure. There can be no assurance that the Group will be able to accurately project the rate, timing or cost of any increases, or expand and upgrade the Group's systems and infrastructure to accommodate any increases in a timely manner.

Risks Relating to the PRC

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

The economy of the PRC experienced rapid growth in the past 30 years. There has been a slowdown in the growth of the PRC's GDP in recent years and this has raised market concerns that the historic rapid growth of the economy of the PRC may not be sustainable. According to the National Statistics Bureau

of the PRC, the PRC economy grew at a generally slower pace in recent years than in previous years, with an annual GDP growth rate of 6.6 per cent., 6.1 per cent. and 2.3 per cent. in 2018, 2019 and 2020, respectively. There have been growing concerns about the volatility of the PRC economy. COVID-19 has also had a significant impact on the growth of PRC economy. Given the continuous spread of COVID-19 globally and the evolving impact of the pandemic on the global economy, the full recovery of the PRC's economic growth still remains uncertain. In May 2017, Moody's changed China's long-term sovereign credit rating and foreign currency issuer ratings to A1 from Aa3. In September 2017, S&P Global Ratings also downgraded China's long-term sovereign credit rating to A+ from AA-, citing increasing economic and financial risks from a prolonged period of strong credit growth.

The future performance of the PRC economy is not only affected by the economic and monetary policies of the PRC Government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the United Kingdom withdrew from the European Union on 31 January 2020 ("**Brexit**"), but continued to participate in certain European Union organizations (such as the customs union) during a transition period that ended on 31 December 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 European Union was agreed upon on 24 December 2020 and formally entered into effect on 1 May 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. In addition, the aggravation of Sino-American trade friction, trade protectionism and the slowdown in global economic growth have also caused volatility in the global financial markets. In 2018 and 2019, the U.S. government imposed several rounds of tariffs on cumulatively U.S.\$550 billion worth of Chinese products. In retaliation, the Chinese government responded with tariffs on cumulatively US\$185 billion worth of U.S. products. In addition, in 2019, the U.S. government restricted certain Chinese technology firms from exporting certain sensitive U.S. goods. The Chinese government lodged a complaint in the World Trade Organization against the U.S. over the import tariffs in the same year. The trade war created substantial uncertainties and volatilities to global markets. On 15 January 2020, the U.S. and Chinese governments signed the U.S.-China Economic and Trade Agreement (the "**Phase I Agreement**"). Under the Phase I Agreement, the U.S. agreed to cancel a portion of tariffs imposed on Chinese products, China promised additional purchases of U.S. goods and services, and both parties expressed a commitment to further improving various trade issues. Despite this reprieve, however, it remains to be seen whether the Phase I Agreement will be abided by both governments and successfully reduce trade tensions. If either government violates the Phase I Agreement, it is likely that enforcement actions will be taken and trade tensions will escalate. Furthermore, additional concessions are needed to reach a comprehensive resolution of the trade war. The roadmap to the comprehensive resolution remains unclear, and the lasting impact the trade war may have on the PRC economy and the industries in which the Group operates remains uncertain. It is impossible to predict the future development of the PRC economy and whether any global crisis could lead to an economic downturn or financial crisis in the PRC.

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 changes in the 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. In addition, a reduction in liquidity in the global and PRC financial markets may negatively affect the Group's access to financing resources and its liquidity. Therefore, instability in the global economy may materially and adversely affect the business, financial condition and results of operations of the Group.

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

The economy of the PRC differs from the economies of most developed countries in many respects, including with respect to government involvement, level of development, economic growth rate, control of foreign exchange and allocation of resources. The economy of the PRC has been transitioning from a

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

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

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

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

As substantially all of the Group's business are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation, foreign exchange and trade, with a view to developing a comprehensive system of commercial law. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their non-binding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is affected, in part, by government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention and it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgments by a court of another jurisdiction. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may adversely affect the legal protections and remedies that are available to the Group in its operations and to the holders of the Bonds.

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

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

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

Most of the Group's operating revenue is denominated in Renminbi, which is also the reporting currency. Renminbi is not a freely convertible currency. A portion of the Group's cash may be required to be converted into other currencies in order to meet the Group's foreign currency needs, including cash payments on declared dividends, if any, on the Bonds. However, the PRC Government may restrict future access to foreign currencies for current account transactions at its discretion. If this were to occur, the Group might not be able to pay dividends to the holders of the Bonds in foreign currencies. On the other hand, foreign exchange transactions under capital account in the PRC continue to be not freely convertible and require the approval of the SAFE. These limitations could affect the Group's ability to obtain foreign currencies through equity financing, or to obtain foreign currencies for capital expenditures.

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

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

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

The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012 which came into effect on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which was issued on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's business, financial condition and results of operations.

Further, in the event that there is a labour shortage or a significant increase to labour costs, the Group's business operation costs is likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, inflation in the PRC has

increased in recent years. Inflation in the PRC increases the costs of raw materials required by the Group for conducting its business and the costs of labour as well. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's operations and therefore negatively impact the Group's profitability.

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

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

Risks Relating to the Bonds and the Guarantee

The Issuer is a newly incorporated special purpose finance vehicle.

The Issuer does not and will not have any business activities other than the issue of debt securities, and its ability to make payments under the Bonds will depend on their receipt of timely remittance of funds from the Guarantor and/or its subsidiaries. There is no assurance that the Issuer will be able to receive sufficient funds from the Guarantor and/or its subsidiaries to make payments under the Bonds.

The Bonds and the Guarantee are unsecured obligations.

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

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

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

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

The Bonds and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing and future subsidiaries (in the case of the Guarantor's subsidiaries, other than the Issuer), whether or not secured. The Bonds will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries, and the

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

Third parties, including holders of the Bonds, may be hindered or prevented from enforcing their rights with respect to the assets of the Guarantor because of the doctrine of sovereign immunity or state secret privilege.

As at the date of this Offering Circular, the Guarantor is controlled by the PRC Government, directly wholly-owned by the Department of Finance of Henan Province. All of the assets relating to the operation of the Guarantor's business are either owned or controlled by the Guarantor itself or by companies wholly or majority owned by the Guarantor. Where a third party brings a legal action against the Guarantor, its subsidiaries or their assets based on a contract dispute with them, the legal proceeding, particularly the enforcement of judgments or any arbitral awards with respect to the assets of the Guarantor and its subsidiaries in China, may be subject to the law and legal systems and the jurisdiction of PRC courts or tribunal. While the Guarantor can be sued in its own capacity in a civil proceeding in a court or tribunal, there is no assurance that the assets of the Guarantor will not be immune from enforcement proceedings on the grounds of sovereign immunity or state secret privilege. If such immunity or privilege is invoked to dismiss judgments from the court or tribunal, it may be difficult for the third party plaintiffs (such as holders of the Bonds) to enforce their contractual rights against the Guarantor, its subsidiaries or their assets in China.

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

The Issuer, at maturity or at any time following the occurrence of a Change of Control or a No Registration Event (each defined in the Terms and Conditions of the Bonds), is or may be required to redeem all but not some only of the Bonds. If such an event occurs, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

The Issuer may elect to redeem the Bonds if it is required to pay additional tax amounts in respect of PRC withholding tax, and a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

As at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law. However, it is unclear whether the Issuer will be treated as a PRC tax resident enterprise for the purposes of the EIT Law. If the Issuer is treated as a PRC tax resident enterprise and is required to withhold tax from interest payments on the Bonds, the Issuer will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding been required. As described under Condition 6(b) of the Terms and Conditions of the Bonds, if the Issuer or the Guarantor is required to pay additional tax amounts as a result of any change in or amendment to, or any change in the application or official interpretation of, the laws or regulations of a relevant jurisdiction (including any change or amendment or change in the interpretation that requires the Issuer to withhold tax as a result of it being treated as a PRC tax resident enterprise), the Issuer may redeem the Bonds in whole, but not in part, at their principal amount together with interest accrued up to but excluding the date fixed for redemption.

The date on which the Issuer may elect to redeem the Bonds may not accord with the preference of particular Bondholders. In addition, a Bondholder may not be able to reinvest the redemption proceeds in comparable securities at the same rate of return of the Bonds.

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

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

The ratings assigned to the Group or the Bonds may be lowered or withdrawn in the future, changes in such ratings may adversely affect the value of the Bonds.

The Bonds are expected to be assigned a rating of “A” by Fitch and “A2” by Moody’s. The Guarantor has been assigned a corporate rating of “A” with a stable outlook by Fitch and “A2” with stable outlook by Moody’s. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their respective obligations under the Bonds and the Guarantee and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Group cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. In addition, credit rating agencies may change their methodology for assigning ratings at any time. Neither the Issuer nor the Guarantor has any obligation to inform holders of the Bonds of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds and the ability of the Issuer and the Guarantor to access the debt capital markets.

If the Guarantor fails to complete registration with SAFE in connection with the Guarantee, there may be logistical and practical hurdles for cross-border payments under the Guarantee.

The Guarantor will unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Bonds. Such Guarantee will be contained in the Deed of Guarantee to be executed on the Issue Date. The Guarantor is required to submit the Guarantee to the Henan Branch of SAFE within 15 business days upon the execution of the Deed of Guarantee for registration in accordance with the Foreign Exchange Administration Rules on Cross-Border Guarantees promulgated by SAFE. Although non-registration would not as a matter of PRC law render the Guarantee ineffective or invalid, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated time frame. The Guarantor intends to register the Guarantee as soon as practicable. If the Guarantor fails to complete registration with SAFE, there may be logistical and practical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of registration with SAFE in connection with the Guarantee prior to giving effect to any such remittance.

The Issuer or the Guarantor may issue additional bonds which affect the price of the Bonds.

The Issuer or the Guarantor may raise additional capital through the issue of other bonds or other means. Other than certain restrictions on issuing certain secured indebtedness as set out in Condition 4(a) of the Terms and Conditions of the Bonds, there is no restriction, contractual or otherwise, on the amount or type of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or pari passu with, the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Bondholders on a winding-up of the Issuer or the Guarantor. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Bonds and/or the ability of Bondholders to sell their Bonds.

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

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

Changes in market interest rates, international financial markets and world economic conditions may adversely affect the market price of the Bonds.

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may re-invest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates. As the Bonds will carry a fixed interest rate, the trading price of the Bonds will consequently vary with the fluctuations in interest rates. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

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

A trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. Although application will be made for the listing of the Bonds on the SEHK, no assurance can be given as to the liquidity of, or trading market for, the Bonds. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, the holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is investors' obligation to ensure that offers and sales of the Bonds within the United States and other countries comply with applicable securities laws. See "*Subscription and Sale*". None of the Issuer, the Guarantor and the Joint Lead Managers can predict whether an active trading market for the Bonds will develop or be sustained.

Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. The Issuer may be treated as a PRC enterprise for PRC tax purposes, which may subject the Issuer to PRC income tax on its worldwide income and interest payable by the Issuer to foreign investors and gain on the sale of the Bonds may be subject to withholding taxes under PRC tax law.

Investment in the Bonds is subject to exchange rate risks.

The Bonds are denominated and payable in U.S. dollars. If a Bondholder measures its investment returns by reference to a currency other than U.S. dollars, an investment in the Bonds entails foreign exchange related risks, including changes in the value of U.S. dollars relative to the currency by reference to which an investor measures its investment returns. Depreciation of the U.S. dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for Bondholders as a result of any foreign currency gains resulting from any investment in the Bonds.

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

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

Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce judgments of the Hong Kong courts in respect of English law governed matters or disputes.

The Terms and Conditions of the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the “**Arrangement**”), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. The Arrangement is still in full force and effect as at the date of this Offering Circular but will be replaced and become invalid when the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and Hong Kong (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) (the “**New Arrangement**”), which was signed on 18 January 2019, comes into effect. Pursuant to the New Arrangement, if the parties have already signed the choice of court agreement in writing under the Arrangement before the New Arrangement enter into force, the Arrangement shall still apply.

However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by the Hong Kong courts in respect of a dispute governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be

required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holders' ability to initiate a claim outside of Hong Kong will be limited.

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

In certain circumstances, including without limitation the giving of notice to the Issuer or the Guarantor and the taking of enforcement steps pursuant to Condition 14 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of holders of the Bonds. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee or less than all of the holders of the Bonds.

The Terms and Conditions of the Bonds provide that the Trustee may, without the consent of Bondholders, agree to any modification of the Bonds and the Trust Deed (with certain exceptions) which in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Bonds and the Trust Deed (with certain exceptions) which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds and the Trust Deed (with certain exceptions) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

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

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

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities.

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

Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depository for Euroclear and Clearstream (each a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Bonds are represented by the Global Certificate the Issuer will discharge its payment obligations under the Bonds by making payments to the common depository for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

The Guarantor’s financial statements were prepared in conformity with PRC GAAP, which differs from IFRS in certain aspects, and investors may have less confidence in the reliability of the Group’s financial statements and adversely affect the market price of the Bonds.

The audited consolidated financial statements of the Guarantor included elsewhere in this Offering Circular were prepared in conformity with PRC GAAP which differs in certain aspects from IFRS. See “*Description of Certain Material Differences between PRC GAAP and IFRS*”. Investors may have less confidence in the audited consolidated financial statements of the Guarantor and the financial information of the Guarantor included elsewhere in this Offering Circular, which may adversely affect the market price of the Bonds. In addition, investors should consult their own professional advisers for an understanding of any difference and how they may affect the financial information contained herein.

TERMS AND CONDITIONS OF THE BONDS

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

The issue of US\$300,000,000 3.20 per cent. guaranteed bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further securities issued pursuant to Condition 15 and to be consolidated and forming a single series therewith) of Zhongyuan Zhicheng Co., Ltd. (中原志誠有限公司) (the “**Issuer**”) are constituted by a trust deed (the “**Trust Deed**”) dated on or about 6 July 2021 (the “**Issue Date**”) between the Issuer, Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司) (the “**Guarantor**”) and Citicorp International Limited (the “**Trustee**”, which expression shall, where the context so permits, include successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed, the Deed of Guarantee (as defined below) and an agency agreement (the “**Agency Agreement**”) dated on or about 6 July 2021 relating to the Bonds between the Issuer, the Guarantor, the Trustee, Citibank, N.A., London Branch as registrar (the “**Registrar**”), transfer agent (the “**Transfer Agent**”) and principal paying agent (the “**Principal Paying Agent**”) and any other agents named in it, are available for inspection during normal business hours by the holders (as defined below) at the principal office for the time being of the Trustee, being at the date of issue of the Bonds at 39th Floor Champion Tower, 3 Garden Road, Central, Hong Kong and at the specified offices of the Principal Paying Agent, the Registrar and the Transfer Agent. References herein to “**Paying Agents**” includes the Principal Paying Agent, together with any additional or successor paying agent, and “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents and their successor(s) appointed from time to time under the Agency Agreement with respect to the Bonds. The Bonds also have the benefit of a deed of guarantee dated on or about 6 July 2021 (the “**Deed of Guarantee**”) made by the Guarantor in favour of the Trustee. The Bondholders (as defined below) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement and the Deed of Guarantee.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

The Bonds are issued in the specified denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

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

Title to the Bonds shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”) as described in Condition 2. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Bond shall be deemed to be and shall be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate (other than the endorsed form of transfer) representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first name thereof).

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank S.A./N.V. and Clearstream Banking S.A. The Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are evidenced by the Global Certificate. See “*Summary of Provisions relating to the Bonds in Global Form*”.*

2 TRANSFERS OF BONDS AND ISSUE OF CERTIFICATES

- (a) **Transfer:** A holding of Bonds may, subject to the Agency Agreement and Conditions 2(c) and 2(d) herein, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may require. In the case of a transfer of part only of a holding of Bonds evidenced by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations (the “**Regulations**”) concerning transfers of Bonds scheduled to the Agency Agreement. The Regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available by the Registrar to any Bondholder upon written request.

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

- (b) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of Bonds pursuant to Condition 2(a) shall be made available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (c) **Transfer or Exercise Free of Charge:** Registration of transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any Agent but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the relevant Agent being satisfied that the Regulations have been complied with.
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Bond, (ii) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b), (iii) after any such Bond has been put for redemption pursuant to Condition 6(c) or (iv) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii)).

3 STATUS AND GUARANTEE

- (a) **Status:** The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all the Issuer's other present and future unsecured and unsubordinated obligations.
- (b) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor's obligations in respect of the Bonds and the Trust Deed (the "**Guarantee**") are contained in the Deed of Guarantee (and any supplement thereto). The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable law and subject to Condition 4(a), at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

4 COVENANTS

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and each of the Issuer and the Guarantor shall procure that none of their respective Subsidiaries will, create, or permit to subsist any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues to secure (aa) any Relevant Indebtedness or (bb) any guarantee or indemnity in respect of any Relevant Indebtedness without (i) at the same time or prior thereto securing the Bonds or guaranteeing or indemnifying the Bondholders equally and rateably therewith or (ii) providing such other security for the Bonds as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

The Trustee is under no obligation to monitor compliance by the Issuer or the Guarantor with this Condition 4(a) and shall not be responsible or liable to any Bondholder or any other person for not doing so.

- (b) **Financial Information:** For so long as any Bond remains outstanding, the Guarantor will furnish the Trustee with (A) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the relevant Guarantor Audited Financial Reports; (B) a copy of the Guarantor Audited Financial Reports within 150 calendar days of the end of each Relevant Period, prepared in accordance with the Accounting Standards for Business Enterprises in the PRC ("**PRC GAAP**") (audited by a nationally or an internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (aa) a nationally or an internationally recognised firm of independent accountants or (bb) a professional translation service provider, and checked by a nationally or an internationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; and (C) a copy of the Guarantor Semi-Annual Unaudited Financial Reports within 120 calendar days of the end of each Relevant Period prepared on a basis consistent with the Guarantor Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (aa) a nationally or an internationally recognised firm of independent accountants or (bb) a professional translation service provider, and checked by a nationally or an internationally recognised firm of independent accountants, together with a certificate signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate; provided that, if at any time the capital stock of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor may furnish to the Trustee, as soon as they are available but in any event not more than 14 calendar days after any financial or other reports of the Guarantor are filed with the exchange on which the Guarantor's capital stock is at such time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Condition 4(b)(A) and Condition 4(b)(B) above.

- (c) **Issuer Activities:** the Issuer shall not, and the Guarantor will procure that the Issuer will not, carry on any business activity whatsoever other than in connection with the Bonds (such activities in connection with the Bonds shall, for the avoidance of doubt, include the on-lending of the proceeds of the issue of the Bonds to the Guarantor or any of its subsidiaries and any other activities reasonably incidental thereto) or similar offerings, sales or issuances of securities.
- (d) **Undertakings relating to the Guarantee:** The Guarantor undertakes that it will register or cause to be registered with SAFE the Deed of Guarantee (the “**Cross-border Security Registration**”) in accordance with, and within 15 Registration Business Days after the Issue Date in accordance with the Foreign Exchange Administration Rules on Cross-border Security (跨境擔保外匯管理規定), use its reasonable endeavours to complete the Cross-border Security Registration and obtain a registration certificate from SAFE on or before the Registration Deadline and, subject to the completion of Cross-border Security Registration, comply with all applicable PRC laws and regulations in relation to the Guarantee.
- (e) **Notification to NDRC:** The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within 10 Registration Business Days after the Issue Date in accordance with the Notice on the Administrative Reform for the Registration of Offshore Debt Issuances (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044號)) issued by the NDRC and which came into effect on 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”). The Guarantor shall comply with all applicable PRC laws and regulations in connection with the Bonds.
- (f) **Notification of Completion of the Cross-border Security Registration and the NDRC Post-issue Filing:** The Guarantor shall before the Registration Deadline and within five Registration Business Days after the later of submission of the NDRC Post-issue Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (i) a certificate by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-issue Filing and the Cross-border Security Registration; and (ii) certified true copies of the relevant documents evidencing the NDRC Post-issue Filing and SAFE registration certificates (or any other document evidencing the completion of registration issued by SAFE); and (iii) an English translation of each confirmation, certificate or other document as is referred to in (ii) above of this Condition 4(f) translated by a professional translation service provider (and the Trustee may rely conclusively without liability to any Bondholder or any other person on any such translation) (the items specified in (i), (ii) and (iii) together, the “**Registration Documents**”). In addition, the Guarantor shall procure that within five Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the Cross-border Security Registration.
- (g) **Rating Maintenance:** So long as any Bonds remains outstanding, save with the approval of an Extraordinary Resolution of Bondholders, the Issuer and the Guarantor shall maintain a rating on the Bonds by at least one Rating Agency.

In these Conditions:

“**Guarantor Audited Financial Reports**” means, for a Relevant Period, the annual audited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated cashflow statement and the consolidated statement of changes in owners’ equity of the Guarantor together with the auditors’ audit report and notes to the financial statements;

“**Guarantor Semi-Annual Unaudited Financial Reports**” means, for a Relevant Period, the semi-annual unaudited consolidated financial statements of the Guarantor, which comprise the consolidated balance sheet, the consolidated income statement and the consolidated cashflow statement of the Guarantor;

“**Compliance Certificate**” means a certificate of the Guarantor or the Issuer (as the case may be) signed by any one Authorised Signatory of the Guarantor or the Issuer (as the case may be) that, having made all reasonable enquiries, to the best of the knowledge, information and belief of the Guarantor or the Issuer (as the case may be) as at a date (the “**Certification Date**”) not more than five days before the date of the certificate:

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) each of the Guarantor and the Issuer (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds.

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

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

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

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

“**Rating Agency**” means (1) any of Moody’s Investors Services, Inc., Standard & Poor’s Rating Services, and Fitch Ratings Ltd. and their successors; or (2) if any of the rating agencies described in (1) shall not make a rating of the Bonds publicly available, the Issuer shall select and substitute Moody’s Investors Services, Inc., Standard & Poor’s Rating Services, or Fitch Ratings Ltd. with any other reputable credit rating agency of international standing;

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Henan Province;

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

“**Relevant Indebtedness**” means any indebtedness issued outside the PRC which is in the form of, represented or evidenced by any bond, note, debenture, debenture stock, loan stock, or other securities which, for the time being is, or is intended to be or capable of being listed, quoted, dealt in or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) (which for the avoidance of doubt does not include bi-lateral loans, syndicated loans or club deal loans);

“**Relevant Period**” means, in relation to the Guarantor Audited Financial Reports, each period of twelve months ending on the last day of the Guarantor’s financial year (being 31 December of that financial year) and, in relation to the Guarantor Semi-Annual Unaudited Financial Reports, each period of six months ending on the last day of the Guarantor’s first half financial year (being 30 June of that financial year);

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

“**Subsidiary**” means, with respect to any person, any corporation, association or other business entity (a) of which more than 50 per cent. of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such person and one or more other Subsidiaries of such person; or (b) any corporation, association and other business entity which at any time has its

accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 3.20 per cent. per annum, payable semi-annually in arrear on 6 January and 6 July in each year (each an “**Interest Payment Date**”), commencing 6 January 2022.

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

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

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

6 REDEMPTION AND PURCHASE

- (a) **Final Redemption:** Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on 6 July 2026 (the “**Maturity Date**”). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Tax Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount, (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice (i) that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 25 June 2021, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (a) a certificate signed by an Authorised Signatory of the Issuer (or the Guarantor, as the case may be) stating that the obligation referred to in Condition 6(b)(i) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking

reasonable measures available to it and (b) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged to) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 6(b)(ii) above, in which event they shall be conclusive and binding on the Bondholders.

(c) **Redemption for Relevant Events:**

Following the occurrence of a Relevant Event, the holder of any Bond will have the right (the “**Relevant Event Put Right**”), at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) at 101 per cent. (in the case of a redemption for a Change of Control, as defined below in this Condition 6(c)) or 100 per cent. (in the case of a redemption for a No Registration Event, as defined below in this Condition 6(c)) of their principal amount, together in each case with accrued interest up to (but excluding) the Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of the Registrar or any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of the Registrar or any Paying Agent (a “**Put Exercise Notice**”), together with the Certificate evidencing the Bonds to be redeemed, by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer or the Guarantor in accordance with Condition 16.

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

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

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

- (i) the applicable Put Settlement Date;
- (ii) the date of the Relevant Event and, briefly, the events causing, as applicable, the Change of Control or the No Registration Event, as the case may be;
- (iii) the date by which the Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that holders must follow and the requirements that holders must satisfy in order to exercise the Relevant Event Put Right; and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

The Trustee shall have no obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or connection with the Registration Conditions and shall not be liable to holders, the Issuer, the Guarantor or any other person for not doing so.

For the purposes of this Condition 6(c):

- (A) a “**Change of Control**” occurs when
- (i) (x) the People’s Government of Henan Province, and (y) any other person indirectly or directly controlled by the People’s Government of Henan Province, together, directly or indirectly hold or own less than 100 per cent. of the issued share capital of the Guarantor; or
 - (ii) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer.
- (B) a “**No Registration Event**” occurs when the Registration Condition is not complied with on or before the Registration Deadline;
- (C) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s or the Guarantor’s board of directors or any other governing board and does not include the Issuer’s or the Guarantor’s wholly-owned direct or indirect subsidiaries;
- (D) “**Registration Condition**” means the receipt by the Trustee of the Registration Documents relating to the Cross-border Security Registration as set forth in Condition 4(f);
- (E) a “**Relevant Event**” will be deemed to occur if:
- (i) there is a No Registration Event; or
 - (ii) there is a Change of Control.
- (d) **Purchase:** The Guarantor, the Issuer and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Guarantor, the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purpose of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.
- (e) **Notice of redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption, and none of them shall be liable to holders, the Issuer, the Guarantor or any other person for not doing so.
- (f) **Cancellation:** All Certificates evidencing Bonds which are (i) redeemed or (ii) purchased by or on behalf of the Issuer, the Guarantor or their respective Subsidiaries shall be surrendered for cancellation to the Registrar and, upon surrender thereof, all such Bonds shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Bonds shall be discharged.

7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds evidenced by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in U.S. dollars by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Bond at its address appearing on the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in U.S. dollars maintained by the payee with a bank.
- (iii) If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

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

- (b) **Payments subject to Fiscal Laws:** All payments are subject in all cases to (i) any fiscal or other laws, regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.
- (c) **Payment Initiation:** Where payment is to be made by transfer to an account in U.S. dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated, and where payment is to be made by cheque, the cheque will be mailed, on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

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

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

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).
- (f) **Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment or if a cheque mailed in accordance with Condition 7(a)(ii) arrives after the due date for payment. In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which banks and foreign exchange markets are generally open for business in Hong Kong, New York City and the place in which the specified office of the Principal Paying Agent is located and the place where payment is to be made by transfer to an account maintained with a bank in U.S. dollars, and the place on which foreign exchange transactions may be carried on in U.S. dollars in the principal financial centre of the country of such currency.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate of up to and including the aggregate rate applicable on 25 June 2021 (the “**Applicable Rate**”) the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

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

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

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

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

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

9 EVENTS OF DEFAULT

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

- (a) **Non-Payment:** there has been a failure to pay the principal of any of the Bonds when due or any interest on the Bonds within seven days after the due date for such payment; or
- (b) **Breach of Other Obligations:** the Guarantor or the Issuer does not perform or comply with any one or more of their respective obligations under or in respect of the Bonds, the Deed of Guarantee or the Trust Deed (other than those referred to in Condition 9(a) or where it gives rise to a right of redemption pursuant to Condition 6(c)) which default (i) is incapable of remedy or, (ii) being a default which is capable of remedy, remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer or the Guarantor by the Trustee; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Guarantor, the Issuer or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Guarantor, the Issuer or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds US\$60,000,000 or its equivalent or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank on the day on which this Condition 9(c) operates);
- (d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out by a court of competent authority on or against any material part of the property, assets or revenues of the Guarantor, the Issuer or any Principal Subsidiary and is not discharged or stayed for a period of 45 days; or

- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Guarantor, the Issuer or any Principal Subsidiary over all or a material part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged within 45 days; or
- (f) **Insolvency:** the Guarantor, the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or any part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of or substantially all of its debts (or of any material part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Guarantor, the Issuer or any Principal Subsidiary, as the case may be; or
- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any Principal Subsidiary (except for any voluntary solvent winding-up of any Principal Subsidiary), or the Issuer, the Guarantor, or any Principal Subsidiary ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a solvent winding-up, dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary of the Issuer or the Guarantor, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another Subsidiary, or (iii) in the case of a disposal of a Principal Subsidiary, on an arm's length basis where the assets of the Principal Subsidiary resulting from such disposal or the consideration received for such disposal are transferred to or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary; or
- (h) **Nationalisation:** any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation, or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for any of the Guarantor and the Issuer to perform or comply with any one or more of their respective obligations under any of the Bonds or the Trust Deed or the Deed of Guarantee; or
- (k) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 9(d) to 9(h) (both inclusive).

In this Condition 9, a “**Principal Subsidiary**” means, at any time, each Subsidiary of the Issuer or the Guarantor:

- (a) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statements is at least three per cent. of the consolidated revenue as shown by the latest published audited consolidated income statements of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests;
- (b) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statements is at least three per cent. of the consolidated net profit as shown by the latest published audited consolidated income statements of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the Guarantor and its consolidated Subsidiaries’ share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (c) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least three per cent. of the amount which equals the amount included in the consolidated total assets of the Guarantor and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the Guarantor and its Subsidiaries including, for the avoidance of doubt, the investment of the Guarantor in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Guarantor and after adjustment for minority interests;

provided that, in relation to paragraphs (a), (b) and (c) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Guarantor relate, the reference to the then latest consolidated audited accounts of the Guarantor for the purposes of the calculation above shall, until consolidated audited accounts of the Guarantor for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published be deemed to be a reference to the then latest consolidated audited accounts of the Guarantor adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profit or total assets of the Guarantor and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by or on behalf of the Guarantor;
- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by or on behalf of the Guarantor;
- (iv) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the Guarantor, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Guarantor prepared for this purpose by or on behalf of the Guarantor; and
- (v) in the case of a Subsidiary to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the Guarantor prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (a), (b) or (c) above of this definition.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any of the provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee upon request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed or the Deed of Guarantee, including consideration of proposals, *inter alia*, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable in respect of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify or cancel the Deed of Guarantee (other than in accordance with the terms therein or as provided in Condition 12(b)) or (v) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

- (b) **Modification of Agreements and Deeds:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or an error established as such to the satisfaction of the Trustee or is to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable thereafter.

The Issuer shall notify as soon as possible the Rating Agency that rates the Bonds of any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee.

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

13 ENFORCEMENT

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

14 INDEMNIFICATION OF THE TRUSTEE

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

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or in the event that no such directions are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions. The Trustee shall have no obligation to monitor whether an Event of Default or a Potential Event of Default or a Relevant Event has occurred, and shall not be liable to the holders or any other person for not doing so.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice of any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation or certificate or advice and, in such event, such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

15 FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects except for the first payment of interest on them and the timing for complying with the Registration Condition and the NDRC Post-issue Filing) and so that such further issue shall be consolidated and form a single series with the Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any such other securities issued pursuant to this Condition 15 and forming a single series with the outstanding Bonds.

16 NOTICES

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

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear Bank S.A./N.V., Clearstream Banking S.A., or the Alternative Clearing System (as defined in the form of the Global Certificate), any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear Bank S.A./N.V., Clearstream Banking S.A., or the Alternative Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 RIGHTS OF THIRD PARTIES

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Agency Agreement and the Trust Deed and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Agency Agreement or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, each of the Issuer and the Guarantor has irrevocably submitted to the jurisdiction of such courts.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably agreed to receive service of process in any Proceedings in Hong Kong based on any of the Bonds at Yuzi International Co., Limited (豫資國際有限公司), whose principal place of business is currently at Room 913, 9/F., Woon Lee Commercial Building, 7-9 Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor hereby waives any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

Under the Global Certificate, the Issuer, for value received, promises to pay such principal and interest on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer will cause sufficient individual definitive certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds.

Payment

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

Trustee’s Powers

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

Notices

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

Bondholder’s Redemption

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

Issuer’s Redemption

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

Transfers

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

Cancellation

Cancellation of any Bond by the Issuer following its redemption or purchase by the Issuer will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders.

Meetings

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

USE OF PROCEEDS

The Group estimates that the gross proceeds from this offering, before deducting the commissions and other estimated expenses payable in connection with this offering, will be approximately US\$300 million. The Group intends to use the net proceeds for refinancing of offshore debts due within one year and general corporate purposes.

The Group may adjust its development plans in response to changing market conditions and therefore reallocate the use of the proceeds.

EXCHANGE RATE INFORMATION

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

The PRC Government has made further adjustments to the exchange rate system. The PBOC authorised the China Foreign Exchange Trading Centre, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollars from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollars by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0% on 16 April 2012 and 2.0% on March 17, 2014. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, the China Foreign Exchange Trade System, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuation in value against the U.S. dollar. On 30 September 2016, the International Monetary Fund announced that the Renminbi joins its Special Drawing Rights currency basket. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a recent depreciation in value against U.S. dollar following a fluctuation in the first half of 2018. The PRC Government may in the future make further adjustments to the exchange rate system.

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

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

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(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	6.6292	6.9737	6.2649
2019.....	6.9618	6.9014	7.1786	6.6822
2020				
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	6.3674	6.4321	6.4749	6.3674
June (through 18 June)	6.4525	6.4022	6.4525	6.3796

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.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated total indebtedness (both current and non-current portions), total equity and total capitalisation of the Group as at 31 December 2020:

- (i) on an actual basis, and
- (ii) on an adjusted basis to give effect to the issue of the Bonds and the receipt of the gross proceeds thereof.

The summary consolidated financial information below should be read in conjunction with the Guarantor's consolidated financial statements and the notes to those statements included elsewhere in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted	
	(RMB'000)	(US\$'000) ⁽¹⁾ (unaudited)	(RMB'000)	(US\$'000) ⁽¹⁾ (unaudited)
Current indebtedness:				
Short-term borrowings.....	4,357,629	667,836	4,357,629	667,836
Non-current liabilities maturing within one year.....	20,353,599	3,119,326	20,353,599	3,119,326
Other payables.....	717,703	109,993	717,703	109,993
Other current liabilities	595,900	91,326	595,900	91,326
Total current indebtedness	<u>26,024,831</u>	<u>3,988,480</u>	<u>26,024,831</u>	<u>3,988,480</u>
Non-current indebtedness:				
Long-term borrowings.....	138,708,623	21,258,027	138,708,623	21,258,027
Bonds payable	16,280,155	2,495,043	16,280,155	2,495,043
Other long-term payables	6,662,561	1,021,082	6,662,561	1,021,082
Other non-current liabilities	650,000	99,617	650,000	99,617
Bonds to be issued ⁽²⁾	—	—	1,957,500	300,000
Total non-current indebtedness	<u>162,301,339</u>	<u>24,873,768</u>	<u>164,258,839</u>	<u>25,173,768</u>
Total indebtedness⁽³⁾.....	<u>188,326,169</u>	<u>28,862,248</u>	<u>190,283,669</u>	<u>29,162,248</u>
Total owners' equity	<u>109,035,376</u>	<u>16,710,402</u>	<u>109,035,376</u>	<u>16,710,402</u>
Total capitalisation⁽⁴⁾.....	<u>297,361,545</u>	<u>45,572,650</u>	<u>299,319,045</u>	<u>45,872,650</u>

Notes:

- (1) U.S. dollar translations are provided for indicative purposes only and are unaudited. These translations were calculated based on an exchange rate of RMB6.5250 to US\$1.00 on 31 December 2020 as set forth in the H.10 statistical release of the Federal Reserve Board.
- (2) This amount represents the aggregate principal amount of the Bonds to be issued, before deducting the underwriting fees and commissions and other expenses payable by the Issuer in connection with the issuance of the Bonds.
- (3) Total indebtedness equals the sum of total current indebtedness and total non-current indebtedness.
- (4) Total capitalisation equals the sum of total indebtedness and total owners' equity.

Since 31 December 2020, the Group has entered into additional financing arrangements and incurred indebtedness to replenish its working capital, to finance its business development and for other general corporate purposes. Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the Group's business operations and financial condition since 31 December 2020.

DESCRIPTION OF THE ISSUER

The Issuer was incorporated pursuant to the BVI Business Companies Act, 2004 (as amended) as a BVI business company with limited liability on 3 March 2020. Its BVI company number is 2032567 and its registered office is located at 3rd Floor, J & C Building, Road Town, Tortola, British Virgin Islands, VG1110. As at the date of this Offering Circular, it is authorised to issue a maximum of 100,000 shares of US\$1.00 par value of a single class. The Issuer is directly and wholly owned by Yuzi International Co., Limited (豫資國際有限公司), which is a Hong Kong incorporated company, of which 100 per cent. equity interests are indirectly owned by the Guarantor.

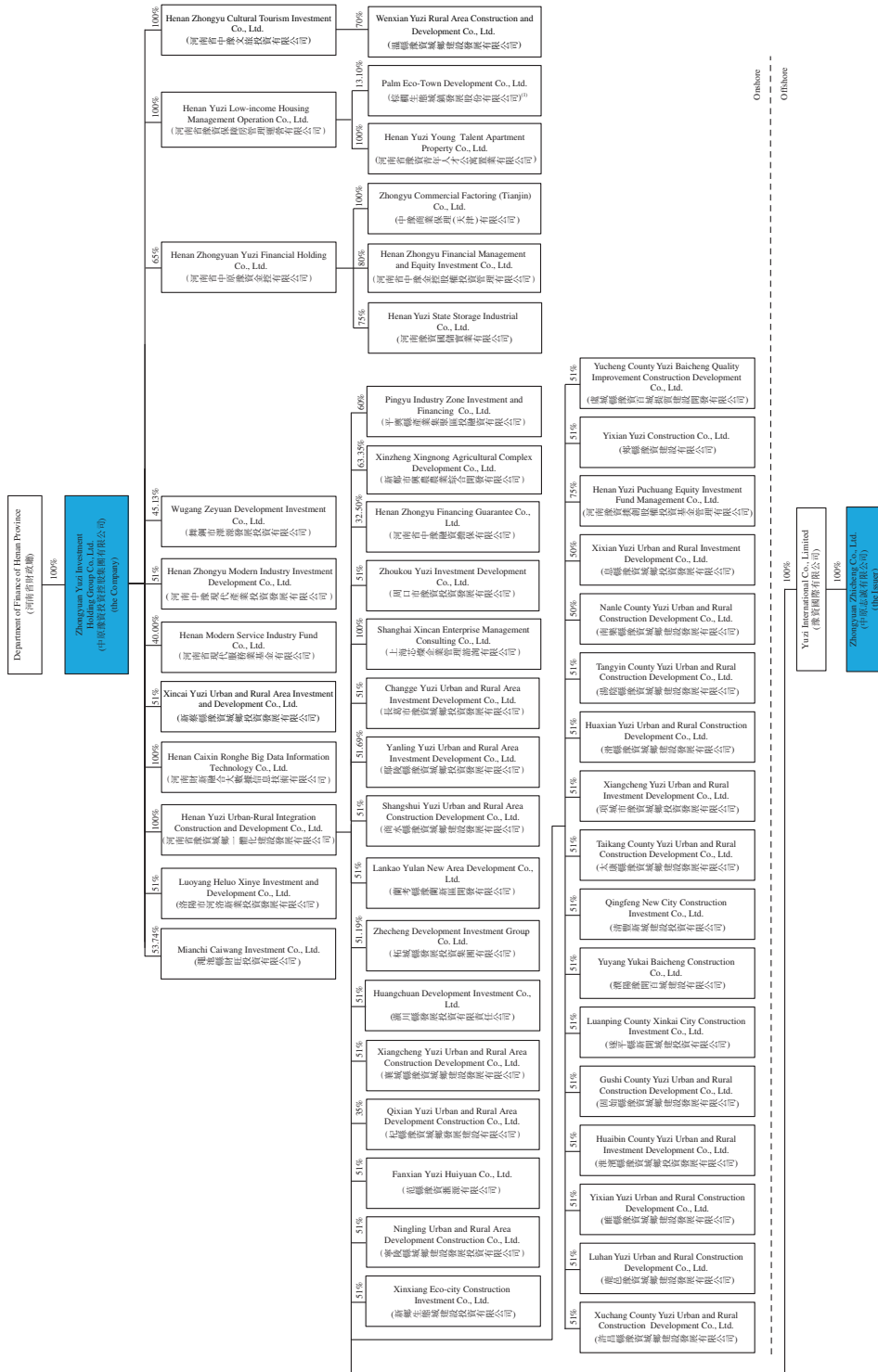
The sole director of the Issuer as at the date of this Offering Circular is Xu Yanan. As at the date of this Offering Circular, no part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought. The Issuer has no subsidiaries and no employees.

As at the date of this Offering Circular, 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 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.

As at the date of this Offering Circular, the Issuer has not engaged, since its incorporation, in any material activities other than the proposed issuance of the Bonds and the on-lending of the proceeds thereof to the Guarantor or its subsidiaries, and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

CORPORATE STRUCTURE

The following diagram sets forth the Group's simplified corporate structure as at the date of this Offering Circular:



Note:

- Henan Yuzi Low-income Housing Management Operation Co., Ltd. (河南省豫資保障房管理運營有限公司) holds 23.88 per cent. voting right, of which 10.78 per cent. is held through shareholder proxy agreements with two shareholders, in Palm Eco-Town.

DESCRIPTION OF THE GROUP

Overview

The Group is the sole provincial-level financing and investment vehicle for low-income housing projects and urbanisation construction projects in Henan Province. It is also the largest government financing and investment vehicle in Henan Province in terms of total assets as at 31 December 2020. The Group has been designated as the exclusive centralised financing platform for low-income housing projects in Henan Province, pursuant to official directives of the Henan Provincial Government. The Company was incorporated in May 2011 by the Department of Finance of Henan Province, when the Henan Provincial Government commenced the initiative to direct private capital into the public sphere, including construction of low-income housing, cultivation of industry cluster areas, and urbanisation of Henan Province in general. Since its inception, the Company has played a crucial role in implementing the Henan Provincial Government's blueprint for low-income housing construction and urban planning and has achieved proven track record by virtue of its unique position in Henan Province and strong government support it has received over the years.

Henan Province has a number of economic strengths. It is one of the largest provinces in China in terms of population, which provides it with a sufficient and steady supply of labour resources and a large consumer market. Henan Province is at an accelerated development stage of industrialisation and urbanisation. In recent years, Henan Province has experienced rapid economic development by leveraging favourable policies promulgated by the PRC Government, and it has steadily become an important pillar supporting China's current economic transformation. In 2011, the State Council of the PRC promulgated the "Central Plains Economic Zone (中原經濟區)" explicitly setting out the economic development plan for Central China with a focus on Henan Province. In 2013, China put forward the "One Belt, One Road (一帶一路)" initiative, which listed Henan Province as the core part of China's transportation network, making it an important hub for transportation, logistics, goods and resources distribution for implementation of this national strategy. In March 2013, in line with the "One Belt, One Road" initiative, the State Council of the PRC approved the construction of the first pilot airport economic zone with national strategic importance, namely the "Zhengzhou Airport Economic Experimental Zone (鄭州航空港經濟綜合實驗區)", which is designed to become an important international airport logistics centre in China and an important national passenger transit centre, thus promoting the development of import and export industries in Henan Province and cross-border e-commerce. On 1 April 2017, the State Council of the PRC officially established the "China (Henan) Pilot Free Trade Zone (中國(河南)自由貿易試驗區)", leveraging Henan Province's advantages in modern transportation and logistics system to create a high-end service platform for the further opening up of China's economy. Henan Province's economic scale and particular stage of development, together with its accelerating urbanisation rate and high growth potential has provided a promising macroeconomic environment and laid a solid foundation for the Group's further business development.

The Group believes that its key strength is that it has been vested with the exclusive right to act as a centralised financing platform in Henan Province, to provide financial support to low-income housing and industry cluster related projects. Leveraging its capital strengths and strong credit profile, the Group raises funds to support its business through diversified sources, including self-owned funds, bank borrowings and funds allocated by the Henan Provincial Government. Underpinned by the strong government support and its unique position, especially the implementation of provincial directives by the local governments across Henan Province promoting the development of low-income housing and industry cluster, the Group believes there will be continued demand for substantial capital investment and financing needs and therefore continued demand and huge market potential for its services.

For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue was mainly generated from two major business segments, namely financing and investment business, as its core principal business, and other principal businesses, such as landscape engineering and sales of commodities businesses.

Since inception, the Group's principal business has been financing and investment, which mainly consists of interest income and project financing and management. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its financing and investment business was RMB1,764.9 million, RMB1,740.9 million and RMB1,345.0 million, respectively, representing 83.7 per cent., 43.7 per cent. and 13.8 per cent. of the Group's total operating revenue in the relevant periods.

- *Interest Income Business.* The Group carries out its interest income business through the Company and its wholly-owned subsidiary, Yuze Integration. The Group uses its own funds to provide loans or entrusted loans to those enterprises with financing needs, and to control its risk exposure, the Group typically lends to state-controlled enterprises with strong financial credentials. Substantially all of these enterprises are also local governments' financing vehicles engaged in the construction of low-income housing projects in Henan Province. The Group usually charges interest at a rate of no less than 6 per cent., in accordance with the relevant financing agreement it enters into with the borrower. The Group also issues private placement bonds to raise funds to provide additional financing for the construction of low-income housing projects in Henan Province. The Group will in turn lend the proceeds raised through such debt security issuances to third-party project companies pursuant to separate borrowing agreements. These project companies, as the borrowers under the aforementioned borrowing agreements, are owned or controlled by local governments in Henan Province and engaged in development of low-income housing projects.
- *Project Financing and Management Business.* The Group typically enters into a financing and investment cooperative agreement with the local government where the relevant project is located. Under such arrangement, the funding source for an individual project consists of capital investment from the local government, capital investment from the Group, and loans borrowed by the Group from relevant financial institutions. Capital investment makes up at least 25 per cent. of the total investment of the relevant project, in which the Group contributes no more than 5 per cent. and the local government contributes not less than 20 per cent. The Group will be responsible for obtaining bank loans, as the borrower under the relevant loan agreements, for the outstanding amount of the total investment for a particular project. The Group's status as the centralised fund-raising platform at the provincial level allows the Group to borrow and pool in a substantial amount of funds from the private sector at relatively favourable rates. Loans borrowed by the Group from relevant financial institutions, mainly commercial banks, will be used as the major funding source for low-income housing project financing. The Company also manages the financing of such projects by releasing funds in stages according to the construction progress of the relevant project. Under such business model, the Group typically earns an approximately 6 to 8 per cent. return on its own capital investment. In addition, it charges a 0.1 to 0.2 per cent. management fee based on balance of bank loans at the end of the relevant period, which the Group borrows from relevant banks and subsequently lends to the project companies.

In addition to its financing and investment business, the Group is also engaged in other principal businesses, including landscape engineering, sales of commodities, transportation business, guarantee and consulting, eco-town business, landscape architecture and gas, among others. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from these other principal businesses was RMB247.1 million, RMB1,556.0 million and RMB7,993.0 million, respectively, representing 11.7 per cent., 39.1 per cent. and 81.8 per cent. of the Group's total operating revenue in the relevant periods. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in the transportation business. The Group's strategic divestment has enabled it to focus on its principal business in the financing and investment of low-income housing project sector and also to explore business expansion in other segments.

- *Landscape engineering.* The Group carries out its landscape engineering business mainly through Palm Eco-Town of which it holds 13.10 per cent. of equity interest. Palm Eco-Town mainly provides its services to property development and municipal landscape projects. Palm Eco-Town, as the contractor, is responsible for construction planning, projects execution and management.
- *Sales of Commodities.* The Group carries out its sales of commodities business mainly through its subsidiary, Yuze State Storage, which is primarily engaged in bulk commodities trading. The bulk commodities the Group trades include, among others, raw materials and industrial products of metallic minerals, energy and chemicals.
- *Transportation business.* The Group carries out its transportation business mainly through the Company's subsidiary, Guangzhou Logistics, which mainly provides bulk commodities highway transportation services in Henan Province and acts as an intermediary between the transportation service providers and its clients through its online logistics platform. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in the transportation business.

- *Guarantee and Consulting.* The Group carries out its guarantee and consulting business through its subsidiary, Zhongyu Guarantee of which it holds 32.50 per cent. of equity interest. Zhongyu Guarantee is primarily engaged in credit enhancement services through provision of financing guarantees, financial guarantees and performance guarantees to local state-owned enterprises in Henan Province. Zhongyu Guarantee provides these guarantees in line with its risk tolerance and typically obtains counter-guarantees from these local state-owned enterprises to minimise its exposure.
- *Eco-town business.* The Group carries out its eco-town business mainly through Palm Eco-Town. Eco-town business mainly consists of three phrases: (i) construction related auxiliary services, (ii) management of ancillary facilities, and (iii) operation of eco-towns. Its construction related auxiliary services cover, among others, consulting, planning and design and Palm Eco-Town receives service fees from provision of such services.
- *Landscape architecture.* The Group carries out its landscape architecture business mainly through Palm Eco-Town. Landscape architecture business mainly covers landscape and architectural planning design. Palm Eco-Town has design institutions located in a number of large cities in China, such as Guangzhou, Shanghai, Hangzhou, Beijing and Chengdu.
- *Gas.* The Group carries out its gas business through its subsidiary, Yutian New Energy. Yutian New Energy commenced its operation in 2019 and is primarily engaged in construction of mid and downstream pipelines, investment and operation related to facilities for township and rural gas end-users, urban gas distribution, construction investment and operation of mid and upstream pipelines, gas storage and gas production from rural waste in Henan Province.
- *Others.* In addition to the above, the Group also engages in other businesses, such as property management, greenery projects and seedling sale, sale of affordable housing, provision of factoring services and sale of heating power.

Furthermore, the Group is engaged in non-principal businesses. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its non-principal businesses was RMB96.9 million, RMB683.2 million and RMB433.0 million, respectively, representing 4.6 per cent., 17.2 per cent. and 4.4 per cent. of the Group's total operating revenue in the relevant periods. The operating revenue generated from this segment is mainly attributable to income from provision of transportation services in Henan Province for the years ended 31 December 2018 and 2019, and from the Group's gas supporting business and project management business for the year ended 31 December 2020.

By virtue of the rapid development of its financing and investment business and its unique position in the low-income housing industry in Henan Province, the Group has experienced rapid growth in recent years. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue was RMB2,108.8 million, RMB3,980.0 million and RMB9,771.0 million, respectively, representing a CAGR of approximately of 115.24 per cent. from 2018 to 2020. For the years ended 31 December 2018, 2019 and 2020, the Group had a net profit of RMB259.6 million, RMB378.5 million and RMB707.8 million, respectively. As at 31 December 2020, the Group's total assets amounted to approximately RMB323.4 billion.

Relationship with the Henan Provincial Government

Notwithstanding the Guarantor's extensive relationships with the Henan Provincial Government and the financial support provided by the Henan Provincial Government, the Guarantor is not a part of the Henan Provincial Government. The Guarantor is operationally and financially separated from the Henan Provincial Government. Even though a substantial majority of the Group's directors and supervisors are appointed by the Henan Provincial Department of Finance, they are not government officers and do not have any employment outside of the Group. The Guarantor has a budget and financial reporting system and assets and liabilities separate from those of the Henan Provincial Government. Neither the Henan Provincial Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. If the Issuer or the Guarantor does not fulfil its obligations under the Bonds and the Trust Deed, the Bondholders will only have recourse against the Issuer or the Guarantor, as the case may be, and not the Henan Provincial Government or any other PRC governmental entity. The obligations of the Issuer or the Guarantor under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer or the Guarantor, as the case may be, each as an independent legal person. On 28 March 2018, the MOF issued Circular 23; on 11 May 2018, the NDRC and the MOF jointly issued Circular 706 and on 6 June 2019, the General Office of the NDRC issued Circular 666. Circular 23, Circular 706 and Circular 666 do not, however, prohibit the PRC Government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationships between the Guarantor and the Henan Provincial Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Henan Provincial Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

Competitive Strengths

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

Unique market position in the region

The Group has the unique market position as the exclusive financing platform for low-income housing related projects across Henan Province. Its exclusive right is provided in official circulars published by the Henan Provincial Government, including the Consultation on the Implementation of “RMB10-billion Urban-rural Development Fundraising Programs” in Support of the Industrial Cluster and Urban Development (《關於實施支持產業集聚區發展和城鎮化建設“百億城鄉建設籌資計劃”方案的請示》) (Yucaizi [2011] No. 17) and the Circular of the Office of the People’s Government of Henan Province on the Implementation of Low-income Housing Construction Financing Programs in Henan Province as Proposed by the Department of Finance of Henan Province and the Office of Finance of the Provincial Government (《河南省人民政府辦公廳關於轉發省財政廳省政府金融辦河南省保障性住房建設融資計劃實施方案的通知》) (Yuzhenzi [2011] No. 109) (the “**Circular on Low-income Housing Construction Financing Programs in Henan Province**”). The Group is also the largest government financing and investment vehicle in Henan Province in terms of total assets as at 31 December 2020. As at 31 December 2020, the Group had financed 766 low-income housing and low-income area redevelopment projects with a total investment of approximately RMB401.7 billion.

Henan Province enjoys a strategic location in China and has experienced rapid economic growth and urban development in recent years. Particularly, Henan Province has increased its efforts in urban redevelopment, which is exemplified by its low-income housing construction and low-income area redevelopment activities. The scale of its urban development has created significant project funding needs, and therefore created a huge demand for financing and investment services in this sector.

With the strong government support and by virtue of its unique position as the sole provincial-level centralised financing vehicle for low-income housing projects, the Group plays an important role in servicing large capital requirements of the local governments across Henan Province. For example, it is expected that the Henan Provincial Government plans to develop approximately 100,000 units of apartments for young talent in the coming two years according to relevant the meeting minutes of the Henan Provincial Government, of which the Group has been delegated to provide project development financing for 25,000 apartment units as part of the initial planning.

Unrivalled capabilities in projects selection

The Group has strong capabilities and extensive experience in selecting high quality projects. As the sole provincial-level financing platform for low-income housing projects in Henan Province, the Group is able to select projects according to their respective credit profiles and expected returns. Pursuant to the Circular on Low-income Housing Construction Financing Programs in Henan Province, local governments, which are selected by Department of Finance Department of Construction of Henan Province to participate in the centralised financing program, must submit their applications outlining their annual financial requirements for housing construction purposes. Based on the merits of applications submitted by relevant local governments, the Group has discretion in selecting the projects it plans to finance according to its own criteria and risk management procedures.

In addition, the Group maintains a conservative operating philosophy and thorough risk management measures, including a system consisting of four categories and 14 indicators to assess regional credit profile from multiple perspectives taking into account of fiscal budget and local economy development, capital management by strict control of the funds flow and partner selection by focusing on cooperation with state-owned entities or established public companies, among others.

Moreover, in selecting specific projects, the Group generally prefers those projects situated in relatively developed cities with a high GDP ranking within Henan Province. As at 31 December 2020, by number of projects, approximately 29.5 per cent., 12.1 per cent., 6.4 per cent., 6.3 per cent. and 6.0 per cent. of the projects the Group had financed were located in Zhengzhou, Luoyang, Xuchang, Shangqiu and Puyang, respectively.

Comprehensive support and protection against credit risk

By virtue of the support provided by various favourable government policies, the Group believes its credit risk exposure with respect to its financing and investment business is limited. In the case of low-income housing, the Circular on Low-income Housing Construction Financing Programs in Henan Province provides various sources of funds that may be applied to satisfy loan repayment obligations owed to the Group.

First, all designated project funds and subsidies arranged by the Central Government of China and the Department of Finance of Henan Province for the purposes of low-rent housing, public rental housing and low-income area redevelopment projects, excluding any portion that has been explicitly allocated to specific construction projects, shall be paid to the Company upon completion of the relevant construction project.

Second, local governments shall allocate not less than 10 per cent. of their net profit from grant of land use right as well as the entire balance of the value-added income of housing provident fund, less loan provision and management fees, to finance the construction of low-income housing in accordance with the provisions of the Measures for Low-rent Housing Guarantees (《廉租住房保障辦法》) promulgated by the NDRC, the MOF and the Ministry of Land and Resources, among other government authorities of the PRC in 2007. The residue of such proceeds, if any, may be applied for loan repayment.

Third, both income generated from commercial ancillary facilities and income from the commercial operation for low-income housing projects funded by loans, shall be transferred to the relevant bureaus of finance of local governments for loan repayment.

In accordance with the principle of “commercial housing subsidizing public housing”, local city and county governments of Henan Province shall be responsible for supervising relevant units to allocate income generated by ancillary commercial facilities, which are built with the projects funded by loans, to the designated project funds repayment account of the Department of Finance of Henan Province for loan repayment purposes.

In addition, a relevant government circular published by the Department of Finance of Henan Province also stipulates that low-income housing projects applied by local governments also need to satisfy investment returns and profitability requirements. The saleable land to be sold to fund the loan repayment obligations for the relevant project must be in line with the urban master development plan and land usage plan. The income generated from the land within the project area or designated area should cover the investment principal and expected return for the project, and the timeline of the land grant must match the term of the agreement. Local governments must repay the loan from relevant financial institutions using the proceeds generated from grant of the land reserved for investment recovery purposes.

Further, government procurement is also adopted as a financing model for certain low-income area redevelopment projects by local governments according to the relevant government circular published by the Department of Finance of Henan Province. Under this typical arrangement, the local government where the project is located acts as the procurement entity, and the Group, among other market participants, will enter into the government procurement agreement together with the procurement entity. The Group, acting as the undertaking party, shall receive the capital injection from the local government and obtain loans for the outstanding amount from relevant banks such as, for example, China Development Bank. The local government shall include the procurement fund for the relevant low-income area redevelopment project into its annual fiscal budget and pay the service fee and consulting fee to the undertaking party pursuant to the relevant procurement agreement. The undertaking party shall collect the fund and repay the loans to the banks.

Diversified financing sources and sound credit profile

The key to the Group’s project financing and management business lies in its ability to access multiple financial channels, the most important of which are bank loans and debt securities issued in the PRC interbank market and exchange market and offshore market.

As at 31 December 2020, the Group had credit facilities of approximately RMB212.1 billion and RMB41.6 billion granted by China Development Bank and Agricultural Development Bank of China, respectively. The Group also obtains financing from a number of major PRC commercial banks, such as Postal Savings Bank of China, Bank of China, Industrial and Commercial Bank of China, Agricultural

Bank of China, Bank of Communications, China CITIC Bank, China Minsheng Bank and Bank of Zhengzhou, among others. As at 31 December 2020, the Group had a total bank credit limit of approximately RMB410.7 billion, with unused credit limit of approximately RMB134.2 billion.

By virtue of its large assets scale, outstanding capital strengths and also the strong policy support it receives from the Henan Provincial Government, the Group has maintained a sound credit profile. For example, in July 2016 and March 2017, the Company obtained “AAA” ratings from two nationally-renowned rating agencies in China, respectively. In 2018, 2019 and 2020, the Group had issued approximately RMB2.0 billion, RMB5.1 billion and RMB5.6 billion in onshore debt securities, respectively. As at 31 December 2020, the Group had a total of approximately RMB17.5 billion outstanding onshore debt securities and raised approximately RMB17.9 billion from such debt security issuances. In addition to issuances of onshore debt securities, the Company has also issued offshore debt securities in 2018 and 2019. As at 31 December 2020, the Group had a total of US\$800.0 million outstanding offshore debt securities. On 30 July 2020, Moody’s upgraded the Company’s rating to A2 from A3. On 25 September 2020, Fitch upgraded the Company’s rating to A from A-.

Strong support from Henan Provincial Government

Since its establishment in May 2011, the Company has played an important role in the urbanisation of Henan Province, especially in connection with its financing and investment business in relation to low-income housing projects. The Group has received strong policy and financial support from the Henan Provincial Government over the years. The Department of Finance of Henan Province has maintained its 100 per cent shareholding in the Company since its inception.

For specific credit protection the Company receives in relation to its project financing and management business, see “— *Comprehensive credit protection*”. In addition, the Group has received multiple capital injections from the State-Owned Assets Management Centre of Henan Province (the “**Henan SAMC**”) under the Department of Finance of Henan Province. As at the date of this Offering Circular, the Company’s registered capital has grown from RMB100.0 million at the time of its inception to RMB10.0 billion.

The Company has also received substantial government grants over the years which has replenished its capital requirements. For the years ended 31 December 2018, 2019 and 2020, government grants received by the Group amounted to RMB86.4 million, RMB451.5 million and RMB368.8 million, respectively.

Experienced and dedicated management team

The Company has established a sound and effective corporate governance structure in line with modern corporate practices. The board of directors is the highest decision-making authority. At the operational level, the Company has set up 13 departments to oversee different aspects of the Group’s daily operations.

As the sole shareholder of the Company, the Department of Finance of Henan Province plays an active role in the appointment of directors, supervisors and senior management of the Company as well as monitoring the decision-making process of key investment projects. Furthermore, decisions that may have substantial impact on the business of the Group must be reported to the Department of Finance of Henan Province for approval.

The Group believes its experienced and dedicated management team has contributed to the success of its business development over the years. Many members of its management team had previously served in finance related public offices, who have gained in-depth knowledge of the relevant industries and market-oriented management philosophies. In particular, Mr. Qin Jianbin (秦建斌), the chairman of the Board of Directors of the Company, previously served as the head of the Economic Development Office (經建科) and deputy chief of the Infrastructure Construction Office (基建科) of Jiaozuo Municipal Bureau of Finance of Henan Province (河南省焦作市財政局), and the head of the Asset Operation and Investment Department of the Henan SASAC. See “*Directors, Supervisors and Senior Management*”. Under the sound leadership of its experienced management team, the Group has achieved proved track-record, especially in furthering urbanisation of Henan Province.

Business Strategies

The Group aims to further its unique role in providing innovative government financing solutions and promoting the urbanisation of Henan Province in general. To that end, the Group intends to focus on the following strategies:

To constantly innovate its operation and financing models for further development into other business segments

The Group believes that its success lies in its innovativeness in involving the private sector in the construction of public interest projects. In the future, the Group plans to continue to innovate its financing and investment models and further leverage its unique role in bridging financing between the public and the private sector. Given its extensive experience in fund-raising from the private sector, its close relationship with the local governments and its deep understanding of public interest projects, the Group believes it is well-positioned to capitalise the development of public-private partnership (“PPP”) projects and become the “+” factor in formulating a sustainable PPP financing model.

In selecting projects to provide financing, the Group focuses on projects which are able to generate a stable cash flow. The Group plans to provide financing to 106 counties over the course of the next five years across Henan Province to support the expedited urbanisation of these counties. The Group believes that the following has underpinned its further development into other business sectors and exploration of innovative funding models.

- *Urban Development Funds*

In the end of 2014, the Henan Provincial Government, represented by the Company as an investor, established three RMB100.0 billion-level urban development funds with Shanghai Pudong Development Bank, Bank of Communications and Construction Bank of China, SPDB Yuzi Urban Operation and Development Fund (浦銀豫資城市運營發展基金), BoCom Yuzi Urban Development Fund (交銀豫資城鎮化發展基金) and Jianxin Yuzi Urban Development Fund (建信豫資城鎮化建設發展基金), respectively. As at 31 December 2020, these Henan new urban development funds had invested in 85 projects, with funds raised reaching approximately RMB173.2 billion.

- *PPP Development Funds and Other Joint Ventures*

In December 2015, to promote the implementation of the PPP model, the Company jointly established Henan Yuzi Xinyin Equity Investment Fund (豫資信銀股權投資基金) (“**Xinyin Equity Fund**”) with a large-scale PRC commercial bank with approvals from the Henan Provincial Government. With a total size of RMB5.0 billion, Xinyin Equity Fund provides capital and technical supports to shortlisted PPP projects in Henan Province.

Henan Yuzi Puhe Industrial Development Co., Ltd. (河南豫資樸和實業發展有限公司) (“**Yuzi Puhe**”) was established in July 2016 by the Company jointly with an equity investment funds company. With a registered capital of RMB5.0 billion, Yuzi Puhe is dedicated to serving the urbanisation and industrial upgrading in Henan Province. As at 31 December 2020, Yuzi Puhe had made a total investment of approximately RMB6.2 billion across Henan Province.

- *Henan Modern Services Industry Investment Fund (河南省現代服務業產業投資基金) (“Service Fund”)*

The Service Fund is a provincial-level fund, with a RMB100.0 billion-level size, established on 25 December 2016 with the approval from the Henan Provincial Government. The Service Fund focuses on investment in industries in Henan Province such as modern logistics, modern finance, culture and tourism, healthcare services, elderly care services, household services, business services and social housing, as well as key industrial projects with government supports and other projects in line with the industrial policy guidance and with good expected investment returns. For example, the Company has invested in, as a cofounder, Henan Hexie Jinyu Industry Investment Fund (河南省和諧錦豫產業投資基金), which has a total size of RMB6.7 billion. This fund mainly focuses on investment in internet, pan-culture, and advanced manufacturing sectors. In addition, the Company has also invested in, as a cofounder, Henan Guoxin TUS Equity Investment Fund (河南國新啟迪股權投資基金) with a total size of RMB3.2 billion. This fund mainly focuses on investment in environmentally friendly new energy, healthcare and new-generation IT sectors.

- *Guarantee and Factoring Services*

As a primary founder, the Company established Zhongyu Guarantee in November 2017. Zhongyu Guarantee, with a registered capital of RMB6.0 billion, is an AAA rated large-scale financing guarantee company in Henan Province. In December 2017, the Company established Zhongyu Commercial Factoring (Tianjin) Co., Ltd. (中豫商業保理(天津)有限公司). It is mainly engaged in provision of factoring services in the urban infrastructure construction sector and offering account receivables financing services for provincial and municipal investment and financing vehicle companies.

To deepen business cooperation with PRC policy banks and enhance risk management capabilities with capital support from the government

The Group plans to continue to enhance its cooperation with PRC policy banks especially the China Development Bank and Agricultural Development Bank of China, which extended in aggregate approximately 79.7 per cent. of the Group's total bank borrowings as at 31 December 2020.

Since its inception, the Company's registered capital has grown from RMB100.0 million to RMB10.0 billion as at the date of this Offering Circular, either by way of capital injection from the Department of Finance of Henan Province or through conversion of its annual profits. Substantial capital injection has further enhanced the Group's capital adequacy, which is crucial in particular to its financing and investment business. In the future, the Company plans to continue to increase its capital to enhance its risk management capabilities and optimise its capital efficiency and balance sheet management.

To further enhance its position as a provincial-level centralised financing platform and focus on its principal business

In the long run, the Group plans to further enhance its position as a centralised financing platform which services not only low-income housing projects in Henan Province, but also other types of public interest projects including public infrastructure projects and primary land development projects.

For example, the Henan Provincial Government formulated the "Opinions on Promoting the Construction of 100 Cities' Quality Improvement Projects" (《關於推進百城建設提質工程的意見》) in 2016, which proposed to speed up the construction of infrastructure and public service facilities, accelerate the renovation of low-income areas and innovate investment and financing models. The Group aims to further develop its infrastructure construction business by leveraging government policy and its unique position in the investment and financing of public interest projects in Henan Province.

Recent Developments

Redemption of Offshore Debt Securities at Maturity

On 19 January 2021, Zhongyuan Sincere fully redeemed its US\$300,000,000 3.75 per cent. guaranteed bonds due 2021 in full together with the accrued interest at maturity. The bonds were issued on 19 January 2018 and had a tenor of three years. The bonds were guaranteed by the Guarantor.

Signing of Strategic Cooperation Agreement

On 27 April 2021, the Group signed a strategic cooperation agreement with Zhongmou County People's Government of Henan Province. The agreement is intended to serve the ecological protection and development of the Yellow River Basin and the implementation of national strategies such as Zhengzhou-Kaifeng metropolis, and to promote local economic development in Henan Province.

Divestment of Guangzhou Logistics

On 12 May 2021, the Group divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in its transportation business since then. The Group's strategic divestment has enabled it to focus on its principal business in the financing and investment of low-income housing project sector and also to explore business expansion in other segments.

Milestones

The following sets forth the milestone events throughout the Group's history:

May 2011	The Company was established under the "Implementation of the Baiyi Urban-rural Development Financing Program for the support of the Industrial Zone and Urban Development" ([2011] No. 52) issued by the Department of Finance of Henan Province. The Company was established with a registered capital of RMB100.0 million contributed by the Henan SAMC, a government department under the Finance Department of the Henan Provincial Government.
July 2011	The Company increased its registered capital by RMB900.0 million to RMB1.0 billion, with RMB200.0 million contributed by the Henan SAMC and RMB700.0 million converted from capital reserves.
October 2011	<p>The Henan Provincial People's Government approved the "Proposal on the Implementation of Financing Plans for the Construction of Social Housing in Henan Province" ([2011] No. 109) and the Henan SAMC made further capital contribution of over RMB1.0 billion.</p> <p>The Company increased its registered capital by RMB1.0 billion to RMB2.0 billion, with all increased capital contributed by the Henan SAMC.</p>
April 2012	The Company implemented the RMB30 Billion Low-income Housing Project (三百億保障房計劃) and low-income area redevelopment project in Henan Province (全省棚戶區改造計劃).
July 2012	The Company increased its registered capital by RMB1.0 billion to RMB3.0 billion, with all increased capital contributed by the Henan SAMC.
August 2013	The Company promoted the RMB100 Billion Low-income Area Redevelopment Project (千億棚改統籌統還計劃).
December 2013	The Department of Finance of Henan Province granted RMB500.0 million to the Company for the purpose of capital injection.
March 2014	The Company established Henan Yuzi Urban-Rural Integration Construction and Development Co., Ltd. (河南省豫資城鄉一體化建設發展有限公司) as its subsidiary.
October 2014	The Department of Finance of Henan Province approved "Recommendations on the Establishment of New Urban Development Fund in Cooperation with Financial Institutions" (關於與金融機構合作設立新型城鎮化發展基金的建議) for the establishment of development funds.
January 2015	The Department of Finance of Henan Province approved the "Proposal on the Establishment of PPP Development Funds in Henan Province". PPP development funds enable the selection of high quality projects and introduction of funds from private sectors, which will also lower the Group's investment risk.

May 2015	The Department of Finance of Henan Province approved “Report on the Establishment of PPP Development Funds in Henan Province” ([2015] No. 4).
July-August 2015	Department of Finance of Henan Province transferred RMB2.0 billion to fund PPP funds and New Urban Development Funds.
September 2015	The Company increased its registered capital by RMB2.0 billion to RMB5.0 billion, with all increased capital being converted from capital reserves.
October 2015	The Department of Finance of Henan Province, Henan Provincial Department of Housing and Urban-rural Development and China Development Bank’s Henan Branch approved “Circular on Adopting the Model of Government Purchase Program to finance the Provincial Tenement Redevelopment Program” ([2015] No. 4), which recognised the Company’s role as a financing and investment platform for the redevelopment of low-income areas in Henan Province.
April 2016	The Company established Henan Yuzi State-Owned Land Investment and Development Co., Ltd. (河南省豫資國土投資發展有限公司) as its subsidiary.
July 2016	The Company obtained an “AAA” rating by Shanghai Brilliance Credit Rating & Investors Service Co., Ltd. (上海新世紀資信評估投資服務有限公司).
August 2016	The Company increased its registered capital by RMB5.0 billion to RMB10.0 billion, with RMB0.72 billion contributed by the Henan SAMC and RMB2.618 billion converted from capital reserves. As at the date of this Offering Circular, the remaining registered capital has yet to be paid in.
October 2016	The Company was appointed by the Henan Provincial Government to commence the investment and financing plan for the One-hundred City Program (百城計劃).
December 2016	The Henan Provincial Governmental Office issued the investment and financing plan for “100-City Flagship Projects in Henan Province” (河南省百城建設旗幟工程) drafted by the Company. The Company established Henan Modern Service Industry Fund Management Co., Ltd. (河南省現代服務業產業投資基金有限公司) as its subsidiary.
January 2017	The Company established Henan Yuzi Low-income Housing Management Operation Co., Ltd. (河南省豫資保障房管理運營有限公司) (“ Yuzi Low-income Housing ”) as its subsidiary and implemented the provincial-level apartments for talents program (省級人才公寓項目).
March 2017	The Company was included in 11 provincial functional enterprises (省屬功能性企業) in Henan province.
March 2017	The Company received an “AAA” rating by Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司).

April 2017	The Company changed its name from Henan Province Yuzi Urban and Rural Investment Development Co., Ltd. (河南省豫資城鄉投資發展有限公司) to Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司).
May 2017	The Company established Henan Zhongyuan Yuzi Financial Holding Co., Ltd. (河南省中原豫資金控有限公司) as its subsidiary.
June 2017	The Company ceased its business operation in travel and tourism, infrastructure construction and also property development sectors.
July 2017	The Company established the development fund in Henan for Chinese governmental enterprises jointly with PPP development funds of the MOF (財政部PPP開發基金), which is the first provincial fund in China.
November 2017	<p>The Company established Zhongyu Guarantee with a registered capital of RMB3.0 billion. It is currently a large-scale financing guarantee company in Henan Province, maintaining an external rating as AAA.</p> <p>The Company was named as one of the key enterprises of Henan Province by the Henan Provincial Party Committee.</p>
January 2018	The Issuer issued offshore bonds in the principal amount of US\$300.0 million with a coupon rate of 3.75 per cent., unconditionally and irrevocably guaranteed by the Company.
July 2018	The Company established Henan Yutian New Energy Co., Ltd. (河南豫天新能源有限公司) as its subsidiary.
August 2018	The Company's controlling shareholder changed from Henan SAMC to the Department of Finance of Henan Province.
November 2018	The Company established Henan Yuzi State Storage Industrial Co., Ltd. (河南豫資國儲實業有限公司) as its subsidiary.
December 2018	Yuzi Integration received an "AAA" rating by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司).
February 2019	Yuzi Low-income Housing acquired 194,731,418 shares of Palm Eco-Town, which account for approximately 13.10 per cent. of the total shares of Palm Eco-Town, and it became the largest shareholder of Palm Eco-Town after this share transfer was completed on 22 March 2019.
March 2019	To reinforce the Group's control in Palm Eco-Town, Yuzi Low-income Housing entered into shareholder proxy agreements with two shareholders of Palm Eco-Town on 27 March 2019. Pursuant to the shareholder proxy agreements, Yuzi Low-income Housing holds the 10.78 per cent. voting right of the two shareholders as a proxy. As a result, Yuzi Low-income Housing holds the voting right of a total of 355,092,783 shares of Palm Eco-Town, accounting for 23.88 per cent. of its total voting right. Yuzi Low-income Housing and the Henan Provincial Department of Finance became the controlling shareholder and de facto controller of Palm Eco-Town, respectively. The two shareholders are currently the general manager of Palm Eco-Town and the chairman of the board of directors of a subsidiary of Palm Eco-Town, respectively.

April 2019	Yuzi Integration received an “AAA” rating by United Credit Ratings Co., Ltd. (聯合信用評級有限公司).
May 2019	The NDRC approved the Company’s application for issuance of RMB15.0 billion “high-quality corporate bonds (優質企業債)”. In December 2018 and February 2019, the Henan Branch of the NDRC issued referral letters to support the Company’s application. High-quality corporate bonds were launched by the NDRC in December 2018.
June 2019	The Issuer issued offshore bonds in the principal amount of US\$500.0 million with a coupon rate of 4.25 per cent., unconditionally and irrevocably guaranteed by the Company.
October 2019	Zhongyu Guarantee received an “AAA” rating by China Chengxin Credit International Rating Co., Ltd. (中誠信國際信用評級有限責任公司) and the Group became the first group in Henan province with three AAA rated entities (namely, the Company, Zhongyu Integration and Zhongyu Guarantee).
February 2020	Palm Eco-Town became a consolidated subsidiary of the Company.
July 2020	Moody’s upgraded the Company’s rating to A2 from A3.
September 2020	Fitch upgraded the Company’s rating from A- to A.
April 2021	The Group signed a strategic cooperation agreement with Zhongmou County People’s Government of Henan Province to serve the ecological protection and development of the Yellow River Basin and the implementation of national strategies, and to promote local economic development in Henan Province.

The Group’s Businesses

The Group’s businesses mainly consist of two major segments, including financing and investment business and other principal businesses. The Group’s financing and investment business mainly include interest income business and project financing and management business. The Group was also engaged in other principal businesses for the years ended 31 December 2018, 2019 and 2020, which primarily includes landscape engineering, sales of commodities, transportation business, guarantee and consulting, eco-town business, landscape architecture and gas, among others. The following table sets forth a breakdown of the Group’s total operating revenue by business segments for the relevant periods indicated.

	For the year ended 31 December					
	2018		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB’000)	(%)	(RMB’000)	(%)	(RMB’000)	(%)
Financing and Investment Business	1,764,867	83.7	1,740,851	43.7	1,345,018	13.8
— Interest income business	1,688,375	80.1	1,676,260	42.1	1,273,019	13.0
— Project financing and management business	76,492	3.6	64,591	1.6	71,999	0.7
Other Principal Businesses	247,051	11.7	1,555,981	39.1	7,992,951	81.8
— Landscape engineering	—	—	—	—	3,782,708	38.7
— Sales of commodities ⁽¹⁾	5,921	0.3	1,048,476	26.3	1,238,244	12.7
— Transportation Business ⁽²⁾	—	—	—	—	1,228,122	12.6
— Guarantee and consulting	129,040	6.1	186,539	4.7	571,014	5.8

	For the year ended 31 December					
	2018		2019		2020	
	Amount	Per cent. of total	Amount	Per cent. of total	Amount	Per cent. of total
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
— <i>Eco-town business</i>	—	—	—	—	562,126	5.8
— <i>Landscape architecture</i>	—	—	—	—	282,856	2.9
— <i>Gas</i>	—	—	103,397	2.6	34,365	0.4
— <i>Others</i> ⁽³⁾	112,090	5.3	217,569	5.5	293,516	3.0
Non-principal Business	96,908	4.6	683,195	17.2	432,984	4.4
Total Operating Revenue	2,108,825	100.0	3,980,027	100.0	9,770,952	100.0

Notes:

- (1) For the year ended 31 December 2018, the Group's sales of commodities business included sales of electricity, which was re-categorised under its non-principal business for the years ended 31 December 2019 and 2020.
- (2) For the years ended 31 December 2018 and 2019, the Group's transportation business was categorised under its non-principal business. For the year ended 31 December 2020, the Group's transportation business was re-categorised under its principal business.
- (3) The operating revenue from others primarily included rental income from properties owned by the Group's subsidiaries.

Financing and Investment Business

Interest income business

Overview

The Group conducts its interest income business through the Company and its subsidiary, Yuzi Integration. The Group uses its own funds to provide loans or entrusted loans to those enterprises with financing needs. The term of the loans extended by the Group normally varies from one to three years. The Group usually charges interest at a rate of no less than 6 per cent., in accordance with the relevant borrowing agreement it enters into with the borrower. In 2018, 2019 and 2020, total loans extended by the Group under this business segment amounted to approximately RMB9,485.0 million, RMB11,810.6 million and RMB5,380.9 million, respectively.

The following table sets forth a breakdown by size of the loans extended by the Group during the relevant periods.

Principal Amount	For the year ended 31 December		
	2018	2019	2020
	(RMB million)	(RMB million)	(RMB million)
RMB500.0 million or less	7,558.0	8,562.9	4,130.0
More than RMB500.0 million	1,927.0	3,247.7	1,250.0
Total	9,485.0	11,810.6	5,380.9

To raise additional funding for low-income housing projects in Henan Province, the Group from time to time issues private placement bonds in the interbank market in the PRC. The Group in turn uses the proceeds from the bond issuances to provide financing to the relevant project companies as borrowers pursuant to relevant borrowing agreements entered between them. As at 31 December 2020, the Group had a total of RMB12.8 billion outstanding private debt securities issued and had raised RMB13.2 billion therefrom.

For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its interest income business was RMB1,688.4 million, RMB1,676.3 million and RMB1,273.0 million, respectively, representing 80.1 per cent., 42.1 per cent. and 13.0 per cent. of the Group's total operating revenue of the relevant periods.

Typical contractual arrangement

The borrowing agreement between the Group and relevant borrowers normally provides the principal amount, interest payable by the borrower and also repayment schedule. In addition, the agreement typically specifies the use of funds raised from the borrowing is restricted to low-income housing and redevelopment of low-income area projects or related purposes. Under certain circumstances, the borrowing agreement also requires the relevant project to satisfy specified criteria, such as government approvals and permits. Moreover, the Group is also entitled to conduct onsite inspection and offsite examination to monitor the use of funds pursuant to certain borrowing agreements.

To ensure the borrower's fulfilment of its obligations under the relevant terms of the agreement and to control the Group's risk exposure, the borrowing agreement normally provides certain conditions precedent for loan withdrawal and also detailed procedures for the Group's approval of application by the borrower and relevant settlement bank's monitoring for release and transfer of the funds. With respect to transfer of proceeds raised through the issuance of private placement bonds, and also the repayment of principal and interest, the borrowing agreement also stipulates account-opening by the Group with the lead underwriter of the relevant private placement bonds. To effectively manage and monitor the use of funds by the borrower, the agreement also provides account-opening by the borrower with the relevant settlement bank.

Private placement of debt securities

Pursuant to separate borrowing agreements between the project companies as borrowers and the Group, the borrowers pay interests to the Group based on an agreed rate. Upon receipt of the interests from the borrowers, the Group pays the interests under the private placement bonds, through the designated clearing house, to the bondholders. The Group recognises interest revenue it charges to the project companies and the interest cost it pays to investors of the private placement debt securities as cost of revenue.

Risk management

In selecting its ultimate borrowers and their intended projects, the Group typically selects projects located at regions with an active property market. As at the date of this Offering Circular, all the project companies as ultimate borrowers are state-controlled enterprises and the existing projects financed by the private placement bonds issued by the Group are situated in Zhengzhou, the capital city of Henan Province. Pursuant to separate borrowing agreements between the Group and the borrowers, the Group is typically entitled to conduct onsite examination of the borrowers and the borrowers are also required to submit periodical information disclosure and financial statements to the Group for its review. In addition, a separate piece of land is normally reserved as additional security for the repayment of principal and interest under each issuance of private placement debt securities and the relevant project company is also responsible for repaying the principal of the debt securities. To ensure there is maturity matching between the private placement debt securities issued by the Group and the loans it extends to the ultimate borrowers, the term of the borrowing agreement will normally be shorter than the term of the private placement debt securities.

Moreover, under certain circumstances, the Group will enter into a separate agreement with a third-party company, some of which related to the aforementioned third-party project company borrowers, which undertakes to make up any shortfall for repayment of principal and interest payable by the relevant project companies.

The following table sets forth a breakdown by type of security/guarantee provided for securing the loans extended by the Group during the relevant periods.

Type	For the year ended 31 December					
	2018		2019		2020	
	(RMB Million)	(per cent.)	(RMB Million)	(per cent.)	(RMB Million)	(per cent.)
Credit Loan	5,463.0	57.6	5,992.4	50.74	4,528.3	84.2
Secured/Guarantee loan	4,022.0	42.4	5,818.2	49.26	852.6	15.8
Total	9,485.0	100.0	11,810.6	100.0	5,380.9	100.0

In addition, the Group has formulated detailed loan extension and approval procedures for its interest income business. Such risk management procedures cover extensive regulation on pre-extension investigation of the relevant loan applicant, review and approval procedures of loan application and post-approval management procedures. These end-to-end risk management procedures, together with its strict implementation throughout the Group, has enabled the Group to effectively control its risk exposure under the interest-income business. As at the date of this Offering Circular, the Group has not experienced any default by any of its borrowers under its interest income business.

Project financing and management business

Overview

Project financing and management has been one of the Group's businesses since its inception, which the Group expects to continue to be one of its primary sources of income in the future. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its project financing and management business was RMB76.5 million, RMB64.6 million and RMB72.0 million, respectively, representing 3.6 per cent., 1.6 per cent. and 0.7 per cent. of the Group's total operating revenue in the relevant periods.

The Group has provided financing for the construction of a series of signature public interest projects in Henan Province. For example, the Group has funded the construction of Hebi Foxconn Industrial Living Supporting Program (Phase 1) (鶴壁富士康工業園生活配套一期工程), as one of the Company's selected projects, which occupies a total site area of 405.59 mu, with 5,000 public rental apartments and a total investment of approximately RMB1.5 billion. In addition, the Group has financed the public rental housing in Port Area Yukang New City (Phase 1) (港區豫康新城一期), which is the main residential buildings around Foxconn Industry Park, with a total investment of approximately RMB760.0 million. The Group has also financed the public rental housing in Zhengdong New Area He Village Bingchengjicheng North low-settlement project (鄭東新區合村並城祭城北安置區建設項目) with a total investment of RMB6,080.0 million.

Typical contractual arrangement

To conduct its project financing and management business, the Group typically enters into an investment and financing cooperative agreement with the local government where the project is located. The agreement normally specifies the nature of the projects, the relevant capital requirement and the designated state-owned or state-controlled enterprise that will carry out the projects. As at the date of this Offering Circular, the projects are mostly related to the redevelopment of the low-income areas (including urban village) in Henan Province.

Under a typical *Urban Village Rebuilding Project Entrusted Investment and Financing Agreement* (《城中村改造建設項目委託投融資協議書》), the rights and obligations of the relevant parties are as follows:

- The local government and the Group shall be responsible for providing their respective portion of the capital investment. The government entrusts the Group to raise the outstanding amount of the total investment. In the event that the total investment of the relevant project exceeds the approved total investment for unforeseeable reasons during the execution of the project, the local government shall make such arrangements so that a new approval is issued and the shortfall in total investment is provided;

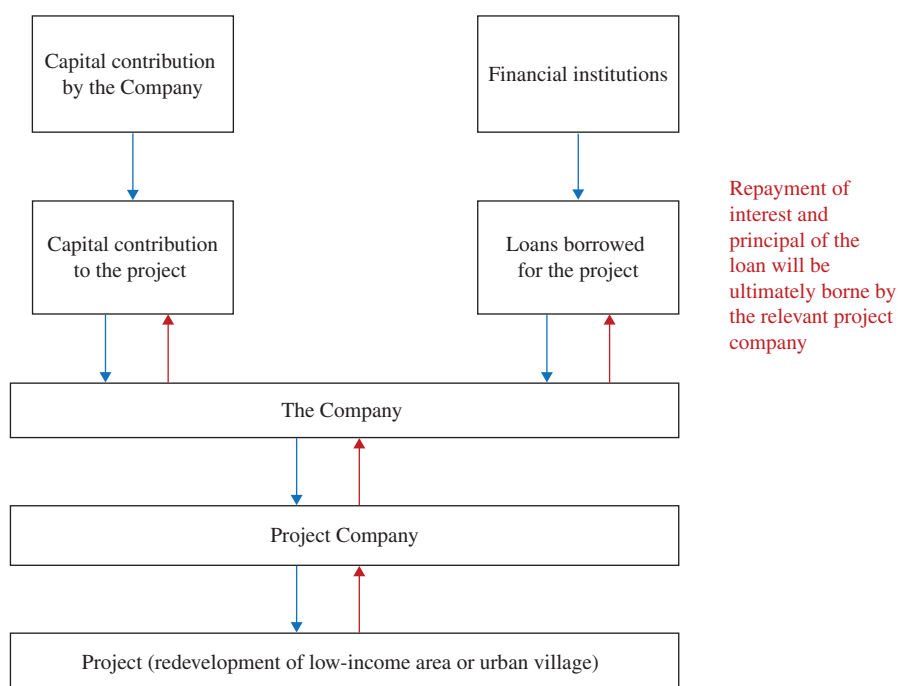
- The local government shall designate project companies that satisfy the bank's credit requirements. The local government shall be responsible for, if any, the administrative expenses and liabilities for breach of contract incurred during the construction process. The Group shall not be responsible for acquiring any approvals or licenses for the relevant project; and
- The Group shall be entitled to claim investment returns on its own capital investment. The Group claims no other benefits and bears no debts or liabilities in relation to the construction of the project.

Business model

The total investment of an individual project consists of three parts: capital investment from the local government, capital investment from the Group, and loans borrowed by the Group. As provided in the investment and financing cooperative agreement, capital investment makes up at least 25 per cent. of the total investment, towards which the Group contributes no more than 5 per cent. and the local government contributes not less than 20 per cent. The Group is responsible for borrowing the remaining part of the total investment from the relevant bank.

Given the Group's status as the centralised fund-raising platform at the provincial level, borrowings from the relevant portions banks allow the Group to raise and pool in a substantial amount of funds from the private sector at relatively favourable rates. As at the date of this Offering Circular, a substantial part of such funds is raised through borrowings from the PRC policy banks and some commercial banks. These bank facilities typically last for more than five years.

The Group manages the financing arrangement of these projects, for both the capital investment and bank loans' portions, by releasing the funds in tranches according to the progress and schedule of each particular project. The following flowchart illustrates a simplified financing model under this segment.



The Group typically earns an approximately 6 to 8 per cent. return on its own capital investment. In addition, it charges a 0.1 to 0.2 per cent. management fee based on principal balance of bank loans, which the Group subsequently lends to the project companies, at the end of relevant period. The Group does not charge any fees on the capital investment made by the local governments or any interest generated from bank loans.

Risk management

As the centralised fund-raising platform, the Group itself enters into a loan agreement as the borrower with the relevant bank. Nevertheless, under the relevant investment and financing cooperative agreement, the relevant local governments shall be ultimately responsible for arranging the repayment of the bank loans, along with the capital returns that are due to the Group and also the operational cost of the relevant project. The sources of funds for repayment comprise: (1) revenues from sale of land upon completion of the project, (2) revenues from sale of reserved land for repayment of financing as designated by local governments, (3) other profits from the relevant projects, and (4) fiscal funds satisfying the requirements of the Opinion of the State Council Regarding Accelerating the Redevelopment of the Low-income Areas (《國務院關於加快棚戶區改造工作的意見》).

Other Principal Businesses

In addition to its financing and investment business, the Group is also engaged in other principal businesses, including landscape engineering, sales of commodities, transportation business, guarantee and consulting, eco-town business, landscape architecture and gas, among others. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from these other principal businesses was RMB247.1 million, RMB1,556.0 million and RMB7,993.0 million, respectively, representing 11.7 per cent., 39.1 per cent. and 81.8 per cent. of the Group's total operating revenue in the relevant periods. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in the transportation business.

Landscape engineering

Overview

The Group carries out its landscape engineering business mainly through Palm Eco-Town, which mainly provides its services to property development and municipal landscape projects. Palm Eco-Town, as the contractor, is responsible for construction planning, projects execution and management. Since 2015, Palm Eco-Town has proactively participated in eco-town construction projects and municipal landscape projects operated under PPP or engineering, procurement and construction (EPC) models. Palm Eco-Town became a consolidated subsidiary of the Company in February 2020 and its financial condition and results of operations have been reflected in the Guarantor's consolidated financials since then. In 2020, the Group's operating revenue generated from its landscape engineering business was RMB3,782.7 million, representing 38.7 per cent. of the Group's total operating revenue in the relevant period. Palm Eco-Town generated significant operating revenue from this segment by virtue of its integrated model of landscape architecture and landscape engineering. Palm Eco-Town has secured a stable source of customers through its landscape architecture business by providing integrated service from the design stage to construction stage. Additionally, Palm Eco-Town has been cooperating with large national real estate companies and thereby steadily growing business volume and improving profitability. Furthermore, Palm Eco-Town was able to control and reduce cost in the course of landscape engineering by providing self-grown seedlings and discounted seedlings procured from its strategic suppliers.

Business model

Palm Eco-Town's landscape engineering business consists of five stages, namely project procurement, tender, construction, acceptance and settlement. At the initial stage, Palm Eco-Town collects information on landscape engineering projects through various channels, including recommendations and introductions from existing clients, invitation from potential clients and media announcements. After conducting preliminary analysis on clients' needs and relevant background information, Palm Eco-Town decides on whether to participate in the tender process. During the tender stage, Palm Eco-Town prepares tender documents, drafts preliminary construction plan and organises negotiations. When necessary, Palm Eco-Town also cooperates with independent professionals and participates in the tender process. Upon winning the tender and signing the contract, Palm Eco-Town forms an engineering project team and formulates detailed construction plans and monitoring systems to ensure the proper implementation of construction plans. Palm Eco-Town also provides supporting services such as procurement of raw materials, subcontracting, financial support and settlement cooperation. Typically, the clients monitor the

progress of the relevant projects in accordance with a standard contract. Upon completion of the project, the client will conduct completion acceptance. The relevant project owner will settle the fees with Palm Eco-Town upon successful acceptance.

Sales of commodities

The Group carries out its sales of commodities business mainly through Yuzei State Storage. Henan Zhongyuan Yuzei Financial Holding Co., Ltd. (河南省中原豫資金控有限公司) holds 75 per cent. equity interest in Yuzei State Storage and the remaining 25 per cent. equity interest is held by an independent third party. Established in November 2018, Yuzei State Storage is primarily engaged in bulk commodities trading including, among others, raw materials and industrial products of metallic minerals, energy and chemicals. The bulk commodities the Group trades mainly cover polyethylene resin, coke, aluminium ingot and aluminium oxide. In 2018, the Group's operating revenue derived from this segment was primarily generated from sales of electricity by Zhecheng Development Investment Group Co., Ltd. (柘城縣發展投資集團有限公司). Since 2019, the Group only includes the operating revenue generated from the sales of commodities business carried out by Yuzei State Storage under this segment. Due to the change of business model and operation of its sales of commodities business and the insignificant operating revenue contribution from sales of electricity, the Group re-categorised the operating revenue from sales of electricity to non-principal business since 2019. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its sales of commodities business was RMB5.9 million, RMB1,048.5 million and RMB1,238.2 million, respectively, representing 0.3 per cent., 26.3 per cent. and 12.7 per cent. of the Group's total operating revenue in the relevant periods. The significant increase in the Group's operating revenue generated from its sales of commodities business was attributable to the incorporation and stable development of Yuzei State Storage. Yuzei State Storage mainly relies on wire transfers, bank acceptance notes and credit letters for settlement with its upstream suppliers and downstream customers. The Group's major suppliers and customers are mainly agricultural and industrial enterprises located in Henan Province. Yuzei State Storage acts as an intermediary between its suppliers and customers. It mainly assists its customers in sourcing and selecting suitable suppliers. It also assists the suppliers in the sales of commodities so that the suppliers can focus on production. Yuzei State Storage enters into the procurement contract with its suppliers and the sales contract with its customers simultaneously to lock the price and protect itself from price fluctuations. Yuzei State Storage profits from the difference between the procurement cost from its suppliers and the selling price to its customers. Yuzei State Storage typically offers its customers a settlement period ranging from 15 days to 180 days.

Transportation business

The Group carries out its transportation business mainly through the Company's subsidiary, Guangzhou Logistics. Guangzhou Logistics was incorporated in September 2018 as a joint venture company with Tianning Logistics as its second largest shareholder. The financial statements of Guangzhou Logistics have been consolidated into the Group since 2018. Guangzhou Logistics mainly provides bulk commodities highway transportation services in Henan Province and acts as an intermediary between the transportation service providers and its clients through its online logistics platform. Operating revenue from this business is generated from logistics fee from transportation service and commission fee it charges for its intermediary service. Guangzhou Logistics procures business mainly from Tianning Logistics, which allocates a certain portion of its business to Guangzhou Logistics based on development plans and subsidy incentive policies of local governments. For the years ended 31 December 2018 and 2019, the Group's transportation business was categorised under its non-principal business. For the year ended 31 December 2020, the Group's transportation business was re-categorised under its principal business. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its transportation business was RMB68.8 million, RMB672.2 million and RMB1,228.1 million, representing 3.3 per cent., 16.9 per cent. and 12.6 per cent. of the Group's total operating revenue in the same period. The Group's transportation business benefits from local government's support in recent years and has experienced rapid growth and business expansion. The operating revenue from transportation business experienced substantial growth in 2020 due to increased business it received from Tianning Logistics. As at the date of this Offering Circular, the Group has divested its interests in Guangzhou Logistics and has ceased the majority of its business operations in the transportation business.

Guarantee and consulting

The Group carries out its guarantee and consulting business through Zhongyu Guarantee. Established in November 2017, Zhongyu Guarantee is primarily engaged in credit enhancement services through provision of guarantees to local state-owned enterprises in Henan Province. These guarantees consist of: (i) financing guarantees, which refer to guarantees provided to bonds issued by its customers; (ii) financial guarantees, which refer to guarantees provided to bank loans incurred by its customers; and (iii) performance guarantees, which refer to guarantees provided to construction projects undertaken by its customers. Zhongyu Guarantee provides these guarantees in line with its risk tolerance and typically obtains counter-guarantees from these local state-owned enterprises to minimise its exposure. The counter-guarantees from these local state-owned enterprises include mortgage and pledge guarantees and guarantees by a natural person or legal entity. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its guarantee and consulting business was RMB129.0 million, RMB186.5 million and RMB571.0 million, respectively, representing 6.1 per cent., 4.7 per cent. and 5.8 per cent. of the Group's total operating revenue in the relevant periods. As at 31 December 2020, Zhongyu Guarantee had an outstanding guarantee balance of RMB17,089.5 million.

Eco-town business

The Group carries out its eco-town business mainly through Palm Eco-Town. Eco-town business mainly consists of three phrases: (i) construction related auxiliary services, (ii) management of ancillary facilities, and (iii) operation of eco-towns. Its construction related auxiliary services cover, among others, consulting, planning and planning design, Palm Eco-Town receives service fees from provision of such services. Management of ancillary facilities covers recruitment of tenants for ancillary facility operations in these eco-towns, Palm Eco-Town receives rental income and management fees from the tenants. Operating revenue generated from operation of eco-towns covers ticket fees from cultural tourism projects and operating revenue from hotels in the eco-towns. Palm Eco-Town has established a leading position in operation of characteristic towns through the operation of three national characteristic towns, which were among the first 127 towns with national characteristics recognised by the PRC Government. In 2020, the Group's operating revenue generated from its eco-town business was RMB562.1 million, representing 5.8 per cent. of the Group's total operating revenue in the relevant period.

Landscape architecture

The Group carries out its landscape architecture business mainly through Palm Eco-Town. Landscape architecture mainly covers landscape and architectural planning design. Palm Eco-Town has design institutions located in a number of large cities in China, such as Guangzhou, Shanghai, Hangzhou, Beijing and Chengdu. As at the date of this Offering Circular, Palm Eco-Town has completed over 1,000 landscape designing work in various types of projects, such as residential area planning, urban design, parks and resorts. In 2020, the Group's operating revenue generated from its landscape architecture business was RMB282.9 million, representing 2.9 per cent. of the Group's total operating revenue in the relevant period.

Gas

The Group carries out its gas business through Yutian New Energy. Established in July 2018, Yutian New Energy commenced its business operations in 2019 and is primarily engaged in construction of mid and downstream pipelines, investment and operation related to facilities for township and rural gas end-users, urban gas distribution, construction investment and operation of mid and upstream pipelines, gas storage and gas production from rural waste in Henan Province. In 2020, the Group's operating revenue generated from its gas business was RMB34.4 million, representing 0.4 per cent. of the Group's total operating revenue in the same period.

Others

In addition to the above, the Group also engages in other businesses, such as property management, greenery projects and seedling sale, sale of affordable housing, provision of factoring services and sale of heating power. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from these other businesses was RMB112.1 million, RMB217.6 million and RMB293.5 million, respectively, representing 5.3 per cent., 5.5 per cent. and 3.0 per cent. of the Group's total operating revenue in the relevant periods.

Non-principal Businesses

Furthermore, the Group is engaged in non-principal businesses. For the years ended 31 December 2018, 2019 and 2020, the Group's operating revenue generated from its non-principal businesses was RMB96.9 million, RMB683.2 million and RMB433.0 million, respectively, representing 4.6 per cent., 17.2 per cent. and 4.4 per cent. of the Group's total operating revenue in the relevant periods. For the years ended 31 December 2018 and 2019, the operating revenue generated from this segment was mainly attributable to income from provision of transportation services in Henan Province which amounted to RMB68.8 million and RMB672.2 million, respectively, representing 71.0 per cent. and 98.4 per cent. of the Group's operating revenue generated from its non-principal businesses. For details, see "*Description of the Group — The Group's Businesses — Other Principal Businesses*". In 2020, the operating revenue generated from this segment was mainly attributable to income from the Group's gas supporting business and project management business which amounted to RMB200.6 million and RMB144.0 million, representing 46.3 per cent. and 33.3 per cent. of the Group's operating revenue generated from its non-principal business. The Group engages in its gas supporting business by offering households gas installation packages which include, among others, gas stoves, pipes, installation tools and insurance. The gas supporting business is carried out mainly through the Company's subsidiary, Yutian New Energy. The Group carries out its project management mainly through Palm Eco-Town.

Information Technology

The Group's information technology systems are important to its operations, including contract management, documentation management, human resources and accounting and finance. The Group also utilises its information technology systems to strengthen its risk and financial management. From time to time, the Group procures new information systems or upgrades existing information systems based on its business needs. As at 31 December 2020, the Group did not suffer any material information technology system failures or related losses.

Intellectual Property

As at 31 December 2020, the Group did not suffer any material infringement of intellectual property by other parties and, to the best of its knowledge, has not violated any intellectual property rights of any third parties nor was the Company a party to any litigation brought by any third party due to infringement of intellectual property rights.

Insurance

The Group maintains limited insurance policies that are required under PRC laws and regulations. The Group is also required by PRC social security laws and regulations to maintain mandatory social insurance policies for its employees and make contributions to mandatory social insurance fund for its employees.

Consistent with customary practice in China, the Group did not carry any business interruption or litigation insurance policies, which are not mandatory according to the laws and regulations of the PRC.

See "*Risk Factors — Risks Relating to the Group in General and its Businesses — The insurance coverage of the Group may not adequately protect it against all operational risks.*" In 2018, 2019 and 2020, the Group did not experience any material insurance disputes.

Environmental Matters

The Group is subject to PRC national and local environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by PRC national, provincial and municipal governments and authorities. As at the date of this Offering Circular, the Group believes that its businesses are in compliance with currently applicable national and local environmental laws and regulations in all material aspects.

As at the date of this Offering Circular, the Group is not in breach of any applicable environmental laws and regulations which have led to material penalties imposed on it by the environmental authorities and there are no existing material legal proceedings, arbitrations or administrative penalties against it.

Occupational Health and Safety

The Group regards occupational health and safety as one of its important corporate and social responsibilities. Some of the Group's business operations involve risks and hazards that could result in damage or destruction of property, or even death and personal injury, business interruption and possible legal liabilities. Pursuant to the applicable PRC laws, the Group has implemented a variety of internal rules and operating procedures for work safety, accident handling and safety training.

Employees

The Group believes that the successful implementation of its growth and business strategies depends on a team of experienced and dedicated employees at all levels. The Group believes its workforce has sufficient experience to face the challenges that may arise in its day-to-day operations and that its competitive remuneration packages have contributed to increased employee productivity.

The Group enters into individual employment contracts with its employees to cover matters such as wages, benefits and grounds for termination. It generally formulates its employees' remuneration packages to include a salary, bonus and various allowances. It determines employee salaries based on each employee's qualifications, position and seniority. The Group's employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements.

As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of its PRC employees that provide for pension insurance, basic medical insurance, maternity insurance, unemployment insurance, occupational injury insurance and housing provident funds.

Legal Proceeding

From time to time, the Group may be involved in legal proceedings or other disputes that arise from the ordinary course of its business. See "*Risk Factors — Risks Relating to the Group in General and its Businesses — The Group is exposed to litigation risks*".

As at the date of this Offering Circular, the Directors are not aware of any material legal proceedings, claims or disputes currently existing or pending against the Group that may have a material adverse effect on the Group's business, financial condition or results of operations.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Directors

The Board of Directors of the Company currently consists of four directors. The Board of Directors of the Company is responsible for determining the business plans and investment plans, formulating the annual budget and final accounts, formulating the profit distribution and loss recovery plan, and exercising other powers, functions and duties as stipulated in the articles of association of the Company. The table below sets forth certain information regarding the directors as at the date of this offering circular:

Name	Age	Position
Qin Jianbin (秦建斌)	53	Chairman of the Board of Directors
Miu Wenquan (繆文全).....	52	Vice chairwoman of the Board of Directors, general manager and party committee member
Zhou Yanhu (周延虎)	48	Director and deputy general manager
Li Manzhong (李滿中).....	55	Employee representative director

Mr. Qin Jianbin, aged 53, has been the chairman of the Board of Directors of the Company since December 2015. Mr. Qin previously served as the general manager of the Company. Mr. Qin also served as the deputy chief of the Infrastructure Construction Office (基建科) and the chief of the Economic Development Office (經建科) of Jiaozuo Municipal Bureau of Finance of Henan Province (河南省焦作市財政局), the head of the Asset Operation and Investment Management Department (資產運營和投資管理部) of the Henan SAMC, and the deputy general manager and director of Jiaozuo Investment Group Co., Ltd. (焦作市投資集團有限公司). Mr. Qin obtained his bachelor's degree from Henan Polytechnic University in 1989.

Ms. Miu Wenquan, aged 52, has been the vice chairwoman of the Board of Directors, the general manager and a party committee member of the Company since January 2021. Ms. Miu was previously employed in various positions and capacities, including as a staff member of the Economic Crops Station of Henan Ministry of Agriculture (河南農業廳) from July 1990 to December 1999, and a staff member and a deputy general manager of the Third Project Management Department, the manager of the Investment Management Department and the Planning and Finance Department, a party committee member and a deputy general manager of Henan Agricultural Investment Group Co., Ltd. (河南省農業綜合開發有限公司) from January 2000 to December 2020. Ms. Miu obtained her bachelor's degree from Henan Agricultural University in 1990.

Mr. Zhou Yanhu, aged 48, has been a director of the Company since August 2018 and the deputy general manager of the Company since November 2016. Mr. Zhou previously served as technician and deputy team leader of Pingdingshan Coal Group Corporation (平頂山煤業集團公司) from July 1992 to August 2001, and a deputy director and an evaluation manager in, among others, the Evaluation Department, the Planning and Development Department and the General Office, of National Development Bank (Henan Branch) (國家開發銀行河南省分行). Mr. Zhou obtained his bachelor's degree from Tianjin University in 2007.

Mr. Li Manzhong, aged 55, has been an employee representative director of the Company since March 2016. Mr. Li currently also serves as the president of the workers' union of the Company and the director of the General Department (綜合部) of the Company. Mr. Li previously held the position of lecturer at Henan College of Finance and Taxation (河南財政稅務專科學校) from 1986 to 1989, member of Policy Research Office (政策研究室) of Henan Department of Finance from 1989 to 2009, director of the General Department (綜合部) and Finance Department (財務部) of the Henan SAMC from 2009 to 2013, and the director of the Finance Department (財務部) of the Company from 2014 to March 2017. Mr. Li obtained his bachelor's degree from Zhongnan University of Economics in 1986.

Supervisors

The Board of Supervisors of the Company currently consists of five supervisors. The Board of Supervisors of the Company is responsible for monitoring financial matters and overseeing the actions of the Board of Directors and the senior management. The table below sets forth certain information regarding the supervisors as at the date of this offering circular:

Name	Age	Position
Wang Junling (王俊嶺).....	54	Chairman of the Board of Supervisors and party committee member
Li Peng (李鵬).....	53	Supervisor
He Dapeng (何大鵬).....	41	Supervisor
Lei Dong (雷棟).....	39	Employee representative supervisor
Liu Kai (劉凱).....	48	Supervisor

Mr. Wang Junling, aged 54, has been the chairman of the Board of Supervisors and a party committee member of the Company since December 2020. He previously held various positions including as a cadre, a section staff and a deputy chief staff of the Ministry of Foreign Economy and Trade, a chief staff of the Foreign Affairs Office, a chief staff of the Social Security Office, a deputy director of the Treasury Office and a deputy chief of the Bureau of Non-Tax Revenue of Department of Finance of Henan Province from July 1988 to September 2013, and a level one investigator, a level two inspector, a party group secretary and the chief of Anyang Municipal Bureau of Finance of Henan Province (河南省安陽市財政廳) from September 2013 to December 2020. Mr. Wang obtained his bachelor's degree from Zhongnan University of Economics and Law in 1988 and his master's degree from Henan Communist Party School in 2008.

Mr. Li Peng, aged 53, has been a supervisor of the Company since March 2016. Mr. Li currently also serves as a deputy general manager of Luoyang Heluo Xinye Investment and Development Co., Ltd. (洛陽市河洛新業投資發展有限公司). Mr. Li previously held the position of secretary of Beiye Village Committee of the Communist Party in Xin'an County of Henan Province (河南省新安縣北冶鄉黨委), director of the Administrative Committee of Henan Xin'an Industry Zone (河南省新安縣產業集聚區管委會) and chief of Xin'an County Bureau of Finance (新安縣財政局). Mr. Li obtained his college degree in 1987.

Mr. He Dapeng, aged 41, has been a supervisor of the Company since March 2016. Mr. He currently also serves as a deputy general manager of Zhengzhou Airport Xingshengxin Capital Management Co., Ltd. (鄭州航空港興晟信資本管理有限公司). Mr. He previously served as staff in Henan Economic and Technology Development Co., Ltd. (河南省經濟技術開發公司), Henan Investment Group Co., Ltd. (河南投資集團有限公司) and Zhengzhou Airport Xingang Investment Group Co., Ltd. (鄭州航空港興港投資集團有限公司) or its subsidiaries. Mr. He held the certificate of senior economist and obtained his master's degree in 2002.

Mr. Lei Dong, aged 39, has been an employee representative supervisor of the Company since March 2015. Mr. Lei currently also serves as the director of the Equity Management Department of the Company. Mr. Lei previously served as legal manager in Shengang Group (神鋼集團) from October 2004 to October 2008, and attorney in Henan Golden Century Law Firm (河南金色世紀律師事務所) from November 2009 to October 2011. He also previously worked in the Henan SAMC from November 2011 to March 2015. Mr. Lei obtained his bachelor's degree in 2004.

Mr. Liu Kai, aged 48, has been a supervisor of the Company since April 2015. Mr. Liu currently also serves as the director of the General Department of Henan Yuzi State-Owned Land Investment and Development Co., Ltd. (河南省豫資國土投資發展有限公司) (the "**Yuzi Investment**") and director of the Strategic and Planning Department of Yuzi Investment. Mr. Liu previously worked in the Henan SAMC from December 2012 to April 2015 and served in the ground force 54 Army Group. Mr. Liu obtained his bachelor's degree from Shandong University in 1997.

Senior Management

The senior management is appointed by and answerable to the Board of Directors of the Company. The senior management is primarily responsible for implementing the decision of the Board of Directors regarding the management of the operations, implementing the annual business and investment plans, setting up the corporate governance structure and drafting detailed corporate protocols.

The table below sets forth certain information regarding members of the senior management as at the date of this Offering Circular:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Miu Wenquan (繆文全).....	52	Vice chairwoman of the Board of Directors, general manager and party committee member
Zhou Yanhu (周延虎)	48	Director and deputy general manager

Ms. Miu Wenquan, aged 52, has been the vice chairwoman of the Board of Directors, the general manager and a party committee member of the Company since January 2021. For Ms. Miu's biography, see “— *Directors — Ms. Miu Wenquan*” above.

Mr. Zhou Yanhu, aged 48, has been the deputy general manager of the Company since November 2016. For Mr. Zhou's biography, see “— *Directors — Mr. Zhou Yanhu*” above.

PRC REGULATIONS

This section is a high-level overview of the principal PRC laws and regulations, which are relevant to the issue of the Bonds by the Issuer and the Group's business and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations, nor does it intend to be an exhaustive list of all the principal laws and regulations affecting the Group.

Regulation on Fiscal Debts of Local Governments

In accordance with Guidance on Further Strengthening Adjustment of Credit Structure to Promote Fast and Smooth Development of National Economy (中國人民銀行、中國銀行業監督管理委員會關於進一步加強信貸結構調整促進國民經濟平穩較快發展的指導意見) issued jointly by the PBOC and CBRC in March 2009, local governments are encouraged to establish financing platforms to issue financing instruments such as enterprise bonds and medium term notes. In order to strengthen the management of financing platforms and effectively prevent fiscal financial risks, the Notice on Strengthening Management of Financing Platform of Local Government (國務院關於加強地方政府融資平台公司管理有關問題的通知) (“**Circular 19**”) and the Notice on Further Regulating Issuance of Bonds by Financing Platform of Local Government (關於進一步規範地方政府投融資平台公司發行債券行為有關問題的通知) (“**Circular 2881**”) were separately promulgated in June 2010 and November 2010, respectively. In accordance with Circular 19, all levels of local governments shall clear up the debts of their respective financing platform. In accordance with Circular 2881, the indebtedness of local governments will impact their financing platform's issuance of enterprise bonds. On 21 September 2014, Circular 43 was promulgated by the State Council. Circular 43 aims to regulate the financing system of local governments and presents three channels. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the PRC Government through issuing government bonds since the new Budget Law of the PRC (中華人民共和國預算法) (the “**New Budget Law**”), which took effect on 1 January 2015, empowers local governments to issue government bonds and carry out public interest projects with the income generated such as city infrastructure construction which may be operated independently by social investors or jointly by the PRC Government and social investors through the establishment of special purpose companies. Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitization. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the PRC Government shall not be liable for any of the social investors' or special purpose companies' debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to the State Council for approval, and then included in the budget plan of local governments.

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

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect had been signed before 31 December 2014 and the loans had been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not call in loans in advance, delay or suspend the granting of loans.
- Regulate increment financing for projects under construction. Local governments at all levels shall pay close attention to the incremental financing needs which are expected to be given for the projects under construction of the financing platform companies, and shall, under the premise of compliance with laws and regulations and standard administration, make overall arrangements for various kinds of capitals such as fiscal capital and social capital and ensure the continuation and completion of projects under construction. For the projects under construction of financing platform companies for which the loan amount in the contracts that have been signed fails to meet the construction needs, if it is suitable for them to adopt a government and social capital cooperation mode, they shall prioritise the adaptation of such a mode to make up the construction needs. If they are in compliance with the relevant state provisions without any other funding sources for construction, but the PRC Government and social capital cooperation mode is not suitable temporarily, the increment financing needs shall be incorporated into government budget management and solved through issuing government bonds by local governments as required by law and the relevant regulations.
- Administer in an effective and proper manner follow-up financing for projects under construction. Banking financial institutions shall carefully check the destinations of the loans, and focus on supporting the projects under construction of financing platform companies such as farmland water conservancy facilities, affordable housing projects and urban railway systems.
- Improve supporting measures. Under the premise of ensuring fiscal expenditure needs, in the regions where there are corresponding amounts of government bonds issuance and where the treasury balances exceed the treasury payment for one and a half months, the local financial departments are allowed to, within the limit of the amount of government bonds issuance, make more effort to effectively use the fiscal funds in the previous years and use the surplus amount of the treasury for capital flow before government bond issuance, so as to address the time difference between the financing for projects under construction and government bonds issuance.

Regulation on the Issuance of Foreign Bonds

Pursuant to the NDRC Notice, which was promulgated by the NDRC and became effective on 14 September 2015, where domestic enterprises and overseas enterprises controlled by them or their overseas branches issue foreign debts, which are debt instruments of no less than one year tenor that are denominated in domestic currency or foreign currency with the capital repaid and interest paid as agreed, including bonds issued overseas and long and medium-term international commercial loans, the enterprises shall apply to the NDRC for dealing with the formalities of record-filing and registration before issuance. The NDRC shall decide to accept such application within five working days upon the receipt of the application and provide the Record-filing and Registration Certification of Issuance of Foreign Debts by Enterprises within seven working days after acceptance. The enterprises shall submit the issuance information to the NDRC within 10 working days after the end of each issuance.

Regulation on the Foreign Exchange Administration

According to the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) and its operating guidelines, effective as at 13 May 2013 and amended on 4 May 2015, 26 April 2016 and 9 June 2016, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the PRC Government shall go through registration or record-filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through the relevant record-filing procedures with the local branch of the SAFE.

Regulation on the Foreign Exchange for cross-border Guarantee Administration

Pursuant to the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定), which promulgated by the SAFE and became effective on 1 June 2014, the Foreign exchange authorities shall implement registration administration for overseas loans under domestic guarantee, domestic institutions that engage in the business of overseas loans under domestic guarantee shall go through the registration for overseas loans under domestic guarantee within 15 days after concluding a guarantee contract.

Regulation on the Public-Private-Partnership (PPP) Mechanism

The Circular on Issues Concerning the Promotion and Application of the Public-Private Partnership Model (關於推廣運用政府和社會資本合作模式有關問題的通知), which was promulgated by the MOF and became effective on 23 September 2014, and the Circular of the State Council on Forwarding the Guiding Opinions of the Ministry of Finance, National Development and Reform Commission and People's Bank of China on Promoting the Public-Private-Partnership (PPP) Mechanism in the Public Services (關於在公共服務領域推廣政府和社會資本合作模式指導意見的通知), which promulgated and became effective on 19 May 2015, stated that promoting and applying the PPP model is inevitable in promoting economic transformation and upgrading. But the Guiding Opinions of the National Development and Reform Commission on Encouraging Private Investors to Participate in Public-private-partnership (PPP) Projects (關於鼓勵民間資本參與政府和社會資本合作(PPP)項目的指導意見), which promulgated and became effective on 28 November 2017, generally prohibit the government signed commitment with investors regarding the repurchase of investment capital, or promised minimum income, and it also prohibit using PPP as a way of loan in disguise.

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 2 July 2016, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 and became effective on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date.

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

Environmental Protection

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

Air Pollution

The Air Pollution Prevention Law (中華人民共和國大氣污染防治法), promulgated on 29 April 2000 by the Standing Committee of the National People's Congress, which became effective on 1 September 2000 and was amended on 29 August 2015 and became effective on 1 January 2016, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorized to regulate air pollution within each of their respective jurisdictions by formulating specific local standards and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (中華人民共和國水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and last amended on 27 June 2017, and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorized to regulate water pollution within each of its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

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

Labour

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (中華人民共和國社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

TAXATION

The following summary of certain tax consequences of the purchase, ownership and disposition of Bonds is based upon applicable laws, regulations, rulings and decisions as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

British Virgin Islands

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

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

PRC

The following summary of certain PRC tax consequences of the purchase, ownership and disposition of Bonds to non-resident holders is based upon applicable laws, rules and regulations in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of Bonds should consult their own tax advisors concerning the tax consequences of the purchase, ownership and disposition of Bonds, including such possible consequences under the laws of their country of citizenship, residence or domicile.

Taxation on Interest and Capital Gains

Under the PRC Corporate Income Tax Law and the related regulations, if the Issuer is treated as a PRC “resident enterprise”, PRC income tax at a rate of 10% (or a lower treaty rate, if any) 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 Corporate Income Tax Law also imposes a withholding tax at the rate of 20% (or a lower treaty rate, if any) on interest from PRC source paid to non-resident individual holders. In addition, any gain realized on the transfer of the Bonds 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 (or a lower treaty rate, if any) if such gain is regarded as income derived from sources within the PRC. The Issuer currently takes the position that the Issuer is not a PRC resident enterprise. However, the Issuer has been advised by its PRC legal advisor, Henan Luda Law Firm, that there is uncertainty as to whether the Issuer will be treated as a PRC “resident enterprise”

for the purpose of the PRC Corporate Income Tax Law. If the Issuer is treated as a PRC “resident enterprise,” the interest the Issuer pays in respect of the Bonds, and the gain any non-resident holder may realise from the transfer of the Bonds, 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 Bonds.

Value Added Tax (“VAT”)

On 23 March 2016, the MOF and the SAT jointly issued the Circular 36 which confirms that business tax will be completely replaced by VAT from 1 May 2016. With effect from 1 May 2016, the income derived from the provision of financial services which previously attracted business tax are entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the interpretation of “loans” under the Circular 36, the issuance of Bonds may be treated as the holders of the Bonds providing loans to the Issuer and the Guarantor, which thus could be regarded as the provision of financial services that could be subject to VAT. If the PRC tax authorities take the view that the holders of the Bonds are providing loans within the PRC (due to the Issuer being treated as PRC tax residents or due to the fact that the Guarantor is located in the PRC), then the holders of the Bonds could be regarded as providing financial services within PRC and consequently, the holders of the Bonds shall be subject to VAT at the rate up to 6 per cent. Hence, if the Issuer or the Guarantor pays interest income to Bondholders who are located outside the PRC, the Issuer (if VAT applicable) or the Guarantor, acting as the obligatory withholding in accordance with applicable law, shall withhold VAT from the payment of interest income to Bondholders who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds 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, theoretically Circular 36 does not apply and the Issuer or the Guarantor does not have the obligation to withhold the VAT.

Circular 36 has been issued quite recently and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

Pursuant to the EIT Law and the VAT reform detailed above, the Issuer or the Guarantor may need to withhold EIT (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC Noteholder and the Issuer or the Guarantor may need to withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside the PRC. However, in the event that the Issuer or the Guarantor is required to make such a deduction or withholding (whether by way of EIT, VAT or otherwise), the Issuer and the Guarantor have agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required.

Stamp Duty

No PRC stamp tax will be chargeable upon the issue or transfer of a Bond (for so long as the register of holders of the Bonds is maintained outside the PRC, as is expected to be the case).

Hong Kong

Withholding Tax

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

Profits Tax

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

Under the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**Inland Revenue Ordinance**”) as it is currently applied by the Inland Revenue Department, interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, professional or business carried on in Hong Kong in the following circumstances:

- (a) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (b) interest on the Bonds is derived from Hong Kong and is received by or accrues to a company carrying on a trade, profession or business in Hong Kong; or
- (c) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a company (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business.

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

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 the Bonds will be subject to profits tax.

Stamp Duty

No stamp duty is payable upon the issue or transfer of a Bond.

DESCRIPTION OF CERTAIN MATERIAL DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Guarantor's consolidated financial statements as included in this Offering Circular have been prepared and presented in accordance with PRC GAAP, except for certain disclosure requirements under PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. The Guarantor is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there is no assurance regarding the completeness of the financial information and related footnote disclosure between PRC GAAP and IFRS and no attempt has been made to quantify such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may have been required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant ongoing projects that could affect future comparisons or events that may occur in the future.

Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, each investor must rely upon its own examination of the Group, the terms of the offering and other disclosure contained herein. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

GOVERNMENT GRANT

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

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

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

REVERSAL OF AN IMPAIRMENT LOSS

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

RELATED PARTY DISCLOSURES

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

FIXED ASSETS AND INTANGIBLE ASSETS

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

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 25 June 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Managers	Principal amount of the Bonds to be subscribed
	(US\$)
Bank of China Limited	85,000,000
Credit Suisse (Hong Kong) Limited.....	85,000,000
China CITIC Bank International Limited.....	10,000,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch.....	10,000,000
Hua Xia Bank Co., Limited Hong Kong Branch.....	10,000,000
Sheng Yuan Securities Limited	10,000,000
China Merchants Securities (HK) Co., Limited	10,000,000
CMB International Capital Limited.....	10,000,000
BOCOM International Securities Limited	10,000,000
China International Capital Corporation Hong Kong Securities Limited	10,000,000
Guotai Junan Securities (Hong Kong) Limited	10,000,000
China Industrial Securities International Brokerage Limited	10,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch).....	10,000,000
CMBC Securities Company Limited	10,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch.....	10,000,000
Total	<u>300,000,000</u>

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

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

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may place orders, receive allocations and purchase Bonds for their own account (without a view to distributing such Bonds). Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates or affiliates of the Issuer or the Guarantor, 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 legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds. If this is the case, liquidity of trading in the Bonds may be constrained (see “*Risk Factors — Risks Relating to the Bonds and the Guarantee — The liquidity and price of the Bonds following this offering may be volatile*”). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors.

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

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

General

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds are subject to restrictions and may not be made except pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Joint Lead Managers that would, or is intended to permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Bonds or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Bonds, in all cases at their own expense.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

United States

The Bonds and the 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, the registration requirements of the Securities Act. Each of the Joint Lead Managers has represented that it has not offered or sold, and has agreed that it will not offer or sell, any of the Bonds and the Guarantee constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds and the Guarantee. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Joint Lead Manager has represented that it has not entered and has agreed that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Bonds, except with its affiliates or with the prior written consent of the Issuer.

United Kingdom

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

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Prohibition of Sales To UK Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; and (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.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

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

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

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the “MAS”). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- (a) a corporation (which is not an accredited investor (as defined in 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 (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments)(Securities and Securities-based Derivatives Contracts) Regulations 2018.

In this section “Plan of Distribution — Selling Restrictions — Singapore”, any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Singapore SFA Product Classification: In connection with the SFA and the CMP Regulation 2018, unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulation 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Japan

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

The PRC

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

British Virgin Islands

Each of the Joint Lead Managers has represented, warranted and agreed that no invitation has been made or will be made, directly or indirectly, to any person in the British Virgin Islands or to the public in the British Virgin Islands to purchase the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and there will not be, an offering of the Bonds to any person in the British Virgin Islands.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 225115656 and ISIN XS2251156563.
2. **Legal Entity Identifier:** the Legal Entity Identifier of the Issuer is 300300EML582HGX8DB82.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by written resolutions of the sole directors of the Issuer dated 26 May 2021. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee and performance of the Deed of Guarantee. The giving of the Guarantee was authorised by written resolutions of the directors of the Guarantor passed on 25 March 2020.
4. **No Material Adverse Change:** There has been no material adverse change, or any development likely to involve an adverse change, in the financial or trading position or to the condition (financial or otherwise), prospects, results of operations, capitalisation, profitability, business, properties, general affairs or management of the Group since 31 December 2020.
5. **Litigation:** None of the Issuer, the Guarantor or any member of the Group is involved in any litigation, arbitration or administrative proceedings which could have a material adverse effect on their business, results of operations and financial condition nor is the Issuer or the Guarantor aware that any such proceedings are pending or threatened. The Guarantor and the Group may from time to time be involved in disputes and legal proceedings arising in the ordinary course of their business.
6. **Available Documents:** So long as any of the Bonds is outstanding, copies of the following documents will be available for inspection from the Issue Date during normal business hours, at the registered office of the Guarantor and, in the case of last three documents mentioned below, following prior written request and proof of holding satisfactory to the Trustee, at the principal office of the Trustee, which at the date of this Offering Circular is at Citicorp International Limited, 20/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong:
 - memorandum and articles of association (or equivalent) of the Issuer and the Guarantor;
 - copies of the Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020;
 - the Trust Deed;
 - the Deed of Guarantee; and
 - the Agency Agreement.
7. **Financial Statements:** The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2019 and 2020 have been audited by BDO in accordance with PRC GAAP. The Guarantor's audited consolidated financial statements as at and for the year ended 31 December 2018 have been audited by Zhongxingcai Guanhua in accordance with PRC GAAP. The Guarantor's audited consolidated financial statements as at and for the years ended 31 December 2018, 2019 and 2020 are included elsewhere in this Offering Circular.
8. **Listing:** Application will be made for the listing of the Bonds on the SEHK for the issuance and listing of the Bonds by way of debt issues to Professional Investors only as described in this Offering Circular. The SEHK takes no responsibility for the correctness of any statements made on opinions or reports contained in this Offering Circular. Admission of the Bonds to the official list of the SEHK is not to be taken as an indication of the merits of the Bonds or us.

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ZHONGYUAN YUZI INVESTMENT HOLDING
GROUP CO., LTD.

AUDITORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
AUDITORS' REPORT AND FINANCIAL STATEMENTS

(From January 1, 2020 to December 31, 2020)

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Auditors' Report

PCPAR [2021] No. ZB21629

To all the shareholders of Zhongyuan Yuzi Investment Holding Group Co., Ltd.:

I. Opinion

We have audited the financial statements of Zhongyuan Yuzi Investment Holding Group Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated balance sheet and the parent company's balance sheet as at December 31, 2020, the consolidated income statement and the parent company's income statement, the consolidated statement of cash flows and the parent company's statement of cash flows, and the consolidated statement of changes in owners' equity and the parent company's statement of changes in owners' equity for the year then ended as well as the notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and fairly present the consolidated financial position of the Company and the parent company's financial position as at December 31, 2020 and the consolidated operating results and cash flows of the Company and the parent company's operating results and cash flows for the year then ended.

II. Basis for Our Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants in China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company, and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Other Information

The management of the Company (hereinafter referred to as the "Management") is responsible for other information. The other information comprises information of the 2020 annual report of the Company, but excludes the financial statements and our auditors' report.

Our opinion on the financial statements does not cover the other information, and we do not and will 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 identified above 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 on the other information, we conclude that there is a material misstatement of the other information, we are required to report that fact. However, we have nothing to report in this regard.

IV. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The Company's management (hereinafter referred to as "the Management") is responsible for preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern (if applicable) and using the going-concern assumption unless the Management either intends to carry out the liquidation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Company.

V. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional skepticism. We also:

- (I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (II) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (III) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.

- (IV) Conclude on the appropriateness of the management's use of the going-concern assumption. Meanwhile, according to the audit evidence acquired, the management comes to conclusion on matters which may cause significant misgiving against the going-concern ability of the Company or whether the said situation exists material uncertainty or not. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (V) Evaluate the financial statements' overall presentation (including disclosure), structure and contents, and whether the financial statements fairly represent the underlying transactions and events.
- (VI) Obtain sufficient and proper audit evidence in regard to financial information relating to entity or business activities of the Company to give the audit opinion on the consolidated 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.

BDO CHINA Shu Lun Pan
Certified Public Accountants



Certified Public Accountant of China:
LLP



Certified Public Accountant of China:



April 29, 2021

April 29, 2021

This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Balance Sheet
As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 5	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Monetary funds	5.1	16,523,323,723.48	15,111,252,524.67
Financial assets held for trading	5.2	196,210,245.97	
Financial assets measured at fair value through the current profit or loss	5.3	675,260,932.02	228,082,945.35
Notes receivable	5.4	61,715,422.43	21,450,000.00
Accounts receivable	5.5	3,849,133,716.61	468,067,809.58
Receivables financing	5.6	8,096,781.13	
Advances to suppliers	5.7	609,675,030.05	1,365,768,806.51
Other receivables	5.8	18,804,552,936.94	12,160,534,108.02
Inventories	5.9	14,254,663,021.62	6,085,895,020.58
Contract assets	5.10	4,727,676,708.83	
Non-current assets maturing within one year	5.11	12,314,771,071.15	5,580,000,000.00
Other current assets	5.12	3,807,573,553.94	1,852,285,670.69
Total current assets		75,832,653,144.17	42,873,336,885.40
Non-current assets:			
Available-for-sale financial assets	5.13	25,049,008,758.54	22,448,333,620.72
Held-to-maturity investments			
Long-term receivables	5.14	166,464,762,912.35	180,642,958,106.63
Long-term equity investments	5.15	5,587,663,949.74	1,877,448,212.67
Other equity instrument investments			
Other non-current financial assets	5.16	229,959,900.00	
Investment properties	5.17	18,154,268,103.06	9,623,998,524.90
Fixed assets	5.18	10,418,671,839.37	6,459,825,098.73
Construction in progress	5.19	9,659,994,293.55	3,590,576,602.43
Productive biological assets	5.20	2,026,393,683.72	
Intangible assets	5.21	5,757,224,225.71	5,266,750,783.56
Development expenses			
Goodwill	5.22	67,972,961.33	
Long-term deferred expenses	5.23	37,585,338.85	19,720,280.59
Deferred income tax assets	5.24	352,290,466.80	35,379,706.11
Other non-current assets	5.25	3,792,942,231.43	652,170,240.24
Total non-current assets		247,598,738,664.45	230,617,161,176.58
Total assets		323,431,391,808.62	273,490,498,061.98

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Balance Sheet (Continued)
As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note 5	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings	5.26	4,364,975,118.43	1,155,980,000.00
Financial liabilities measured at fair value through the current profit or loss			
Derivative financial liabilities			
Notes payable	5.27	783,919,652.68	254,100,000.00
Accounts payable	5.28	6,359,071,428.95	962,498,067.22
Advances from customers	5.29	1,168,546,861.78	256,827,030.50
Contract liabilities	5.30	597,593,422.45	
Employee compensation payable	5.31	17,705,191.99	16,888,895.96
Taxes and surcharges payable	5.32	528,503,268.19	296,335,182.09
Other payables	5.33	13,007,292,420.59	10,686,655,290.02
Liabilities held for sale			
Non-current liabilities maturing within one year	5.34	21,899,526,280.65	19,521,055,158.94
Other current liabilities	5.35	1,690,140,744.12	142,980,654.81
Total current liabilities		50,417,274,389.83	33,293,320,279.54
Non-current liabilities:			
Long-term borrowings	5.36	138,708,622,836.42	130,219,460,044.38
Bonds payable	5.37	16,280,154,859.73	19,437,084,363.13
Including: preferred stock			
Perpetual bonds			
Long-term payables	5.38	8,303,488,005.85	5,957,352,145.89
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	5.39	26,113,771.17	26,445,252.76
Deferred income tax liabilities	5.24	9,249,344.61	
Other non-current liabilities	5.40	651,112,222.19	
Total non-current liabilities		163,978,741,039.97	155,640,341,806.16
Total liabilities		214,396,015,429.80	188,933,662,085.70
Owners' equity:			
Paid-in capital (or share capital)	5.41	8,749,890,000.00	8,749,890,000.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves	5.42	58,815,416,721.73	53,319,668,161.83
Less: treasury stock			
Other comprehensive income	5.43	7,549,825.41	-407,649.66
Special reserves			
Surplus reserves	5.44	109,930,299.77	86,818,598.59
Undistributed profits	5.45	1,762,719,760.48	1,209,967,584.73
Total equity attributable to owners of the parent company		69,445,506,607.39	63,365,936,695.49
Minority equity		39,589,869,771.43	21,190,899,280.79
Total owners' equity		109,035,376,378.82	84,556,835,976.28
Total liabilities and owners' equity		323,431,391,808.62	273,490,498,061.98

The accompanying notes to the financial statements form an integral part of the financial statements.

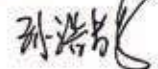
Legal Representative:



Accounting Principal:



Head of the Accounting Department:





Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Balance Sheet
As at December 31, 2020

(Amounts are expressed in RMB unless otherwise stated)

Assets	Note 12	Balance as at December 31, 2020	Balance as at December 31, 2019
Current assets:			
Monetary funds		557,142,878.99	694,577,769.02
Financial assets measured at fair value through the current profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable	12.1	66,261,610.44	29,337,714.41
Advances to suppliers		1,026,143.79	3,498,111.11
Other receivables	12.2	7,824,670,809.55	4,349,090,258.29
Inventories			
Assets held for sale			
Non-current assets maturing within one year		10,906,286,712.66	5,050,000,000.00
Other current assets		345,718,176.89	35,006.91
Total current assets		19,701,106,332.32	10,126,538,859.74
Non-current assets:			
Available-for-sale financial assets		8,188,623,194.77	7,795,306,813.39
Held-to-maturity investments			
Long-term receivables		78,106,715,534.57	94,998,068,048.23
Long-term equity investments	12.3	18,349,819,315.42	17,458,948,094.83
Investment properties			
Fixed assets		1,283,495.02	1,432,268.69
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		1,111,159.94	1,574,061.25
Development expenses			
Goodwill			
Long-term deferred expenses		203,106.02	2,827,338.08
Deferred income tax assets		46,557,654.76	
Other non-current assets			
Total non-current assets		104,694,313,460.50	120,258,156,624.47
Total assets		124,395,419,792.82	130,384,695,484.21

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Balance Sheet (Continued)
As at December 31, 2020
(Amounts are expressed in RMB unless otherwise stated)

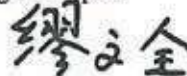
Liabilities and owners' equity	Note	Balance as at December 31, 2020	Balance as at December 31, 2019
Current liabilities:			
Short-term borrowings			360,000,000.00
Financial liabilities measured at fair value through the current profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		140,036.56	140,036.56
Advances from customers		3,758,496.40	4,874,817.63
Employee compensation payable		3,674,253.62	5,376,052.53
Taxes and surcharges payable		63,916,059.93	29,994,393.55
Other payables		1,221,480,568.51	2,098,338,283.32
Liabilities held for sale			
Non-current liabilities maturing within one year		13,054,012,122.18	13,056,922,940.25
Other current liabilities			
Total current liabilities		14,346,981,537.20	15,555,646,523.84
Non-current liabilities:			
Long-term borrowings		58,333,033,095.88	58,844,537,546.22
Bonds payable		7,665,803,988.07	9,088,049,295.29
Including: preferred stock			
Perpetual bonds			
Long-term payables		1,028,250,075.88	4,101,371,234.86
Long-term employee compensation payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		67,027,087,159.83	72,033,958,076.37
Total liabilities		81,374,068,697.03	87,589,604,600.21
Owners' equity:			
Paid-in capital (or share capital)		8,749,890,000.00	8,749,890,000.00
Other equity instruments			
Including: preferred stock			
Perpetual bonds			
Capital reserves		33,334,066,415.08	33,334,066,415.08
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		109,930,299.77	86,818,598.59
Undistributed profits		827,464,380.94	624,315,870.33
Total owners' equity		43,021,351,095.79	42,795,090,884.00
Total liabilities and owners' equity		124,395,419,792.82	130,384,695,484.21

The accompanying notes to the financial statements form an integral part of the financial statements.

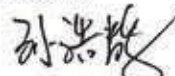
Legal Representative:



Accounting Principal:



Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Income Statement
Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note 5	Year 2020	Year 2019
I. Operating revenue	5.46	9,770,952,428.05	3,980,026,737.82
Less: operating costs	5.46	7,883,748,492.14	3,070,008,700.37
Taxes and surcharges	5.47	147,975,095.10	81,985,318.23
Selling and distribution expenses	5.48	93,363,076.28	613,406.05
General and administrative expenses	5.49	920,688,327.86	556,422,284.09
Research and development expenses	5.50	168,878,703.09	
Financial expenses	5.51	910,992,469.94	633,942,108.27
Including: interest expenses		1,443,078,291.46	737,037,955.29
Interest income		493,082,561.88	140,896,888.84
Plus: other income	5.52	370,833,350.34	451,527,369.08
Investment income ("-" for losses)	5.53	1,271,195,625.99	535,951,502.33
Including: income from investment in associates and joint ventures		376,321,245.78	-76,684,073.83
Gains from changes in fair value ("-" for losses)	5.54	20,422,593.72	11,064,915.94
Losses from credit impairment ("-" for losses)	5.55	-243,990,351.53	
Losses from assets impairment ("-" for losses)	5.56	-171,465,441.27	-104,457,294.99
Gains from disposal of assets ("-" for losses)	5.57	139,218.76	25,646,664.81
II. Operating profits ("-" for losses)		892,441,259.65	556,788,077.98
Plus: non-operating revenue	5.58	78,270,186.26	80,688,362.52
Less: non-operating expenses	5.59	61,485,377.35	5,802,289.31
III. Total profits ("-" for total losses)		909,226,068.56	631,674,151.19
Less: income tax expenses	5.60	201,439,096.30	253,158,878.54
IV. Net profit ("-" for net loss)		707,786,972.26	378,515,272.65
(I) Classified by operating sustainability			
1. Net profit from continued operation ("-" for net loss)		707,786,972.26	378,515,272.65
2. Net profit from discontinued operation ("-" for net loss)			
(II) Classified by ownership			
1. Net profit attributable to shareholders of the parent company ("-" for net loss)		608,580,184.75	215,663,735.24
2. Minority interest income ("-" for net loss)		99,206,787.51	162,851,537.41
V. Other comprehensive income, net of tax		-12,312,894.19	-407,649.66
Other comprehensive income, net of tax, attributable to owners of the parent company		7,957,475.07	-407,649.66
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(II) Other comprehensive income that will be reclassified into profit or loss		7,957,475.07	-407,649.66
1. Other comprehensive income that can be transferred to profit or loss under the equity method		-527,587.25	
2. Profit or loss from changes in fair value of available-for-sale financial assets			
3. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. The effective portion of cash flow hedging gains and losses			

Item	Note 5	Year 2020	Year 2019
5. Translation differences of foreign currency financial statements		8,485,062.32	-407,649.66
6. Others			
Other comprehensive income, net of tax, attributable to minority shareholders		-20,270,369.26	
VI. Total comprehensive income		695,474,078.07	378,107,622.99
Total comprehensive income attributable to owners of the parent company		616,537,659.82	215,256,085.58
Total comprehensive income attributable to minority shareholders		78,936,418.25	162,851,537.41

The accompanying notes to the financial statements form an integral part of the financial statements.

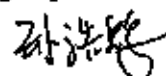
Legal Representative:



Accounting Principal:



Head of the Accounting Department:





Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Income Statement
Year 2020
 (Amounts are expressed in RMB unless otherwise stated)

Item	Note 12	Year 2020	Year 2019
I. Operating revenue	12.4	842,367,535.28	928,879,205.75
Less: operating costs	12.4	704,727,181.73	800,127,577.58
Taxes and surcharges		6,192,308.83	6,362,914.10
Selling and distribution expenses			
General and administrative expenses		35,842,054.90	43,180,645.18
Research and development expenses			
Financial expenses		193,876,279.14	306,074,676.43
Including: interest expenses		321,350,398.39	300,091,309.23
Interest income		-4,158,639.09	15,399,541.93
Plus: other income		1,027,318.64	1,000,000.00
Investment income ("-" for losses)	12.5	334,791,710.81	279,161,842.18
Including: income from investment in associates and joint ventures		14,312,598.60	13,970,279.45
Gains from changes in fair value ("-" for losses)			
Losses from assets impairment ("-" for losses)		-88,588.98	
Gains from disposal of assets ("-" for losses)			72,967.95
II. Operating profits ("-" for losses)		237,460,151.15	53,368,202.59
Plus: non-operating revenue			280.59
Less: non-operating expenses		620,770.10	843.13
III. Total profits ("-" for total losses)		236,839,381.05	53,367,640.05
Less: income tax expenses		5,722,369.26	17,390,978.31
IV. Net profit ("-" for net loss)		231,117,011.79	35,976,661.74
(I) Net profit from continued operation ("-" for net loss)		231,117,011.79	35,976,661.74
(II) Net profit from discontinued operation ("-" for net loss)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Profit or loss from changes in fair value of available-for-sale financial assets			
3. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. The effective portion of cash flow hedging gains and losses			
5. Translation differences of foreign currency financial statements			
6. Others			
VI. Total comprehensive income		231,117,011.79	35,976,661.74

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Cash Flows
Year 2020

(Amounts are expressed in RMB unless otherwise stated)


Item	Note	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		8,488,902,563.76	3,392,505,914.64
Refund of taxes and surcharges		48,637,606.47	10,331,464.10
Cash received from other operating activities		6,245,324,881.97	4,076,466,900.93
Sub-total of cash inflows from operating activities		14,782,865,052.20	7,479,304,279.67
Cash paid for purchase of goods and receipt of services		7,720,836,457.55	3,625,496,571.25
Cash paid to and on behalf of employees		426,993,365.75	60,182,442.88
Cash paid for taxes and surcharges		720,803,205.10	504,168,111.25
Cash paid for other operating activities		6,956,259,235.23	4,029,949,453.25
Sub-total of cash outflows from operating activities		15,824,892,263.63	8,219,796,578.63
Net cash flows from operating activities		-1,042,027,211.43	-740,492,298.96
II. Cash flows from investing activities			
Cash received from disinvestment		19,744,741,336.97	25,090,593,863.11
Cash received from returns on investments		551,494,281.06	559,786,053.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		17,180,415.64	450,634.48
Net cash received from disposal of subsidiaries and other business units		-220,502,570.10	
Cash received from other investing activities		17,401,721,617.87	5,966,544,652.76
Sub-total of cash inflows from investing activities		37,494,635,081.44	31,617,375,203.82
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		6,770,302,755.30	4,063,180,305.06
Cash paid for investments		25,410,495,094.01	29,643,344,467.72
Net cash paid to acquire subsidiaries and other business units		1,662,687,452.85	716,566,579.80
Cash paid for other investing activities		11,104,857,254.11	10,399,175,332.32
Sub-total of cash outflows from investing activities		44,948,342,556.27	44,822,266,684.90
Net cash flows from investing activities		-7,453,707,474.83	-13,204,891,481.08
III. Cash flows from financing activities			
Cash from absorption of investments		749,487,962.59	10,845,747,170.83
Including: cash received by subsidiaries from investment by minority shareholders		749,487,962.59	4,967,616,632.05
Cash received from borrowings		28,803,914,681.94	18,539,211,487.23
Cash received from bonds issue		7,165,130,080.00	8,562,281,137.00
Cash received from other financing activities		14,667,821,666.79	7,924,786,811.22
Sub-total of cash inflows from financing activities		51,386,354,391.32	45,872,026,606.28
Cash paid for debt repayments		29,906,536,705.97	21,293,540,966.70
Cash paid for distribution of dividends and profits or payment of interest		4,709,736,881.52	4,853,430,961.57
Including: dividends and profits paid to minority shareholders by subsidiaries		96,693,674.67	72,548,633.60
Cash paid for other financing activities		8,438,722,143.94	7,969,948,058.60
Sub-total of cash outflows from financing activities		43,054,995,731.43	34,116,919,986.87
Net cash flows from financing activities		8,331,358,659.89	11,755,106,619.41
IV. Effect of fluctuation in exchange rate on cash and cash equivalents			
		-332,202,527.92	1,078,039.53
V. Net increase in cash and cash equivalents			
		-496,578,554.29	-2,189,199,121.10
Plus: beginning balance of cash and cash equivalents		10,440,439,079.86	12,629,638,200.96
VI. Ending balance of cash and cash equivalents			
		9,943,860,525.57	10,440,439,079.86

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:

Accounting Principal:

Head of the Accounting Department:


Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Statement of Cash Flows
Year 2020

(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2020	Year 2019
I. Cash flows from operating activities			
Cash received from sales of goods and rendering of services		906,418,309.73	817,021,610.55
Refund of taxes and surcharges			
Cash received from other operating activities		14,890,025.88	19,727,757.19
Sub-total of cash inflows from operating activities		921,308,335.61	836,749,367.74
Cash paid for purchase of goods and receipt of services		834,057,112.74	780,477,842.59
Cash paid to and on behalf of employees		19,480,595.23	19,441,929.71
Cash paid for taxes and surcharges		74,868,128.61	109,231,868.92
Cash paid for other operating activities		20,790,869.36	34,018,572.42
Sub-total of cash outflows from operating activities		949,196,705.94	943,170,213.64
Net cash flows from operating activities		-27,888,370.33	-106,420,845.90
II. Cash flows from investing activities			
Cash received from disinvestment		11,262,852,646.76	15,539,883,135.08
Cash received from returns on investments		333,595,737.21	308,054,562.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		14,330,875,059.69	1,221,359,539.06
Sub-total of cash inflows from investing activities		25,927,323,443.66	17,069,297,236.87
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		164,727.56	705,101.70
Cash paid for investments		9,392,471,355.93	9,166,207,846.20
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		9,859,806,458.00	3,255,367,089.30
Sub-total of cash outflows from investing activities		19,252,442,541.49	12,422,280,037.20
Net cash flows from investing activities		6,674,880,902.17	4,647,017,199.67
III. Cash flows from financing activities			
Cash from absorption of investments			2,582,000,000.00
Cash received from borrowings		4,495,812,000.00	4,300,562,000.00
Cash received from bonds issue		4,075,000,000.00	2,097,732,000.00
Cash received from other financing activities		7,197,523.59	3,743,502,708.34
Sub-total of cash inflows from financing activities		8,578,009,523.59	12,723,796,708.34
Cash paid for debt repayments		12,329,577,737.68	10,706,625,189.43
Cash paid for distribution of dividends and profits or payment of interest		2,991,078,101.01	3,218,593,997.44
Cash paid for other financing activities		41,652,233.33	4,201,840,515.45
Sub-total of cash outflows from financing activities		15,362,308,072.02	18,127,059,702.32
Net cash flows from financing activities		-6,784,298,548.43	-5,403,262,993.98
IV. Effect of fluctuation in exchange rate on cash and cash equivalents			
		-128,873.44	
V. Net increase in cash and cash equivalents			
		-137,434,890.03	-862,666,640.21
Plus: beginning balance of cash and cash equivalents		694,577,769.02	1,557,244,409.23
VI. Ending balance of cash and cash equivalents			
		557,142,878.99	694,577,769.02

The accompanying notes to the financial statements form an integral part of the financial statements.

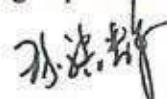
Legal Representative:



Accounting Principal:


Statements Page 9

Head of the Accounting Department:




Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Changes in Owners' Equity
Year 2020
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2020										
	Paid-in capital (or share capital) 2019	Preferred stock	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity	Total owners' equity
I. Balance as at December 31, 2019	8,749,890,000.00			53,319,668,161.83	-407,649.66		86,818,598.59	1,209,967,584.73	63,365,936,695.49	21,190,899,280.79	84,556,835,976.28
Plus: changes in accounting policies											
Correction of accounting errors in prior periods											
Business combination under common control											
Others											
II. Balance as at January 1, 2020	8,749,890,000.00			53,319,668,161.83	-407,649.66		86,818,598.59	1,209,967,584.73	63,365,936,695.49	21,190,899,280.79	84,556,835,976.28
III. Increases/decreases in 2020 ("+" for increases)				5,495,748,559.90	7,957,475.07		23,111,701.18	552,752,175.75	6,079,569,911.90	18,398,970,490.64	24,478,540,402.54
(I) Total comprehensive income					7,957,475.07			608,580,184.75	616,537,659.82	78,936,418.25	695,474,078.07
(II) Capital contributed or reduced by owners				5,495,748,559.90					5,495,748,559.90	18,320,034,072.39	23,815,782,632.29
1. Common stock contributed by owners											
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others				5,495,748,559.90					5,495,748,559.90	18,320,034,072.39	23,815,782,632.29
(III) Profit distribution							23,111,701.18	-55,828,009.00	-32,716,307.82		-32,716,307.82
1. Withdrawal of surplus reserves							23,111,701.18	-23,111,701.18			
2. Profit distributed								-39,694,600.00	-39,694,600.00		-39,694,600.00

Year 2020
Equity attributable to owners of the parent company

Item	Paid-in capital (or share capital)		Other equity instruments		Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity	Total owners' equity
	Preferred stock	Perpetual bonds	Others	Others								
to owners (or shareholders)												
3. Others (IV) Internal carry-forward of owners' equity									6,978,292.18	6,978,292.18		6,978,292.18
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Others												
(V) Special reserves												
1. Amount withdrawn in 2020												
2. Amount used in 2020												
(VI) Others												
IV. Balance as at December 31, 2020	8,749,690,000.00				58,815,416,721.73	7,549,825.48		109,930,299.77	1,762,719,760.48	69,445,506,607.39	39,589,869,771.43	109,035,376,378.82

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:  Accounting Principal:

Head of the Accounting Department: 

Head of the Accounting Department: 

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Changes in Owners' Equity (Continued)


Year 2020

(Amounts are expressed in RMB unless otherwise stated)

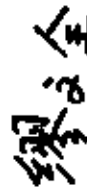
Item	Year 2019										Total owners' equity
	Equity attributable to owners of the parent company										
	Paid-in capital (or share capital)	Preferred stock	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity	
			Convertible bonds								
I. Balance as at December 31, 2018	8,749,890,000.00			51,453,691,391.63			83,220,932.42	1,027,663,915.66	61,314,466,239.71	18,460,537,037.55	79,775,003,277.26
Plus: changes in accounting policies											
Correction of accounting errors in prior periods											
Business combination under common control											
Others											
II. Balance as at January 1, 2019	8,749,890,000.00			51,453,691,391.63			83,220,932.42	1,027,663,915.66	61,314,466,239.71	18,460,537,037.55	79,775,003,277.26
III. Increases/decreases in 2019 ("+" for increases)				1,865,976,770.20	-407,649.66		3,597,666.17	182,303,669.07	2,051,470,455.78	2,730,362,243.24	4,781,832,699.02
(I) Total comprehensive income					-407,649.66			215,663,735.24	215,256,085.58	162,851,537.41	378,107,622.99
(II) Capital contributed or reduced by owners				2,579,711,000.00					2,579,711,000.00	2,567,510,705.83	5,147,221,705.83
1. Common stock contributed by owners				2,579,711,000.00					2,579,711,000.00		2,579,711,000.00
2. Capital invested by the holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution							3,597,666.17	-33,360,066.17	-29,762,400.00	2,567,510,705.83	2,567,510,705.83
1. Withdrawal of surplus reserves							3,597,666.17	-3,597,666.17			
2. Profit distributed to owners (or								-29,762,400.00	-29,762,400.00		-29,762,400.00

Item	Year 2019										Total owners' equity									
	Equity attributable to owners of the parent company																			
	Paid-in capital (or share capital)	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity											
	Preferred stock	Perpetual bonds	Others																	
3. Others																				
(IV) Internal carry-forward of owners' equity																				
1. Conversion of capital reserves into paid-in capital (or share capital)																				
2. Conversion of surplus reserves into paid-in capital (or share capital)																				
3. Surplus reserves offsetting losses																				
4. Carry-forward of changes in the defined benefit plan for retained earnings																				
5. Others																				
(V) Special reserves																				
1. Amount withdrawn in 2019																				
2. Amount used in 2019																				
(VI) Others																				
IV. Balance as at December 31, 2019	8,749,890,000.00					53,319,668,161.83	-407,649,666	86,818,598.58	1,209,967,584.73	63,363,936,695.49	21,190,899,280.79	84,556,835,976.28								
						-713,734,229.80						-713,734,229.80								

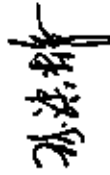
The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: 

Accounting Principal:



Head of the Accounting Department:



**Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Statement of Changes in Owners' Equity
Year 2020**

(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2020							Total owners' equity		
	Paid-in capital	Preferred stock	Perpetual bonds	Other equity instruments Others	Capital reserves	Other comprehensive income	Special reserves		Surplus reserves	Undistributed profits
I. Balance as at December 31, 2019	8,749,890,000.00				33,334,066,415.08			86,818,598.59	624,315,870.33	42,795,090,884.00
Plus: changes in accounting policies										
Correction of accounting errors in prior periods										
Others										
II. Balance as at January 1, 2020	8,749,890,000.00				33,334,066,415.08			86,818,598.59	624,315,870.33	42,795,090,884.00
III. Increases/decreases in 2020 ("-" for decreases)										
(I) Total comprehensive income										
(II) Capital contributed or reduced by owners										
1. Common stock contributed by owners										
2. Capital invested by the holders of other equity instruments								23,111,701.18	203,148,510.61	226,260,211.79
3. Amounts of share-based payments recognized in owners' equity										
4. Others										
(III) Profit distribution										
1. Withdrawal of surplus reserves								23,111,701.18	-27,968,501.18	-4,856,800.00
2. Profit distributed to owners (or shareholders)								23,111,701.18	-23,111,701.18	
3. Others										
(IV) Internal carry-forward of										
									-4,856,800.00	-4,856,800.00

Items	Year 2020									
	Paid-in capital	Other equity instruments			Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
		Preferred stock	Perpetual bonds	Others						
owners' equity										
1. Conversion of capital reserves into paid-in capital (or share capital)										
2. Conversion of surplus reserves into paid-in capital (or share capital)										
3. Surplus reserves offsetting losses										
4. Carry-forward of changes in the defined benefit plan for retained earnings										
5. Others										
(V) Special reserves										
1. Amount withdrawn in 2020										
2. Amount used in 2020										
(VI) Others										
IV. Balance as at December 31, 2020	6,749,890,000.00			33,334,086,415.08			109,930,299.77	827,464,380.94		43,021,351,095.79

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:  Accounting Principal:  Head of the Accounting Department: 


Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Parent Company's Statement of Changes in Owners' Equity (Continued)
Year 2020

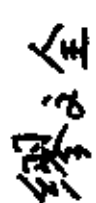
(Amounts are expressed in RMB unless otherwise stated)

Item	Year 2019				Total owners' equity				
	Paid-in capital (or share capital)	Preferred stock	Other equity instruments Perpetual bonds Others	Capital reserves		Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits
I. Balance as at December 31, 2018	8,749,890,660.00			32,497,314,873.36			83,220,932.42	603,899,774.76	41,934,325,580.54
Plus: changes in accounting policies									
Correction of accounting errors in prior periods									
Others									
II. Balance as at January 1, 2019	8,749,890,000.00			32,497,314,873.36			83,220,932.42	603,899,774.76	41,934,325,580.54
III. Increases/decreases in 2019 ("-" for decreases)				836,751,541.72			3,597,666.17	20,416,095.57	860,765,303.46
(I) Total comprehensive income								35,976,661.74	35,976,661.74
(II) Capital contributed or reduced by owners				836,751,541.72					836,751,541.72
1. Common stock contributed by owners				2,582,000,000.00					2,582,000,000.00
2. Capital invested by the holders of other equity instruments									
3. Amounts of share-based payments recognized in owners' equity									
4. Others				-1,745,248,458.28			3,597,666.17	-15,560,566.17	-1,745,248,458.28
(III) Profit distribution									
1. Withdrawal of surplus reserves							3,597,666.17	-3,597,666.17	
2. Profit distributed to owners (or shareholders)								-11,962,900.00	-11,962,900.00
3. Others									
(IV) Internal carry-forward of									

Item	Year 2019							Total owners' equity		
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Other comprehensive income	Special reserves		Surplus reserves	Undistributed profits
		Preferred stock	Perpetual bonds	Others						
owners' equity										
1. Conversion of capital reserves into paid-in capital (or share capital)										
2. Conversion of surplus reserves into paid-in capital (or share capital)										
3. Surplus reserves offsetting losses										
4. Carry-forward of changes in the defined benefit plan for retained earnings										
5. Others										
(V) Special reserves										
1. Amount withdrawn in 2019										
2. Amount used in 2019										
(VI) Others										
IV. Balance as at December 31, 2019	8,749,890,000.00				33,334,066,415.08			86,818,598.59	624,315,870.33	42,795,090,884.00

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:  Accounting Principal:

 Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Amounts are expressed in RMB unless otherwise stated)

1 Company profile

1.1 Company overview

Zhongyuan Yuzi Investment Holding Group Co., Ltd. (hereinafter referred to as "the Company") was registered upon approval by the Henan Administration for Industry and Commerce on May 23, 2011, with a registration No. on business license of 91410000574989030U. It was engaged in the business service industry, with a registered capital of RMB 10 billion and Qin Jianbin as its legal representative, and its registered address is: West Wing of Henan Provincial Department of Finance, No.27 Jingsan Road, Zhengzhou.

The Company's main business activities are: investment and financing as well as asset management; investment and management of major government construction projects; investment and operation of strategic emerging industries, modern services, and high-tech industries; state-owned equity holding and capital operation; investment and financing policy research and economic consulting business of urbanization construction; other approved assets investment and operating activities other than those prohibited by national laws and regulations.

The Company's ultimate controlling party is Henan Provincial Department of Finance.

The Company was registered upon approval by the Henan Administration for Industry and Commerce on May 23, 2011, with Henan Yuzi Urban and Rural Investment Development Co., Ltd. as its original name, 41000000023510 as the registration No. on its business license for enterprise legal persons, a period from May 23, 2011 to May 22, 2061 as its operation period, and RMB 100 million as its original registered capital. Its investor is the State-owned Asset Management Center of the Administrative Public Institutions Directly under the Henan Province (hereinafter referred to as the "Center"), with monetary funds as capital contribution method and a capital contribution proportion of 100.00%. The Company changed its name and registration No. on the business license on April 12, 2017. After the change, its name was Zhongyuan Yuzi Investment Holding Group Co., Ltd., and the registration No. on the business license was 91410000574989030U.

This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 103) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In July 2011, according to the Official Reply to Foreign Investment by the State-owned Asset Management Center of Administrative Public Institutions Directly under the Henan Province (Y CZ [2011] No.50) issued by the Finance Bureau of Henan Province and the Decision on Approval for Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuzi Urban and Rural Investment Development Co., Ltd. (Y ZG [2011] No.13) issued by the Center, the Company newly increased registered capital of RMB 900 million, including RMB 700 million as capital reserves transferred to paid-in capital and RMB 200 million as increased capital invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 1 billion. This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 105) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In October 2011, according to the Decision on the Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2011] No.28) issued by the Center, the Company newly increased registered capital of RMB 1 billion, wholly invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 2 billion. This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 111) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In July 2012, according to *the Decision on the Increase in Registered Capital and Amendment to the Articles of Association* by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2012] No.15) issued by the Center, the Company newly increased registered capital of RMB 1 billion, wholly invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 3 billion. This change has been verified by the Capital Verification Report (YKYZ [2012] No. 023) issued by the Asia Group Accounting Firm Co., Ltd.

On September 14, 2015, a resolution on increase in the Company's registered capital by RMB 2 billion, which will be transferred by capital reserves, was adopted at the shareholders' meeting. After this change, the Company's registered capital increased to RMB 5 billion.

On August 12, 2016, according to *the Decision on Increase in Registered Capital and Amendment to the Articles of Association* by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2016] No.11) issued by the Center, the Company newly increased registered capital of RMB 5 billion, all of which will be invested in monetary and non-monetary ways by the Center before September 14, 2036. After this change, the Company's registered capital increased to RMB 10 billion. As of December 31, 2016, RMB 720 million was invested by the Center in currency and RMB 2.618 billion was transferred from capital reserves to paid-in capital.

On June 22, 2017, according to *the Circular on Appropriation of Capital Fund to Zhongyuan Yuze Investment Holding Group Co., Ltd.* (YCZ [2017] No.51) issued by the Center, RMB 391,890,000 was invested by the Finance Bureau of Henan Province in currency. On December 29, 2017, according to *the Circular on the Appropriation of the 2017 Provincial State-owned Capital Operating Budget Fund* (YCQ [2017] No.141) issued by the Center, RMB 20 million was invested by the Finance Bureau of Henan Province in currency.

On August 28, 2018, after the registration of change at the Henan Administration for Industry and Commerce, the Company's parent company as well as actual controller was changed from the Center to the Finance Department of Henan Province.

The financial statements have been approved by the board of directors of the Company on March 29, 2021 for disclosure.

1.2 Scope of consolidated financial statements

See "Note 7 Equity in other entities" for details of subsidiaries of the Company.

See "Note 6 Changes in the scope of consolidation" for details of the changes in the scope of consolidation during the reporting period.

2 Preparation basis for financial statements

2.1 Preparation basis

The Company prepares its financial in accordance with *the Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance and all the specific accounting standards, Application Guidance to the Accounting Standards for Business Enterprises, the interpretation of the Accounting Standards for Business Enterprises and other relevant provisions (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises").

2.2 Going concern

The financial statements of the Company have been prepared on a going concern basis.

3 Principal accounting policies and accounting estimates

Tips of specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. See Note 3.10 Financial instruments and Note 3.25 Revenue for details.

Implementation of new standards by the Company and the subsidiaries within the scope of consolidation is as follows:

Company name	New standards for financial instruments	New revenue Standards	New leases standards
Zhongyuan Yuzi Investment Holding Group Co., Ltd. (Parent Company)	Not yet implemented	Not yet implemented	Not yet implemented
Palm Ecological Town Development Co., Ltd.	Implemented as of January 1, 2019	Implemented as of Wednesday, January 1, 2020	Not yet implemented
Other companies	Not yet implemented	Not yet implemented	Not yet implemented

While preparing the consolidated financial statements, the Company directly consolidates the financial statements prepared by its subsidiaries in accordance with the relevant new accounting standards.

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at December 31, 2020, and the consolidated and the parent company's operating results and cash flows for the year then ended.

3.2 Accounting period

The accounting year is from January 1 to December 31 in calendar year.

3.3 Operating cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company adopts RMB as its functional currency.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: For assets and liabilities (including the goodwill formed by the acquisition of the combined party by the ultimate controller) obtained through business combination by the combining party, they are measured based on the book value of the assets and liabilities of the combined party in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the book value of net assets acquired through combination and the book value of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

Business combination not under common control: The combination costs are the fair value, on the acquisition date, of any assets acquired, any liabilities incurred or assumed, and any equity securities issued by the acquirer, in exchanges for control of the acquiree. The Company recognizes the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquiree as goodwill. The Company includes the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquiree in the current profit or loss. All the identifiable assets, liabilities and contingent liabilities of the acquiree qualified for the conditions for recognition and obtained in the business combination shall be measured at fair value on the acquisition date.

Expenses incurred directly relating to the business combination are included in the current profit or loss; transaction expenses incurred in issuing equity or debt securities for business combination are included in the initial recognition amount of those equity or debt securities.

3.6 Preparation method of consolidated financial statements

3.6.1 Scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the subsidiaries. Control means the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the Company's return by using the power over the investee.

3.6.2 Procedures for consolidation

The Company takes the enterprise group as a whole accounting entity, and prepares the consolidated financial statements according to uniform accounting policies to reflect the overall financial position, operating results and cash flows of the enterprise group. The impact of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If the internal transaction indicates that the impairment loss of related assets occurs, the loss shall be fully recognized. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of owners' equity, current net profit or loss and current comprehensive income of subsidiaries attributable to minority owners are respectively and separately presented under the owner's equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the current loss shared by a minority shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, minority equity will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiary or business from the business combination under common control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements. At the same time, the beginning amounts of the consolidated financial statements and relevant items of the comparative statement are adjusted, and it is deemed that, after the combination, the reporting entity has been in existence since the point when the ultimate controlling party began to control.

During the reporting period, if the Company acquired subsidiary or business from the business combination not under common control, they shall be included in the consolidated financial statements from the acquisition date based on the fair value of the identifiable assets, liabilities and contingent liabilities determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. The equity of the acquiree held before the acquisition date involved other comprehensive income that can be reclassified into profit or loss later, and other owners' equity changes under the equity method are converted into current investment income on the acquisition date.

(2) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be remeasured by the Company at the fair value thereof on the date of losing the control. The difference between the sum of the equity disposal consideration and the fair value of the remaining equity and the sum of the share calculated at the original shareholding ratio in net assets enjoyed in the original subsidiary and continuously calculated from the acquisition date or combination date and the goodwill will be included in the investment income for the period where the control is lost. Other comprehensive income that will be reclassified into profit or loss and other change in owners' equity calculated by the equity method, associated with the equity investments of original subsidiaries should be transferred into the investment income for the period where the control is lost.

3.7 Classification of joint venture arrangements and accounting treatment methods of joint operation

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation refers to the joint venture arrangement under which the joint venturer enjoys the assets relevant to such arrangement and assumes the liabilities relevant to the same.

The Company recognizes the following items related to its share of benefits in the joint operation:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;

- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

The Company accounts for investments in joint ventures by the equity method, see "Note 5.15 Long-term equity investments" for details.

3.8 Recognition criteria of cash and cash equivalents

The term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term and highly liquid investments held by the Company that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of foreign currency statements

3.9.1 Foreign currency transaction

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency items on the balance sheet date are measured at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, while other exchange difference arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified to capitalization is dealt with according to the principle of borrowing capitalization.

3.9.2 Translation of foreign currency statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. The revenue or any cost item in the income statement is translated at the spot exchange rate prevailing on the transaction date (or other exchange rate which is similar to the spot exchange rate prevailing on the transaction date and determined by the systematic and reasonable method. Note: Where such method is adopted, such method and relevant standard should be specified).

When the Company disposes of an overseas business, the translation differences in foreign currency financial statement related to such overseas business should be transferred in the current profit or loss from the owner's equity.

3.10 Financial instruments

When the Company becomes a party to a contract for financial instrument, a financial asset, financial liability or equity instrument should be recognized.

Companies which have not implemented the new standards for financial instruments yet.

1. Classification of financial instruments

At the initial recognition, financial assets and financial liabilities are classified into: financial assets or financial liabilities measured at fair value through the current profit or loss, including financial assets or financial liabilities held for trading; held-to-maturity investments; receivables; available-for-sale financial assets; and other financial liabilities.

2. Recognition basis and measurement method of financial instruments

- (1) Financial assets (liabilities) measured at fair value through the current profit or loss

Financial assets (liabilities) measured at fair value through the current profit or loss are initially recognized at the fair value (deducting cash dividends declared but not yet paid or bond interest due but not yet received) at acquisition and the related transaction costs are included in the current profit or loss.

The interest or cash dividend received is recognized as investment income during the holding period. The change in fair value is included in the current profit or loss at the end of the period.

Difference between the fair value and initial entry value is recognized as investment income at disposal; meanwhile, the profit or loss from the change in fair value is adjusted.

- (2) Held-to-maturity investments

Held-to-maturity investments are initially recognized at the sum of the fair value (deducting bond interest that has matured but not been drawn) and relevant transaction costs.

During the holding period, interest income is recognized based on the amortized cost and effective interest rate and included in the investment income. The effective interest rates are determined at acquisition and remain unchanged during the expected remaining period, or a shorter period if applicable.

Difference between the purchase price and the book value of the investment is recognized as investment income at disposal.

- (3) Receivables

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable, other receivables and others, the initial recognition amount are the contract price or agreement price receivable from purchasing party; for those with financing nature, they are initially recognized at their present values.

At recovery or disposal, the difference between the purchase price and the book value of the receivables is included in the current profit or loss.

- (4) Available-for-sale financial assets

Amount of available-for-sale financial assets is initially recognized at the sum of the fair value (deducting net of cash dividends declared but not yet paid or bond interest that has matured but not been drawn) and related transaction costs at acquisition.

The interest or cash dividend received will be recognized as investment income during the holding period. The change in fair value is included in the current profit or loss at the end of the period. However, the equity instrument investment that has no quoted price in an active market and whose fair value cannot be reliably measured and the derivative financial assets linked to the said equity instrument and settled by delivery of the equity instrument are measured at cost.

Difference between the purchase price and the book value of the financial assets should be included in investment profit or loss at disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which was originally and directly included in other comprehensive income should be transferred out and included in the current profit or loss.

- (5) Other financial liabilities
Other financial liabilities are initially recognized at the sum of fair value and transaction expenses. The subsequent measurement is made based on the amortized cost.

3. **Derecognition and transfer of financial assets**

In case one of the following conditions is met, the Company will derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts are included in the current profit or loss:

- (1) Book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in owners' equity (where the financial assets transferred are available-for-sale financial assets).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- (1) Book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are available-for-sale financial assets).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

4. Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof should be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities should be derecognized, and at the same time, the new financial liabilities should be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities should be derecognized in whole or in part, and the financial liabilities of which terms have been modified should be recognized as the new financial liabilities.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

Where the Company redeems part of its financial liabilities, it should, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

5. Method of determining fair values of financial assets and financial liabilities

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company should adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and should give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or unpractical to be obtained.

6. Test method and accounting treatment for impairment of financial assets (excluding receivables)

Except for the financial assets measured at fair value through the current profit or loss, the Company should check the book value of financial assets on the balance sheet date. If there is objective evidence that any financial asset has been impaired, the provision for impairment will be made.

(1) Provision for impairment of available-for-sale financial assets:

If the fair value of available-for-sale financial assets has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering of various relevant factors, the impairment will be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity will be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of such impairment losses, the previously recognized impairment losses may be reversed and included in the current profit or loss.

Impairment losses from the investment in available-for-sale equity instruments do not be reversed through the profit or loss.

- (2) Provision for impairment of held-to-maturity investments:
Measurement of impairment loss on held-to-maturity investments is made in accordance with the measurement method for the impairment loss on receivables.

Companies which have implemented the new standards for financial instruments

1. Classification of financial instruments

According to the business model of financial assets and contractual cash flow characteristics of the same, which are subject to the management of the Company, financial assets are classified at the initial recognition as: financial assets measured at the amortized cost, financial assets measured at fair value through the other comprehensive income and financial assets measured at fair value through the current profit or loss.

The Company classifies the financial assets that meet the following conditions at the same time but have not been designated to be measured at fair value through profit or loss as the financial assets measured at amortized cost:

- The business model is adopted for the purpose of obtaining the contractual cash flow;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

The Company classifies the financial assets that meet the following conditions at the same time and have not been designated to be measured at fair value through profit or loss as the financial assets (debt instruments) measured at fair value through the other comprehensive income:

- The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;
- The contractual cash flow is only used for interest payment based on the principal or unpaid principal.

At the initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through the other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss.

At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through the other comprehensive income as the financial assets measured at fair value through the current profit or loss.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through the current profit or loss and financial liabilities measured at the amortized cost.

At the initial recognition, financial liabilities meeting one of the following conditions may be designated as the financial liabilities measured at fair value through the current profit or loss:

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain the embedded derivative which needs to be separated.

2. Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

Financial assets measured at amortized cost include notes receivable and accounts receivable, other receivables, long-term receivables, and creditors' investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) Financial assets (debt instruments) measured at fair value through the other comprehensive income

Financial assets (debt instruments) measured at fair value through the other comprehensive income include receivables financing and other creditors' investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or gains, and exchange gains or losses.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current profit or loss.

- (3) Financial assets (equity instruments) measured at fair value through the other comprehensive income

Financial assets (equity instruments) measured at fair value through the other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognized amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in the other comprehensive income. Dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

- (4) Financial assets measured at fair value through the current profit or loss

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

- (5) Financial liabilities measured at fair value through the current profit or loss

Financial liabilities measured at fair value through the current profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

- (6) Financial liabilities measured at amortized cost

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

3. Derecognition and transfer of financial assets

In case one of the following conditions is met, the Company will derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets should not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts are included in the current profit or loss:

- (1) Book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred should be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts should be included in the current profit or loss:

- (1) Book value of the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through the other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets should continue to be recognized, and the consideration received should be recognized as a financial liability.

4. Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof should be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities should be derecognized, and at the same time, the new financial liabilities should be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities should be derecognized in whole or in part, and the financial liabilities of which terms have been modified should be recognized as the new financial liabilities.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

Where the Company redeems part of its financial liabilities, it should, on the redemption date, allocate the entire book value of whole financial liabilities according to the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

5. Method of determining fair values of financial assets and financial liabilities

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company should adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and should give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or unpractical to be obtained.

6. Test method and accounting treatment for the impairment of financial assets

The Company estimates the expected credit loss of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through the other comprehensive income and financial guarantee contract individually or in portfolio.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Company calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss. If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss over the entire duration of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the expected credit loss within 12 months in the future of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, once the overdue period is more than 30 days, the Company may consider that there is obvious increase in credit risk of such financial instrument, unless there is unambiguous evidence that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For receivables and contract assets arising from the transactions specified in the Accounting Standards for Business Enterprises No. 14 - Revenue (2017), whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

For lease receivables, the Company always makes the provision for credit loss at the amount equivalent to the expected credit loss over the whole duration.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

3.11 Provision for bad debts of receivables

Companies which have not implemented the new standards for financial instruments yet

1. Receivables with individually significant amount and individual provision for bad debts

Accounts receivable with the balance amounting to RMB 1 million or more are accounts receivable with individually significant amount, and other receivables with the balance amounting to RMB 1 million or more are other receivables with individually significant amount.

Method for making provision for bad debts of receivables with individually significant amount and individual provision for bad debts: if there is objective evidence showing that the Company will be unable to collect all of these receivables according to the original clauses for these receivables, the individual impairment test will be made based on the difference between the present value of estimated future cash flows of these receivables and the fair value of the same (the latter is higher), and the provision for bad debts of these receivables will be made accordingly.

2. Receivables with provision for bad debts made by portfolio with the credit risk characteristics

Method of the provision for bad debts made by the portfolio with credit risk characteristics

Aging portfolio	Aging analysis method
Risk-free portfolio (Receivables from related parties, and current accounts between administrative institutions)	Without provision for bad debts

In the portfolio, receivables with provision for bad debts made by the aging analysis method are stated as follows:

Aging	Proportion of provision for accounts receivable (%)	Proportion of provision for other receivables (%)
Within 1 year (including 1 year)	5.00	5.00
1 - 2 years	10.00	10.00
2 - 3 years	30.00	30.00
3 - 4 years	50.00	50.00
4 - 5 years	80.00	80.00
Over 5 years	100.00	100.00

Companies which have implemented the new standards for financial instruments

See Note “3.10 Financial instruments - Impairment test method and accounting treatment method financial assets of companies which have implemented the new standards for financial instruments” for relevant treatment.

3.12 Inventories

3.12.1 Classification and cost of inventories

Inventories are classified into raw materials, stock commodities, and development cost.

Inventories are initially measured at cost, and the inventory cost includes the purchase cost, processing cost and other expenses arising from making the inventory at their present location and condition.

3.12.2 Measurement method for inventories dispatched

The inventories are measured by the weighted average method when dispatched. At the acquisition of inventories, subsidiaries engaging in real estate development make the initial measurement at cost, including the purchase cost, processing cost and others. ① Lands for development are recognized at actual cost on acquisition; at the project development, the development cost of such project should be recognized based on the project floor area. ② The development cost should be recognized based on the actual cost, and should be transferred in developed products at the actual cost after the project completion and acceptance inspection. ③ Developed products are recognized at the actual cost, and at the launch of developed product, the accounting should be made based on the building area of the developed product by the average method. ④ The development cost of developed product leased and relocation housing is recognized at the actual cost, and evenly amortized over the estimated useful life of the Company's fixed assets in the same kind. ⑤ Engineering construction is recognized at the actual cost, and the cost on carrying down the engineering construction is calculated by the individual pricing method.

3.12.3 Basis of determining the net realizable values of inventories in different categories

In the normal production and operation process, for merchandise inventories for direct sale, including finished goods, stock commodities and materials for sale, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges; for material inventories required to be processed, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges. For inventories held to under any sales contract or service contract, their net realizable values are calculated based on the contract price. If the quantity of inventories held by the Company is more than that ordered in sales contract, the net realizable value of the excess inventories will be calculated based on general selling price.

The provision for inventory depreciation is made on an individual basis at the end of the period, for inventories with large quantities and relatively low unit prices, the provision for inventory depreciation is made on a category basis. For inventories related to the product portfolios manufactured and sold in the same area, of which the final usage or purpose is identical or similar thereto, and which is difficult to separate from other items for measurement purposes, the provision for inventory depreciation is made on a portfolio basis.

Except that there is clear evidence that the market price is abnormal on the balance sheet date, the net realizable values of inventories are determined based on the market price on the balance sheet date.

At the end of the period, the net realizable values of the inventory items are determined based on market prices on the balance sheet date.

3.12.4 Inventory system

The perpetual inventory system is adopted.

3.12.5 Amortization methods for low-cost consumables and packaging materials

- (1) One-off write-off method is adopted for low-cost consumables;
- (2) One-off write-off method is adopted for packaging materials.

3.13 Contract assets and contract liabilities

Companies which have implemented the new standards for revenue

1. Recognition method and criteria for contract assets and contract liabilities

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors than time lapses) is presented as contract asset; the Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

2. Determination method and accounting treatment for the expected credit loss of contract assets

See "Test method and accounting treatment for the impairment of financial assets" specified in "3.10 Financial instruments - Companies which have implemented the new standards for financial instruments" for the determination method and accounting treatment for the expected credit loss of contract assets.

3.14 Long-term equity investments

3.14.1 Judgment criteria for common control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee should be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee should be the Company's associate.

3.14.2 Determination of initial investment cost

(1) Long-term equity investments acquired through business combination

The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the combinee's owners' equity on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the Control can be exercised over the investee under common control as a result of additional investment and other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium (or capital premium). If the share premium (capital premium) is insufficient to be offset, retained earnings will be offset accordingly.

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of additional investment and other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

- (2) Long-term equity investments acquired by means other than business combination

For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

For the long-term equity investment acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

3.14.3 Subsequent measurement and recognition of profits or losses

- (1) Long-term equity investment accounted for under the cost method

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

- (2) Long-term equity investment accounted for under the equity method

Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company shall, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company shall adjust the book value of the long-term equity investment and include such change in the owners' equity.

The Company should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Company should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual price thereof are included in the current profit or loss.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be transferred to the current profit or loss in full.

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed should be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment should be made respectively for each transaction.

3.15 Investment properties

The investment properties refer to the properties held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the Company and its cost can be measured reliably, should be recorded in the cost of investment properties; otherwise, they should be included into the current profit or loss when occur.

The Company measures its existing investment properties by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for intangible assets.

3.16 Fixed assets

3.16.1 Recognition and initial measurement of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

Fixed assets shall be initially measured at cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Group and their costs may be measured reliably; as for the part replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

3.16.2 Depreciation method

The public assets owned by the Company's subsidiaries that perform governmental functions (such as municipal roads and administrative offices) are recognized as fixed assets and are not depreciated.

The provision for depreciation of fixed assets is made by category and by using the straight-line method and the depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation life, residual value rates and annual depreciation rates of fixed assets are presented by category as follows:

Category	Depreciation method	Depreciation life (year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	5-35	5.00	2.71-19.00
Machinery equipment	Straight-line method	10-15	5.00	6.33-9.50
Transportation facilities	Straight-line method	8	5.00	11.88
Electronic equipment and others	Straight-line method	5	5.00	19.00

3.16.3 Disposal of fixed assets

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The revenue from sales, transfer, scrapping or damages of fixed assets after deducting their book values and relevant taxes and surcharges are included in the current profit or loss.

3.17 Construction in progress

According to the costs actually incurred, the Company measures its construction in progress. The actual costs includes building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures incurred before the construction in progress achieves the working condition for its intended use. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

3.18 Borrowing costs

3.18.1 Recognition criteria of capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale only after long-time acquisition and construction or production activities.

3.18.2 Capitalization period for borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

Borrowing costs are capitalized when they simultaneously meet the following conditions:

- (1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred; and
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have been in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

3.18.3 Period of capitalization suspension

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for their intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the assets restarts.

3.18.4 Calculation method of capitalization rate and capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowings actually incurred in the current period less the interest income from undrawn borrowings deposited in the bank or investment income from temporary investment should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate for the used general borrowings. The capitalization rate is determined based on the weighted and average effective interest rate for general borrowings.

During the period for capitalization, the balance of exchange form the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

3.19 Biological assets

1. The Company's biological assets are classified as productive biological assets, consumptive biological assets and public welfare biological assets depending on the purpose of holding and the manner of realizing economic benefits.
2. The biological assets are initially measured at the cost.

3. For the necessary expenses incurred before the productive biological assets realize their scheduled production and operation purpose, they constitute the cost of the productive biological assets. The subsequent expenses incurred after realization of the scheduled production purpose are included in the current profit or loss.
4. For the necessary expenses incurred before the consumptive biological assets realize their canopy closure, they constitute the cost of the consumptive biological assets. The subsequent expenses incurred after canopy closure are included in the current profit or loss. Consumptive biological assets are carried forward to cost at the time of cutting by using the proportional method of accumulation volume.
5. The Company depreciates productive biological assets that have reached their intended production and operation purposes by straight-line method. At the end of each year, the Company reviews the useful life, estimated net residual value and depreciation method. If there is any difference between the expected useful life and estimated net residual value and the original estimate or there is a significant change in the realization method of economic benefits, it will be deemed as a change in the accounting estimate, and the useful life or estimated net residual value will be adjusted or the depreciation method will be changed accordingly.
6. Public welfare biological assets include the biological assets mainly for defense and environmental protection, which include the shelter forests against wind and for fixing sand, the forest for soil and water conservation and the water conservation forest etc.
The cost of self-breeding public welfare biological assets is determined based on the necessary expenses such as afforestation costs, nurturing costs, forest protection costs, forestry facilities, seed testing costs, survey and design costs and apportionable overhead costs incurred before depression, including borrowing costs eligible for capitalization.

The subsequent measurement of the public welfare biological assets shall be conducted at the cost. No provision for impairment of assets is made for public welfare biological assets.
7. The difference of the income from disposal of biological assets such as sales, inventory losses, death or damage deducting their book value and related taxes should be included into current profit or loss.

3.20 Intangible assets

3.20.1 Measurement method of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;
The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenditures incurred to prepare the assets for their intended uses.
- (2) Subsequent measurements
The useful lives of the intangible assets are analyzed and determined on their acquisition.

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.

3.20.2 Estimate of useful lives for intangible assets with definite useful lives

Item	Estimated useful live	Amortization method	Residual rate (%)
Land or forest use right	Transfer year	Straight-line method	0.00
Other intangible assets	5 -10 years	Straight-line method	0.00

3.21 Long-term assets impairment

Where there are indications of impairment on long-term equity investments, investment property measured with cost model, fixed assets, construction in progress, intangible assets with definite useful lives, productive biological assets, oil and gas assets and other long-term assets on the balance sheet date, impairment test should be made. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for impairment of fixed assets is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company shall estimate the recoverable amount of the asset portfolio that the individual asset belongs to. The asset portfolio is the minimum asset group that can independently generate the cash inflow.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortized to related asset groups by the reasonable method as of the purchase date; if it is difficult do so, such value will be amortized to the relevant portfolio of asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or portfolio of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value, to recognize the corresponding impairment loss. Thereafter, the Company pay make the impairment test on the asset group or portfolio of asset groups where the goodwill is included, and compare the book value of such group or portfolio with the recoverable amount of the same. If the recoverable amount is less than the book value, the amount of impairment loss should firstly be used to reduce the book value of the goodwill allotted to such group or portfolio, and then reduce book values of other assets than the goodwill in such group or portfolio based on proportions of these book values.

The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

3.22 Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year. Long-term deferred expenses are evenly amortized over the benefit period.

3.23 Employee compensation

3.23.1 Accounting treatment of short-term compensation

During the accounting period where employees serve the Company, the short-term compensation actually incurred should be recognized as a liability and included in the current profit or loss or the assets-related cost.

The social insurance premiums and the housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education drew as required are used to calculate and determine the relevant employee remuneration amount based on the prescribed accrual basis and accrual proportion during the accounting period in which the employees provide services to the Company.

The employee welfare occurring in the Company shall be included in the current profit or loss or the related asset costs according to the actual amount when actually occurring. Among them, non-monetary benefits are measured at the fair value.

3.23.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

In addition, the Company has also participated in the corporation pension plan / supplement endowment insurance fund approved by relevant departments of the State. The Company makes payments to the annuity plan/local social insurance institutions in a certain proportion to the total employee wage, with corresponding expense included in the current profit or loss or related asset cost.

(2) Defined benefit plan

According to the formula determined based on expected cumulative unit method, the Company will set the period that the welfare obligations deriving from the defined benefit plan, which will be included in the current profit or loss or assets-related cost.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising out of the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and asset upper limit thereof.

Obligations under the defined benefit plan, including the payment obligation that is expected to be done within 12 months following the annual reporting period when the employees serve for the Company, are discounted at the market yield of the national debt matching with the obligatory term of the defined benefit plan and the currency on the balance sheet date or the bonds of the high-quality companies in the active market.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or assets-related costs; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date is recognized and settled as gains or losses.

3.23.3 Accounting treatment of dismissal benefits

Where the Company provides dismissal welfare to employees, employee compensation incurred from dismissal benefits are recognized as liabilities and recorded into the current profit or loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits.

3.24 Revenue

Companies that have not implemented new standards for revenue

3.24.1 General recognition principles for revenue from sales of goods

- (1) The Company has transferred the substantial risks and rewards of ownership of the goods to the buyer;
- (2) The Company retains neither continuous management rights associated with ownership of the goods sold nor effective control over the goods sold;
- (3) The amount of revenue can be reliably measured;
- (4) The related economic benefits are likely to flow into the Company; and
- (5) The relevant costs incurred or to be incurred can be measured reliably.

3.24.2 Rendering of service

Where the transaction result of rendering of service can be estimated reliably, revenue from rendering of service is recognized by using the percentage-of-completion method at the end of the period.

Where the outcome of rendering of service transactions cannot be estimated reliably, then the revenue from rendering of services is recognized in terms of the service costs that have occurred and are expected to be compensated, and the service costs occurred should be recognized as the period charges. Service costs occurred that are expected not to be compensated should not be recognized as a revenue.

When a contract or agreement signed between enterprises involves both the sale of goods and rendering of services and if the sale of goods and the rendering of services can be differentiated and measured independently, the part of the contract or agreement pertaining to the sale of goods shall be treated as a sale of goods and the part of the agreement or contract pertaining to the rendering of services shall be treated as a rendering of services. Where the sale of goods and the rendering of services cannot be differentiated, or where the sale of goods and the rendering of services can be differentiated but cannot be measured independently, both shall be treated as a sale of goods.

3.24.3 Transfer of right to use assets

When the economic benefits related to the transfer of right to use assets are likely to flow to the Company and the revenue amount can be reliably measured, the Company shall recognize the revenue.

3.24.4 Revenue from usage

The revenue from usage shall be recognized based on the accrual basis according to relevant contracts or agreements.

3.24.5 Interest income

The interest income is measured on the basis of time and the effective interest rate for the monetary funds of the Company used by others. The Company accrues the interest annually as of December 20 or as of the contract date.

3.24.6 Guaranteed revenue or advisory revenue

The guaranteed revenue of the Company will only be recognized when all the following criteria are satisfied:

A guarantee contract has been entered into and corresponding liabilities to guarantee have been undertaken; the economic benefits associated with the guarantee contract are able to flow; the revenue related to the guarantee contract can be measured reliably.

The Company's advisory revenue will only be recognized when all the following criteria are satisfied:

When the economic benefits associated with transaction may flow into the Company; the amount of revenue can be measured reliably.

Companies that have implemented new standards for revenue

1. Accounting policies for revenue recognition and measurement

The Company recognizes revenue when its performance obligations as stipulated in the contract are fulfilled, that is, when the customer obtained control of the related goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Company measures the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and meanwhile takes into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the accumulatively recognized revenue that is highly unlikely to have a major reversal when the relevant uncertainty is eliminated. Where there is a significant financing element in a contract, the Company determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contract consideration over the contract period at the effective interest method. If the Company meets one of the following conditions, it shall perform the performance obligation within a certain period of time; otherwise, it shall perform the performance obligation at a certain period:

- (1) The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation.
- (2) Customers are able to control the goods under construction in the Company's performance process.
- (3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed till now during the whole contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue pursuant to the progress of performance in such period, unless the performance progress cannot be reasonably determined. The Company uses either the output or input method to determine the performance progress, by taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Company recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain time point, the Company recognizes revenue when the customer obtains control of the relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired or services control over the goods, including:

- (1) The customer has the current payment obligation for such goods or service, i.e. the Company enjoys the current right to collect the payment for such goods or service.
- (2) The Company has transferred the legal ownership of such goods to the customer, i.e. the customer possesses the legal ownership of such goods.

- (3) The Company has transferred goods to the customer in kind, i.e. the customer has possessed such goods in kind.
- (4) The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e. the customer has acquired the substantial risks and rewards of the ownership of such goods.
- (5) The customer has accepted such goods or services.

3.25 Contract costs

Companies that have implemented new standards for revenue

The contract costs are divided into contract performance costs and contract acquisition costs.

The costs incurred by the Company for the performance of the contract, which do not belong to the scope of other accounting standards for business enterprises, are recognized as an asset as contract performance costs when the following conditions are met:

1. The costs are directly related to a current or expected contract obtained.
2. The costs increase the resources of the Company to fulfill its performance obligations in the future.
3. The costs are expected to be recovered.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of contract acquisition cost is less than one year, the Company will include such cost in the current profit or loss when it occurs.

If the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as loss from asset impairment:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If the factors of impairment in the previous period have changed later, causing that the said difference is higher than the book value of the asset, the provision for asset impairment that was originally accrued should be reversed and included in the current profit or loss, but the reversed book value of the asset shall not exceed the book value of the asset on the date of reversal under the assumption that no provision for impairment is made.

3.26 Government grants

3.26.1 Type

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants are government grants that the enterprise acquires for acquisition, construction or otherwise form long-term assets. Income-related government grants refer to government grants other than asset-related government grants.

3.26.2 Accounting treatment

Assets-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. Where such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (where income-related government grants are relevant to routine activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to routine activities of the Company, such grants shall be included in the non-operating revenue);

Income-related government grants used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to routine activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses; income-related government grants used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where income-related government grants are relevant to routine activities of the Company, such grants shall be included in the other income; where income-related government grants are irrelevant to routine activities of the Company, such grants shall be included in the non-operating revenue) or used to offset relevant costs or losses.

The interest subsidies for policy-based preferential loans obtained by the Company shall be subject to the following accounting treatments based on two kinds of situations:

- (1) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the discount funds to the Company, the Company will use the corresponding interest discount to offset related borrowing costs.

3.27 Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and deferred income tax. Except for the income tax from the business combination or transactions or matters directly recognized in the owners' equity (including other comprehensive income), the Company will record the current income tax and deferred income tax into the current profit or loss.

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred income tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

Taxable temporary differences are recognized as deferred income tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include:

- Initial recognition of goodwill;
- For deductible temporary differences related to initial recognition of assets or liabilities incurred in the transaction that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss)

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred income tax liabilities; unless the Company is able to control the time for reversing such temporary differences and such temporary differences are unlikely to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, deferred tax assets and liabilities should be measured at the applicable tax rate during the period of expected recovery of relevant assets or settlement of relevant liabilities according to the tax law.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset against the benefit of deferred tax assets, the book value of deferred tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be presented based on the net amount after offset.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented by net amount after offset when meeting the following conditions at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reversal of deferred income tax assets and liabilities, the involved taxpayer intends to settle the current income tax assets and liabilities on a net amount basis, or obtain assets at the time of discharging liabilities.

3.28 Lease

3.28.1 Accounting treatment of operating lease

- (1) Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and will be included in the current expenses. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses.

If the expense related to the lease which shall be paid by the Company is assumed by the lessor of the asset, then such expenses shall be deducted from total lease fees, and the balances shall be amortized over the lease terms and charged to the current expenses.

- (2) The Company's lease fees collected for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and recognized as the relevant lease revenue. Initial direct costs related to lease transactions paid by the Company shall be included in the current expenses; if it is a large amount, it shall be capitalized, and included in the current income by stages within the whole lease term on same basis for recognition of lease revenue.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

3.28.2 Accounting treatment of financing leases

- (1) Assets acquired under financing leases: At the commencement of the lease term, assets acquired under financing leases shall be recorded at the lower of their fair values and the present values of the minimum lease payments, and the Company shall recognize the long-term payables at amounts equal to the minimum lease payments, and shall record the differences between book value of the leased assets and the long-term payables as unrecognized finance charges. Under the effective interest method, the Company amortizes the unrecognized financing charges over the lease term and includes them in the financial expenses. The initial direct expenses on the Company are included in the value of leased asset.

- (2) Assets rented out under finance lease: At the commencement of the lease term, the Company recognizes the difference between the sum of finance lease receivables and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognize the same as lease revenue over the period when rent is received in the future. The Company's initial direct expenses related to lease are included into the initial measurement of finance lease payment receivable, and the income recognized in lease term is decreased accordingly.

3.29 Changes in significant accounting policies and accounting estimates and corrections of accounting errors

3.29.1 Changes in significant accounting policies

(1) Implement the *Interpretation No.13 of Accounting Standards for Business Enterprises*

The Ministry of Finance issued the *Interpretation No.13 of Accounting Standards for Business Enterprises* (CK [2019] No. 21) (hereinafter referred to as “Interpretation No.13”) on December 10, 2019 for the implementation as of January 1, 2020, not requiring the retroactive adjustment.

① Identification of related parties

The Interpretation No.13 has specified the related-party relationship: between an enterprise and the joint ventures or associates of other member units (including the parent company and subsidiaries) of the enterprise group where the enterprise belongs; between the enterprise’s joint venture and other joint venture or associate of the enterprise. In addition, the Interpretation No.13 has pointed out that two or more enterprises under the significant impact of the same party are not related parties, and that associates include associates and their subsidiaries and joint ventures include joint ventures and their subsidiaries.

② Definition of business

Interpretation No.13 perfects the three elements of business composition, refines the conditions for judging what constitutes business, and introduces the "concentration test" option to simplify, to a certain extent, the issues such as the judgment of whether a portfolio not under common control constitutes business.

The Company has implemented the Interpretation No.13 as of January 1, 2020, for which the comparative financial statements are not adjusted. The implementation of Interpretation No.13 does not have the significant impact on the Company’s financial position and operating results.

(2) Implement the *Interim Provisions on Accounting Treatment for Carbon Emissions Trading*

On December 16, 2019, the Ministry of Finance issued the *Interim Provisions on Accounting Treatment for Carbon Emissions Trading* (CK [2019] No.22), which applies to relevant enterprises among the key emission units carrying out carbon emissions trading according to the *Interim Measures for Carbon Emissions Trading Administration* (hereinafter referred to as “Key Emission Enterprises”). The Provisions shall be implemented as of January 1, 2020, and Key Emission Enterprises shall apply the Provisions by the prospective application method.

The Company has implemented the Provisions as of January 1, 2020, for which the comparative financial statements are not adjusted. The implementation of the Provisions does not have the significant impact on the Company’s financial position and operating results.

- (3) Implement the *Rules for Accounting Treatment of Rental Concessions related to the COVID-19 Epidemic*

The Ministry of Finance has issued the *Rules for Accounting Treatment of Rental Concessions related to the COVID-19 Epidemic* (CK [2020] No.10) on June 19, 2020, for implementation as of June 19, 2020, allowing enterprises to adjust the relevant rental concession from January 1, 2020 to the implementation date. In accordance with the provisions, enterprises may choose to adopt the simplified method of accounting for rent concessions such as rent reductions and deferred payment for rent that meet the conditions and are directly triggered by the COVID-19.

The Company adopts the simplified method for accounting treatment of all rent concessions that fall within the applicable scope of the Rules, and makes corresponding adjustments to the relevant rent concessions from January 1, 2020 to the implementation date.

The Company, as the lessee, disposed of relevant rentals by a simplified method, offsetting the operating costs, general and administrative expenses and selling and distribution expenses in the current period, totaling RMB 0.00.

The Company, as the leaser, disposed relevant rentals by a simplified method, offsetting the operating revenue in the current period, totaling RMB 0.00, and included the part not offset in the investment income, totaling RMB 0.00.

4 Taxation

4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax (VAT)	Levied based on the difference between the output tax (calculated based on the revenue from sales of goods and rendering of services according to tax law) and the deductible input tax for the period	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Paid on the basis of the actual VAT and consumption tax paid	7%, 5% or 1%
Educational surcharge	Paid on the basis of the actual VAT and consumption tax paid	3%
Local educational surcharge	Paid on the basis of the actual VAT and consumption tax paid	2%
Enterprise income tax	Levied based on taxable income	25%, 20%, 16.5%, 15%

4.2 Tax preference

- According to the *Circular of the Ministry of Finance and the State Taxation Administration on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises* (CS [2019] No.13) promulgated on January 18, 2019, for small low-profit enterprises, between the period from January 1, 2019 to December 31, 2021, the portion of less than RMB 1 million, and the portion of more than RMB 1 million but less than RMB 3 million, of the annual taxable income, will be included in the actual taxable income at 25% and 50% respectively, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%.

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2. The Company's sub-subsidiary and its subsidiary Palm Design Co., Ltd. passed the re-certification of the original *High-tech Enterprise Certificate* after the expiration of its validity. Palm Garden's High-tech Enterprise Certificate No. is GR202041002011, issued on December 4, 2020, and valid for three years; Palm Design Co., Ltd.'s enterprise certificate No. is GR202044010371, issued on December 9, 2020 and valid for three years. The above company enjoys a preferential enterprise income tax rate of 15%.
3. Palm Garden's Hong Kong subsidiary Palm Garden (Hong Kong) Co., Ltd. shall be subject to the interest rate of 16.5%.
4. According to Article 15 of the *Interim Value-Added Tax Regulations of the People's Republic of China* on "self-produced agricultural products sold by agricultural producers", the sales of self-produced agricultural products by the entities and individuals that directly engage in plant cultivation and harvesting shall be exempted from VAT in accordance with the Circular of the State Taxation State on Issuing the Interpretations to the Scope of Tax on Agricultural Products issued by the Ministry of Finance's Document (CS [1995] No.52). The sales of forestry products planted by Palm Garden and its Shanghai, Beijing and Chengdu branches shall be exempted from VAT in accordance with the above regulations.
5. According to the *Announcement on Relevant Policies for Deepening Value-Added Tax Reform* issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (*Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No.39*), the period-end VAT credit rebate system shall be implemented tentatively as of April 1, 2019: A taxpayer who meets all the following conditions may apply to the competent tax authority for a refund of incremental VAT credit, and the incremental VAT credit refundable to the taxpayer for the current period shall be calculated as per the following formula: Refundable incremental VAT credit = Incremental VAT credit × Input composition ratio × 60%. After a taxpayer obtains refunded VAT credit, the VAT credit for the current period shall be reduced accordingly. If the tax rebate conditions are met again in accordance with the provisions herein, an application may be further filed with the competent tax authority for a refund of VAT credit.

5 Notes to items of the consolidated financial statements

5.1 Monetary funds

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Cash on hand	1,523,028.36	562,602.40
Bank deposits	9,939,104,654.75	9,610,813,290.07
Other monetary funds	6,582,696,040.37	5,499,876,632.20
Total	16,523,323,723.48	15,111,252,524.67
Including: total amount of deposit abroad	438,744,728.60	1,549,903,209.80

Breakdown of restricted cash and cash equivalents are listed as follows:

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Bank acceptance bill deposit	413,952,245.00	239,000,000.00
Borrowing pledge	5,357,500,000.00	4,098,050,000.00
Guarantee reserves	390,769,207.90	46,085,944.81
Fixed-term deposit	318,500,000.00	274,677,500.00
Emergency risk margin		13,000,000.00
Deposits for labor employment	57,013,579.38	
Other margins	18,104,601.55	

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Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Performance bond and guarantee deposit	8,406,149.13	
Refundable deposits	13,000,000.00	
Others	2,217,414.95	
Total	6,579,463,197.91	4,670,813,444.81

5.2 Financial assets held for trading

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets classified as measured at fair value through the current profit or loss	196,210,245.97	
Including:		
Equity instrument investments	196,210,245.97	
Total	196,210,245.97	

5.3 Financial assets measured at fair value through the current profit or loss

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets held for trading	675,260,932.02	228,082,945.35
Including: debt instruments investments	675,260,932.02	228,082,945.35
Total	675,260,932.02	228,082,945.35

5.4 Notes receivable

5.4.1 Presentation of notes receivable by category

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Bank acceptance bill	3,754,714.00	21,450,000.00
Commercial acceptance bill	57,960,708.43	
Total	61,715,422.43	21,450,000.00

5.4.2 Notes receivable that had been endorsed or discounted as at December 31, 2020 and not matured on the balance sheet date

Item	Amount derecognized as at December 31, 2020	Amount not derecognized as at December 31, 2020
Bank acceptance bill	1,700,000.00	
Commercial acceptance bill		32,986,347.16
Total	1,700,000.00	34,686,347.16

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5.5 Accounts receivable

5.5.1 Disclosure of accounts receivable by category

Category	Balance as at December 31, 2020				Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with individually significant amount and individual provision for bad debts									
Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics	4,637,541,391.82	97.86	817,523,933.89	17.63	3,820,017,457.93	99.93	13,765,200.77	2.86	468,067,809.58
Including: accounts receivable accrued by aging as portfolio with credit risk characteristics	3,695,425,586.14	79.69	817,523,933.89	22.12	2,877,901,652.25	57.07	13,765,200.77	5.01	261,226,244.69
Riskless portfolio	942,115,805.68	20.31			942,115,805.68	42.93			206,841,564.89
Accounts receivable with individually insignificant amount and individual provision for bad debts					341,000.00	0.07	341,000.00	100.00	
Accounts receivable with individual provision for bad debts (applicable to new standards)	101,632,244.87	2.14	72,515,986.19	71.35	29,116,258.68				
Total	4,739,173,636.69	100.00	890,039,920.08		3,849,133,716.61	100.00	14,106,200.77		468,067,809.58

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Disclosure of the accounts receivable of the companies that have implemented the new standards for financial instruments by aging (applicable to new standards)

Aging	Balance as at December 31, 2020
Within 1 year (including 1 year)	2,041,225,549.58
1 - 2 years	235,758,555.61
2 - 3 years	349,358,979.09
3 - 4 years	362,751,654.57
4 - 5 years	105,982,440.03
Over 5 years	355,020,562.08
Sub-total	3,450,097,740.96
Less: provision for bad debts	865,430,425.02
Total	2,584,667,315.94

Disclosure of accounts receivable by the methods of provision for bad debts by category (applicable to new standards)

Category	Balance as at December 31, 2020				Book value
	Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Accounts receivable with provision for bad debts accrued on an individual basis	101,632,244.87	2.95	72,515,986.19	71.35	29,116,258.68
Accounts receivable with provision for bad debts accrued on a portfolio basis	3,348,465,496.09	97.05	792,914,438.83	23.68	2,555,551,057.26
Including: Aging portfolio	3,348,465,496.09	100.00	792,914,438.83	23.68	2,555,551,057.26
Total	3,450,097,740.96	100.00	865,430,425.02		2,584,667,315.94

5.5.2 Accounts receivable with provision for bad debts made by portfolios with credit risk characteristics

(1) Accounts receivable subject to provision for bad debts made with aging analysis method

Aging	Balance as at December 31, 2020			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion of provision (%)
Within 1 year (including 1 year)	2,329,078,075.73	63.02	116,453,903.94	5.00
1 - 2 years	231,057,418.66	6.25	23,105,741.87	10.00
2 - 3 years	344,324,052.12	9.32	69,583,231.58	20.21
3 - 4 years	365,153,052.47	9.88	182,576,526.44	50.00
4 - 5 years	96,346,929.42	2.61	96,338,472.32	99.99
Over 5 years	329,466,057.74	8.92	329,466,057.74	100.00
Total	3,695,425,586.14		817,523,933.89	

(Continued)

Aging	Balance as at January 1, 2020			
	Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion of provision (%)
Within 1 year (including 1 year)	274,678,875.46	99.89	13,733,943.77	5.00
1 - 2 years	312,570.00	0.11	31,257.00	10.00
Total	274,991,445.46	100.00	13,765,200.77	

(2) Other portfolios

Name of portfolio	Balance as at December 31, 2020			Balance as at January 1, 2020		
	Book balance	Proportion of provision (%)	Provision for bad debts	Book balance	Proportion of provision (%)	Provision for bad debts
Riskless portfolio	942,115,805.68			206,841,564.89		
Total	942,115,805.68			206,841,564.89		

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5.5.3 Accounts receivable with individual provision for bad debts as at December 31, 2020

	Accounts receivable (by entity)	Balance as at December 31, 2020			Reason for provision
		Accounts receivable	Provision for bad debts	Proportion of provision (%)	
	Guoxin (Hainan) Longmuwan Investment Holdings Co., Ltd.	31,171,061.30	21,819,742.91	70.00	Based on expected credit loss
	Guangdong Guangfo Modern Industrial Service Park Development and Construction Co., Ltd.	29,352,169.68	20,546,518.78	70.00	Based on expected credit loss
	Bengbu Tianhu Real Estate Co., Ltd.	10,049,982.86	8,101,448.19	81.00	Based on expected credit loss
	Hongqiqu Construction Group Co., Ltd.	10,020,000.00	3,450,000.00	34.00	Based on expected credit loss
	Hainan Xinjia Travel Industry Development Co., Ltd.	6,606,252.48	6,606,252.48	100.00	Based on expected credit loss
	Taizhou Huayu Real Estate Co., Ltd.	3,662,482.20	2,563,737.54	70.00	Based on expected credit loss
	Zhejiang Sunion Group Co., Ltd.	3,495,047.00	3,495,047.00	100.00	Based on expected credit loss
	Sanya Luhuitou Tourism District Development Co., Ltd.	1,921,820.13	969,810.07	50.00	Based on expected credit loss
	Guizhou Xiangchou Culture Tourism Real Estate Co., Ltd.	1,890,000.00	1,500,000.00	79.00	Based on expected credit loss
	Guilin Dongfang Wanxiang Property Investment Co., Ltd.	1,034,422.25	1,034,422.25	100.00	Based on expected credit loss
	Hangzhou Youkang Zijiang Property Co., Ltd.	759,953.13	759,953.13	100.00	Based on expected credit loss
	Shanghai Huafeng Property Co., Ltd.	321,481.27	321,481.27	100.00	Based on expected credit loss
	Qingdao Jinhai Rongchun Property Co., Ltd.	185,815.00	185,815.00	100.00	Based on expected credit loss
	Guangzhou Yihe Development Group Co., Ltd.	52,500.00	52,500.00	100.00	Based on expected credit loss
	Changsha Zongyu Project Management Co., Ltd.	392,816.00	392,816.00	100.00	Based on expected credit loss
	Qinhuangdao Yuanbo Real Estate Development Co., Ltd.	366,927.00	366,927.00	100.00	Based on expected credit loss
	Hainan Boda Jiye Industrial Co., Ltd.	349,514.57	349,514.57	100.00	Based on expected credit loss
	Total	101,632,244.87	72,515,986.19		

5.5.4 Provision, reversal or recovery of provision for bad debts in 2020

The provision for bad debts made in 2020 amounted to RMB 197,892,395.07.

5.5.5 Accounts receivable actually charged off in 2020

Item	Charge-off amount
Accounts receivable actually charged off	7,275,520.00

In which, charge-off of significant accounts receivable:

Name of entity	Nature of accounts receivable	Charge-off amount	Reason for charge-off	Whether it is due to the related transaction
Zhejiang Dachuan Investment Co., Ltd.	Design payment receivable	7,260,000.00	Irrecoverable	No
Total		7,260,000.00		

5.5.6 Top 5 of accounts receivable as at December 31, 2020, presented by debtor

Name of entity	Balance as at December 31, 2020		
	Accounts receivable	Proportion in total of accounts receivable (%)	Provision for bad debts
Ningling County Transportation Bureau	310,100,274.07	6.54	
Puyang Yuzi Investment Development Co., Ltd.	288,674,383.56	6.09	14,433,719.18
Gushi County Yuzi Construction Investment Co., Ltd.	196,270,547.62	4.14	9,813,527.38
Luohe Yuzi Government Financing and Investment Construction Co., Ltd.	183,794,101.94	3.88	9,189,705.10
Hubei Industrial Construction Group Co., Ltd.	170,479,350.65	3.60	
Total	1,149,318,657.84	24.25	33,436,951.66

5.6 Receivables financing

5.6.1 Breakdown of receivables financing

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Notes receivable	8,096,781.13	
Total	8,096,781.13	

5.6.2 Changes in receivables financing and fair values thereof in 2020

Item	Balance as at December 31, 2019	Increase in 2020	Derecognized in 2020	Other changes	Balance as at December 31, 2020	Loss reserves accumulatively recognized in the other comprehensive income
Notes receivable		139,217,841.47	131,121,060.34		8,096,781.13	
Total		139,217,841.47	131,121,060.34		8,096,781.13	

5.6.3 Notes receivable of the Company as at December 31, 2020 that have been endorsed or discounted but not matured on the balance sheet date

Item	Amount derecognized as at December 31, 2020	Amount not derecognized as at December 31, 2020
Bank acceptance bill	31,300,000.00	
Total	31,300,000.00	

5.7 Advances to suppliers

5.7.1 Advances to suppliers presented by aging

Aging	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	438,703,511.60	71.96	1,363,359,564.48	99.82
1 - 2 years	131,089,024.78	21.50	294,015.72	0.02
2 - 3 years	10,065,325.15	1.65	2,115,226.31	0.16
Over 3 years	29,817,168.52	4.89		
Total	609,675,030.05	100.00	1,365,768,806.51	100.00

5.7.2 Top 5 of advances to suppliers as at December 31, 2020, collected by advance receiver

Advance receiver	Balance as at December 31, 2020	Proportion in the total ending balance of advances to suppliers (%)
Baofeng County Youchuang Trading Co., Ltd.	50,000,000.00	8.20
Jiangsu Guangyu Construction Group Co., Ltd. Qingfeng Branch	34,644,000.00	5.68
Hunan Xizhou Engineering Management Co., Ltd.	28,233,438.21	4.63
Henan Chenfeng Construction Engineering Co., Ltd.	22,000,000.00	3.61
Finance Bureau of Wuyang County	20,000,000.00	3.28
Total	154,877,438.21	25.40

5.8 Other receivables

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Interest receivable	117,197,549.07	12,032,769.08
Dividends receivable	118,400,198.26	35,108,276.95
Other receivables	18,568,955,189.61	12,113,393,061.99
Total	18,804,552,936.94	12,160,534,108.02

5.8.1 Interest receivable

Classification of interest receivable

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Time deposit	103,765,447.90	
Entrusted loans		5,488,888.89
Loan interest	7,110,629.44	
Interest on affordable housing	6,321,471.73	6,455,867.44
Others		88,012.75
Sub-total	117,197,549.07	12,032,769.08
Less: provision for bad debts		
Total	117,197,549.07	12,032,769.08

5.8.2 Dividends receivable

(1) Details of dividends receivable

Project (or investee)	Balance as at December 31, 2020	Balance as at December 31, 2019
Belt Collins International (Hong Kong) Limited	22,498,601.26	
Palm Design Co., Ltd.	125,501,646.56	
KaiFeng Finance Investment Holdings Limited		5,936,976.95
Henan Tian Lun Investment Holdings Group Limited		29,171,300.00
Sub-total	148,000,247.82	35,108,276.95
Less: provision for bad debts	29,600,049.56	
Total	118,400,198.26	35,108,276.95

(2) Significant dividends receivable with aging over one year

Item (or investee)	Balance as at December 31, 2020	Aging	Reason for non-recovery	Whether the impairment exists or not and the judgment basis
Belt Collins International (Hong Kong) Limited	22,498,601.26	2 - 3 years (including 3 years)	Have been distributed and not yet been paid in full	The investee may distribute the undistributed profits based on the amount available for distribution and had no enough cash for payment.
Palm Design Co., Ltd.	125,501,646.56	2 - 3 years (including 3 years)	Have been distributed and not yet been paid in full	The investee may distribute the undistributed profits based on the amount available for distribution and had no enough cash for payment.
Total	148,000,247.82			

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5.8.3 Other receivables

Disclosure under the methods of provision for bad debts by category

Category	Balance as at December 31, 2020			Balance as at January 1, 2020		
	Book balance		Proportion for bad debts (%)	Book balance		Proportion for bad debts (%)
	Amount	Proportion (%)		Amount	Proportion (%)	
Other receivables that are individually significant but with provision for bad debts made on an individual basis	7,218,704.00	0.04	7,218,704.00	100.00		
Other receivables with provision for bad debts made by portfolio with credit risk characteristics (applicable to old and new standards)	19,014,269,295.99	99.86	445,314,106.38	2.34	18,568,955,189.61	1.16
Including: accounts receivable accrued by aging as portfolio with credit risk characteristics	1,621,477,772.95	8.53	441,109,164.42	27.20	1,180,368,608.53	8.24
Riskless portfolio	17,100,946,470.78	89.94	17,100,946,470.78	100.00	17,100,946,470.78	91.76
Security deposit and riskless portfolio	291,845,052.26	1.53	4,204,941.96	1.44	287,640,110.30	
Other receivables with individually insignificant amount and individual provision for bad debts	2,010,375.16	0.01	2,010,375.16	100.00		
Other receivables with individual provision for bad debts (applicable to new standards)	18,186,501.59	0.10	18,186,501.59	100.00		
Total	19,041,684,876.74	100.00	472,729,687.13		18,568,955,189.61	
					12,285,899,519.38	100.00
					172,506,457.39	
					12,113,393,061.99	

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Disclosure of other receivables of the companies that have implemented the new standards for financial instruments by aging (applicable to new standards)

Aging	Balance as at December 31, 2020
Within 1 year (including 1 year)	268,687,440.50
1 - 2 years	107,850,105.30
2 - 3 years	423,109,760.56
3 - 4 years	47,258,811.32
4 - 5 years	1,746,143.82
Over 5 years	18,764,559.82
Sub-total	867,416,821.32
Less: provision for bad debts	144,543,677.79
Total	722,873,143.53

Provision for bad debts (applicable to new standards)

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Expected credit loss in the whole duration (without credit impairment)	Expected credit loss in the whole duration (with credit impairment)	
Balance as at January 1, 2020	69,984,809.16	34,107,710.23	40,464,314.46	144,556,833.85
Balance as at January 1, 2020 in 2020				
-- Transferred in Stage II	-43,698,195.37	43,698,195.37		
-- Transferred in Stage III				
-- Reversal from Stage II				
-- Reversal from Stage I				
Provision in 2020	2,737,919.32	50,977,802.99		53,715,722.31
Reversal in 2020	-7,974,783.21	-2,420,042.22		-10,394,825.43
Write-off in 2020				
Charge-off in 2020			-77,812.87	-77,812.87
Other changes	-7,805,320.03	-13,250,920.04	-22,200,000.00	-43,256,240.07
Balance as at December 31, 2020	13,244,429.87	113,112,746.33	18,186,501.59	144,543,677.79

(1) **Other receivables with individually significant amount and individual provision for bad debts as at December 31, 2020:**

Other receivables (by entity)	Balance as at December 31, 2020			Reason for provision
	Other receivables	Provision for bad debts	Proportion of provision (%)	
Henan Huaying Property Co., Ltd.	7,218,704.00	7,218,704.00	100.00	Litigated and outstanding
Total	7,218,704.00	7,218,704.00		

(2) **Other receivables with provision for bad debts made by the portfolio with credit risk characteristics**

1) Other receivables with the provisions for bad debt made by aging analysis method

Aging	Balance as at December 31, 2020		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	459,684,028.90	28.36	22,970,002.17
1 - 2 years	297,783,082.71	18.36	29,777,308.29
2 - 3 years	579,704,970.38	35.75	131,006,540.80
3 - 4 years	50,164,220.20	3.09	25,082,110.12
4 - 5 years	11,087,482.41	0.68	9,219,214.69
Over 5 years	223,053,988.35	13.76	223,053,988.35
Total	1,621,477,772.95	100.00	441,109,164.42

(Continued)

Aging	Balance as at January 1, 2020		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year (including 1 year)	697,069,318.14	69.07	34,853,438.90
1 - 2 years	198,581,908.22	19.67	19,858,190.82
2 - 3 years	25,355,134.89	2.51	7,606,540.47
3 - 4 years	6,587,301.67	0.65	3,293,650.84
4 - 5 years	24,136,862.50	2.39	19,309,490.00
Over 5 years	57,585,146.36	5.71	57,585,146.36
Total	1,009,315,671.78	100.00	142,506,457.39

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(2) Other portfolios

Name of portfolio	Balance as at December 31, 2020		Balance as at January 1, 2020	
	Book balance	Proportion of provision (%)	Book balance	Proportion of provision (%)
Riskless portfolio	17,100,946,470.78		11,246,583,847.60	
Security deposit and riskless portfolio	291,845,052.26	1.44		
Total	17,392,791,523.04		11,246,583,847.60	
				Provision for bad debts
				11,246,583,847.60
				11,246,583,847.60

(3) **Other receivables with individually insignificant amount and individual provision for bad debts as at December 31, 2020**

Name of debtor	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
Henan Dajian Bridge Steel Structure Co., Ltd.	1,461,375.16	1,461,375.16	100.00	Irrecoverable
Wugang Charity General Federation	549,000.00	549,000.00	100.00	Irrecoverable
Total	2,010,375.16	2,010,375.16		

(4) **Other receivables with individual provision for bad debts as at December 31, 2020 (applicable to new standards)**

Other receivables (by entity)	Balance as at December 31, 2020			
	Amount	Provision for bad debts	Proportion of provision (%)	Reason for provision
Guangzhou Yuanhui Information Technology Co., Ltd.	16,014,701.59	16,014,701.59	100.00	Based on expected credit loss
Jinan Dangling Trading Co., Ltd.	955,500.00	955,500.00	100.00	Based on expected credit loss
Anhui Zhengran Network Technology Co., Ltd.	894,500.00	894,500.00	100.00	Based on expected credit loss
Chengdu Yongshengqin Trading Co., Ltd.	321,800.00	321,800.00	100.00	Based on expected credit loss
Total	18,186,501.59	18,186,501.59		

(5) **Provision, reversal or recovery of provision for bad debts in 2020**
 The provision for bad debts made in 2020 amounted to RMB 169,623,163.02.

(6) **Other receivables actually charged off in 2020**

Item	Charge-off amount
Other receivables actually charged off	77,812.87

(7) **Classification of other receivables by the nature of payment**

Nature of payment	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Deposit and security deposit	531,394,300.32	63,422,601.51
Borrowings and current accounts	15,196,379,004.81	10,917,310,926.97
Interest	2,951,015,474.91	1,018,294,573.95

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Nature of payment	Book balance as at December 31, 2020	Book balance as at December 31, 2019
Relocation compensation	212,092,116.95	212,092,116.95
Land transfer payment		74,779,300.00
Others	150,803,979.75	
Total	19,041,684,876.74	12,285,899,519.38

(8) **Top 5 of other receivables as at December 31, 2020 collected by debtor**

Entity name	Nature of payment	Balance as at December 31, 2020	Aging	Proportion in the total balance of other receivables as at December 31, 2020 (%)	Balance of provision for bad debts as at December 31, 2020
Ruzhou Construction Investment Development Co., Ltd.	Current accounts	1,210,600,000.00	1 - 2 years	6.36	
Ningling County Caixin State-owned Assets Operation Co., Ltd.	Current accounts	1,141,150,615.58	Within 1 year	5.99	
Fan County Urban Investment Development Co., Ltd.	Current accounts	855,000,000.00	3 - 4 years	4.49	
Finance Bureau of Ningling County	Current accounts, borrowings and security deposits	746,500,799.17	Within 1 year, 1-3 years and over 5 years	3.92	
Henan Guangcheng Investment Development Co., Ltd.	Current accounts	536,420,000.00	Within 1 year	2.82	
Total		4,459,671,414.75		23.43	

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5.9 Inventories

5.9.1 Classification

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for inventory depreciation/ provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation	Book value
Raw materials	2,206,207.88	118,551.56	2,087,656.32	408,147.66		408,147.66
Development costs	11,009,527,946.69		11,009,527,946.69	1,904,625,531.52		1,904,625,531.52
Goods in process	2,849,412.41		2,849,412.41	786,378.32		786,378.32
Stock commodities	49,525,096.50	223,113.17	49,301,983.33	3,483,671,015.19		3,483,671,015.19
Engineering construction	28,741,368.07		28,741,368.07	696,403,947.89		696,403,947.89
Consumptive biological assets	444,057,821.35		444,057,821.35			
Contract performance cost	1,208,553,910.34	208,083,753.43	1,000,470,156.91			
Development products	1,717,626,676.54		1,717,626,676.54			
Total	14,463,088,439.78	208,425,418.16	14,254,663,021.62	6,085,895,020.58		6,085,895,020.58

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(1) Development cost	
Project name	Balance as at December 31, 2020
Sihu Area Project	13,423,757.99
Shantytowns Transformation Project	445,336,466.28
Sihu Transformation Project	6,196,901.74
LCD Photoelectric Industrial Park in Industrial Clusters	15,942,125.86
Dasha River Water System Clean Up Project	82,083.55
Poverty Village Road Access Project	34,870,093.70
Yellow River Road South Extension and Jinshan Road Upgrading Project	38,700,679.06
E-commerce logistics park construction project	30,476.57
LCD Photoelectric Industrial Park Project	211,682,645.69
Houzhizhuang Project	1,526,537.34
Jinshan Road Upgrading Project	259,050.81
Yellow River Road South Extension Construction Project	259,050.81
Northeast Huancheng Road Construction Project	259,050.81
Binhe Road Construction Project	259,050.81
E-commerce logistics park project	101,588.55
Construction project of comprehensive improvement of rural environment	264,130.24
Jinxiu Huayuan	197,140,283.31
Shantytowns Transformation	260,626,126.59
Hanjiang Xinyuan	8,567,412.57
Kangxinyuan	83,222,981.00
Jindi East Area	127,747,591.00
Poverty Alleviation Infrastructure Project	243,212,627.11
PPP project of road engineering of Binhe Road, Huancheng Road, Huanghe Road and Jinshan Road in Ningling County	159,191,482.33
Haofang Landmark Plaza	32,259,255.00
Jinding Shuangyuan	35,486,470.00
Lidu Yujing	85,870,781.00
Jinxiu Garden	710,619,405.33
Construction Materials Market	52,666,823.15
Meichao Home	221,980,312.28
No.2 Sewage Treatment Plant	69,568,060.00
Industrial clusters	1,470,990,007.38
Ning'an Xincheng	732,107,722.84
PPP Project of Poverty Alleviation Infrastructure Upgrading in Ningling County	1,161,185.50
Sewage Pipeline Project of Shengli Road, Shangqiu	330,127.99
Yipin Peony Community Project	1,878,485.13
Land costs of Zhongyu Cultural Tourism Project	163,442,464.56
Taxes and deferred expenses of Zhongyu Cultural Tourism Project	43,914,517.12
Meili Jiayuan	30,176,535.08
Yimei Garden	38,947,326.44
Xiyuan New District	45,979,887.82
Huizhiyuan	80,760,604.26
Huizhiyuan Phase-II	9,585,924.30
Yangguang New Town	15,670,046.05

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Project name	Balance as at December 31, 2020
Xicheng Xinyuan	164,369,729.13
Huizhiyuan Life Plaza	35,833,613.89
South Street	60,103.00
Dongcheng Garden	19,326,782.26
Yangguang Community	171,725.96
Nanyuan Community	86,826.50
Angliyuan	1,200.00
Xiaojiaozhuang and Zhangzhuang	50,000.00
Dongcheng Phase II 9-10 # building	1,295,776.58
Shuipan Shuyuan in Wuyang County	123,145,824.20
Urban Village Reconstruction (Zhu Tang Township and Kang Village) in Xin'an Town	1,926,698.12
Yanquan Garden Resettlement Area, Mengzhai Town, Wuyang County	144,750.00
Shangshuo Home Furnishing Town	5,443,188.30
Supporting construction of Heqi low-rent housing	33,000.00
Public Rental Housing of Xingye Road	85,783,400.00
Land cost of urban reconstruction in Shenqiu County	630,164,003.70
Land cost of affordable housing in Qi County	6,235,219.20
Shaolin First Community Phase I and II	397,006,337.88
Shaolin Third Community Project	234,261,681.51
Shuyuan Resettlement Area, Songyang Sub-district Office, Dengfeng City	126,352,045.10
Dengfeng City Cultural and Sports Center Project	103,773.58
QSH-2020-51	93,064,261.55
QSH-2020-52	120,180,115.74
QSH-2020-53	127,991,046.15
Xinyuan Community	524,911,923.37
Other projects	1,093,590.38
Land costs of security housing projects	188,513,011.00
Xinxiang Integrated Eco-city Project of Landscape, Forest, Field, Lake and Grass	882,665,842.64
Zhongyu Luoyi Belt Collins Project	3,523,408.59
Guangshan project	361,893,824.44
Shantytowns transformation project of Qingfeng New City	706,344,918.45
Land project on the west side of Xiaohong River in Changge	475,252,190.52
Total	11,009,527,946.69

The amount of land with pending ownership certificates was RMB 192,036,419.59 in the total development costs.

5.9.2 Provision for inventory depreciation

Item	Balance as at December 31, 2019	Increase in 2020		Decrease in 2020		Balance as at December 31, 2020
		Provision	Others	Reversal or write-off	Others	
Raw materials		118,551.56				118,551.56
Stock commodities		223,113.17				223,113.17
Contract performance cost		259,104,117.29		51,020,363.86		208,083,753.43
Total		259,445,782.02		51,020,363.86		208,425,418.16

5.10 Contract assets

5.10.1 Details of contract assets

Item	Balance as at December 31, 2020		
	Book balance	Provision for impairment	Book value
Contract assets related to engineering construction/ design services	4,763,187,601.09	152,491,593.22	4,610,696,007.87
Contract assets related to engineering quality guarantee deposit	120,598,660.79	3,617,959.83	116,980,700.96
Total	4,883,786,261.88	156,109,553.05	4,727,676,708.83

5.10.2 Disclosure of contract assets under the methods of provision for impairment by category

Category	Balance as at December 31, 2020				Book value
	Book balance		Provision for impairment		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accrued on an individual basis	37,934,567.94	0.78	37,934,567.94	100.00	
Accrued on portfolio basis	4,845,851,693.94	99.22	118,174,985.11	2.44	4,727,676,708.83
Total	4,883,786,261.88	100.00	156,109,553.05		4,727,676,708.83

Provision for impairment accrued on an individual basis:

Name	Balance as at December 31, 2020			
	Book balance	Provision for impairment	Proportion of provision (%)	Reason for provision
Contract assets related to engineering construction/ design services	37,934,567.94	37,934,567.94	100.00	Litigation involved and expected to be irrecoverable
Total	37,934,567.94	37,934,567.94		

Provision for impairment accrued on a portfolio basis:

Name	Balance as at December 31, 2020		
	Contract assets	Provision for impairment	Proportion of provision (%)
Credit risk portfolio	4,845,851,693.94	118,174,985.11	2.44
Total	4,845,851,693.94	118,174,985.11	

5.10.3 Provision for impairment of contract assets in 2020

Item	Provision in 2020	Reversal in 2020	Other changes	Balance as at December 31, 2020
Contract assets related to engineering construction/ design services	48,714,826.06		103,776,767.16	152,491,593.22
Contract assets related to engineering quality guarantee deposit		167,767.53	3,785,727.36	3,617,959.83
Total	48,714,826.06	167,767.53	107,562,494.52	156,109,553.05

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5.11 Non-current assets maturing within one year

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Services purchased by the government	904,068,725.60	780,000,000.00
Privately offered bonds project	4,810,000,000.00	4,800,000,000.00
Factoring financing payment	50,556,000.00	
Long-term receivables maturing within one year	6,419,648,345.55	
Held-to-maturity investments maturing within one year	130,498,000.00	
Total	12,314,771,071.15	5,580,000,000.00

5.12 Other current assets

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Input VAT to be deducted	854,178,989.66	323,145,352.58
Prepayment of enterprise income tax	44,426,093.25	19,987,215.75
Overpaid VAT	34,109,245.62	0.14
Finance products	326,778,053.25	483,240,000.00
Entrusted loan	1,854,969,080.02	1,025,878,099.24
Others	35,002.98	35,002.98
Borrowings and interest	131,911,735.72	
Factoring financing payment	143,550,000.00	
Special funds	345,683,173.91	
Creditor's right transfer payment	71,932,179.53	
Total	3,807,573,553.94	1,852,285,670.69

5.13 Available-for-sale financial assets

5.13.1 Breakdown of available-for-sale financial assets

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments						
Available-for-sale equity instruments	25,049,008,758.54		25,049,008,758.54	22,448,333,620.72		22,448,333,620.72
Including: measured at fair value						
Measured at cost	25,049,008,758.54		25,049,008,758.54	22,448,333,620.72		22,448,333,620.72
Total	25,049,008,758.54		25,049,008,758.54	22,448,333,620.72		22,448,333,620.72

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5.13.2 Available-for-sale financial assets measured at cost as at December 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Anyang Dinghua Construction Engineering Co., Ltd.	56,100,000.00					56,100,000.00				
Anyang Zhongye Pu'an Highway Co., Ltd.	26,437,500.00					26,437,500.00				
Boai County Investment Group Co., Ltd.	144,605,444.01					144,605,444.01				
Fan County Water Supply Company	1,044,347,335.90					1,044,347,335.90				
China Development Bank Securities - Yuze Public Rental Housing Phase-I										
Asset-backed Specific Plan on Assets-backed Securities		50,000,000.00				50,000,000.00				
Hepu Environmental Protection Furniture Co., Ltd.	10,000,000.00					10,000,000.00				
Henan Fugang Investment Holdings Co., Ltd.	618,000,000.00					618,000,000.00				
Henan Broadcast and Television	392,000,000.00					392,000,000.00				

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Investee	Book balance				Provision for impairment				
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
Network Co., Ltd.									
Henan Guoxin Qidi Equity Investment Fund (Limited Partnership)	986,171,024.04	10,637,189.79	843,664,631.10		153,143,582.73				
Henan Huahuaniu Biological Technology Co., Ltd.	128,592,000.00		128,592,000.00						
Henan Huitai Urban and Rural Construction Co., Ltd.	502,000,000.00				502,000,000.00				
Henan Jianxin Xinggang New Urbanization Equity Investment Fund (Limited Partnership)	270,000,000.00		270,000,000.00						
Henan Keyuan Industrial Investment Fund Partnership (Limited Partnership)	300,000,000.00	488,122,787.28			788,122,787.28				
Henan Keyuan Yukai Investment Management Partnership (Limited Partnership)	147,000.00	55,860.00			202,860.00				
Henan		356,487,027.69			356,487,027.69				

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Investee	Book balance				Provision for impairment				
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
Mengzhuze Drinking Water Co., Ltd.									
Henan Agricultural Development Investment Guarantee Co., Ltd.		27,500,000.00				27,500,000.00			
Henan Puyin Yuzi Urban Operation Development Equity Investment Fund (Limited Partnership)	2,314,450,000.00			28,450,000.00		2,286,000,000.00			
Henan Qidi Technology Development Co., Ltd.	35,000,000.00					35,000,000.00			
Henan Ruzhou Science and Education Park Investment Development Co., Ltd.	48,000,000.00					48,000,000.00			
Henan Sailing International Equity Investment Fund Partnership (Limited Partnership)	120,000,000.00					120,000,000.00			
Henan Dongzheng Yuzi Industrial Investment		1,000,000.00				1,000,000.00			

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Investee	Book balance				Provision for impairment				
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
Fund									
Henan Hexie Jinyu Industrial Investment Fund (Limited Partnership)	650,000,000.00	1,168,506,250.00		500,000,000.00		1,318,506,250.00			
Henan Huarui Optoelectronic Industry Co., Ltd.	300,000,000.00					300,000,000.00			
Henan Jiaoyin Yuzi Baicheng Construction Quality Improvement Fund (Limited Partnership)	92,000,000.00					92,000,000.00			
Henan Military-civilian Integration Industry Investment Fund (Limited Partnership)	56,493,673.76					56,493,673.76			
Henan Agriculture Investment Group Co., Ltd.	27,500,000.00			27,500,000.00					
Henan Modern Service Industry Fund Management Co., Ltd.	40,000,000.00					40,000,000.00			
Henan Yuzi Xinyin Equity Investment Fund (Limited Partnership)	99,000,000.00					99,000,000.00			
Henan	6,000,000.00					6,000,000.00			

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Investee	Book balance				Provision for impairment				
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
Zhengdong Urban Development Equity Investment Fund Management Co., Ltd.									
Henan Zhengluoxin Guotou Shuangchuang Development Venture Capital Fund (Limited Partnership)		60,000,000.00				60,000,000.00			
Zhongyuan Reguarantee Group Co., Ltd.	14,730,000.00					14,730,000.00			
Henan Provincial Key Industry Intellectual Property Fund		19,000,000.00				19,000,000.00			
Henan Provincial Key Industry Intellectual Property Operation Fund (Limited Partnership)	8,000,000.00	12,000,000.00				20,000,000.00			
Henan Xinda Innovation Venture Capital Fund (Limited Partnership)	31,000,000.00					31,000,000.00			
Henan Xinjin Yuze Industrial		302,188,931.51				302,188,931.51			

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Equity Investment Fund (Limited Partnership)										
Henan Yuxin Agricultural Development Co., Ltd.		90,000,000.00				90,000,000.00				
Henan Yuzi Donghua Information Technology Co., Ltd.										
Henan Yuanhai Zhongyuan Logistics Industry Development Fund (Limited Partnership)	300,000.00					300,000.00				
Henan Zhanxing Industrial Investment Fund (Limited Partnership)	125,000,000.00	125,000,000.00		125,000,000.00		125,000,000.00				125,000,000.00
Huangchuan County Aosheng Industrial Co., Ltd.	300,000,000.00	180,000,000.00				480,000,000.00				480,000,000.00
Huangchuan County Agricultural Investment New Kinetic Enterprise Management Center (Limited	20,000,000.00					20,000,000.00				20,000,000.00
Center (Limited	224,000,000.00					224,000,000.00				224,000,000.00

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Partnership)										
Huixian Yushi Infrastructure Investment Co., Ltd.	150,000,000.00	20,000,000.00				170,000,000.00				
Zhengzhou HKC Photoelectric Technology Co., Ltd.	300,000,000.00					300,000,000.00				
Jianxin (Wuhu) No.3 Industrial Fund (Limited Partnership)	560,100,000.00					560,100,000.00				
Kaifeng Jiying Municipal Engineering Co., Ltd.	600,000,000.00					600,000,000.00				
CAMA (Luoyang) Electromechanic Co., Ltd.		12,914,842.00				12,914,842.00				
CAMA (Luoyang) Gas Supply Limited Company		2,111,407.00				2,111,407.00				
Lankao Yellow River Bay Industry Investment Fund (Limited Partnership)		16,000,000.00				16,000,000.00				
Lankao Jiaotong Sharing Economy Research Institute	1,000,000.00					1,000,000.00				
PPP project on	230,000,000.00			57,500,000.00		172,500,000.00				

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Investee	Book balance				Provision for impairment				
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
education and livelihood package construction in Lankao County									
Lankao Yulan Comprehensive Development Industrial Investment Fund (Limited Partnership)	375,000,000.00			40,000,000.00		335,000,000.00			
Luoyang Jimhe Investment Development Co., Ltd.		500,000.00				500,000.00			
Luoyang Zhongzheng Technology Innovation Venture Capital Fund (Limited Partnership)	25,000,000.00					25,000,000.00			
Luoyang Yiluo Cultural Sports Venture Innovation Investment Fund (Limited Partnership)	8,000,000.00								
Bank of Luoyang (held by Luoyang Finance Bureau on behalf)	346,500,000.00			346,500,000.00					
Luoyang Yuze Logistics Supply Chain Technology		714,000.00				714,000.00			

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Investee Co., Ltd.	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Mengjin Puhe Luoji Construction Co., Ltd.	232,760,000.00					232,760,000.00				
Nanle County Urban Construction Investment Development Co., Ltd.	378,135,719.26				378,135,719.26					
Nanle County Sewage Treatment Co., Ltd.	84,140,626.68				84,140,626.68					
Nanle County Refuse Treatment Co., Ltd.	12,761,616.66				12,761,616.66					
Nanle County Xingle Water Affairs Co., Ltd.	2,739,966.00				2,739,966.00					
Ningling County Urban and Rural Construction Development Investment Co., Ltd.		5,100,000.00				5,100,000.00				
Ningling County Rongxin Renewable Resources Utilization Co., Ltd.	800,000.00	800,000.00			800,000.00	800,000.00				
Ping'an Yuzi Gongyi City	150,000,000.00					150,000,000.00				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Shantytowns Transformation Construction Industry Fund										
Ping'an Yuze Jinshui District Affordable Housing Construction Industry Fund	50,000,000.00			50,000,000.00						
Ping'an Yuze Economic Development Zone Shantytowns Transformation Fund	137,500,000.00					137,500,000.00				
Ping'an Yuze Xingyang District Affordable Housing Construction Industry Fund	100,000,000.00					100,000,000.00				
Pingyu County Qinghe Engineering Construction Co., Ltd.		668,070.64								668,070.64
Puyang Jinhe Yuxin Construction Engineering Co., Ltd.	27,000,000.00									27,000,000.00
Privately Offered Fund for Shoreline Comprehensive Upgrading	108,000,000.00									108,000,000.00

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Project of Yellow River Irrigation Regulation Reservoir in Puyang City										
Puyang Yuze Investment Development Co., Ltd.		5,100,000.00				5,100,000.00				
Puyang County Real Estate Investment and Construction Co., Ltd.		950,591,717.37				950,591,717.37				
Qixian Yuze Urban and Rural Development and Construction Co., Ltd.		10,200,000.00				10,200,000.00				
Ruzhou Construction Investment Development Co., Ltd.	259,595,375.00			259,595,375.00						
Shangshui County Huishang Building Materials Co., Ltd.		5,000,000.00				5,000,000.00				
Suzhou Gaocheng Xingjian Equity Investment Fund Partnership	80,000,000.00									80,000,000.00

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
(Limited Partnership)										
Taikang County Hengyun Construction Development Co., Ltd.	4,000,000.00					4,000,000.00				
Tianyuan International Commodity Trading Market Co., Ltd.	15,000,000.00			15,000,000.00						
Tibet Yuteng Enterprise Management Co., Ltd.		40,537.44				40,537.44				
Xiping County Baiguo Urban Construction Development Co., Ltd.	47,000,000.00					47,000,000.00				
Xi County Fumin Grain Reserve Co., Ltd.	28,835,210.32					28,835,210.32				
Xi County Environmental Protection Sewage Treatment Co., Ltd.	93,097,395.65					93,097,395.65				
Xi County Huimin Water Affairs Development Co., Ltd.	193,485,636.56					193,485,636.56				
Xi County Agglomeration Area Food	133,628,139.87					133,628,139.87				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Industry Service Co., Ltd.										
Xi County Construction Investment Public Rental Housing Development Service Co., Ltd.	228,868,449.89					228,868,449.89				
Xi County Lvcheng Waste Treatment Co., Ltd.	10,016,409.19					10,016,409.19				
Xi County Nanshan Mausoleum Management Co., Ltd.	189,253,637.48					189,253,637.48				
Xi County Water Supply Co., Ltd.	52,694,778.60					52,694,778.60				
Simo IC Leasing Co., Ltd.	1,000,000,000.00					1,000,000,000.00				
Private Investment Fund for Animal Husbandry Industry Investment Project in Xincai County	70,000,000.00	10,000,000.00				80,000,000.00				
Xinxiang Plain Demonstration Area National Reserve Forest Construction		27,612,900.00				27,612,900.00				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
and Development Co., Ltd.										
Xinxiang Yuzi Construction Engineering Co., Ltd.		136,000,000.00				136,000,000.00				
Xinye County Jinyuan Investment Co., Ltd.	101,950,905.61					101,950,905.61				
Xinzheng Wanlong Industrial Co., Ltd.	12,490,000.00					12,490,000.00				
Xingang Construction Investment Co., Ltd.	110,000,000.00					110,000,000.00				
XJ Industrial Fund Management Co., Ltd.	62,785,800.00	272,905,555.86				335,691,355.86				
Xinyang Baochang Property Development Co., Ltd.	20,000,000.00					20,000,000.00				
Xinyang Chensheng Real Estate Development Co., Ltd.	20,000,000.00					20,000,000.00				
Xinyang Zhujiang Village Bank Co., Ltd.	8,000,000.00					8,000,000.00				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Xuchang Jixiang Cultural Tourism Development Co., Ltd.	3,900,000.00					3,900,000.00				
Xuchang Zhengxu Ronghe Construction Development Co., Ltd.	160,000,000.00					160,000,000.00				
Yanling County Changtong Network Co., Ltd.	33,922,500.00					33,922,500.00				
No.2 Sewage Treatment Plant of Yanling County	48,492,728.00					48,492,728.00				
No.1 Sewage Treatment Plant of Yanling County	60,234,816.00					60,234,816.00				
Yanling County Puhe Transport Construction Co., Ltd.	42,760,000.00					42,760,000.00				
Yanling County Puhe Kebo Construction Management Co., Ltd.	85,230,000.00					85,230,000.00				
Yanshi Yuzi Construction Development Co., Ltd.	51,000,000.00					51,000,000.00				
Ye County Yukun Construction	105,000,000.00	80,000,000.00				185,000,000.00				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Management Co., Ltd.										
Yoyin Yuze Belt and Road (Henan) Development Fund Partnership (Limited Partnership)	583,200,000.00					583,200,000.00				
Yuecheng County Jianghe Water Conservancy Construction Engineering Co., Ltd.	658,727,529.71					658,727,529.71				
Yuecheng County Qingyuan Sewage Treatment Co., Ltd.	160,082,573.89					160,082,573.89				
Chang'an International Trust Co., Ltd.	394,440,000.00					394,440,000.00				
Changyuan Investment Group Co., Ltd.		182,646,720.37				182,646,720.37				
Zhecheng Caixin Dake Environment Co., Ltd.	3,914,130.00					3,914,130.00				
Zhecheng County Hengchang SME Guarantee Co., Ltd.	37,720,000.00					37,720,000.00				
Zhecheng	114,885,000.00					114,885,000.00				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
County Rural Credit Cooperative Association Zhecheng										
County Sanying Pepper Refrigeration Co., Ltd.	500,000.00					500,000.00				
Zhecheng County Xinrong Engineering Co., Ltd.	6,144,300.00	4,000,000.00				10,144,300.00				
Zhengyang County Qingfu Urban and Town Construction Investment Development Co., Ltd.	40,000,000.00					40,000,000.00				
Zhengzhou Hongsi Zheming Education Technology Group Co., Ltd.	5,560,000.00					5,560,000.00				
Zhengzhou Huituo Urban and Rural Construction Co., Ltd.	80,000,000.00					80,000,000.00				
Urbanization Construction Development Fund of Zhengzhou Economic Development	5,000,000.00			1,595,240.75		3,404,759.25				

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Zone										
Zhengzhou Songyue Highway Development Co., Ltd.	2,500,000.00					2,500,000.00				
Zhengzhou Zhanwen Investment Management Partnership (Limited Partnership)	4,000,000.00					4,000,000.00				
Zhonglu Innovation Investment	195,223,145.76			12,629,254.57		182,593,891.19				
Zhongmu County State-owned Assets Management Co., Ltd.	667,240,131.16					667,240,131.16				
CTI Capital Global Total Return Fund	1,290,596,707.00			83,490,481.05		1,207,106,225.95				
Zhongyuan Equity Trading Center Co., Ltd.		10,500,000.00				10,500,000.00				
Zhongyuan Agricultural Insurance Co., Ltd.	274,246,000.00					274,246,000.00				
Zhongyuan Asset Management Co., Ltd.	333,333,333.33					333,333,333.33				
Zhongzhengqi Henan Development	17,333,333.33					17,333,333.33				

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Investee	Book balance				Provision for impairment					
	As at December 31, 2019	Increase in 2020	Increase in the scope of consolidation	Decrease in 2020	Decrease in the scope of consolidation	As at December 31, 2020	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Fund (Limited Partnership)										
Zhumadian Yuzi Investment Development Co., Ltd.	102,000,000.00					102,000,000.00				102,000,000.00
Zhumadian Zhongyi Municipal Construction Management Co., Ltd.	596,000,000.00		102,000,000.00			496,000,000.00				496,000,000.00
Palm Shengcheng Investment Co., Ltd.		333,154,340.20				333,154,340.20				
Xinxiang Zhuoyuan Construction Engineering Co., Ltd.	136,000,000.00					136,000,000.00				
Changyuan County Investment Group Co., Ltd.	182,646,720.37					182,646,720.37				
Henan Mengzhu Drinking Water Co., Ltd.	356,487,027.69					356,487,027.69				
Henan Yuzi Emerging Industry Investment Fund (Limited Partnership)		2,000,000,000.00				2,000,000,000.00				2,000,000,000.00
Total	22,448,333,620.72	6,977,058,137.15	102,000,000.00	3,769,213,070.73	709,169,928.60	25,049,008,758.54				

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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5.14 Long-term receivables

5.14.1 Breakdown of long-term receivables

Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Quality improvement plan for various cities	8,211,646,646.71		8,211,646,646.71	7,403,051,566.32		7,403,051,566.32
Services purchased by the government	59,637,088,222.74		59,637,088,222.74	59,478,399,601.29		59,478,399,601.29
Borrowings to other parties				4,787,255,922.01		4,787,255,922.01
Provincial low-income housing project	74,203,638,380.41		74,203,638,380.41	89,698,412,351.16		89,698,412,351.16
Privately offered bonds project	1,500,000,000.00		1,500,000,000.00	6,510,000,000.00		6,510,000,000.00
Ten Billion Project	1,634,214,384.77		1,634,214,384.77	3,034,264,368.36		3,034,264,368.36
Investment borrowings	204,000,000.00		204,000,000.00	205,000,000.00		205,000,000.00
Railway shantytown funds	100,000,000.00		100,000,000.00	100,000,000.00		100,000,000.00
Urban construction - eight resettlement areas	154,000,000.00		154,000,000.00			
Public	122,815,451.25		122,815,451.25			

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
facilities in industrial agglomeration area of Wugang City						
Project loan principal	2,632,295,774.40		2,632,295,774.40			
Non-related party borrowings	5,020,669,371.51		5,020,669,371.51			
Double Ten Billion Plan	7,020,775,455.86		7,020,775,455.86	9,426,574,297.49		9,426,574,297.49
Shantytown reconstruction project in Xigong District	1,652,000,000.00		1,652,000,000.00			
Expropriation resettlement housing construction project for the reconstruction and expansion						
Sinopec Luoyang Refinery	190,000,000.00		190,000,000.00			
Miaobei shantytown reconstruction resettlement housing	526,703,375.00		526,703,375.00			

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NOTES TO THE FINANCIAL STATEMENTS
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Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
project in Old City						
Resettlement residential quarter project in Yibin District	1,906,000,000.04		1,906,000,000.04			
Houcheng, Wangtun and East and West Huotun shantytown reconstruction project in Luolong District	640,000,000.00		640,000,000.00			
Borrowings to other parties	25,000,000.00		25,000,000.00			
Advance payment for shantytown reconstruction project	547,993,112.34		547,993,112.34			
BΓ project payment	100,474,003.53	11,700,000.00	88,774,003.53			
PPP project payment	447,148,733.79		447,148,733.79			
Total	166,476,462,912.35	11,700,000.00	166,464,762,912.35	180,642,958,106.63		180,642,958,106.63

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

5.14.2 Provision for bad debts of long-term receivables

Category	Balance as at December 31, 2019	Changes in 2020			Balance as at December 31, 2020
		Provision	Recovery or reversal	Other changes	
BT project payment				11,700,000.00	11,700,000.00
Total				11,700,000.00	11,700,000.00

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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5.15 Long-term equity investments

Investee	Balance as at December 31, 2019	Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Increase/decrease in 2020				Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
					Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment made in the current period		
I. Associates										
Pingyu County Qinghe Engineering Construction Co., Ltd.	668,070.64								-668,070.64	
KaiFeng Finance Investment Holdings Limited	309,251,180.18			11,802,205.13						321,053,385.31
Henan Yuzi State Reserve Industrial Co., Ltd.	5,017,976.85								-5,017,976.85	
Henan Yuzi Sino IC Leasing Co., Ltd.	565,862,657.91			17,091,618.98			19,259,965.78			563,694,311.11
Zhengzhou Guokong Industrial Development and Investment Co., Ltd.	200,716,079.02			-2,779,020.38						197,937,058.64
Palm Eco-town Development Co., Ltd.	667,369,193.58								-667,369,193.58	
Wuyang Shouchuang Water Affairs Co., Ltd.	5,636,000.00	17,000,000.00		4,946.99						22,640,946.99
Henan Hongke Military-civilian Integration Industry Investment Fund (Limited)	122,927,054.49								119,386,268.86	242,313,323.35

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NOTES TO THE FINANCIAL STATEMENTS
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Investee	Balance as at December 31, 2019	Increase/decrease in 2020						Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed		
Partnership)									
Henan Yuze									
Xunlonghe Rural Revitalization Development Co., Ltd.		4,200,000.00		-127,781.59					4,072,218.41
Henan Dongzheng Yuze Industrial Investment Fund (Limited Partnership)									
Zhengzhou SAIC Yuze Energy Technology Co., Ltd.		13,600,000.00		-30,908.62				50,081,362.03	50,081,362.03
Zhengzhou Zhongyuan Yuze Investment Holding Industrial Park Operation and Management Co., Ltd.									
Henan Guoxin Qidi Equity Investment Fund (Limited Partnership)						234,607.25			5,107,670.78
Luoyang Zhoushan High-tech Venture Capital Co., Ltd.		1,249,375,438.24					277,500,000.00		971,875,438.24
Henan Yuze Sino IC Industrial Co.,		12,000,000.00		-1,193.31					11,998,806.69
		3,000,000.00		66,643.48					3,066,643.48

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Investee	Balance as at December 31, 2019	Increase/decrease in 2020							Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment made in the current period		
Ltd.										
Pingyu Cheyu Ecological Park Construction and Development Co., Ltd.		56,240,000.00								56,240,000.00
Jishou Zongji Engineering Construction Project Management Co., Ltd.									132,834,759.31	132,834,759.31
Haikou Zongmei Project Construction Investment Co., Ltd.									41,963,266.19	41,963,266.19
Haikou Zongdao Project Construction Investment Co., Ltd.									177,522,883.14	177,522,883.14
Haikou Zonghai Project Construction Investment Co., Ltd.									37,432,772.75	37,432,772.75
Luohe Chengfa Ecological Construction and Development Co., Ltd.									217,558,145.92	217,558,145.92
Laiyang Wulonghe Palm Eco-town Development									125,636,239.88	125,636,239.88

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Investee	Balance as at December 31, 2019	Increase/decrease in 2020						Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed		
Co., Ltd.									
Ningbo Shiguanghaiwan Scenic Area Development Co., Ltd.								228,156,973.18	228,156,973.18
Meizhou Meixian Zongyin Construction Co., Ltd.								69,927,323.48	69,927,323.48
Meizhou Wuhua Zonghua Project Investment Co., Ltd.								264,898,643.91	264,898,643.91
Meizhou Meixian Zongxing Project Investment Management Co., Ltd.								14,461,935.72	14,461,935.72
Meizhou Meixian Zongyuan Project Investment Management Co., Ltd.								252,662,562.27	252,662,562.27
Guangxi Palm Eco-town Environment Development Co., Ltd.								40,668,337.46	40,668,337.46
Shangrao Zongyuan Ecological Environment Co., Ltd.								97,156,143.84	97,156,143.84
Weifang Zongtie Investment								92,613,097.32	92,613,097.32

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Investee	Balance as at December 31, 2019	Increase/decrease in 2020						Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed		
Development Co., Ltd.									
Palm (Guangdong) Industrial Investment Group Co., Ltd.								86,603,008.25	86,603,008.25
Beijing Yüeke Aoyi New Media Culture Co., Ltd.								9,973,113.14	9,973,113.14
Shanghai Yitong Weiqi Investment Management Center (Limited Partnership)								431,065,664.20	431,065,664.20
Guangdong Miliangxing Science and Technology Development Co., Ltd.								3,515,816.82	3,515,816.82
Hengqin Palm Merger and Acquisition Fund Management Co., Ltd.								181,521.95	181,521.95
Belt Collins International (Hong Kong) Limited / Palm Design Co., Ltd.								134,743,820.04	134,743,820.04
Meizhou Shiguang Cultural Tourism Development Co., Ltd.								183,060,962.26	183,060,962.26

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Investee	Balance as at December 31, 2019	Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Increase/decrease in 2020					Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
					Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment made in the current period	Others		
Guangdong Yunfu Investment Co., Ltd.									92,704,494.68	92,704,494.68	
Shanghai Yunyao Asset Management Co., Ltd.									898,769.47	898,769.47	
Palm Garden Engineering Co., Ltd.									724,114.48	724,114.48	
Flower Young Eco-town Development (Huzhou) Co., Ltd.									39,202,781.76	39,202,781.76	
Palm Shengcheng Investment Co., Ltd.									105,036,795.76	105,036,795.76	
Jiangxi Palm Cultural Tourism Co., Ltd.									68,739,609.38	68,739,609.38	
Jiaxing Manxingfansheng Investment Partnership (Limited Partnership)									88,982,700.00	88,982,700.00	
Nanle Yuzi Urban and Rural Construction Development Co., Ltd.									4,571,232.56	4,571,232.56	
Jinxiu Zhongyuan (Luoyang) Venture Capital									2,630,498.48	2,630,498.48	

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Investee	Balance as at December 31, 2019	Increase/decrease in 2020						Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Negative investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed		
Center (Limited Partnership) Henan									
Zhongzheng Kaiyuan Venture Capital Fund (Limited Partnership) Henan									
Zhongzheng Kaiyuan Private Fund Management Co., Ltd.							25,091,065.74	25,091,065.74	
Luoyang Hongke Small and Medium-sized Enterprise Equity Investment Fund (Limited Partnership)							52,646,511.12	52,646,511.12	
Sub-total	1,877,448,212.67						148,128.87	148,128.87	
Total	1,877,448,212.67						5,587,663,949.74	5,587,663,949.74	

5.16 Other non-current financial assets

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Financial assets measured at fair value through the current profit or loss	229,959,900.00	
Including:		
Investment in equity instruments	229,959,900.00	
Total	229,959,900.00	

5.17 Investment properties

5.17.1 Investment properties measured at cost

Project	Buildings and constructions	Land use right	Total
1. Original book value			
(1) Balance as at December 31, 2019	9,731,021,871.10	127,569,106.00	9,858,590,977.10
(2) Increase in 2020			
- Outsourcing			
- Transferred from inventories / fixed assets / construction in progress	1,305,623,727.87		1,305,623,727.87
- Increase due to business combination	874,459,114.08		874,459,114.08
- Government appropriation	7,743,311,906.82		7,743,311,906.82
(3) Decrease in 2020	1,027,767,436.56	99,031,704.00	1,126,799,140.56
- Decrease due to business combination	241,708,462.44	30,436,221.60	272,144,684.04
- Decrease due to disposal of subsidiaries	245,702,444.98		245,702,444.98
- Reversal of fixed assets	540,356,529.14	68,595,482.40	608,952,011.54
(4) Balance as at December 31, 2020	18,626,649,183.31	28,537,402.00	18,655,186,585.31
2. Accumulative depreciation and accumulative amortization			
(1) Balance as at December 31, 2019	231,162,678.09	3,429,774.11	234,592,452.20
(2) Increase in 2020	324,931,032.53	1,347,707.47	326,278,740.00
- Provision or amortization	237,122,273.27	1,347,707.47	238,469,980.74
- Reversal of fixed assets	10,343,918.06		10,343,918.06
- Increase due to business combination	77,464,841.20		77,464,841.20
(3) Decrease in 2020	56,522,935.84	3,429,774.11	59,952,709.95
- Reversal of fixed assets	34,779,213.19	3,429,774.11	38,208,987.30
- Disposal of subsidiaries	11,583,896.72		11,583,896.72

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Project	Buildings and constructions	Land use right	Total
- Decrease due to business combination	10,159,825.93		10,159,825.93
(4) Balance as at December 31, 2020	499,570,774.78	1,347,707.47	500,918,482.25
3. Provision for impairment			
(1) Balance as at December 31, 2019			
(2) Increase in 2020			
- Provision			
(3) Decrease in 2020			
- Disposal			
(4) Balance as at December 31, 2020			
4. Book value			
(1) Book value as at December 31, 2020	18,127,078,408.53	27,189,694.53	18,154,268,103.06
(2) Book value as at December 31, 2019	9,499,859,193.01	124,139,331.89	9,623,998,524.90

Description: As at December 31, 2020, the land use right involved with the Company's investment properties and used for pledge amounted to RMB 1,372,806,785.07.

5.17.2 Investment properties with pending certificate of title

Project	Book value	Reason for pending certificates of title
Buildings and constructions	6,055,478,976.44	Incomplete procedures
Total	6,055,478,976.44	

5.18 Fixed assets

5.18.1 Fixed assets and disposal of fixed assets

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Fixed assets	10,418,671,839.37	6,459,825,098.73
Disposal of fixed assets		
Total	10,418,671,839.37	6,459,825,098.73

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5.18.2 Breakdowns of fixed assets

Project	Buildings and constructions	Machinery equipment	Transportation equipment	Fuel gas facilities	Electronic equipment and others	Total
1. Original book value						
(1) Balance as at January 1, 2020	5,960,739,258.28	129,452,610.30	7,453,254.00	63,635,119.49	857,412,585.25	7,018,692,827.32
(2) Increase in 2020	3,946,675,380.06	261,912,700.49	82,470,316.65	75,020,145.56	2,196,779,300.89	6,562,857,843.65
- Purchase	779,047,370.65	1,746,108.34	6,729,219.95	6,655,781.67	16,601,949.87	810,780,430.48
- Transferred from construction in progress	380,935,135.93					
- Increase due to business combination	1,208,338,582.40	260,165,925.35	75,741,096.70	68,364,363.89	2,180,177,351.02	2,561,112,486.95
- Government appropriation	1,014,249,900.00					1,014,249,900.00
- Transfer from investment properties	564,104,391.08					564,104,391.08
- Others		666.80				666.80
(3) Decrease in 2020	2,159,896,113.01	3,156,083.94	16,561,038.21	23,767,219.81		2,203,380,454.97
- Disposal or scrapping	8,300,445.00	99,996.00	5,775,744.00	609,926.03		14,786,111.03
- Transfer to investment properties	86,937,893.87					86,937,893.87
- Decrease due to business combination	660,710,183.46	3,041,225.55	10,785,294.21	23,155,194.44		697,691,897.66
- Government appropriation	1,403,947,590.68	14,862.39	-	2,099.34		1,403,964,552.41

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Project	Buildings and constructions	Machinery equipment	Transportation equipment	Fuel gas facilities	Electronic equipment and others	Total
(4) Balance as at December 31, 2020	7,747,518,525.33	388,209,226.85	73,362,532.44	114,888,045.24	3,054,191,886.14	11,378,170,216.00
2. Accumulated depreciation						
(1) Balance as at January 1, 2020	528,938,883.59	15,169,671.49	1,852,155.62	10,586,520.46	2,320,497.43	558,867,728.59
(2) Increase in 2020	354,326,277.93	54,127,227.52	65,303,729.08	53,009,021.49	48,768,622.98	575,534,879.00
- Provision	221,539,629.34	6,187,899.51	8,240,608.41	9,037,961.81	48,768,622.98	293,774,722.05
- Difference as at January 1, 2020						
- Transfer from investment properties	11,916,372.99					11,916,372.99
- Increase due to business combination	120,870,275.60	47,939,328.01	57,063,120.67	43,971,059.68		269,843,783.96
(3) Decrease in 2020	151,689,154.60	710,764.70	11,301,065.10	11,203,246.56		174,904,230.96
- Disposal or scrapping	15,840.80	93,759.20	5,486,956.80	566,008.07		6,162,564.87
- Transfer to investment properties	10,343,918.06					10,343,918.06
- Decrease due to business combination	40,551,864.79	617,005.50	5,814,108.30	10,637,238.49		57,620,217.08
- Others	100,777,530.95					100,777,530.95
(4) Balance as at December 31, 2020	731,576,006.92	68,586,134.31	55,854,819.60	52,392,295.39	51,089,120.41	959,498,376.63

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Project	Buildings and constructions	Machinery equipment	Transportation equipment	Fuel gas facilities	Electronic equipment and others	Total
3. Provision for impairment						
(1) Balance as at January 1, 2020						
(2) Increase in 2020						
(3) Decrease in 2020						
(4) Balance as at December 31, 2020						
4. Book value						
(1) Book value as at December 31, 2020	7,015,942,518.41	319,623,092.54	17,507,712.84	62,495,749.85	3,003,102,765.73	10,418,671,839.37
(2) Book value as at January 1, 2020	5,431,800,374.69	114,282,938.81	5,601,098.38	53,048,599.03	855,092,087.82	6,459,825,098.73

5.18.3 Fixed assets with pending certificates of title

Project	Book value	Reason for pending certificates of title
Buildings and constructions	3,801,486,668.01	Allocated assets with pending warrant
Total	3,801,486,668.01	

5.19 Construction in progress

5.19.1 Construction in progress and project materials

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Construction in progress	9,658,735,498.78	3,590,576,602.43
Project materials	1,258,794.77	
Total	9,659,994,293.55	3,590,576,602.43

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5.19.2 Details of construction in progress

Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Youth Talent Apartment	5,522,246,028.06		5,522,246,028.06	1,799,209,567.45		1,799,209,567.45
County heating construction project	1,232,908,095.40		1,232,908,095.40	173,103,527.96		173,103,527.96
Public rental housing project	751,552,498.37		751,552,498.37			
Shangshui County Old Town Renovation and Infrastructure Project	561,628,230.39		561,628,230.39	77,738,865.80		77,738,865.80
Shantytowns	441,799,695.77		441,799,695.77	239,219,167.67		239,219,167.67
Datang call center	372,041,938.73		372,041,938.73			
Reserve forest (economic forest)	143,656,939.78		143,656,939.78	134,457,385.78		134,457,385.78
Tai Chi Reception Room	115,691,300.00		115,691,300.00	115,691,300.00		115,691,300.00
Land lot 2018	93,194,477.12		93,194,477.12			
PY-2013-121	89,759,121.80		89,759,121.80			
Gas facilities installation project	69,352,785.21		69,352,785.21	182,014,761.28		182,014,761.28
Municipal infrastructure	54,597,498.60		54,597,498.60	54,597,498.60		54,597,498.60
Nansha industrial park club and hotel	53,520,500.00		53,520,500.00			
Pingyu Yongqiang outdoor international industrial park construction project	52,130,711.76		52,130,711.76			
Beilonghu office building	26,499,201.02		26,499,201.02			
Standardized factory buildings in industrial clusters	14,017,776.94		14,017,776.94	76,038,685.44		76,038,685.44
Pudong Road	13,707,512.45		13,707,512.45	13,496,957.57		13,496,957.57
Weisan Road	9,684,586.12		9,684,586.12	9,642,886.12		9,642,886.12
Mountain-water-forest-la	6,792,379.55		6,792,379.55	16,912,622.63		16,912,622.63

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Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
ke-grass integrated eco-city						
Yongxin Coal Mine	4,962,419.23		4,962,419.23	5,053,335.21		5,053,335.21
Weiwu Road	2,284,400.00		2,284,400.00	2,284,400.00		2,284,400.00
UFIDA Financial System	1,983,896.31		1,983,896.31	1,328,685.92		1,328,685.92
Changshou Mountain Scenic Area				246,453,100.00		246,453,100.00
Other sporadic projects	24,723,506.17		24,723,506.17	31,335,620.00		31,335,620.00
Wugang rural revitalization pilot village (Zaolin Miaowa)				9,458,235.00		9,458,235.00
Longcheng New Residence Public Rental Housing				402,540,000.00		402,540,000.00
Total	9,658,735,498.78		9,658,735,498.78	3,590,576,602.43		3,590,576,602.43

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5.19.3 Changes in important construction in progress in the current period

Project name	Budget amount	Balance as at December 31, 2019	Increase in 2020	Amount transferred to fixed assets in 2020	Other decreases in 2020	Balance as at December 31, 2020
Standardized factory buildings in industrial clusters	500,000,000.00	76,038,685.44	4,430,948.14	66,451,856.64		14,017,776.94
Mountain-water-forest-lake-grass integrated eco-city		16,912,622.63			10,120,243.08	6,792,379.55
Gas facilities installation project	1,077,210,000.00	182,014,761.28	2,067,515,374.95	2,180,177,351.02		69,352,785.21
UFIDA Financial System		1,328,685.92	655,210.39			1,983,896.31
Municipal infrastructure	55,000,000.00	54,597,498.60				54,597,498.60
County heating construction project	5,318,715,000.00	173,103,527.96	1,059,804,567.44			1,232,908,095.40
Changshou Mountain Scenic Area	2,000,000,000.00	246,453,100.00		246,453,100.00		-
Reserve forest (economic forest)	400,000,000.00	134,457,385.78	9,199,554.00			143,656,939.78
Pingyu Yongqiang outdoor international industrial park construction project			52,130,711.76			52,130,711.76
Public rental housing project			1,405,151,650.21	653,599,151.84		751,552,498.37
Shangshui County Old Town shantytown renovation and infrastructure project	4,874,510,000.00	77,738,865.80	498,717,300.12		14,827,935.53	561,628,230.39
Youth Talent Apartment	22,002,799,000.00	1,799,209,567.45	3,723,036,460.61			5,522,246,028.06
Shantytowns	822,499,000.00	239,219,167.67	202,580,528.10			441,799,695.77
Infrastructure construction project in Wugang rural revitalization pilot village (Zaolin Miaowa village)		9,458,235.00			9,458,235.00	
Tai Chi Reception Room	120,000,000.00	115,691,300.00	4,430,948.14	66,451,856.64		115,691,300.00
Total		3,126,223,403.53	9,023,222,305.72	3,146,681,459.50	34,406,413.61	8,968,357,836.14

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Project name	Proportion of accumulated project investments in budget amount (%)	Project progress (%)	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2020	Capitalization rate of interest in 2020 (%)	Source of funds
Standardized factory buildings in industrial clusters	16.09	15.00				Self-financing
Mountain-water-forest-lake-grass integrated eco-city						Special appropriation
Gas facilities installation project			32,451,793.44	5,500,377.17		
UFIDA Financial System						Self-financing
Municipal infrastructure	99.27	95.00				Self-financing
County heating construction project	23.18	25.00	4,320,225.00			Appropriation and self-financing
Changshou Mountain Scenic Area Reserve forest (economic forest)	67.03	95.0				Appropriation and self-financing
Pingyu Yongqiang outdoor international industrial park construction project	35.91	35.00				Financial appropriation
Public rental housing project						Financial appropriation
Shangshui County Old Town shantytown renovation and infrastructure project	10.23	10.00				Appropriation and self-financing
Youth Talent Apartment	25.10	25.00	54,355,126.20	45,895,903.93		Government appropriation and financing
Shantytowns	53.71	53.71	32,631,922.34	21,228,680.57		Banking loans and self-financing by the country-level finance bureau
Infrastructure construction project in Wugang rural revitalization pilot village (Zaolin Miaowa village)						
Tai Chi Reception Room	96.41	98.00				Financial appropriation
Total			123,759,066.98	72,624,961.67		Government appropriation

5.19.4 Project materials

Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment of project materials	Book value	Book balance	Provision for impairment of project materials	Book value
Gas facilities installation project	1,258,794.77		1,258,794.77			
Total	1,258,794.77		1,258,794.77			

5.20 Productive biological assets

Productive biological assets measured at cost

Project	Right to use trees and woodlands	Total
1. Original book value		
(1) Balance as at December 31, 2019		
(2) Increase in 2020	2,026,393,683.72	2,026,393,683.72
- Increase due to business combination	2,026,393,683.72	2,026,393,683.72
(3) Decrease in 2020		
(4) Balance as at December 31, 2020	2,026,393,683.72	2,026,393,683.72
2. Accumulated depreciation		
(1) Balance as at December 31, 2019		
(2) Increase in 2020		
(3) Decrease in 2020		
(4) Balance as at December 31, 2020		
3. Provision for impairment		
(1) Balance as at December 31, 2019		
(2) Increase in 2020		
(3) Decrease in 2020		
(4) Balance as at December 31, 2020		
4. Book value		
(1) Book value as at December 31, 2020	2,026,393,683.72	2,026,393,683.72
(2) Book value as at December 31, 2019		

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5.21 Intangible assets		Project	Land use right	Software use right	Non-patented technology	Franchise	Others	Patent right	Total
5.21.1 Breakdowns of intangible assets		1. Original book value							
		(1) Balance as at December 31, 2019	5,227,688,672.22	6,713,537.25	4,050,000.00	158,088,805.61			5,396,541,015.08
		(2) Increase in 2020							
		- Purchase	308,225,089.34	561,086.84					308,786,176.18
		- Self-building	60,379,106.86						60,379,106.86
		- Increase due to business combination	750,005,747.94	24,640,853.68			200,000.00	53,570,483.19	828,417,084.81
		- Others	114,989,357.48						114,989,357.48
		- Transfer from investment properties							
		(3) Decrease in 2020	700,510,870.71	1,634,122.76		6,858,805.61		160,651.89	709,164,450.97
		- Disposal		4,500.00					4,500.00
		- Transfer to investment properties							
		- Decrease due to business combination	700,510,870.71	1,629,622.76		6,858,805.61		160,651.89	709,159,950.97
		(4) Balance as at December 31, 2020	5,760,777,103.13	30,281,355.01	4,050,000.00	151,230,000.00	200,000.00	53,409,831.30	5,999,948,289.44
		2.							

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Project	Land use right	Software use right	Non-patented technology	Franchise	Others	Patent right	Total
Accumulated amortization							
(1) Balance as at December 31, 2019	128,025,646.41	1,627,409.00		137,176.11			129,790,231.52
(2) Increase in 2020	98,361,038.87	23,114,202.04			200,000.00	407,652.48	122,082,893.39
- Provision	84,948,683.67	2,277,449.17				65,747.01	87,291,879.85
- Difference as at January 1, 2020							
- Transfer from investment properties							
- Increase due to business combination	13,412,355.20	20,836,752.87			200,000.00	341,905.47	34,791,013.54
(3) Decrease in 2020	7,934,379.62	916,853.56		137,176.11		160,651.89	9,149,061.18
- Disposal							
- Transfer to investment properties							
- Decrease due to business combination	7,934,379.62	916,853.56		137,176.11		160,651.89	9,149,061.18
(4) Balance as at December 31, 2020	218,452,305.66	23,824,757.48			200,000.00	247,000.59	242,724,063.73
3. Provision for							

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Project impairment	Land use right	Software use right	Non-patented technology	Franchise	Others	Patent right	Total
(1) Balance as at December 31, 2019							
(2) Increase in 2020							
(3) Decrease in 2020							
(4) Balance as at December 31, 2020							
4. Book value							
(1) Book value as at December 31, 2020	5,542,324,797.47	6,456,597.53	4,050,000.00	151,230,000.00		53,162,830.71	5,757,224,225.71
(2) Book value as at December 31, 2019	5,099,663,025.81	5,086,128.25	4,050,000.00	157,951,629.50			5,266,750,783.56

5.21.2 Land use right with pending certificate of title

Project	Book value	Reason for pending certificates of title
Land	691,111,565.35	Allocated assets with pending warrant
Total	691,111,565.35	

**5.22 Goodwill
 Changes in goodwill**

Name of the investee or matters forming goodwill	Balance as at December 31, 2019	Increase in 2020		Decrease in 2020		Balance as at December 31, 2020
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Palm Construction Planning and Design (Beijing) Co., Ltd.			33,362,701.79			33,362,701.79
Palm Ecological Town Development Co., Ltd.		67,972,961.33				67,972,961.33
Sub-total		67,972,961.33	33,362,701.79			101,335,663.12
Provision for impairment						
Palm Construction Planning and Design (Beijing) Co., Ltd.			33,362,701.79			33,362,701.79
Sub-total			33,362,701.79			33,362,701.79
Book value		67,972,961.33				67,972,961.33

5.23 Long-term deferred expenses

Project	Balance as at December 31, 2019	Increase in 2020	Amortization in 2020	Other decreases	Balance as at December 31, 2020
Renovation expenses	2,217,951.35	24,420,141.75	6,559,823.89	1,131,073.60	18,947,195.61
Software royalty	26,548.67		26,548.67		
Rental fees	8,196,961.52	1,326,938.47	8,143,459.81	64,523.81	1,315,916.37
Insurance premiums	15,470.00		4,760.00		10,710.00
Finance lease payment	9,263,349.05	18,758,690.47	11,805,754.70	11,460,770.43	4,755,514.39
Land rent and compensation		11,774,492.43	481,996.68	413,362.00	10,879,133.75
Green		15,399,156.78	452,916.36	14,946,240.42	

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Project	Balance as at December 31, 2019	Increase in 2020	Amortization in 2020	Other decreases	Balance as at December 31, 2020
landscape					
Temporary facility and others	2,217,951.35	40,380,502.75	2,930,765.27	35,772,868.75	1,676,868.73
Total	19,720,280.59	112,059,922.65	30,406,025.38	63,788,839.01	37,585,338.85

5.24 Deferred income tax assets and deferred income tax liabilities

5.24.1 Deferred income tax assets without offset

Project	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	1,353,154,398.01	212,812,665.56	81,960,682.16	20,490,170.55
Guarantee reserves	115,074,080.12	26,830,612.02	43,637,455.12	10,909,363.78
Deductible losses	357,049,723.29	58,697,859.93	15,990,410.52	3,980,171.78
Unpaid interest	186,142,030.03	46,535,507.51		
Public welfare donation which can be carried forward to subsequent years for deduction	3,040,000.00	456,000.00		
Advertising expense overspending which can be carried forward to subsequent years for deduction	52,817.92	2,640.90		
Withholding/estimated expenses	40,567,635.95	6,085,145.39		
Changes in fair value of financial assets	5,800,236.60	870,035.49		
Total	2,060,880,921.92	352,290,466.80	141,588,547.80	35,379,706.11

5.24.2 Deferred income tax liabilities before offset

Project	Balance as at December 31, 2020		Balance as at December 31, 2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Other assets	36,997,378.44	9,249,344.61		
Total	36,997,378.44	9,249,344.61		

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5.25 Other non-current assets

Project	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advance payment for land	1,284,641,342.12		1,284,641,342.12	53,041,045.24		53,041,045.24
Advance payment for purchase of fixed assets	1,259,385,840.18		1,259,385,840.18	588,748,779.00		588,748,779.00
Advance payment for project	512,585,348.69		512,585,348.69	10,380,416.00		10,380,416.00
Advance payment for investment	41,128,766.17		41,128,766.17			
Advance payment for intellectual property rights and production implementation						
Non-performing loan	205,600,000.00		205,600,000.00			
Related-party borrowings and interest	465,336,934.29		465,336,934.29			
Certificate of deposit	24,000,000.00		24,000,000.00			
Factoring financing	263,999.98		263,999.98			
Total	3,792,942,231.43		3,792,942,231.43	652,170,240.24		652,170,240.24

5.26 Short-term borrowings

5.26.1 Classification of short-term borrowings

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Pledged borrowings	1,273,010,000.00	287,630,000.00
Mortgage borrowings	95,000,000.00	207,400,000.00
Guaranteed borrowings	962,850,000.00	97,950,000.00
Credit borrowings	2,004,719,000.00	563,000,000.00
Mortgage guarantee borrowings	22,050,000.00	
Commercial acceptance bill discounted but not matured at the end of the period	5,185,526.59	
Loan interest	2,160,591.84	
Total	4,364,975,118.43	1,155,980,000.00

5.27 Notes payable

Category	Balance as at December 31, 2020	Balance as at December 31, 2019
Bank acceptance bill	677,591,537.68	57,100,000.00
Commercial acceptance bill	106,328,115.00	197,000,000.00
Total	783,919,652.68	254,100,000.00

5.28 Accounts payable

5.28.1 Presentation of accounts payable

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	4,258,412,146.10	922,385,716.80
1 - 2 years	688,430,075.77	39,962,080.86
2 - 3 years	825,095,743.53	140,036.56
Over 3 years	587,133,463.55	10,233.00
Total	6,359,071,428.95	962,498,067.22

5.28.2 Significant accounts payable with aging over one year

Project	Balance as at December 31, 2020	Reason for no payment or carry-forward
An ecological technology development company in Guizhou	74,569,254.14	Settlement period not started
A branch company in High-tech Area of a landscape engineering company in Liaocheng	63,348,270.83	Settlement period not started
A high-tech industrial company in Guizhou	48,156,634.22	Settlement period not started
A landscaping company in Hunan	46,826,114.12	Settlement period not started
Total	232,900,273.31	

5.29 Advances from customers

5.29.1 Presentation of advances from customers

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Within 1 year	888,358,650.60	223,046,560.88
1 - 2 years	272,937,545.15	26,178,403.41
2 - 3 years	6,600,151.43	2,998,512.91
Over 3 years	650,514.60	4,603,553.30
Total	1,168,546,861.78	256,827,030.50

Significant advances from customers with aging over one year

Project	Balance as at December 31, 2020	Reason for no payment or carry-forward
Sanhe Jiayuan in resettlement area, South section of Huichang Road	21,609,995.72	Not completed
Shantytown reconstruction project in Shengli Residential Quarter, Yucheng County	55,867,187.52	Unsettled
Zhengzhou Bureau of Non-Tax Revenue	3,276,463.31	Unsettled
Advance of housing funds	2,308,042.00	Advance of personal housing funds
Total	83,061,688.55	

5.30 Contract liabilities

Project	Balance as at December 31, 2020
Contract liabilities relevant to engineering construction/design service	597,593,422.45
Total	597,593,422.45

5.31 Employee compensation payable

5.31.1 Presentation of employee compensation payable

Project	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Short-term compensation	16,852,881.25	408,786,826.07	409,002,274.98	16,637,432.34
Post-employment benefits - defined contribution plans	36,014.71	3,563,062.69	2,531,317.75	1,067,759.65
Dismissal benefits		6,887,603.81	6,887,603.81	
Total	16,888,895.96	419,237,492.57	418,421,196.54	17,705,191.99

5.31.2 Presentation of short-term compensation

Project	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
(1) Salaries, bonuses, allowances and subsidies	16,697,917.94	372,498,371.88	373,060,199.17	16,136,090.65
(2) Employee	15,048.55	10,079,974.33	9,867,800.83	227,222.05

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Project	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
welfare				
(3) Social insurance premiums	10,775.47	9,291,858.99	9,289,190.96	13,443.50
Including: medical insurance premium	4,713.89	8,539,359.71	8,530,520.72	13,552.88
Work-related injury insurance premium	89.10	42,315.38	42,513.86	-109.38
Maternity insurance premium	5,972.48	710,007.77	715,980.25	
Others		176.13	176.13	
(4) Housing provident funds	43,727.95	15,335,600.19	15,300,923.60	78,404.54
(5) Labor union expenditures and employee education funds	86,619.30	1,579,529.92	1,483,877.62	182,271.60
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term compensation	-1,207.96	1,490.76	282.80	
Total	16,852,881.25	408,786,826.07	409,002,274.98	16,637,432.34

5.31.3 Presentation of defined contribution plans

Project	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Basic endowment insurance premium	35,949.79	2,472,993.66	2,449,681.52	59,261.93
Unemployment insurance premium	64.92	861,824.07	81,636.23	780,252.76
Enterprise annuity payment		228,244.96		228,244.96
Total	36,014.71	3,563,062.69	2,531,317.75	1,067,759.65

5.32 Taxes and surcharges payable

Taxes and surcharges	Balance as at December 31, 2020	Balance as at December 31, 2019
VAT	138,590,255.68	66,722,811.39
Urban maintenance and construction tax	8,215,026.51	4,068,325.99
Educational surtax	4,970,337.69	2,520,305.82
Local educational surtax	1,893,631.37	582,479.33
Stamp duty	3,935,966.63	2,289,760.96
House property tax	6,164,721.84	2,352,012.57
Land use tax	11,883,041.77	11,628,679.89

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Taxes and surcharges	Balance as at December 31, 2020	Balance as at December 31, 2019
Individual income tax	1,512,509.22	489,110.31
Enterprise income tax	343,640,507.96	204,725,177.82
Business tax	957,385.19	956,430.63
Resource tax		87.38
Land value increment tax	5,841,883.70	
Price regulation fund	821,486.18	
Environmental protection tax, and flood protection fee	69,000.64	
Labor union funds	7,513.81	
Total	528,503,268.19	296,335,182.09

5.33 Other payables

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Interest payable	606,190,735.26	453,539,651.12
Dividends payable	86,263,873.51	
Other payables	12,314,837,811.82	10,233,115,638.90
Total	13,007,292,420.59	10,686,655,290.02

5.33.1 Interest payable

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Interest on long-term borrowings where the interest is paid by stages and the principal is repaid at expiration	117,410,194.24	
Interest on corporate bond	484,508,672.92	443,956,598.62
Interest payable on short-term borrowings	1,372,997.78	1,592,151.59
Interest payable on guaranteed borrowings		7,990,900.91
Other liability interest	2,898,870.32	
Total	606,190,735.26	453,539,651.12

5.33.2 Dividends payable

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Common stock dividends	86,263,873.51	
Total	86,263,873.51	

5.33.3 Other payables

(1) Presentation of other payables by nature

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Margin and security deposit	853,619,341.59	708,634,301.72
Withholding tax	131,636.85	37,499.64
Funds collected and remitted	749,506,438.68	60,354,395.25
Project payments	1,752,415.00	57,426,288.05
Borrowings and current accounts	10,232,694,412.90	9,234,017,718.41
Borrowing interest	135,993,488.31	148,248,635.44

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Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Equity payments	164,057,337.19	12,500,000.00
Fund management fees	10,866,201.00	10,383,642.64
Others	125,216,540.30	1,513,157.75
Risk compensation fund	41,000,000.00	
Total	12,314,837,811.82	10,233,115,638.90

(2) Other significant payables with aging over one year

Project	Balance as at December 31, 2020	Reason for no payment or carry-forward
Xinyang Huaxin Investment Group Co., Ltd.	790,000,000.00	Settlement period not started
Henan Jianxin Yuze Urbanization Construction Development Fund (Limited Partnership)	560,000,000.00	Settlement period not started
Henan Huitai Urban and Rural Construction Co., Ltd.	560,000,000.00	Settlement period not started
Treasury shares of Huangchuan Bureau of Finance	503,357,310.00	Settlement period not started
Comprehensive shares of Huangchuan Bureau of Finance	414,629,047.82	Settlement period not started
Zhongyuan Asset Management Co., Ltd.	386,350,000.00	Settlement period not started
Fan County Housing Construction Bureau	343,827,996.58	Settlement period not started
Huangchuan County Agricultural Investment New Kinetic Enterprise Management Center (Limited Partnership)	324,000,000.00	Settlement period not started
Shangqiu City Development Investment Co., Ltd.	300,000,000.00	Settlement period not started
Change City Economic and Technological Development Co., Ltd.	300,000,000.00	Settlement period not started
Zhounan Xinzheng-Xihua Expressway Headquarters	276,730,000.00	Settlement period not started
Mianchi County Ruizi Construction Engineering Co., Ltd.	195,924,234.06	Settlement period not started
CITIC Trust Co., Ltd.	180,000,000.00	Settlement period not started
Xinzheng New Area Development Investment Co., Ltd.	146,475,500.00	Settlement period not started
Xinzheng Municipal Investment Holdings Co., Ltd.	143,004,768.72	Settlement period not started
Finance Bureau of Puyang County	142,074,872.00	Settlement period not started
Wugang Liwang Earthwork	102,500,000.00	Settlement period not started

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Project	Balance as at December 31, 2020	Reason for no payment or carry-forward
Engineering Co., Ltd.		started
Collection of resettlement housing funds as an agent	42,276,859.60	Settlement period not started
Henan Taiji Shengdi Investment Group Co., Ltd.	20,000,000.00	Settlement period not started
Mianchi County Shaoxing Urban Construction Co., Ltd.	8,300,000.00	Settlement period not started
Wenxian County Tai Chi Culture Industry Development Co., Ltd.	7,991,111.11	Settlement period not started
Lushan County Longyuan Development Investment Co., Ltd.	7,240,000.00	Settlement period not started
Total	5,754,681,699.89	

5.34 Non-current liabilities maturing within one year

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Long-term borrowings maturing within one year	10,635,154,204.79	14,508,680,000.00
Bonds payable maturing within one year	9,563,251,985.15	4,831,302,940.25
Long-term payables maturing within one year	1,650,670,508.13	181,072,218.69
Interest accrued of non-current liabilities maturing within one year	50,449,582.58	
Total	21,899,526,280.65	19,521,055,158.94

5.35 Other current liabilities

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Guarantee compensation reserves	219,960,184.06	41,977,279.81
Unearned premium reserves	133,707,159.79	101,003,375.00
Withholding expenses	2,324,773.62	
Financial subsidy fund for Yuxiang Apartment Special fund	98,224,220.44	
Withholding VAT - Output tax to be carried forward	6,483,912.00	
Withholding engineering and urban construction tax	287,991,605.10	
Withholding engineering and educational surtax	2,990,836.38	
Withholding engineering and educational surtax	2,148,286.60	
Withholding engineering and flood protection fee	690,392.30	
Withholding engineering and individual income tax	4,502,390.33	
Withholding engineering and other taxes	45,990,351.88	
Borrowings from other institutions and interest thereof	601,837,363.30	
Related-party borrowings and interest	258,298,000.00	
Endorsed and recognized commercial acceptance bill	24,991,268.32	
Total	1,690,140,744.12	142,980,654.81

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5.36 Long-term borrowings

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Pledged borrowings	124,989,145,685.93	67,302,275,010.93
Mortgage borrowings	4,323,629,808.54	63,781,747,546.22
Guaranteed borrowings	5,180,021,000.00	6,874,848,000.00
Credit borrowings	13,427,640,006.30	5,353,749,487.23
Pledged and guaranteed borrowings	1,423,340,540.44	
Less: Long-term borrowings maturing within one year	10,635,154,204.79	13,093,160,000.00
Total	138,708,622,836.42	130,219,460,044.38

5.37 Bonds payable

5.37.1 Details of bonds payable

Project	Balance as at December 31, 2020	Balance as at December 31, 2019
Corporate bonds	25,843,406,844.88	24,268,387,303.38
Less: Corporate bonds maturing within one year	9,563,251,985.15	4,831,302,940.25
Total	16,280,154,859.73	19,437,084,363.13

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5.37.2 Increase/decrease of bonds payable (excluding preferred stocks, perpetual bonds and other financial instruments divided into the financial liabilities)

Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at December 31, 2019	Issued in the current period	Interest calculated at par value
Ping An Bank (15 YZCT PPN001)	100.00	2015/9/28	5 years	1,500,000,000.00	1,498,297,955.98		64,041,666.67
Ping An Bank (15 YZCT PPN004)	100.00	2015/11/9	5 years	1,500,000,000.00	1,498,983,883.64		72,912,500.00
Industrial Bank (15 YZCT PPN002)	100.00	2015/10/16	5 years	300,000,000.00	294,474,143.08		11,828,666.67
Minsheng Bank (15 YZCT PPN003)	100.00	2015/10/22	5 years	1,500,000,000.00	1,496,806,957.55		68,637,500.00
Minsheng Bank (16 YZCX PPN001)	100.00	2016/1/18	5 years	1,500,000,000.00	1,495,810,966.98		75,000,000.00
Ping An Bank (16 YZCX PPN002)	100.00	2016/2/26	5 years	1,500,000,000.00	1,498,579,009.43		75,000,000.00
Shanghai Pudong Development Bank (16 YZCX PPN003)	100.00	2016/11/17	5 years	550,000,000.00	545,900,235.85		19,558,611.12
China CITIC Bank (17 ZYYZ PPN001)	100.00	2017/8/18	5 years	500,000,000.00	499,431,865.84		17,789,556.94
Ping An Bank (17 ZYYZ PPN002)	100.00	2017/9/29	5 years	1,500,000,000.00	1,489,120,283.02		85,500,000.00
Minsheng Bank (18 ZYYZ PPN001)	100.00	2018/4/16	5 years	1,460,000,000.00	1,459,519,454.92		87,600,000.00
CICC (19 ZYYZZ 01)	100.00	2019/7/17	5 years	600,000,000.00	599,687,479.25		22,980,000.00
China Securities (19 ZYYZZ 02)	100.00	2019/10/17	5 years	1,500,000,000.00	1,500,000,000.00		60,600,000.00
Huatai Securities (20 ZYYZ MTN001)	100.00	2020/10/29	5 years	1,500,000,000.00		1,500,000,000.00	10,933,333.33
China Development Bank Securities (20 ZYYZZ 01)	100.00	2020/7/22	5 years	1,100,000,000.00		1,100,000,000.00	19,677,777.78
Beijing Financial	100.00	2020/5/9	5 years	875,000,000.00		875,000,000.00	29,290,624.99

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at December 31, 2019	Issued in the current period	Interest calculated at par value
Assets Exchange (20 YZYZY ZR001)							
Beijing Financial Assets Exchange (20 YZYZY ZR002)	100.00	2020/9/17	5 years	600,000,000.00		600,000,000.00	6,175,000.00
Palm Bonds Phase I in 2018 (Type I)	100.00	2018/2/6	3 years	198,400,000.00			11,400,000.00
Palm Bonds Phase I in 2018 (Type II)	100.00	2018/2/6	5 years	496,000,000.00			29,500,000.00
Palm Medium-term Notes and Bonds Phase I in 2019	100.00	2019/8/30	2 years	598,200,000.00			32,880,000.00
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2017 (Phase I)	100.00	2017/9/22	5 years	1,000,000,000.00	997,277,300.35		41,088,850.85
Debt financing instrument issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2018	100.00	2018/4/27	5 years	500,000,000.00	499,304,578.93		30,500,000.00
Corporate bonds issued by Henan Yuze Urban-Rural	100.00	2019/7/17	4 years	1,500,000,000.00	1,499,188,053.74		66,977,500.00

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at December 31, 2019	Issued in the current period	Interest calculated at par value
Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase I)							
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase II)	100.00	2019/7/23	3 years	1,000,000,000.00	999,218,580.75		46,894,444.46
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase III)	100.00	2019/12/4	3 years	500,000,000.00	500,000,000.00		22,214,166.66
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2020 (Phase I)	100.00	2020/4/22	3 years	1,500,000,000.00		1,500,000,000.00	38,417,500.00
Corporate bonds	100.00	2020/9/2	3 years	1,500,000,000.00		1,500,000,000.00	19,561,666.66

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Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at December 31, 2019	Issued in the current period	Interest calculated at par value
issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a public manner in 2020							
ZHONGYUAN SINCERE USD Bonds	100.00	2018/1/10	3 years	1,957,470,000.00	2,084,775,485.94		11,312,500.00
ZHONGYUAN SINCERE USD Bonds Phase II	100.00	2019/6/28	5 years	3,262,450,000.00	3,468,408,897.47		21,250,000.00
Huangchuan municipal debt transfer plan Phase I	100.00			24,090,000.00	24,090,000.00		
Huangchuan municipal debt transfer plan Phase II	100.00			49,970,080.00		49,970,080.00	
Huangchuan municipal debt transfer plan Phase III	100.00			40,160,000.00		40,160,000.00	
Debt financing instruments Phase I of Pingyu County Industrial Agglomeration Zone Investment and Financing Co., Ltd. in 2018	100.00	2018/6/22	5 years	350,000,000.00	319,512,170.66		10,924,270.00
Total				32,461,740,080.00	24,268,387,303.38	7,165,130,080.00	1,110,446,136.13

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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(Continued)

Bond name	Amortization of premiums or discounts	Repayment in the current period	Other increases	Other decreases	Balance as at December 31, 2020
Ping An Bank (15 YZCT PPN001)	1,702,044.02	1,500,000,000.00			
Ping An Bank (15 YZCT PPN004)	1,016,116.36	1,500,000,000.00			
Industrial Bank (15 YZCT PPN002)	5,525,856.92	300,000,000.00			
Minsheng Bank (15 YZCT PPN003)	3,193,042.45	1,500,000,000.00			
Minsheng Bank (16 YZCX PPN001)	3,985,932.18				1,499,796,899.16
Ping An Bank (16 YZCX PPN002)	1,243,137.18				1,499,822,146.61
Shanghai Pudong Development Bank (16 YZCX PPN003)					
	3,520,580.73	200,000,000.00			349,420,816.58
China CITIC Bank (17 ZYYZ PPN001)	568,134.16	500,000,000.00			
Ping An Bank (17 ZYYZ PPN002)	5,870,670.71				1,494,990,953.73
Minsheng Bank (18 ZYYZ PPN001)	-311,907.75				1,459,207,547.17
CICC (19 ZYYZZ.01)	-121,082.71				599,566,396.54
China Securities (19 ZYYZZ.02)					1,500,000,000.00
Huatai Securities (20 ZYYZ MTN001)	-2,731,209.40				1,497,268,790.60
China Development Bank Securities (20 ZYYZZ.01)					
	-1,022,152.80				1,098,977,847.20
Beijing Financial Assets Exchange (20 YZYZY ZR001)					875,000,000.00
Beijing Financial Assets Exchange (20 YZYZY ZR002)					600,000,000.00
Palm Bonds Phase I in 2018 (Type I)	78,616.36		199,842,767.28		199,921,383.64
Palm Bonds Phase I in 2018 (Type II)	1,309,804.00		497,380,392.00		498,690,196.00
Palm Medium-term Notes and Bonds Phase I in 2019	1,216,384.44		597,567,231.12		598,783,615.56
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2017 (Phase I)					
Debt financing instrument issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in	2,722,699.65	1,000,000,000.00			
	231,276.66				499,535,855.59

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Bond name	Amortization of premiums or discounts	Repayment in the current period	Other increases	Other decreases	Balance as at December 31, 2020
2018					
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase I)	286,823.80				1,499,474,877.54
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase II)	395,357.02				999,613,937.77
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase III)					500,000,000.00
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2020 (Phase I)	-618,885.01				1,499,381,114.99
Corporate bonds issued by Henan Yuze Urban-Rural Integration Construction Development Co., Ltd. in a public manner in 2020	-822,313.12				1,499,177,686.88
ZHONGYUAN SINCERE USD Bonds	-181,156.70			127,305,485.94	1,957,288,843.30
ZHONGYUAN SINCERE USD Bonds Phase II	-14,186,542.18			205,958,897.47	3,248,263,457.82
Huangchuan municipal debt transfer plan Phase I		7,720,000.00			16,370,000.00
Huangchuan municipal debt transfer plan Phase II		80.00			49,970,000.00
Huangchuan municipal debt transfer plan Phase III					40,160,000.00
Debt financing instruments Phase I of Pingyu County Industrial Agglomeration Zone Investment and Financing Co., Ltd. in 2018	-10,863,422.50	45,924,270.00			262,724,478.16
Total	2,007,804.47	6,553,644,350.00	1,294,790,390.40	333,264,383.41	25,843,406,844.88

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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5.38 Long-term payables

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Long-term payables	6,674,257,833.10	5,027,900,856.56
Special payables	1,629,230,172.75	929,451,289.33
Total	8,303,488,005.85	5,957,352,145.89

5.38.1 Long-term payables

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Ningling County Finance Bureau	215,230,000.00	
Huaxia Financial Leasing Co., Ltd.	150,000,000.00	
China Agricultural Development Key Construction Fund Co., Ltd.	503,000,000.00	503,000,000.00
Great Wall Wealth Asset Management Co., Ltd.	3,600,000,000.00	3,600,000,000.00
Xinzheng Municipal Finance Bureau	103,264,800.00	
Huangchuan County People's Hospital	253,807,614.71	276,116,110.35
Henan Yuzi Sino IC Leasing Co., Ltd.	10,000,000.00	
Zhecheng County Real Estate Service Center-Wangji Community	10,288,328.44	31,579,377.30
Zhecheng County Finance Bureau	311,266,057.97	262,662,757.97
Shangshui County Comprehensive Investment Co., Ltd.	20,000,000.00	20,000,000.00
Sui County Housing and Urban-Rural Planning and Construction Administration	806,600,000.00	
Hua County Cultural Industry Investment Co., Ltd.	20,174,971.00	20,174,971.00
Qingfeng County Finance Bureau	18,786,647.73	
PPP Project private investment fund of Ruzhou Science and Education Park Construction Project	48,000,000.00	48,000,000.00
Yuxin No. 3 private investment fund	102,000,000.00	102,000,000.00
Sub-district Office of Changge Road, Changge City		13,629,344.00
Sub-district Office of Jinqiao Road, Changge City		8,600,000.00
Henan Yuzi Sino IC Leasing Co., Ltd.	132,247,526.72	
Maintenance Fund Management Office of Wuyang County Housing Management Bureau	37,200,000.00	37,200,000.00
Trust loans	950,000,000.00	
Enterprise loans	839,339,181.77	
Haitong Hengxin International Leasing Co., Ltd.	10,265,669.66	
Luoyang Luoyin Financial Leasing Co., Ltd.	10,008,143.23	
Pingyu County Finance Bureau	173,449,400.00	8,610,000.00
Henan Yuzi Sino IC Leasing Co., Ltd.		250,469,745.39
Finance Bureau of Wuyang County		26,930,769.24
Sub-total	8,324,928,341.23	5,208,973,075.25
Less: amount maturing within one year	1,650,670,508.13	181,072,218.69
Total	6,674,257,833.10	5,027,900,856.56

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

5.38.2 Special payables

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Forming reason
Mianchi County Midwest Power Grid Relocation Project	873,985.56			873,985.56	
Wugang City Industrial Cluster Management Committee	149,622,002.92		30,000,000.00	119,622,002.92	
China PPP Fund Henan Sub-Fund	200,000,000.00	10,257,740.17		210,257,740.17	
Zheng Luoxin Innovation and Entrepreneurship Development Fund	300,000,000.00	6,834,087.53		306,834,087.53	
Henan Provincial Key Industry Intellectual Property Operation Fund	40,000,000.00	1,365,448.18		41,365,448.18	
Luoyang Municipal Finance Bureau	132,000,000.00	16,000,000.00	65,000,000.00	83,000,000.00	
Business combination not under common control		717,950,853.99		717,950,853.99	
Shantytowns Transformation Project		116,714,307.07	36,734,694.70	79,979,612.37	
Judicial Business Premises	29,239,700.00	1,100,000.00	1,400,000.00	28,939,700.00	
Xinzheng North District Land Comprehensive Treatment Project	6,678,707.82		6,678,707.82		
Special Funds for Risk Compensation	40,286,893.03	40,119,849.00	40,000,000.00	40,406,742.03	
Qixian Erhuan Shuixi Yinhe Road North Extension Comprehensive Development Project	30,750,000.00		30,750,000.00		
Total	929,451,289.33	910,342,285.94	210,563,402.52	1,629,230,172.75	

5.39 Deferred income

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Forming reason
Government grants	26,445,252.76	98,406,790.94	98,738,272.53	26,113,771.17	
Total	26,445,252.76	98,406,790.94	98,738,272.53	26,113,771.17	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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Items involving government grants:							
Liability items	Balance as at December 31, 2019	New government grants in 2020	Other increase in 2020	Amount included in the current profit or loss in 2020	Other changes	Balance as at December 31, 2020	Assets-related/ Income-related
Special supporting funds for cultural tourism development			8,306,100.01	153,816.67	8,152,283.34		Assets-related
Special support funds for Bayu Xianggehou “agricultural tourism project”		17,491,791.13	70,408,899.80		87,900,690.93		Assets-related
Compensation for land	12,454,725.44					12,454,725.44	Assets-related
Office fees	16,075.17	200,000.00		194,746.41		21,328.76	Income-related
Subsidy for financing service fees	13,974,452.15	2,000,000.00		2,336,735.18		13,637,716.97	Assets-related
Total	26,445,252.76	19,691,791.13	78,714,999.81	2,685,298.26	96,052,974.27	26,113,771.17	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
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5.40 Other non-current liabilities

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Loan and interest of other institutions	651,112,222.19	
Total	651,112,222.19	

5.41 Paid-in capital (or share capital)

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Finance Department of Henan Province	8,749,890,000.00			8,749,890,000.00

5.42 Capital reserves

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Capital premium (share premium)	18,634,474,806.35			18,634,474,806.35
Other capital reserves	34,685,193,355.48	5,495,748,559.90		40,180,941,915.38
Total	53,319,668,161.83	5,495,748,559.90		58,815,416,721.73

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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5.43 Other comprehensive income

Item	Balance as at December 31, 2019	Year 2020					Balance as at December 31, 2020
		Amount before income tax in 2020	Less: the amount included in other comprehensive income in prior period and transferred to the current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount attributable to the parent company after tax	
1. Other comprehensive income that cannot be reclassified into profit or loss Including: changes in re-measurement of the defined benefit plan							
Other comprehensive income that cannot be transferred to profit or loss under the equity method							
2. Other comprehensive income that will be reclassified into profit or loss	-407,649.66	7,957,475.07				7,957,475.07	7,549,825.41

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Item	Balance as at December 31, 2019	Year 2020					Balance as at December 31, 2020
		Amount before income tax in 2020	Less: the amount included in other comprehensive income in prior period and transferred to the current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount attributable to the parent company after tax	
Including: other comprehensive income that can be transferred to profit or loss under the equity method							
Profit or loss of change in fair value of available-for-sale financial assets		-527,587.25				-527,587.25	-527,587.25
Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets							
Effective portion of cash flow hedging profit or loss							

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Item	Balance as at December 31, 2019	Year 2020						Balance as at December 31, 2020
		Amount before income tax in 2020	Less: the amount included in other comprehensive income in prior period and transferred to the current profits or losses	Less: amount previously included in the other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax	
Translation differences of foreign currency financial statements	-407,649.66	8,485,062.32					8,077,412.66	
Total of other comprehensive income	-407,649.66	7,957,475.07					7,549,825.41	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
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5.44 Surplus reserves

Item	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020
Statutory surplus reserves	86,818,598.59	23,111,703.18		109,930,299.77
Discretionary surplus reserves				
Total	86,818,598.59	23,111,703.18		109,930,299.77

5.45 Undistributed profits

Item	Year 2020	Year 2019
Undistributed profits at the end of the previous year before adjustment	1,209,967,584.73	1,027,663,915.66
Total adjustment to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		
Undistributed profits at the beginning of the year after adjustment	1,209,967,584.73	1,027,663,915.66
Plus: net profit attributable to owners of the parent company in the current period	608,580,184.75	215,663,735.24
Less: withdrawal of statutory surplus reserves	23,111,701.18	3,597,666.17
Profits distributed to owners	39,694,600.00	
Common stock dividends payable		29,762,400.00
Others	-6,978,292.18	
Undistributed profits at the end of the year	1,762,719,760.48	1,209,967,584.73

5.46 Operating revenue and operating costs

Item	Year 2020		Year 2019	
	Revenue	Costs	Revenue	Costs
Primary business	9,337,968,386.00	7,674,790,986.22	3,296,831,851.83	2,375,930,266.11
Other business	432,984,042.05	208,957,505.92	683,194,885.99	694,078,434.26
Total	9,770,952,428.05	7,883,748,492.14	3,980,026,737.82	3,070,008,700.37

Details of operating revenue:

Item	Year 2020		Year 2019	
	Revenue	Costs	Revenue	Costs
Interest income	1,273,018,758.60	1,008,443,672.75	1,676,259,697.28	1,090,522,840.08
Guarantee or consulting	571,014,252.05	5,617,902.18	186,538,556.76	1,449,078.70
Lease revenue	189,667,886.63	151,929,182.85	159,556,541.60	133,802,891.29
Sales of goods	1,238,244,260.86	1,228,603,288.89	1,048,475,716.93	1,044,438,717.54
Gas business	34,365,359.88	83,691,774.63	103,396,831.59	76,235,524.32
Project management and supporting income	71,999,094.63	32,160,021.29	64,590,939.63	
Sales of heating power			40,194,121.71	29,481,214.18
Management services	20,648,905.61	22,557,204.54	9,707,873.98	
Sales of affordable	10,318,039.26	9,038,824.40	7,506,594.34	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Item	Year 2020		Year 2019	
	Revenue	Costs	Revenue	Costs
housing				
Factoring business	443,867.92		509,951.45	
Others	31,754,294.61	993,022.80	95,026.56	
Asset operation	18,042,066.54	25,205,364.41		
Property service	1,188,118.80	1,126,140.91		
Garden engineering	3,782,708,018.02	3,211,930,484.34		
Landscape design	282,856,191.48	196,857,365.87		
Greening of nursery stocks and sales of materials	21,451,001.89	8,091,719.98		
Ecological town	562,125,863.72	420,113,895.62		
Transportation service	1,228,122,405.50	1,268,431,120.76		
Total	9,337,968,386.00	7,674,790,986.22	3,296,831,851.83	2,375,930,266.11

5.47 Taxes and surcharges

Item	Year 2020	Year 2019
Urban construction tax	18,187,716.72	12,047,555.49
Educational surtax	10,098,529.19	8,425,539.89
Local educational surtax	4,728,888.30	1,380,128.94
House property tax	27,512,613.14	18,562,065.85
Land use tax	6,817,565.78	9,146,502.74
Stamp duty	11,540,224.52	7,200,624.72
Vehicle and vessel use tax	103,811.80	1,560.00
Value-added tax on land	46,011,690.11	25,220,454.74
Others	20,194,720.33	885.86
Individual income tax for projects	2,779,335.21	
Total	147,975,095.10	81,985,318.23

5.48 Selling and distribution expenses

Item	Year 2020	Year 2019
Wages, benefits and social insurance premium of salesman	10,028,856.83	344,016.47
Advertising, publicity and promotion fees	12,196,814.15	185,704.30
Expenses for business trips	107,500.91	32,198.27
Office fees	10,953,126.36	27,934.00
Business entertainment expenses	45,937.22	20,650.00
Repair expenses		1,300.00
Vehicle expenses	95,640.10	916.95
Depreciation and amortization	2,600,296.94	686.06
intermediary service charges	928,837.19	
Rental fees	1,000,619.29	
Later maintenance fees for projects	53,622,049.25	
Others	1,783,398.04	
Total	93,363,076.28	613,406.05

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5.49 General and administrative expenses

Item	Year 2020	Year 2019
Employee remuneration and benefit fees	165,017,801.62	66,838,930.25
Office fees	40,004,613.20	6,570,077.50
Business entertainment expenses	2,800,905.24	1,435,237.03
Traveling expenses and transportation costs	5,494,769.69	4,775,319.57
Publicity expenses	380,166.43	3,570,506.90
House property and rental fees	13,014,669.05	8,058,545.67
Depreciation and amortization	377,215,385.44	313,084,671.30
Vehicle expenses	2,289,564.94	619,037.87
Low-cost consumables	219,761.17	76,842.20
Labor costs	2,767,620.77	46,985.00
Insurance premiums	1,289,574.41	1,064,661.59
intermediary service charges	63,176,975.27	47,377,645.53
Conference fees	1,045,753.24	74,987.99
Repair expenses	1,781,774.54	529,389.00
Fund management fees	21,231,980.62	21,029,355.45
Guarantee reserve	213,403,787.65	72,150,973.95
Others	7,731,625.51	9,119,117.29
Labor protection expenses or custody fees	1,821,599.07	
Total	920,688,327.86	556,422,284.09

5.50 Research and development expenses

Item	Year 2020	Year 2019
Staff manpower	33,244,214.99	
Input of materials expenses	132,464,244.87	
Depreciation and long-term deferred expenses	1,292,372.65	
Amortization of intangible assets	236,062.90	
Other expenses	1,641,807.68	
Total	168,878,703.09	

5.51 Financial expenses

Item	Year 2020	Year 2019
Interest expenses	1,443,078,291.46	737,037,955.29
Less: interest income	493,082,561.88	140,896,888.84
Gains or losses on exchange	-111,959,712.28	23,740,969.34
Handling charges	67,934,011.87	14,056,942.68
Others	5,022,440.77	3,129.80
Total	910,992,469.94	633,942,108.27

5.52 Other income

Item	Year 2020	Year 2019
Government grants	368,819,754.20	451,527,369.08
Additional deduction of input tax	1,037,458.40	
Handling charges deducted for individual income tax	163,795.65	
Others	130,770.69	
Tax reduction and exemption	681,571.40	
Total	370,833,350.34	451,527,369.08

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Government grants included in other income			
Grant items	Year 2020	Year 2019	Assets-related/ Income-related
Management subsidy	116,583,835.18		Income-related
Financial subsidies	95,425,000.00	59,000,000.00	Income-related
Rent subsidies	84,603,063.88		Income-related
Tax rebates	49,112,040.38	7,298,964.10	Income-related
Public warfare post subsidies	6,000,000.00		Income-related
School heating fees allocated by the finance bureau	2,679,660.00		Income-related
Listing of enterprises and listing incentive funds in Zhengdong New Area	2,500,000.00		Income-related
Subsidies for heat source by the finance bureau	2,000,000.00		Income-related
Listing subsidy in 2019	2,000,000.00		Income-related
Special awards and subsidies for financial industry	1,000,000.00	3,000,000.00	Income-related
Special award and subsidy for provincial financial industry development in 2019	705,000.00		Income-related
Subsidy for Fengquan Lake's Diversion and Storage from Yellow River and Supporting Project Construction	576,200.00		Income-related
Supporting fund for special project (Batch I)	550,000.00		Income-related
Subsidy for job stabilization	507,703.67		Income-related
Subsidy for daily expenses	262,091.30	222,900,000.00	Income-related
Subsidy for photovoltaic power generation		48,855,232.19	Income-related
Financial incentives		36,054,900.00	Income-related
Subsidies for eco-city construction		35,000,000.00	Income-related
Others	4,315,159.79	39,418,272.79	Income-related
Total	368,819,754.20	451,527,369.08	

5.53 Investment income

Item	Year 2020	Year 2019
Long-term equity investment income calculated under the equity method	376,321,245.78	-76,684,073.83
Investment income from disposal of long-term equity investment	277,457,726.11	74,060,663.06
Investment income from financial assets held for trading during the holding period	16,163,928.00	
Investment income from available-for-sale financial assets during the holding period	381,158,900.45	408,624,346.16
Investment income from disposal of creditor's right investment		
Investment income from disposal of the available-for-sale financial assets	134,700,043.97	78,000,000.00
Income from wealth management products	19,501,590.28	20,896,746.91
Income from asset management plan of Orient Minerva	9,092.53	31,053,820.03

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Item	Year 2020	Year 2019
Dividend distribution of long-term equity investment cost method		
Other (fund)	4,330,398.00	
Gains from the remaining equities re-measured at the fair value after the loss of control	61,552,700.87	
Total	1,271,195,625.99	535,951,502.33

5.54 Gains from changes in fair value

Sources of income from changes in fair value	Year 2020	Year 2019
Financial assets held for trading	-1,080,295.76	
Financial assets measured at fair value through the current profit or loss	21,502,889.48	11,064,915.94
Total	20,422,593.72	11,064,915.94

5.55 Losses from credit impairment

Item	Year 2020	Year 2019
Losses from bad debts of notes receivable	-665,876.55	
Losses from bad debts of accounts receivable	187,389,100.78	
Losses from bad debts of other receivables	57,267,127.30	
Total	243,990,351.53	

5.56 Losses from asset impairment

Item	Year 2020	Year 2019
Losses from bad debts	122,859,330.01	104,457,294.99
Losses from inventory depreciation and losses from impairment of contract performance cost	59,052.74	
Losses from impairment of contract assets	48,547,058.52	
Total	171,465,441.27	104,457,294.99

5.57 Income from asset disposal

Item	Year 2020	Year 2019
Total gains from disposal of non-current assets	139,218.76	25,646,664.81
Including: gains from disposal of fixed assets	-270,274.39	25,233,155.09
Gains from disposal of intangible assets		413,509.72
Total	139,218.76	25,646,664.81

5.58 Non-operating revenue

Item	Year 2020	Year 2019
Government grants	43,049,971.84	55,651,145.89
Revenue from operating fines	200,000.41	400.00
VAT refund		1,973.36
Others	35,020,196.20	25,034,843.27
Gains from inventory profit	17.81	
Total	78,270,186.26	80,688,362.52

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Government grants included in the non-operating revenue			
Grant items	Year 2020	Year 2019	Assets-related/ Income-related
Agricultural development fund interest allocated by the finance bureau		197,040.00	Income-related
Land management fees		1,339,438.18	Income-related
Operating subsidies	447,709.18	550,000.00	Income-related
A one-time subsidy received from the High-tech Zone Management Committee for the registered capital		5,000,000.00	Income-related
Subsidies for operating loss	36,000,000.00	45,360,000.00	Income-related
Office subsidies	194,746.41	184,667.71	Income-related
Tax refund		3,020,000.00	Income-related
Government grants	227,500.00		Income-related
Subsidies for photovoltaic compensation	6,030,000.00		Income-related
Industrial development promotion funds by Tianjin Dongjiang Bonded Port Area Management Committee	109,675.88		Income-related
Subsidy for job stabilization	10,340.37		Income-related
Government rewards and grants	30,000.00		Income-related
Total	43,049,971.84	55,651,145.89	

5.59 Non-operating expenses

Item	Year 2020	Year 2019
Overdue fines	37,933,211.37	52,099.60
Indemnities and fines	17,372,658.72	5,720,160.42
Donations made	1,193,706.82	22,685.00
Losses from the damage and scrapping of non-current assets	55,651.57	
Others	4,930,148.87	7,344.29
Total	61,485,377.35	5,802,289.31

5.60 Income tax expenses

Item	Year 2020	Year 2019
Current income tax expenses	275,845,031.89	262,920,821.89
Deferred income tax expenses	-74,405,935.59	-9,761,943.35
Total	201,439,096.30	253,158,878.54

5.61 Supplementary information to the statement of cash flows

5.61.1 Supplementary information to the statement of cash flows

Supplementary information	Year 2020	Year 2019
1. Net profit adjusted to cash flows from operating activities		
Net profit	707,786,972.26	379,278,362.26
Plus: provision for impairment of assets	415,455,792.80	104,457,294.99
Depreciation of fixed assets	532,244,702.79	224,393,064.91
Depreciation of productive biological assets		
Depletion of oil and gas assets		
Amortization of intangible assets	87,291,879.85	47,325,968.50
Amortization of long-term deferred expenses	30,406,025.38	4,230,992.77

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Supplementary information	Year 2020	Year 2019
Losses from disposal of fixed assets, intangible assets and other long-term assets ("- for gains)	-139,218.76	-25,646,664.81
Losses from write-off of fixed assets ("- for gains)		
Losses from changes in fair value ("- for income)	-20,422,593.72	
Financial expenses ("- for gains)	1,443,078,291.46	737,037,955.29
Investment losses ("- for income)	-1,271,195,625.99	-535,951,502.33
Decreases in deferred income tax assets ("- for increases)	-316,910,760.69	15,770,562.51
Increases in deferred income tax liabilities ("- for decreases)		
Decreases in inventories ("- for increases)	-8,168,768,001.04	1,306,532,930.71
Decreases in operating receivables ("- for increases)	-2,149,545,326.04	-1,666,419,977.77
Increases in operating payables ("- for decreases)	7,668,690,650.27	-1,331,501,285.99
Others		
Net cash flow from operating activities	-1,042,027,211.43	-740,492,298.96
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt to capital		
Convertible corporate bonds maturing within 1 year		
Fixed assets acquired under finance lease		
3. Net changes in cash and cash equivalents		
Ending balance of cash	9,943,860,525.57	10,440,439,079.86
Less: beginning balance of cash	10,440,439,079.86	12,629,638,200.96
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-496,578,554.29	-2,189,199,121.10

5.61.2 Breakdown of cash and cash equivalents

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
I. Cash		
Including: cash on hand	1,523,028.36	562,602.40
Unrestricted bank deposits	9,936,887,239.80	9,336,135,790.07
Other unrestricted monetary funds	5,450,257.41	1,103,740,687.39
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Ending balance of cash and cash equivalents	9,943,860,525.57	10,440,439,079.86
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries in the Group		

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5.62 Assets with restricted ownership or right of use

Item	Book value as at December 31, 2020	Reason for restriction
Monetary funds	6,579,463,197.91	Bank acceptance bills margin and pledged time certificate of deposit
Inventories	44,953,800.00	Loan mortgage
Intangible assets	1,388,216,958.53	Mortgaged guarantee
Investment properties	121,094,266.32	Mortgaged guarantee
Total	8,133,728,222.76	

6 Change of consolidation scope

6.1 The subsidiary newly included in the consolidation scope in 2020

Name	Reason for being newly included in the scope of consolidation
Palm Eco-town Development Co., Ltd.	Business combination not under common control
Henan Zhongyu Ningzi Construction and Development Group Co., Ltd.	Business combination not under common control
Puyang Huayu Property Rights Trading Co., Ltd.	Business combination not under common control
Luoyang Venture Investment Co., Ltd.	Business combination not under common control
Luoyang Manufacturing High-quality Development Fund (Limited Partnership)	Business combination not under common control
Henan Yuze Emerging Industry Investment Fund (Limited Partnership)	Business combination not under common control
Henan Zhongyu IoT Technology Co., Ltd.	Newly established subsidiary
Zhongyu Lvfa (Shanghai) Industrial Co., Ltd.	Newly established subsidiary
Henan Yuze Property Development Co., Ltd.	Newly established subsidiary
Henan Yuze Bi'ao Zhonghuan Clean Energy Co., Ltd.	Newly established subsidiary

6.2 Original subsidiary no longer included in the consolidation scope in 2020

Name	Reason for being excluded from the consolidation scope
Qixian Yuze Urban and Rural Development and Construction Co., Ltd.	Loss of control by minority shareholders due to capital increase
Nanle Yuze Urban and Rural Construction Development Co., Ltd.	Loss of control by minority shareholders due to capital increase
Ningling County Urban and Rural Construction Development Investment Co., Ltd.	Entrustment of voting rights

6.3 Changes of the consolidation scope due to other reasons

In 2020, the Company gratuitously transferred the subsidiaries such as Shenqiu County Urban Reconstruction and Construction Investment Development Co., Ltd., Yuzhou Yuze Affordable Housing Management and Operation Co., Ltd., Queshan County Yuze Urban Construction and Development Co., Ltd., Lankao County Yuze Construction and Development Co., Ltd., Xincui County Yuze Public Assets Management and Operation Co., Ltd., Mengzhou Yuze Urban and Rural Investment Development Co., Ltd., Suiping County Yuze Asset Management and Operation Co., Ltd., Zhengyang County Yuze Affordable Housing Management and Operation Co., Ltd., and Xinyang Yuze Affordable Housing Construction and Management Co., Ltd., which were included in the consolidation scope.

In 2020, the Company gratuitously transferred the subsidiaries such as Puyang County Real Estate Investment and Construction Co., Ltd. and Baofeng County Jianbao Urban Construction Co., Ltd, which were not included in the consolidation scope.

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7 Equity in other entities

7.1 Equity in subsidiaries

7.1.1 Structure of the enterprise group

Name of subsidiary	Main business place	Registration place	Nature of business	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	Zhengzhou	Zhengzhou	Investment and financing	100.00		Established by investment
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	Zhengzhou	Zhengzhou	Construction investment	51.00		Established by investment
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	Zhengzhou	Zhengzhou	Investment and consulting	100.00		Established by investment
Henan Modern Service Industry Investment Fund Co., Ltd.	Zhengzhou	Zhengzhou	Investment and financing	61.67		Established by investment
Luoyang Heluo Xinye Investment and Development Co., Ltd.	Luoyang	Luoyang	Investment and financing	51.00		Established by investment
Mianchi Caiwang Investment Co., Ltd.	Mianchi	Mianchi	Investment and financing	53.73		Gratuitous transfer
Wugang Zeyuan Development Investment Co., Ltd.	Wugang	Wugang	Investment and consulting	51.00		Gratuitous transfer
Henan Yuzi Affordable Housing Management and Operation Co., Ltd.	Zhengzhou	Zhengzhou	Operation, lease and property management of affordable housing	100.00		Established by investment
Henan Caixin Fusion Big Data Information Technology Co., Ltd.	Zhengzhou	Zhengzhou	Data and information processing	100.00		Established by investment
Henan Zhongyuan Yuzi Financial Holding Co., Ltd.	Zhengzhou	Zhengzhou	Investment and consulting	65.00		Established by investment
Xincai County Yuzi Urban and Rural Investment Development Co., Ltd.	Xincai	Xincai	Urban infrastructure construction	51.00		Established by investment

8 Related parties and related transaction

8.1 The investor of the Company is Finance Department of Henan Province

8.2 Information about subsidiaries of the Company

See Note 7 Equity in other entities for details about subsidiaries of the Company.

8.3 Related transactions

8.3.1 Related guarantee

The Company as a guarantor:

Guaranteed party	Guarantee amount (RMB '0,000)	Starting date of guarantee	Maturity date of guarantee	Whether or not the guarantee performance has been completed
Lankao County Yulan New District Development Co., Ltd.	60,000.00	2016.12.19	2034.12.16	No
Henan Fugang Investment Holdings Co., Ltd.	614,000.00	2016.08.24	2031.05.22	No
Pingyu County Public Asset Management Co., Ltd.	24,000.00	2018.04.01	2028.04.01	No
Hunan Palm Xunlonghe Eco-town Development Co., Ltd.	1,650.00	2018.02.05	2021.01.19	No
Hunan Palm Xunlonghe Education Consulting Co., Ltd.	6,144.30	2018.06.15	2025.06.14	No
Hunan Palm Xunlonghe Education Consulting Co., Ltd.	3,500.00	2018.07.05	2025.07.04	No
Gui'an New District Palm Culture Property Co., Ltd.	287.50	2018.01.08	2021.01.08	No
Guilin Palm Culture Tourism Investment Co., Ltd.	35,000.00	2018.09.29	2026.06.11	No
Meizhou Palm Huayin Cultural Tourism Development Co., Ltd.	9,005.00	2018.12.28	2021.12.27	No
Hunan Palm Xunlonghe Education Consulting Co., Ltd.	3,940.00	2018.12.29	2030.11.21	No
Meizhou Zongyin	1,215.00	2019.01.22	2022.01.21	No

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Guaranteed party	Guarantee amount (RMB '0,000)	Starting date of guarantee	Maturity date of guarantee	Whether or not the guarantee performance has been completed
Huajing Cultural Tourism Development Co., Ltd.				
Shangrao Zongyuan Ecological Environment Co., Ltd.	50,000.00	2019.08.30	2034.08.26	No
Hunan Palm Xunlonghe Eco-town Development Co., Ltd.	10,000.00	2019.12.30	2021.12.29	No
Gui'an New District Palm Culture Property Co., Ltd.	351.00	2018.10.17	2020.10.16	Yes
Guizhou Yunman Lake Tourism Management Co., Ltd.	349.00	2018.11.22	2020.11.21	Yes
Palm Shengcheng Investment Co., Ltd.	3,000.00	2020.11.02	2022.11.01	No
Chongqing Zongyu Cultural Tourism Development Co., Ltd.	5,100.00	2020.11.02	2022.11.01	No
Palm Shengcheng Investment Co., Ltd.	1,187.70	2020.12.28	2021.09.27	No
Palm Shengcheng Investment Co., Ltd.	30,000.00	2020.12.28	2021.12.27	No
Meizhou Palm Huayin Cultural Tourism Development Co., Ltd.	10,000.00	2019.08.13	2020.01.13	Yes
Huayang Nianhua Lvju Property (Huzhou) Co., Ltd.	15,000.00	2019.02.19	2022.02.18	No
Total	883,729.50			

9 Commitments and contingencies

9.1 Significant commitments

None

9.2 Contingencies

9.2.1 Significant contingencies existing on balance-sheet date

As at December 31, 2020, the Company provided external guarantees as follows:

Guarantor	Guaranteed party	Method of guarantee	Starting date of guarantee	Maturity date of guarantee	Guarantee amount (RMB '0,000)
Henan Yuzi Urban-Rural Integration Construction Development Investment Co., Ltd.	Zhecheng County Agricultural Comprehensive Development Investment Co., Ltd.	Pledged guarantee	2020.07	2022.07	2,000.00
Zhecheng Development Investment Group Co., Ltd.	Zhecheng County Pepper Market Co., Ltd.	Pledged guarantee	2020.12	2022.12	900.00
Tangyin County Yuzi Urban and Rural Construction Development Co., Ltd.	Tangyin County Urban-Rural Integration Development Co., Ltd.	Guarantee warranty	2017.10.13	2029.09.20	6,000.00
Tangyin County Yuzi Urban and Rural Construction Development Co., Ltd.	Tangyin County Urban-Rural Integration Development Co., Ltd.	Guarantee warranty	2017.10.13	2029.09.20	7,000.00
Huangchuan County Development and Investment Co., Ltd.	Chunquan Garden Co., Ltd.	General guarantee	2019.12	2022.12	7,040.00
Huangchuan County Development and Investment Co., Ltd.	Huangchuan County People's Hospital	Joint liability guarantee	2019.11	2023.11	6,000.00
Huangchuan County Development and Investment Co., Ltd.	Shengshi Ecological Environment Co., Ltd.	General guarantee	2019.12	2022.12	4,755.00
Huangchuan County Development and Investment Co., Ltd.	Henan Laixin Agriculture and Forestry Scientific Research Co., Ltd.	General guarantee	2019.12	2022.12	3,290.00

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Guarantor	Guaranteed party	Method of guarantee	Starting date of guarantee	Maturity date of guarantee	Guarantee amount (RMB '0,000)
Huangchuan County Development and Investment Co., Ltd.	Huangchuan Chunquan Ecological Environment Technology Co., Ltd.	General guarantee	2019.12	2022.12	3,010.00
Huangchuan County Development and Investment Co., Ltd.	Huangchuan Guangzhou Urban Construction Investment Co., Ltd.	General guarantee	2020.05	2021.05	7,000.00
Huangchuan County Development and Investment Co., Ltd.	Henan Huangguo Grain Co., Ltd.	General guarantee	2019.12	2022.12	1,380.00
Henan Yuze Puhe Industrial Development Co., Ltd.	Zhengzhou Huituo Urban and Rural Construction Co., Ltd.	Joint liability guarantee	2018.06	2025.06	190,000.00
Xinxiang Ecological City Construction Investment Co., Ltd.	Xinxiang Pingyuan State Asset Management Co., Ltd.	General guarantee	2020.09	2022.09	2,900.00
Pingyu County Urban Construction Investment Development Co., Ltd.	Pingyu County Public Asset Management Co., Ltd.	Joint liability guarantee	2018.04.01	2028.04.01	24,000.00
Luoyang Heluo Xinye Investment and Development Co., Ltd.	Luoyang Chengzhu Industrial Development Co., Ltd.	Solo guarantee	2015.11.17	2028.4.24	12,000.00
Mianchi Caiwang Investment Co., Ltd.	Mianchi County Heating Power Company	Multiplayer guarantee	2017.09.25	2030.9.25	10,000.00
Ningling County Development Investment Co., Ltd.	Ningling County Economic Development Construction Co., Ltd.	Joint liability guarantee	2018.01	2027.01	8,000.00
Wugang Yuze Urban and Rural	Wugang Jinlonghu Business Hotel	Joint liability guarantee	2020.01.03	2022.01.03	2,000.00

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Guarantor	Guaranteed party	Method of guarantee	Starting date of guarantee	Maturity date of guarantee	Guarantee amount (RMB '0,000)
Construction Development Co., Ltd.	Co., Ltd.				
Wugang Yuzi Urban and Rural Construction Development Co., Ltd.	Wugang Liwang Earthwork Engineering Co., Ltd.	Joint liability guarantee	2020.01.06	2022.01.06	1,000.00
Wugang Yuzi Urban and Rural Construction Development Co., Ltd.	Wugang Huirong Materials Trade Co., Ltd.	Joint liability guarantee	2020.12.24	2021.12.24	960.00
Total					299,235.00

Guarantee situation of subordinate guarantee companies:

Guarantor	Guarantee amount (RMB '0,000)	Remark
Henan Zhongyu Financing Guarantee Co., Ltd.	1,708,949.59	Balance under guarantee
Huangchuan Xinhe Guarantee Co., Ltd.	17,495.00	Balance under guarantee
Henan Zhongyu Engineering Guarantee Co., Ltd.	39,375.91	Balance under guarantee
Total	1,765,820.50	

10 Post balance sheet events

None

11 Other significant events

None

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12 Notes to main items of financial statements of the parent company

12.1 Accounts receivable

12.1.1 Disclosure of accounts receivable by category

Category	Balance as at December 31, 2020				Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Accounts receivable with individually significant amount and individual provision for bad debts									
Accounts receivable with the provision for bad debts made on a portfolio with credit risk characteristics	66,261,610.44	100.00			29,337,714.41	100.00			29,337,714.41
Including: risk-free portfolio	66,261,610.44	100.00			29,337,714.41	100.00			29,337,714.41
Accounts receivable with individually insignificant amount and individual provision for bad debts									
Total	66,261,610.44	100.00			29,337,714.41	100.00			29,337,714.41

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In portfolio, accounts receivable with provision for bad debts accrued under the aging analysis method:

Name of portfolio	Balance as at December 31, 2020		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Risk-free portfolio	66,261,610.44		
Total	66,261,610.44		

12.1.2 Provision, reversal or recovery of provision for bad debts in 2020

The provision for bad debts made in the current period amounted to RMB 0.

12.2 Other receivables

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Interest receivable	6,321,471.73	6,455,867.44
Dividends receivable		
Other receivables	7,818,349,337.82	4,342,634,390.85
Total	7,824,670,809.55	4,349,090,258.29

12.2.1 Interests receivable

(1) Classification of interest receivable

Item	Balance as at December 31, 2020	Balance as at December 31, 2019
Interest on affordable housing	6,321,471.73	6,455,867.44
Sub-total	6,321,471.73	6,455,867.44
Less: provision for bad debts		
Total	6,321,471.73	6,455,867.44

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12.2.2 Other receivables

(1) Classified disclosure by provision of bad debts

Type	Balance as at December 31, 2020				Balance as at December 31, 2019				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables with individually significant amount and individual provision for bad debts									
Other receivables with provision for bad debts made by the portfolio with credit risk characteristics	7,818,437,926.80	100.00	88,588.98		4,342,634,390.85	100.00			4,342,634,390.85
Including:									
accounts receivable with the aging as portfolio with credit risk characteristics	214,377.96		88,588.98	41.32					
Risk-free portfolio	7,818,223,548.84	100.00			4,342,634,390.85	100.00			4,342,634,390.85
Other receivables with individually insignificant amount and individual provision for bad debts									
Total	7,818,437,926.80	100.00	88,588.98		4,342,634,390.85	100.00			4,342,634,390.85

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

In portfolio, other receivables with provision for bad debts made under the aging analysis method:

Aging	Balance as at December 31, 2020		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Less than 1 year			
1 - 2 years			
2 - 3 years	93,000.00	27,900.00	30.00
3 - 4 years	121,377.96	60,688.98	50.00
Total	214,377.96	88,588.98	

Other receivables subject to the provision for bad debts accrued under other methods in the portfolio:

Name of portfolio	Balance as at December 31, 2020		
	Book balance	Provision for bad debts	Proportion of provision
Risk-free portfolio	7,818,223,548.84		
Total	7,818,223,548.84		

- (3) Provision for bad debts accrued, recovered or reversed in 2020
 The provision for bad debts made in the current period amounted to RMB 88,588.98.

- (4) Classification of other receivables by nature of payments

Nature	Book balance as at December 31, 2020	Book balance as at January 1, 2020
Borrowings and current accounts	6,702,300,868.24	3,570,772,723.48
Interest	1,075,922,680.60	771,482,843.77
Deposit and security deposit	40,214,377.96	214,377.96
Social insurance premium of employees		164,445.64
Total	7,818,437,926.80	4,342,634,390.85

12.3 Long-term equity investments

Item	Balance as at December 31, 2020			Balance as at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	17,587,429,780.13		17,587,429,780.13	16,691,611,192.36		16,691,611,192.36
Investments in associates and joint ventures	762,389,535.29		762,389,535.29	767,336,902.47		767,336,902.47
Total	18,349,819,315.42		18,349,819,315.42	17,458,948,094.83		17,458,948,094.83

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

12.3.1 Investment in subsidiaries

Investee	Balance as at December 31, 2019	Increase in 2020	Decrease in 2020	Balance as at December 31, 2020	Provision for impairment made in 2020	Balance of provision for impairment as at December 31, 2020
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	320,000,000.00			320,000,000.00		
Henan Zhongyuan Yuzi Financial Holding Co., Ltd.	650,420,705.00			650,420,705.00		
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	900,471,000.00	105,056,400.00		1,005,527,400.00		
Henan Yuzi Affordable Housing Management and Operation Co., Ltd.	4,575,228,000.00	588,000,000.00		5,163,228,000.00		
Henan Modern Service Industry Investment Fund Co., Ltd.	778,755,477.21	191,762,187.77		970,517,664.98		
Henan Caixin Fusion Big Data Information Technology Co., Ltd.	10,640,000.00	11,000,000.00		21,640,000.00		
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,008,995,234.66			8,008,995,234.66		
Luoyang Heluo Xinye Investment and Development Co., Ltd.	510,000,000.00			510,000,000.00		
Mianchi Caiwang Investment Co., Ltd.	766,782,385.88			766,782,385.88		
Wugang Zeyuan Development Investment Co., Ltd.	160,118,389.61			160,118,389.61		
Xincai County Yuzi Urban and Rural Investment Development Co., Ltd.	10,200,000.00			10,200,000.00		
Total	16,691,611,192.36	895,818,587.77		17,587,429,780.13		

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

12.3.2 Investments in associates and joint ventures

Investee	Balance as at December 31, 2019	Additional investment	Reduced investment	Profit or loss on investments recognized by the equity method	Increase or decrease in 2020				Balance as at December 31, 2020	Balance of provision for impairment as at December 31, 2020
					Adjustment to other comprehensive income	Other changes in equities	Cash dividends or profits declared to be distributed	Provision for impairment in 2020		
1. Associate										
Henan Yuzi Sino IC Leasing Co., Ltd.	566,620,823.45			20,059,618.98		19,259,965.78		-2,968,000.00	564,452,476.65	
Zhengzhou Guokong Industrial Development and Investment Co., Ltd.	200,716,079.02			-2,779,020.38					197,937,058.64	
Sub-total	767,336,902.47			17,280,598.60		19,259,965.78		-2,968,000.00	762,389,535.29	
Total	767,336,902.47			17,280,598.60		19,259,965.78		-2,968,000.00	762,389,535.29	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

12.4 Operating revenue and operating costs

Item	Year 2020		Year 2019	
	Revenue	Costs	Revenue	Costs
Primary business	837,886,906.67	704,727,181.73	917,904,569.55	800,127,577.58
Other business	4,480,628.61		10,974,636.20	
Total	842,367,535.28	704,727,181.73	928,879,205.75	800,127,577.58

12.5 Investment income

Item	Year 2020	Year 2019
Long-term equity investment income calculated under the cost method	51,000,000.00	
Income from long-term equity investments calculated under equity method	14,312,598.60	13,970,279.45
Investment income from available-for-sale financial assets during the holding period	269,470,019.68	232,303,892.23
Income from wealth management products		1,833,850.47
Income from asset management plan of Orient Minerva	9,092.53	31,053,820.03
Total	334,791,710.81	279,161,842.18

Zhongyuan Yuzi Investment Holding Group



(Official Seal)

April 29, 2021



营业执照

统一社会信用代码

91310101568093764U

证照编号: 01000000202102190010

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了解更多登记、备案、许可、监管信息。



(副本)

名称 立信会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 朱建弟, 杨志国

经营范围

审查企业会计报表,出具审计报告;验证企业财务报告,出具验资报告;分立、清算审计;清理整顿、并购重组及其他项目的审计、清算专项审计;企业内部控制评价、设计、咨询和培训;代理记账;税务咨询、税务管理、税务筹划;信息技术系统领域的技术咨询、管理、法律、法规规定的其它业务。
【依法须经批准的项目,经相关部门批准后方可开展经营活动】

成立日期 2011年01月24日

合伙期限 2011年01月24日至不约定期限

主要经营场所 上海市黄浦区南京东路61号四楼

仅供出报告使用,其他无效。



登记机关

2021年02月19日

国家企业信用信息公示系统网址: <http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制

证书序号:0001247



说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。

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会计师事务所 执业证书

名称：立信会计师事务所（特殊普通合伙）
 首席合伙人：朱建弟
 主任会计师：
 经营场所：上海市黄浦区南京东路61号四楼



组织形式：特殊普通合伙制

执业证书编号：310000096

批准执业文号：沪财会〔2000〕26号（转制批文 沪财会[2010]82号）

批准执业日期：2000年6月13日（转制日期 2010年12月31日）



发证机关：

二〇一八年六月二日

中华人民共和国财政部制



证书序号: 000396

会计师事务所 证券、期货相关业务许可证

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经财政部、中国证券监督管理委员会审查, 批准
立信会计师事务所 (特殊普通合伙) 执行证券、期货相关业务。

首席合伙人: 朱建弟



证书号: 34 发证时间: 二〇二一年七月十日

证书有效期至: 二〇二一年七月十日



姓名: 杨东升
 Full name: 杨
 性别: 男
 Sex: 男
 出生日期: 1984-07-23
 Date of birth: 1984-07-23
 工作单位: 立信会计师事务所(特殊普通合伙)河南分所
 Working unit: 立信会计师事务所(特殊普通合伙)河南分所
 身份证号码: 410105840723103
 Identity card No. 410105840723103

年度检验登记
 Annual Renewal Registration

本证书经检验合格，继续有效一年。
 This certificate is valid for another year after this renewal.

年 月 日

年度检验登记
 Annual Renewal Registration
 立信会计师事务所
 CPA
 本证书经检验合格，继续有效一年。
 This certificate is valid for another year after this renewal.

2020年3月30日

年 月 日



年度检验登记
 Annual Renewal Registration



证书编号: 41000020051
 No. of Certificate: 41000020051

批准注册机构: 河南注册会计师协会
 Authorized Institute of CPAs: Henan Association of CPAs

发证日期: 1989
 Date of Issuance: 1989

年 月 日

2016年3月30日



姓名	吴可方
性别	男
出生日期	1988-12-27
工作单位	立信会计师事务所(特殊普通合伙)河南分所
身份证号码	449927198812275016



本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

2020年3月30日

证书编号: 310000062034
No. of Certificate

批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2019 年 07 月 03 日
Date of Issuance /y /m /d



Zhongyuan Yuzi Investment Holding Group
Co., Ltd.

Auditors' Report and Financial Statements

For the Year Ended December 31, 2019



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Auditors' Report and Financial Statements
(From January 1, 2019 to December 31, 2019)

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Auditors' Report

PCPAR [2020] No. ZB21191

To all shareholders of Zhongyuan Yuzi Investment Holding Group Co., Ltd.,

I. Opinion

We have audited the financial statements of Zhongyuan Yuzi Investment Holding Group Co., Ltd. (hereinafter referred to as "the Company"), which comprise the consolidated and the parent company's balance sheets as at December 31, 2019, the consolidated and the parent company's income statements, the consolidated and the parent company's statements of cash flows and the consolidated and the parent company's statements of changes in owners' equity for the year then ended and notes to the relevant financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated financial positions of the Company and the parent company's financial positions as at December 31, 2019 as well as the consolidated operating results and cash flows of the Company and the parent company's operating results and cash flows for the year then ended.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company, and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company (hereinafter referred to as "the Management") is responsible for preparing the financial statements in accordance with the requirements of the Accounting Standards for Business Enterprises to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

In preparing the financial statements, the Management is responsible for assessing the Company's going-concern ability, disclosing the matters related to going concern (if applicable) and using the going-concern assumption, unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

IV. Auditors' 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 auditors' 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 the audit standards will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are generally considered material if separate or aggregated misstatements are reasonably expected to possibly influence the economic decisions made by the users of financial statements on the basis of these financial statements.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism. Meanwhile, 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) Understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) Conclude on the appropriateness of the Management's use of the going concern basis of accounting. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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 (including the disclosures) of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain 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.

**BDO CHINA Shu Lun Pan
Certified Public Accountants LLP**



Shanghai, China

Certified Public Accountants of China:



Certified Public Accountants of China:



April 29, 2020

This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.


Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Balance Sheet
As at December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Assets	Note	Balance as at December 31, 2019	Balance as at December 31, 2018
Current assets:			
Monetary funds	5.1	15,111,252,524.67	15,225,306,350.84
Financial assets measured at fair value through current profit or loss	5.2	228,082,945.35	275,841,232.14
Derivative financial assets			
Notes receivable	5.3	21,450,000.00	
Accounts receivable	5.4	468,067,809.58	188,144,393.78
Advances to suppliers	5.5	1,365,768,806.51	578,829,468.25
Other receivables	5.6	12,160,534,108.02	11,384,114,713.16
Inventories	5.7	6,085,895,020.58	7,393,191,040.90
Assets held for sale			
Non-current assets maturing within one year	5.8	5,580,000,000.00	
Other current assets	5.9	1,852,285,670.69	1,630,736,020.06
Total current assets		42,873,336,885.40	36,676,163,219.13
Non-current assets:			
Available-for-sale financial assets	5.10	22,448,333,620.72	21,455,603,630.11
Held-to-maturity investments			
Long-term receivables	5.11	180,642,958,106.63	186,338,519,646.88
Long-term equity investments	5.12	1,877,448,212.67	1,292,268,019.87
Investment properties	5.13	9,623,998,524.90	4,624,888,571.21
Fixed assets	5.14	6,459,825,098.73	7,051,245,827.74
Construction in progress	5.15	3,590,576,602.43	2,312,886,850.72
Productive biological assets			
Oil and gas assets			
Intangible assets	5.16	5,266,750,783.56	6,841,012,282.40
Development expenditures			
Goodwill			
Long-term deferred expenses	5.17	19,720,280.59	1,553,338.67
Deferred income tax assets	5.18	35,379,706.11	51,150,268.62
Other non-current assets	5.19	652,170,240.24	531,391,996.07
Total non-current assets		230,617,161,176.58	230,500,520,432.29
Total assets		273,490,498,061.98	267,176,683,651.42

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:




Accounting Principal:



Head of the Accounting Department:





Zhongyuan Yuze Investment Holding Group Co., Ltd.
Consolidated Balance Sheet (Continued)
As at December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term borrowings	5.20	1,155,980,000.00	1,153,200,000.00
Financial liabilities measured at fair value through current profit or loss			
Notes payable	5.21	254,100,000.00	100,000,000.00
Accounts payable	5.22	962,498,067.22	167,202,040.49
Advances from customers	5.23	256,827,030.50	145,378,670.13
Employee compensation payable	5.24	16,888,895.96	10,394,259.57
Taxes and surcharges payable	5.25	296,335,182.09	255,313,156.13
Other payables	5.26	10,686,655,290.02	10,067,534,058.21
Non-current liabilities maturing within one year	5.27	19,521,055,158.94	11,312,813,946.93
Other current liabilities	5.28	142,980,654.81	70,834,307.84
Total current liabilities		33,293,320,279.54	23,282,670,439.30
Non-current liabilities:			
Long-term borrowings	5.29	130,219,460,044.38	138,474,968,032.50
Bonds payable	5.30	19,437,084,363.13	18,820,388,057.66
Long-term payables	5.31	5,957,352,145.89	6,714,125,802.40
Long-term employee compensation payable			
Estimated liabilities			
Deferred income	5.32	26,445,252.76	109,528,042.30
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		155,640,341,806.16	164,119,009,934.86
Total liabilities		188,933,662,085.70	187,401,680,374.16
Owners' equity:			
Paid-in capital (or share capital)	5.33	8,749,890,000.00	8,749,890,000.00
Capital reserves	5.34	53,319,668,161.83	51,453,691,391.63
Less: treasury stock			
Other comprehensive income	5.35	-407,649.66	
Special reserves			
Surplus reserves	5.36	86,818,598.59	83,220,932.42
Undistributed profits	5.37	1,209,967,584.73	1,027,663,915.66
Total equity attributable to owners of the parent company		63,365,936,695.49	61,314,466,239.71
Minority equity		21,190,899,280.79	18,460,537,037.55
Total owners' equity		84,556,835,976.28	79,775,003,277.26
Total liabilities and owners' equity		273,490,498,061.98	267,176,683,651.42

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative



Accounting Principal



Head of the Accounting Department



Zhongyuan Yuze Investment Holding Group Co., Ltd.

The Parent Company's Balance Sheet

As at December 31, 2019


(Amounts are expressed in RMB unless otherwise stated)

Assets	Note	Balance as at December 31, 2019	Balance as at December 31, 2018
Current assets:			
Monetary funds		694,577,769.02	1,557,244,409.23
Financial assets measured at fair value through current profit or loss			
Notes receivable			
Accounts receivable	12.1	29,337,714.41	21,828,281.16
Advances to suppliers		3,498,111.11	1,754,379.90
Other receivables	12.2	4,349,090,258.29	2,769,126,165.78
Inventories			
Assets held for sale			
Non-current assets maturing within one year		5,050,000,000.00	
Other current assets		35,006.91	51,000,003.93
Total current assets		10,126,538,859.74	4,400,953,240.00
Non-current assets:			
Available-for-sale financial assets		7,795,306,813.39	8,665,938,168.67
Held-to-maturity investments			
Long-term receivables		94,998,068,048.23	106,150,572,609.18
Long-term equity investments	12.3	17,458,948,094.83	15,133,066,536.42
Investment properties			
Fixed assets		1,432,268.69	1,426,277.51
Construction in progress			
Productive biological assets			
Oil and gas assets			
Intangible assets		1,574,061.25	1,801,244.12
Development expenditures			
Goodwill			
Long-term deferred expenses		2,827,338.08	523,220.18
Deferred income tax assets			
Other non-current assets			
Total non-current assets		120,258,156,624.47	129,953,328,056.08
Total assets		130,384,695,484.21	134,354,281,296.08

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative: 秦建斌 Accounting Principal: 刘军 Head of the Accounting Department: 孙浩




Zhongyuan Yuze Investment Holding Group Co., Ltd.
The Parent Company's Balance Sheet (Continued)
As at December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Liabilities and owners' equity	Note	Balance as at December 31, 2019	Balance as at December 31, 2018
Current liabilities:			
Short-term borrowings		360,000,000.00	
Notes payable			
Accounts payable		140,036.56	140,036.56
Advances from customers		4,874,817.63	4,751,162.58
Employee compensation payable		5,376,052.53	3,637,616.93
Taxes and surcharges payable		29,994,393.55	62,813,231.35
Other payables		2,098,338,283.32	1,972,496,348.71
Liabilities held for sale			
Non-current liabilities maturing within one year		13,056,922,940.25	10,747,863,946.93
Other current liabilities			
Total current liabilities		15,555,646,523.84	12,791,702,343.06
Non-current liabilities:			
Long-term borrowings		58,844,537,546.22	63,146,712,122.10
Bonds payable		9,088,049,295.29	11,961,302,869.50
Including: preferred stocks			
Perpetual bonds			
Long-term payables		4,101,371,234.86	4,520,238,380.88
Long-term employee compensation payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities		72,033,958,076.37	79,628,253,372.48
Total liabilities		87,589,604,600.21	92,419,955,715.54
Owners' equity:			
Paid-in capital (or share capital)		8,749,890,000.00	8,749,890,000.00
Other equity instruments			
Including: preferred stocks			
Perpetual bonds			
Capital reserves		33,334,066,415.08	32,497,314,873.36
Less: treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserves		86,818,598.59	83,220,932.42
Undistributed profits		624,315,870.33	603,899,774.76
Total owners' equity		42,795,090,884.00	41,934,325,580.54
Total liabilities and owners' equity		130,384,695,484.21	134,354,281,296.08

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative




Accounting Principal



Head of the Accounting Department




Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Income Statement
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2019	Year 2018
I. Operating income	5.38	3,980,026,737.82	2,108,824,995.51
Less: operating cost	5.38	3,070,008,700.37	1,408,356,765.95
Taxes and surcharges	5.39	81,985,318.23	49,188,256.37
Selling expenses	5.40	613,406.05	
General and administrative expenses	5.41	556,422,284.09	471,182,763.26
Research and development expenses			
Financial expenses	5.42	633,942,108.27	401,560,404.93
Including: interest expenses		737,037,955.29	473,889,668.40
Interest income		140,896,888.84	190,334,202.96
Plus: other income	5.43	451,527,369.08	86,367,520.13
Investment income ("-" for losses)	5.44	535,951,502.33	480,483,008.42
Including: income from investment in associates and joint ventures		-76,684,073.83	64,612,091.87
Income from changes in fair value ("-" for losses)	5.45	11,064,915.94	1,313,232.14
Losses from asset impairment ("-" for losses)	5.46	-104,457,294.99	-91,520,376.87
Income from disposal of assets ("-" for losses)	5.47	25,646,664.81	202,454,877.41
II. Operating profits ("-" for losses)		556,788,077.98	457,635,066.23
Plus: non-operating income	5.48	80,688,362.52	266,789.81
Less: non-operating expenses	5.49	5,802,289.31	4,087,533.67
III. Total profits ("-" for total losses)		631,674,151.19	453,814,322.37
Less: income tax expenses	5.50	253,158,878.54	194,247,168.32
IV. Net profits ("-" for net losses)		378,515,272.65	259,567,154.05
(I) Classified by operating sustainability:			
1. Net profits from continued operation ("-" for net losses)		378,515,272.65	259,567,154.05
2. Net profits from discontinued operation ("-" for net losses)			
(II) Classified by ownership			
1. Net profits attributable to shareholders of the parent company ("-" for net losses)		215,663,735.24	189,700,453.42
2. Minority interest income ("-" for net losses)		162,851,537.41	69,866,700.63
V. Other comprehensive income, net of tax		-407,649.66	
Other comprehensive income, net of tax attributable to owners of the parent company		-407,649.66	
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(II) Other comprehensive income that will be reclassified into profit or loss		-407,649.66	
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Profit or loss on changes in the fair value of available-for-sale financial assets			
3. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. Effective portion of cash flow hedging profit or loss			
5. Translation differences of foreign currency financial statements		-407,649.66	
6. Others			
Other comprehensive income, net of tax attributable to minority shareholders			
VI. Total comprehensive income		378,107,622.99	259,567,154.05
Total comprehensive income attributable to owners of the parent company		215,256,085.58	189,700,453.42
Total comprehensive income attributable to minority shareholders		162,851,537.41	69,866,700.63

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative



Accounting Principal:

Statements Page 3



Head of the Accounting Department




Zhongyuan Yuzi Investment Holding Group Co., Ltd.
The Parent Company's Income Statement
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2019	Year 2018
I. Operating income	12.4	928,879,205.75	1,029,878,647.78
Less: operating cost	12.4	800,127,577.58	850,337,548.72
Taxes and surcharges		6,362,914.10	7,907,758.76
Selling expenses			
General and administrative expenses		43,180,645.18	33,164,676.16
Research and development expenses			
Financial expenses		306,074,676.43	349,174,682.99
Including: interest expenses		300,091,309.23	260,217,887.03
Interest income		15,399,541.93	23,033,741.50
Plus: other income		1,000,000.00	
Investment income ("-" for losses)	12.5	279,161,842.18	324,734,711.14
Including: income from investment in associates and joint ventures		13,970,279.45	15,283,276.28
Income from changes in fair value ("-" for losses)			
Losses from asset impairment ("-" for losses)			
Income from disposal of assets ("-" for losses)		72,967.95	
II. Operating profits ("-" for losses)		53,368,202.59	114,028,692.29
Plus: non-operating income		280.59	280.00
Less: non-operating expenses		843.13	952,792.66
III. Total profits ("-" for total losses)		53,367,640.05	113,076,179.63
Less: income tax expenses		17,390,978.31	24,461,988.40
IV. Net profits ("-" for net losses)		35,976,661.74	88,614,191.23
(I) Net profits from continued operation ("-" for net losses)		35,976,661.74	88,614,191.23
(II) Net profits from discontinued operation ("-" for net losses)			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified into profit or loss			
1. Changes in re-measurement of the defined benefit plan			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(II) Other comprehensive income that will be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Profit or loss on changes in the fair value of available-for-sale financial assets			
3. Profit or loss arising from reclassification of held-to-maturity investments as available-for-sale financial assets			
4. Effective portion of cash flow hedging profit or loss			
5. Translation differences of foreign currency financial statements			
6. Others			
VI. Total comprehensive income		35,976,661.74	88,614,191.23

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative



Accounting Principal



Head of the Accounting Department



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2019	Year 2018
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		3,392,505,914.64	2,799,651,270.75
Refunds of taxes and surcharges received		10,331,464.10	
Cash received from other operating activities	5.51	4,076,466,900.93	330,877,630.39
Sub-total of cash inflows from operating activities		7,479,304,279.67	3,130,528,901.14
Cash paid for purchase of goods and receiving of services		3,625,496,571.25	3,355,616,478.20
Cash paid to and on behalf of employees		60,182,442.88	38,093,570.43
Cash paid for taxes and surcharges		504,168,111.25	529,230,719.22
Cash paid for other operating activities	5.51	4,029,949,453.25	1,400,039,718.17
Sub-total of cash outflows from operating activities		8,219,796,578.63	5,322,980,486.02
Net cash flows from operating activities		-740,492,298.96	-2,192,451,584.88
II. Cash flows from investing activities			
Cash received from disposal of investments		25,090,593,863.11	3,403,759,038.23
Cash received from returns on investments		559,786,053.47	397,913,580.66
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		450,634.48	1,968,578,493.70
Cash received from other investing activities	5.51	5,966,544,652.76	30,379,677,783.55
Sub-total of cash inflows from investing activities		31,617,375,203.82	36,149,928,896.14
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		4,063,180,305.06	1,961,844,655.34
Cash paid for investments		29,643,344,467.72	7,633,909,929.07
Net cash paid to acquire subsidiaries and other business units		716,566,579.80	33,014,517.89
Cash paid for other investing activities	5.51	10,399,175,332.32	48,845,796,772.10
Sub-total of cash outflows from investing activities		44,822,266,684.90	58,474,565,874.40
Net cash flows from investing activities		-13,204,891,481.08	-22,324,636,978.26
III. Cash flows from financing activities			
Cash received from absorption of investments		10,845,747,170.83	2,627,266,010.08
Including: cash received by subsidiaries from investments by minority shareholders		4,967,616,632.05	1,060,609,471.62
Cash received from borrowings		18,539,211,487.23	38,044,384,281.36
Cash received from bonds issue		8,562,281,137.00	4,368,960,000.00
Cash received from other financing activities	5.51	7,924,786,811.22	9,475,090,970.06
Sub-total of cash inflows from financing activities		45,872,026,606.28	54,515,701,261.50
Cash paid for debt repayments		21,293,540,966.70	29,054,722,256.10
Cash paid for distribution of dividends and profits or payment of interest		4,853,430,961.57	1,595,798,690.86
Including: dividends and profits paid to minority shareholders by subsidiaries		72,548,633.60	7,473,091.76
Cash paid for other financing activities	5.51	7,969,948,058.60	4,228,950,243.26
Sub-total of cash outflows from financing activities		34,116,919,986.87	34,879,471,190.22
Net cash flows from financing activities		11,755,106,619.41	19,636,230,071.28
IV. Effect of fluctuation in exchange rate on cash and cash equivalents		1,078,039.53	
V. Net increase in cash and cash equivalents		-2,189,199,121.10	-4,880,858,491.86
Plus: beginning balance of cash and cash equivalents		12,629,638,200.96	17,510,496,692.82
VI. Ending balance of cash and cash equivalents		10,440,439,079.86	12,629,638,200.96

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative



Accounting Principal



Head of the Accounting Department




Zhongyuan Yuzi Investment Holding Group Co., Ltd.
The Parent Company's Statement of Cash Flows
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Note	Year 2019	Year 2018
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		817,021,610.55	1,126,153,221.18
Refunds of taxes and surcharges received			
Cash received from other operating activities		19,727,757.19	587,714,093.40
Sub-total of cash inflows from operating activities		836,749,367.74	1,713,867,314.58
Cash paid for purchase of goods and receiving of services		780,477,842.59	829,442,660.70
Cash paid to and on behalf of employees		19,441,929.71	11,723,890.30
Cash paid for taxes and surcharges		109,231,868.92	90,741,758.67
Cash paid for other operating activities		34,018,572.42	473,413,689.43
Sub-total of cash outflows from operating activities		943,170,213.64	1,405,321,999.10
Net cash flows from operating activities		-106,420,845.90	308,545,315.48
II. Cash flows from investing activities			
Cash received from disposal of investments		15,539,883,135.08	572,586,947.50
Cash received from returns on investments		308,054,562.73	309,556,434.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities		1,221,359,539.06	14,782,980,807.34
Sub-total of cash inflows from investing activities		17,069,297,236.87	15,665,124,189.70
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets		705,101.70	1,645,511.26
Cash paid for investments		9,166,207,846.20	2,405,408,552.64
Net cash paid to acquire subsidiaries and other business units			
Cash paid for other investing activities		3,255,367,089.30	9,537,050,000.00
Sub-total of cash outflows from investing activities		12,422,280,037.20	11,944,104,063.90
Net cash flows from investing activities		4,647,017,199.67	3,721,020,125.80
III. Cash flows from financing activities			
Cash received from absorption of investments		2,582,000,000.00	248,930,000.00
Cash received from borrowings		4,300,562,000.00	9,732,644,000.00
Cash received from bonds issue		2,097,732,000.00	1,460,000,000.00
Cash received from other financing activities		3,743,502,708.34	
Sub-total of cash inflows from financing activities		12,723,796,708.34	11,441,574,000.00
Cash paid for debt repayments		10,706,625,189.43	20,770,372,890.61
Cash paid for distribution of dividends and profits or payment of interest		3,218,593,997.44	298,658,271.77
Cash paid for other financing activities		4,201,840,515.45	
Sub-total of cash outflows from financing activities		18,127,059,702.32	21,069,031,162.38
Net cash flows from financing activities		-5,403,262,993.98	-9,627,457,162.38
IV. Effect of fluctuation in exchange rate on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-862,666,640.21	-5,597,891,721.10
Plus: beginning balance of cash and cash equivalents		1,557,244,409.23	7,155,136,130.33
VI. Ending balance of cash and cash equivalents		694,577,769.02	1,557,244,409.23

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative



Accounting Principal



Head of the Accounting Department



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Changes in Owners' Equity
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Equity attributable to owners of the parent company										Total owners' equity	
	Paid-in capital		Other equity instruments		Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total		Minority equity
	Preferred stocks	Perpetual bonds	Others	Others								
I. Balance as at the end of the last year	8,749,890,000.00				51,453,691,391.63			83,220,932.42	1,027,663,915.66	61,314,466,239.71	18,460,537,037.55	79,775,003,277.26
Plus: changes in accounting policies												
Correction of accounting errors in prior years												
Business combination under common control												
Others												
II. Balance as at the beginning of the current year	8,749,890,000.00				51,453,691,391.63			83,220,932.42	1,027,663,915.66	61,314,466,239.71	18,460,537,037.55	79,775,003,277.26
III. Increases/decreases in the current period ("+" for increases)					1,865,976,770.20	-407,649.66	3,597,666.17	182,303,669.07		2,051,170,555.78	2,730,362,243.24	4,781,832,699.02
(I) Total comprehensive income						-407,649.66			215,566,735.24	215,566,085.58	162,851,537.41	378,107,622.99
(II) Capital contributed or reduced by owners					2,579,711,000.00					2,579,711,000.00	2,567,510,705.83	5,147,221,705.83
1. Common stock contributed by owners					2,579,711,000.00					2,579,711,000.00		2,579,711,000.00
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution							3,597,666.17	-33,360,066.17		-29,762,400.00	2,567,510,705.83	2,567,510,705.83
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)							3,597,666.17	-3,597,666.17		-29,762,400.00		-29,762,400.00
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												



Year 2019

Equity attributable to owners of the parent company

Item	Other equity instruments			Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity	Total owners' equity
	Preferred stocks	Perpetual bonds	Others								
(V) Special reserves											
1. Amount withdrawn in the current period				-713,734,229.80					-713,734,229.80		-713,734,229.80
2. Amount used in the current period				53,319,668,161.83	-407,649.66		86,818,598.59	1,209,967,584.73	63,365,936,695.49	21,190,899,380.79	84,556,835,976.78
IV. Balance as at the end of the current period				8,749,890,000.00							

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:



Accounting Principal:



Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Consolidated Statement of Changes in Owners' Equity (Continued)
For the Year Ended December 31, 2019

(Amounts are expressed in RMB unless otherwise stated)

Item	Equity attributable to owners of the parent company							Minority equity	Total owners' equity		
	Paid-in capital (original capital)	Preferred stocks	Other equity instruments	Capital reserves	Other comprehensive income	Special reserves	Surplus reserves				
			Perpetual bonds	Others							
1. Balance as at the end of the last year	8,749,890,000.00				46,827,762,358.77		74,359,513.30	899,790,881.36	56,551,802,753.43	16,602,815,346.76	73,154,618,100.19
Plus: changes in accounting policies											
Correction of accounting errors in prior years											
Business combination under common control											
Others											
II. Balance as at the beginning of the current year	8,749,890,000.00				46,827,762,358.77		74,359,513.30	899,790,881.36	56,551,802,753.43	16,602,815,346.76	73,154,618,100.19
III. Increases/decreases in the current period ("-" for decreases)					4,625,929,032.86		8,861,419.12	127,873,034.30	4,762,663,486.28	1,857,721,690.79	6,620,385,177.07
(I) Total comprehensive income											
(II) Capital contributed or reduced by owners											
1. Common stock											
2. Capital contributed by holders of other equity instruments											
3. Amount of share-based payments recognized in owners' equity											
4. Others											
(III) Profit distribution											
1. Withdrawal of surplus reserves											
2. Profit distributed to owners (or shareholders)											
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Conversion of											
							8,861,419.12	-61,827,419.12	-52,966,000.00	-7,473,091.76	-60,439,091.76
							8,861,419.12	-8,861,419.12			
								-52,966,000.00	-52,966,000.00	-7,473,091.76	-60,439,091.76

Year 2018

Equity attributable to owners of the parent company

Item	Paid-in capital (or share capital)		Other equity instruments		Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Sub-total	Minority equity	Total owners' equity
	Preferred stocks	Perpetual bonds	Others	Others								
1. Capital reserves into paid-in capital (or share capital)												
2. Carry-over of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others					5,794,332,751.39					5,794,332,751.39	734,718,610.30	6,529,051,361.69
IV. Balance as at the end of the current period	8,749,890,000.00				51,453,691,391.63			83,220,932.42	1,027,603,915.66	61,314,466,239.71	18,460,537,037.55	79,775,003,277.26

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:



Accounting Principal:



Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
The Parent Company's Statement of Changes in Owners' Equity
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

Item	Paid-in capital (or share capital)		Other equity instruments		Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
			Preferred stocks	Perpetual bonds						
I. Balance as at the end of the last year	8,749,890,000.00				32,497,314,873.36			83,220,932.42	603,899,774.76	41,934,325,580.54
Plus: changes in accounting policies										
Correction of accounting errors in prior years										
Others										
II. Balance as at the beginning of the current year	8,749,890,000.00				32,497,314,873.36			83,220,932.42	603,899,774.76	41,934,325,580.54
III. Increases/decreases in the current period ("+" for increases)					836,751,541.72			3,597,666.17	20,416,095.57	860,765,303.46
(I) Total comprehensive income										
(II) Capital contributed or reduced by owners					836,751,541.72				35,976,661.74	35,976,661.74
1. Common stock contributed by owners					2,582,000,000.00					2,582,000,000.00
2. Capital contributed by holders of other equity instruments										
3. Amount of share-based payments recognized in owners' equity										
4. Others					-1,745,248,458.28			3,597,666.17	-15,560,566.17	-1,745,248,458.28
(III) Profit distribution								3,597,666.17	-3,597,666.17	-11,962,900.00
1. Withdrawal of surplus reserves										
2. Profit distributed to owners (or shareholders)									-11,962,900.00	-11,962,900.00
3. Others										
(IV) Internal carry-forward of owners' equity										
1. Conversion of capital reserves into paid-in capital (or share capital)										
2. Conversion of surplus										

Item	Year 2019			Capital reserves	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments							
		Preferred stocks	Perpetual bonds	Others					
reserves into paid-in capital (or share capital)									
3. Surplus reserves offsetting losses									
4. Carry forward of changes in the defined benefit plan for retained earnings									
5. Others									
(V) Special reserves									
1. Amount withdrawn in the current period									
2. Amount used in the current period									
(VI) Others									
IV. Balance as at the end of the current period	8,749,890,000.00				33,334,066,415.08		86,818,598.59	624,315,870.33	42,795,090,884.00



The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:



Accounting Principal:



Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
The Parent Company's Statement of Changes in Owners' Equity (Continued)
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

	Year 2018							Total owners' equity	
	Paid-in capital (or share capital)	Other equity instruments		Capital reserves	Other comprehensive income	Special reserves	Surplus reserves		Undistributed profits
		Preferred stocks	Perpetual bonds	Others					
I. Balance as at the end of the last year	8,749,890,000.00				33,533,261,716.75		74,359,513.30	557,975,802.65	42,915,487,032.70
Plus: changes in accounting policies									
Correction of accounting errors in prior years									
Others									
II. Balance as at the beginning of the current year	8,749,890,000.00				33,533,261,716.75		74,359,513.30	557,975,802.65	42,915,487,032.70
III. Increases/decreases in the current period ("-" for decreases)					-1,035,946,843.39		8,861,419.12	45,923,972.11	-981,161,452.16
(I) Total comprehensive income									
(II) Capital contributed or reduced by owners					-1,035,946,843.39			88,614,191.23	88,614,191.23
1. Common stock contributed by owners					-1,035,946,843.39				-1,035,946,843.39
2. Capital contributed by holders of other equity instruments									
3. Amount of share-based payments recognized in owners' equity									
4. Others									
(III) Profit distribution									
1. Withdrawal of surplus reserves							8,861,419.12	-42,690,219.12	-33,828,800.00
2. Profit distributed to owners (or shareholders)							8,861,419.12	-8,861,419.12	
3. Others								-33,828,800.00	-33,828,800.00
(IV) Internal carry-forward of owners' equity									
1. Conversion of capital reserves into paid-in capital (or share capital)									
2. Conversion of surplus reserves into paid-in capital (or share capital)									



	Year 2018					Total owners' equity			
	Paid-in capital (or share capital)	Other equity instruments		Capital reserves	Other comprehensive income		Special reserves	Surplus reserves	Undistributed profits
		Preferred stocks	Perpetual bonds	Others					
3. Surplus reserves (offsetting losses)									
4. Carry-forward of changes in the defined benefit plan for retained earnings									
5. Others									
(V) Special reserves									
1. Amount withdrawn in the current period									
2. Amount used in the current period									
(VI) Others									
IV. Balance as at the end of the current period	8,749,890,000.00				32,497,314,873.36		83,220,932.42	603,899,774.76	41,934,325,580.54

The accompanying notes to the financial statements form an integral part of the financial statements.

Legal Representative:



Accounting Principal:



Head of the Accounting Department:



Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Amounts are expressed in RMB unless otherwise stated)

1. Company profile

1.1 Overview

Zhongyuan Yuzi Investment Holding Group Co., Ltd. (hereinafter referred to as "the Company") was registered upon approval by the Henan Administration for Industry and Commerce on May 23, 2011, with a registration No. on business license of 91410000574989030U. It was engaged in the business service industry, with a registered capital of RMB 10 billion and Qin Jianbin as its legal representative, and its registered address is: West Wing of Henan Provincial Department of Finance, No.27 Jingsan Road, Zhengzhou.

The Company's main business activities are: investment and financing as well as asset management; investment and management of major government construction projects; investment and operation of strategic emerging industries, modern services, and high-tech industries; state-owned equity holding and capital operation; investment and financing policy research and economic consulting business of urbanization construction; other approved assets investment and operating activities other than those prohibited by national laws and regulations. The Company's ultimate controlling party is Henan Provincial Department of Finance.

The financial statements were approved for disclosure by the board of directors on April 29, 2020.

The Company was registered upon approval by the Henan Administration for Industry and Commerce on May 23, 2011, with Henan Yuzi Urban and Rural Investment Development Co., Ltd. as its original name, 41000000023510 as the registration No. on its business license for enterprise legal persons, a period from May 23, 2011 to May 22, 2061 as its operation period, and RMB 100 million as its original registered capital. Its investor is the State-owned Asset Management Center of the Administrative Public Institutions Directly under the Henan Province (hereinafter referred to as the "Center"), with monetary funds as capital contribution method and a capital contribution proportion of 100.00%. The Company changed its name and registration No. on the business license on April 12, 2017. After the change, its name was Zhongyuan Yuzi Investment Holding Group Co., Ltd., and the registration No. on the business license was 91410000574989030U.

This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 103) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In July 2011, according to the Official Reply to Foreign Investment by the State-owned Asset Management Center of Administrative Public Institutions Directly under the Henan Province (Y CZ [2011] No.50) issued by the Finance Bureau of Henan Province and the Decision on Approval for Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuzi Urban and Rural Investment Development Co., Ltd. (YZG [2011] No.13) issued by the Center, the Company newly increased registered capital of RMB 900 million, including RMB 700 million as capital reserves transferred to paid-in capital and RMB 200 million as increased capital invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 1 billion. This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 105) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In October 2011, according to the Decision on the Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2011] No.28) issued by the Center, the Company newly increased registered capital of RMB 1 billion, wholly invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 2 billion. This change has been verified by the Capital Verification Report (YLKYZ [2011] No. 111) issued by the Henan Lianhua Certified Public Accountants Co., Ltd.

In July 2012, according to the Decision on the Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2012] No.15) issued by the Center, the Company newly increased registered capital of RMB 1 billion, wholly invested by the Center in monetary funds. After this change, the Company's registered capital increased to RMB 3 billion. This change has been verified by the Capital Verification Report (YKYZ [2012] No. 023) issued by the Asia Group Accounting Firm Co., Ltd.

On September 14, 2015, a resolution on increase in the Company's registered capital by RMB 2 billion, which will be transferred by capital reserves, was adopted at the shareholders' meeting. After this change, the Company's registered capital increased to RMB 5 billion.

On August 12, 2016, according to the Decision on Increase in Registered Capital and Amendment to the Articles of Association by Henan Yuze Urban and Rural Investment Development Co., Ltd. (YZG [2016] No.11) issued by the Center, the Company newly increased registered capital of RMB 5 billion, all of which will be invested in monetary and non-monetary ways by the Center before September 14, 2036. After this change, the Company's registered capital will be increased to RMB 10 billion. As of December 31, 2016, RMB 720 million was invested by the Center in currency and RMB 2.618 billion was transferred from capital reserves to paid-in capital.

On June 22, 2017, according to the Circular on Appropriation of Capital Fund to Zhongyuan Yuze Investment Holding Group Co., Ltd. (YCZ [2017] No.51) issued by the Center, RMB 391,890,000 was invested by the Finance Bureau of Henan Province in currency. On December 29, 2017, according to the Circular on the Appropriation of the 2017 Provincial State-owned Capital Operating Budget Fund (YCQ [2017] No.141) issued by the Center, RMB 20 million was invested by the Finance Bureau of Henan Province in currency.

On August 28, 2018, after the registration of change at the Henan Administration for Industry and Commerce, the Company's parent company as well as actual controller was changed from the Center to the Finance Department of Henan Province.

1.2 Scope of consolidated financial statements

As of December 31, 2019, subsidiaries within the scope of consolidated financial statements of the Company are as follows:

Name of subsidiary
Henan Yuze Urban-Rural Integration Construction Development Co., Ltd.
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.
Henan Zhongyu Cultural Tourism Investment Co., Ltd.
Henan Modern Service Industry Investment Fund Co., Ltd.
Luoyang Heluo Xinye Investment and Development Co., Ltd.
Mianchi Caiwang Investment Co., Ltd.
Yima Investment Group Co., Ltd.
Wugang Zeyuan Development Investment Co., Ltd.
Qi County Heqi Economic Construction and Investment Co., Ltd.
Henan Yuze Affordable Housing Management and Operation Co., Ltd.
Henan Caixin Fusion Big Data Information Technology Co., Ltd.
Henan Zhongyuan Yuze Financial Holding Co., Ltd.
Xincui County Yuze Urban and Rural Investment Development Co., Ltd.

See "Note 6. Changes of the consolidation scope" and "Note 7. Equity in other entities" for details of the scope of consolidated financial statements and the changes thereof in 2019.

2. Basis of preparation for financial statements

2.1 Basis of preparation

The Company, on the basis of continuous operation, in accordance with the requirements of the Document (GF [2010] No.19) issued by the State Council and the Document (CY [2010] No. 412) issued by the Ministry of Finance, and according to the official reply of the People's Government of Henan Province and the Henan Provincial Department of Finance on the scheme for supporting the development of industry agglomeration zones and the "10 billion urban and rural construction financing plan" for urbanization construction, has rectified or reorganized the investment and financing institutions of the project cooperative county (city or district), and transferred the operable property rights to the investment and financing institutions of the industrial agglomeration zone; investment and financing institutions of the industrial agglomeration zone, based on the intention reached by the asset management center and the partner county (city), and according to the legal compliance procedures, have transferred the corresponding equity to the Company for free. For a subsidiary obtained under the free transfer of the above scheme, the Company has determined the initial cost of its long-term equity investment based on the original book value of the net assets on the date of transfer. The subsidiary has been included in the scope of consolidated statements since the date of the Company obtaining the control right over it, and its assets and liabilities are measured at their original book value at the level of consolidated statements. For the public welfare assets (such as municipal roads, housing for administrative agencies, land allocated for free, etc.) owned by the subsidiaries of the Company that are responsible for government functions, they are recognized as fixed assets or intangible assets, and no provision for depreciation or amortization will be made. According to actually occurred transactions and events, the Company prepares its financial statements in accordance with the Accounting Standards for Business Enterprises - Basic Standards and various concrete accounting standards issued by the Ministry of Finance, as well as the Accounting Standards for Business Enterprises - Application Guidelines, and the Accounting Standards for Business Enterprises - Interpretations and other relevant provisions (collectively known as the "Accounting Standards for Business Enterprises").

2.2 Going concern

The financial statements are prepared on the going-concern basis. The Company will have no event or circumstance that may lead to any major doubt on the sustainable operating capability of the Company within the 12 months after the end of the reporting period.

3. Principal accounting policies and accounting estimates

3.1 Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated financial position and the financial position of the parent company, as well as the consolidated operating results and the operating results of the parent company, and the consolidated cash flows and the cash flows of the parent company for the year then ended.

3.2 Accounting period

The accounting year is from January 1 to December 31 in a calendar year.

3.3 Operating cycle

The Company's operating cycle is a 12-month period.

3.4 Functional currency

RMB is adopted as the functional currency of the Company.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: For the assets and liabilities obtained by the combining party in business combination, they are measured at the book value of the consolidated financial statements of the ultimate controller on the combination date (including the goodwill formed by the acquisition by the of the combined party). The stock premium in the capital reserves is adjusted according to the difference between the book value of the net assets acquired through combination and the book value of the consideration paid for the combination (or total par value of shares issued). If there is no sufficient stock premium in the capital reserves for write-downs, the retained earnings shall be adjusted.

Business combination not under common control: The acquirer shall, on the acquisition date, measure the assets paid for the consideration and liabilities incurred or assumed for a business combination at their fair values. The difference between the fair value and the book value shall be included in current profit or loss. The Company shall recognize the difference of the combination costs in excess of the fair value of the identifiable net assets acquired from the acquired party as goodwill. The Company shall recognize the difference of the combination costs in short of the fair value of the identifiable net assets acquired from the acquired party in the current profit or loss.

The expenses directly caused for business combination shall be included in current profit or loss upon occurrence; the transaction costs for the issuance of equity securities or debt securities for business combination shall be included in the initial recognition amount of such equity securities or debt securities.

3.6 Preparation method of consolidated financial statements

3.6.1 Consolidation scope

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all the subsidiaries.

3.6.2 Consolidation procedures

The Company prepares the consolidated financial statements based on its own financial statements and those of its subsidiaries, and other relevant information. In preparing the consolidated financial statements, the Company deems the whole enterprise group as a single accounting entity to reflect the overall financial position, operating results and cash flows in accordance with relevant recognition, measurement and presentation requirements of the Accounting Standards for Business Enterprises and the uniform accounting policies.

All the subsidiaries within the consolidation scope of consolidated financial statements shall adopt the same accounting policies and accounting periods as those of the Company. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation of consolidated financial statements, shall be adjusted according to the accounting policies and accounting periods of the Company. For subsidiaries acquired through business combinations not under common control, adjustments to their financial statements shall be made based on the fair values of net identifiable assets on the acquisition date. For subsidiaries acquired through business combinations under common control, adjustments shall be made to their financial statements based on the book value of their assets and liabilities (including the goodwill formed from the acquisition of the subsidiaries by the ultimate controller) in the financial statements of the ultimate controller.

The share of owners' equity, current net profit or loss, and current comprehensive income of subsidiaries attributable to minority owners shall be respectively and separately listed in the owners' equity of the consolidated balance sheet, the net profit and the total comprehensive income item of the consolidated income statement. If the share of the current losses attributable to the minority shareholders of a subsidiary exceeds the share of the owners' equity attributable to minority shareholders of the subsidiary at the beginning of the period, the balance is allocated against the minority equity.

(1) Increase in subsidiaries or business

During the reporting period, if the Company acquired subsidiaries or business from the business combination under common control, the beginning balance in the consolidated statement of financial position shall be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated statement of comprehensive income. The cash flows of the newly acquired subsidiaries or business from the beginning to the end of the reporting period shall be included in the consolidated statement of cash flows. Relevant items in the comparative financial statements of the subsidiaries shall be adjusted accordingly, as if the reporting entity after the business combination exists at the time when the final controller has the control power.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, the beginning balance in the consolidated statement of financial position will not be adjusted. The incomes, expenses and profits of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of comprehensive income. The cash flows of the newly acquired subsidiaries or business from the acquisition date to the end of the reporting period shall be included in the consolidated statement of cash flows.

(2) Disposal of subsidiaries or business

① General method of disposal

During the reporting period, where the Company disposes a subsidiary or business, the incomes, expenses and profits of the subsidiary or business from the beginning period to the disposal date should be included in the consolidated cash flow statement; the subsidiary's or the business's cash flows from the beginning period to the disposal date should be included in the consolidated cash flow statement.

For the remaining equity investments after the disposal, the Company will re-measure the same at the fair value on the date when it loses control over the investee due to disposal of partial equity investment or other reasons. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date is included in the investment income of the period at the loss of control. Other comprehensive income related to the equity investment of original subsidiaries or other changes in owners' equity than net gains and losses, other comprehensive income and profit distribution will be transferred to investment income for the current period upon the loss of control power, except for other comprehensive income arising from changes in net liabilities or assets due to the investee's re-measurement of defined benefits plan.

Where the Company loses the right of control due to the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, accounting treatment should be conducted according to the above principles.

- (3) Purchase of minority equity of subsidiaries
The share premium (or capital premium) in the capital reserves under the consolidated statement of financial position will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority equities and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. Where the share premium (or capital premium) is insufficient, retained earnings will be adjusted.
- (4) Partial disposal of equity investments in subsidiaries without losing control
The share premium (or capital premium) in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the proceeds achieved from the partial disposal of long-term equity investments in subsidiaries and share of net assets of subsidiaries attributable to the Company corresponding to the disposal of long-term equity investments and calculated constantly from the acquisition date or combination date without losing the control rights. Where the share premium (or capital premium) is insufficient to offset, retained earnings will be adjusted.

3.7 Classification and accounting treatment of joint venture arrangements

Joint venture arrangements are classified into joint operation and joint venture.

Joint operation means that the Company is the joint venturer under the joint venture arrangement and enjoys the relevant assets and assumes the relevant liabilities.

The Company shall recognize the following items related to its share of benefits in the joint operation and conduct accounting treatment in accordance with relevant accounting standards for business enterprises:

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Incomes from sale of output enjoyed by it from the joint operation;
- (4) Incomes from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on its percentage.

3.8 Recognition criteria for cash and cash equivalents

For the purpose of preparing the statement of cash flows, the term "cash" refers to the cash on hand and the unrestricted deposit of the Company. The term "cash equivalents" refers to short-term (maturing within three months from the date of acquisition) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.9 Foreign currency transactions and translation of foreign currency financial statements

3.9.1 Foreign currency transactions

Foreign currency transactions are translated into RMB for recording purpose at the spot exchange rate prevailing on the transaction date.

The balance of foreign currency monetary items as at the balance sheet date are translated at the spot exchange rate on the balance sheet date and the exchange differences arising therefrom shall be included in the current profit and loss, except those exchange differences arising from the special borrowings of foreign currency related to the acquired and constructed assets qualified for capitalization that will be capitalized at the borrowing expenses.

3.10 Financial instruments

Financial instruments of the Company include financial assets, financial liabilities and equity instruments.

3.10.1 Classification of financial instruments

At the initial recognition, financial assets and financial liabilities are classified into: financial assets or financial liabilities measured at fair value through the current profit or loss, including financial assets or financial liabilities held for trading and financial assets or financial liabilities directly designated to be measured at fair value through the current profit or loss; held-to-maturity investments; receivables; available-for-sale financial assets; and other financial liabilities, etc.

3.10.2 Recognition basis and measurement methods of financial instruments

- (1) Financial assets (financial liabilities) measured at fair value through current profit or loss

Financial assets (financial liabilities) are initially recorded at fair values when acquired (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn). Relevant transaction expenses are included in the current profit or loss.

The interest or cash dividends to be received during the holding period is or are recognized as investment income and changes in fair values are included in the current profit or loss at the end of the period.

Upon disposal, the difference between the fair value and initial book-entry value is recognized as investment income, while the gains or losses from changes in fair value will be adjusted.

- (2) Held-to-maturity investments

Held-to-maturity investments are initially recognized at the sum of the fair value (net of bond interest due but not yet received) and related transaction costs upon acquisition.

The interest income will be calculated and determined according to the amortized cost and effective interest rate during the holding period and included in investment income. Effective rates are determined upon acquisition and remain unchanged within the expected duration or applicable shorter period.

Upon disposal, the difference between the purchase price obtained and the book value of the investment is recognized in investment income.

- (3) Receivables

For creditor's rights receivable arising from external sales of goods or rendering of service by the Company and other creditor's rights of other enterprises (excluding liability instruments quoted in an active market) held by the Company, including accounts receivable and other receivables, the initial recognition amount shall be the contract price or agreement price receivable from purchasing party. Receivables with financing nature are initially recognized at their present values.

The difference between the amount received and the book values of accounts receivable is included in the current profit or loss upon recovery or disposal.

- (4) Available-for-sale financial assets
Available-for-sale financial assets are initially recorded at the sum of fair values (deducting cash dividends that have been declared but not distributed and bond interests that have matured but not been drawn) and related transaction costs when acquired.

The interest or cash dividends to be received during the holding period is or are recognized as investment income. The interest or cash dividends should be measured at fair value and their changes in fair value should be included in other comprehensive income. However, the equity instrument investments for which there is no quotation in an active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument shall be measured on the basis of their costs.

Difference between the proceeds and the book value of the financial assets is recognized as investment profit or loss upon disposal; meanwhile, amount of disposal corresponding to the accumulated change in fair value which is originally and directly included in other comprehensive income shall be transferred out and included in the current profit or loss.

- (5) Other financial liabilities
Other financial liabilities are initially recognized at the sum of fair value and transaction expenses, and subsequently measured at amortized costs. The subsequent measurement is conducted by adopting the amortized cost.

3.10.3 Recognition basis and measurement method of transfer of financial assets

When a financial assets transfer occurs, the financial assets will be derecognized when substantially all the risks and rewards on the ownership of the financial assets have been transferred to the transferee; and they will not be derecognized if substantially all the risks and rewards on the ownership of the financial assets have been retained.

When determining whether the transfer of a financial asset meets the above de-recognition criteria of financial assets, the Company adopts the principle of substance over form. The transfer of a financial asset of the Company is classified into the entire transfer and the partial transfer of financial asset. Where the entire transfer of the financial asset meets the de-recognition conditions, the difference between the amounts of the following two items will be included in current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

If the partial transfer of financial asset satisfies the criteria for derecognition, the entire book value of the transferred financial asset shall be split into the derecognized and recognized part according to their respective fair value and the difference between the amounts of the following two items shall be included in the current profit or loss:

- (1) The book value of derecognized part;
- (2) The sum of the consideration for the derecognized part and the portion of derecognition corresponding to the accumulated amount of the changes in fair value originally and directly included in owners' equity (the situation where the financial asset transferred is an available-for-sale financial asset is involved in).

If the transfer of a financial asset does not meet the derecognition criteria, the financial asset shall continue to be recognized, and the consideration received will be recognized as a financial liability.

3.10.4 Derecognition criteria of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liability is derecognized or any part thereof will be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities will be derecognized, and at the same time, the new financial liability will be recognized.

Where substantive changes are made to the contract terms of existing financial liability in whole or in part, the existing financial liabilities or part thereof will be derecognized, and the financial liability the terms of which have been modified will be recognized as a new financial liability.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets transferred out or new financial liabilities borne) will be included into current profit or loss.

When the Company buys back part of financial liabilities, it will allocate the entire book value of the said financial liabilities on the repurchase date in accordance with the relative fair value of the recognized part and the terminated part. The difference between the book value assigned to the terminated part and the consideration paid (including non-cash assets transferred or new financial liabilities borne) will be included into current profit or loss.

3.10.5 Determination method for the fair value of financial assets and financial liabilities

Fair value of a financial instrument having an active market is determined on the basis of quoted prices in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the features of assets or liabilities as considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. Unobservable inputs are used only under the circumstance when it is impossible or unobservable inputs to obtain relevant observable inputs.

3.10.6 Test method and accounting treatment for impairment of financial assets (excluding accounts receivable)

Except for the financial assets measured at fair values through current profit or loss, the book value of financial assets on the balance sheet date should be checked. If there is objective evidence that a financial asset is impaired, provision for impairment shall be made.

- (1) Impairment provision for available-for-sale financial assets:
 If the fair value of investments in available-for-sale equity instruments has significantly declined at the end of the period, or it is expected that the trend of decrease in value is non-temporary after considering of various relevant factors, the impairment shall be recognized, and accumulated losses from decreases in fair value originally and directly included in owners' equity shall be all transferred out and recognized as impairment loss.

For available-for-sale debt instruments whose impairment losses have been recognized, if their fair values rise in the subsequent accounting period and such rise is objectively related to the matters occurring after the recognition of impairment loss, the previously recognized impairment loss shall be reversed and recorded into the current profit or loss.

Impairment losses on available-for-sale equity instruments shall not be reversed through profit or loss.

- (2) Impairment provision for held-to-maturity investments:
 Measurement of provision for impairment loss on held-to-maturity investments is treated in accordance with the measurement method of impairment loss on receivables.

3.11 Provision for bad debts of receivables

3.11.1 Receivables with significant single amount and individual provision for bad debts

Criteria for individually significant amount or standard for amount: accounts receivable with the balance over RMB 1,000,000.00 and other receivables with the balance over RMB 1,000,000.00.

Provision method for receivables with individually significant amount and individual provision for bad debts: When there is objective evidence showing that the Company will be incapable of recovering all accounts receivable in accordance with the original terms of accounts receivable, a separate impairment test shall be made at the difference of present value of expected future cash flows in short of their book values, and the provision for bad debts shall be made as well.

3.11.2 Provision for bad debts of receivables made on credit risk characteristics portfolio basis

Measures to provide provision for bad debts based on the portfolio of credit risks	
Aging portfolio	Aging analysis method
Risk-free portfolio (receivables from related parties, transactions between administrative institutions, etc.)	No provision for bad debts is accrued.

For those subject to provision for bad debts under aging analysis method:

Aging	Proportion of provision for accounts receivable (%)	Proportion for other receivables (%)
Within 1 year (inclusive)	5.00	5.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
4-5 years	80.00	80.00
Above 5 years	100.00	100.00

3.12 Inventories

3.12.1 Classification of inventories

Inventories are classified into: raw materials, stock commodities and development costs, etc.

3.12.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

For inventories acquisition by the subsidiaries engaged in real estate development, the price is initially measured at the actual cost. Such cost of inventory consists of purchase costs, processing costs and other costs. ① The land for development use shall be recorded at the actual cost when acquired; when the project development, it shall be allocated at the floor area of the project under development and be included in the development cost of the project.② The development cost shall be recorded at actual cost and transferred into development products at actual cost after the completion and acceptance of the project.③ The development product shall be recorded at actual cost, and the development product issued shall be calculated by average floorage method of the product under development. ④ Rental development products and relocation housing are accounted for at actual cost and amortized in installments based on the estimated useful lives of similar fixed assets of the Company. ⑤The project construction is accounted for at the actual cost, and the construction cost of the carried-over project is calculated by the individual valuation method.

3.12.3 Recognition basis of the net realizable value of different types of inventories

In normal operation process, for merchandise inventories held directly for sale, including finished goods, stock commodities and held-for-sale materials, their net realizable values are determined at the estimated selling prices minus the estimated selling expenses and relevant taxes and surcharges; in normal production and operation process, for material inventories that need further processing, their net realizable values are determined at the estimated selling prices of finished goods minus estimated costs to completion, estimated selling expenses and relevant taxes and surcharges; for inventories held to execute sales contract or service contract, their net realizable values are calculated on the basis of contract price. If the quantities of inventories held by the Company are more than those specified in sales contracts, the net realizable value of the excess portion of inventories are calculated on the basis of general selling prices.

Ordinarily an enterprise shall make provision for loss on decline in value of inventories on the ground of each item of inventories; for inventories with large quantity and relatively low unit prices, the provision for loss on decline in value of inventories shall be made on the ground of the categories of inventories; for the inventories related to the series of products manufactured and sold in the same area, and of which the final use or purpose is identical or similar thereto, and if it is difficult to measure them by separating them from other items, the provision for loss on decline in value of inventories shall be made on a combination basis.

Unless there is clear evidence shows that the abnormalities lie in the market price on the balance sheet date, the net realizable value of the inventory items is determined based on market prices on the balance sheet date.

As at December 31, 2019, the net realizable value of the inventory items is determined based on market prices on the balance sheet date.

3.12.4 Inventory system

The perpetual inventory system is adopted.

3.12.5 Amortization methods for low-cost consumables and packaging materials

- (1) Low-cost consumables: Lump-sum amortization method.
- (2) Packaging materials: Lump-sum amortization method.

3.13 Held for sale

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

3.14 Long-term equity investments

3.14.1 Judgement criteria for common control and significant influence

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises joint control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is a joint venture of the Company.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those polices. Where the Company is able to exert significant influence over the investee, the investee is its associate.

3.14.2 Determination of initial investment costs

- (1) A long-term equity investment as a result of business combination
Business combination under common control: if the Company pays a consideration to the combinee in cash, by transferring non-cash assets or by assuming debts, the share of book value of its owners' equity in the combinee in the consolidated financial statements of the ultimate controlling party shall be regarded, on the merger date, as the initial investment cost of the long-term equity investment. For long-term equity investments acquired from business combinations under common control, the investment initial cost thereof shall be recognized at the share of book value of the combinee's net assets in the consolidated financial statements of the ultimate controller on the combination date. If there is a difference between the initial investment cost of the long-term equity investment on the combination date and the sum of the book value of the long-term equity investment before combination and the book value of the consideration newly paid by shares acquired on the combination date, the difference shall be used to adjust the share premium (or capital premium); and if the share premium (or capital premium) is insufficient to be offset, retained earnings shall be offset.

Business combination not under common control: the Company determines the combination cost determined on the purchase date as the initial cost of long-term equity investments. Where the Company can control the investee not under common control from additional investments, the initial investment cost should be changed to be accounted for under the cost method and recognized at the sum of the book value of equity investments originally held and newly increased investment cost.

- (2) Long-term equity investment acquired by other means
For a long-term equity investment acquired through making payments in cash, its initial cost is the actually paid purchase cost.

For long-term equity investments acquired from issuance of equity securities, the initial cost is the fair value of the issued equity securities.

3.14.3 Subsequent measurements and recognition of profit or loss

- (1) Long-term equity investments accounted for under cost method
Long-term equity investments of the Company in its subsidiaries are accounted for at cost method. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.
- (2) Long-term equity investments accounted for under the equity method
Long-term equity investments in associates and joint ventures are accounted for under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the cost of initial investment is in short of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss.

The Company shall, in accordance with its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income and simultaneously adjust the book value of the long-term equity investment. The Company shall, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to any change in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution, the Company shall adjust the book value of the long-term equity investment and include such change into the owners' equity.

When recognizing the share of net profit or loss of the investee that the Company shall enjoy, based on fair value of various identifiable assets and others of the investee on acquisition and according to accounting policies and accounting periods of the Company, the Company shall recognize such share after making adjustments to net profit of the investee. During the holding investment period, where an investee prepares consolidated financial statements, the amount lies in the net profit, other comprehensive income and changes in other owners' equity of the consolidated financial statements which belongs to the investee shall be taken as the basis for accounting.

When the Company confirms that it should share losses of the investee, treatment shall be done in following sequence: Firstly, writing down the book value of long-term equity investments. Secondly, if the book value of the long-term equity investments is insufficient to be offset, the Company shall continue to recognize the investment loss to the extent of the book value of long-term interests which substantially form the net investment in the investee and offset the book value of the long-term receivable items and other items. Finally, after all the above treatments, if the Company is still responsible for any additional liability in accordance with the provisions stipulated in the investment contracts or agreements, provisions are recognized and included into current investment loss according to the obligations estimated to undertake.

- (3) Disposal of long-term equity investments
For disposal of long-term equity investments, the difference between the book value and the actual price shall be included into the current profit or loss.

Where a long-term equity investment is accounted for under the equity method, accounting treatment should be made on the part which is originally included in other comprehensive income according to corresponding ratio by using the same basis for the investee to directly dispose of the relevant assets or liabilities when the investments are disposed of. Owners' equity recognized arising from changes in other owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be included in the current profit or loss according to the proportion, except for other comprehensive income from the change in net liability or net asset due to the investor's re-measurement of designated benefit plan.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments and other reasons, the remaining equity will be changed to be accounted for according to the recognition and measurement principles of financial instruments. The difference between the fair value and the book value on the date of the loss of joint control or significant influence should be included in the current profit or loss. As to other comprehensive income recognized based on measurement of the original equity investment under the equity method, accounting treatment shall be made on the same basis as would be required if the investee had directly disposed of the assets or liabilities related thereto when measurement under the equity method is terminated. Owner's equity recognized arising from changes in other owner's equity of the investee other than net profit or loss, other comprehensive income and the profit distribution should be included in the current profit or loss when the equity method is terminated.

Where the Company loses the control over the investee due to disposal of partial equity investments, the decline in its proportion of shareholding caused by the increase of investment in subsidiaries by other investors, or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have be adjusted on acquisition, namely when the equity method is adopted for accounting; if the remaining equity can exercise joint control or significant influence on the investee, such equity will be changed to be accounted for according to recognition and measurement standards of financial instruments and the difference between fair value and book value on the date of loss of the control or significant influence should be included in the current profit or loss.

Where the disposed equities are acquired by the enterprise combination due to the reasons such as additional investment, the remaining equities after the disposal are calculated based on the cost method or equity method in preparing the individual financial statements, and other comprehensive income and other owners' equity recognized because of the equity method adopted for the calculation of the equity investment held prior to the purchase date are carried forward in proportion; the remaining equities after the disposal are changed to be made in accordance with the relevant provisions in the recognition and measurement criteria of financial instruments while other comprehensive income and other owners' equity are carried forward in full.

3.15 Investment properties

The investment property refers to the real estate held for earning rentals or/and capital appreciation or both, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

The Company measures its existing investment property by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for intangible assets.

3.16 Fixed assets

3.16.1 Recognition criteria of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company;
- (2) The costs of the fixed asset can be measured reliably.

3.16.2 Depreciation method

The public welfare assets (such as municipal roads, houses used by administrative organs, etc.) owned by the Company's subsidiaries that undertake government functions are recognized as fixed assets, and no depreciation thereof will be accrued.

Depreciation of the Company's fixed assets is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. If the components of a fixed asset have different useful lives or cause economic benefit for the Company in different ways, different depreciation rate or method shall be adopted for depreciation on an individual component basis.

Depreciation method, depreciation life, residual value rate and annual depreciation rates of different fixed assets are listed as follows:

Category	Depreciation method	Depreciation life (years)	Residual rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	5-35	5.00	2.71-19.00
Machinery equipment	Straight-line method	10-15	5.00	6.33-9.50
Transportation equipment	Straight-line method	8	5.00	11.88
Electronic equipment and others	Straight-line method	5	5.00	19.00

3.17 Construction in progress

The book-entry values of the fixed assets are stated at total expenditures incurred before reaching working condition for their intended use. For construction in progress that has reached working conditions for its intended use but for which the completion of settlement has not been handled, it shall be transferred into fixed assets at the estimated value according to the project budget, construction price or actual cost, etc. from the date when it reaches the working conditions for its intended use. The fixed assets shall be depreciated in accordance with the Company's policy on fixed asset depreciation. Adjustment shall be made to the originally and provisionally estimated value based on the actual cost after the completion of settlement is handled, but depreciation already provided will not be adjusted.

3.18 Borrowing costs

3.18.1 Recognition criteria of capitalization of borrowing costs

Borrowing costs include interest thereon, amortization of discounts or premiums, ancillary expenses and exchange differences incurred by foreign currency borrowings, etc.

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into current profit or loss.

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

Capitalization should commence when all the following three conditions are satisfied:

- (1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

3.18.2 Capitalization period for borrowing costs

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its cessation; period of suspension for capitalization is excluded.

Capitalization of borrowing costs should be ceased when purchase, construction or manufacturing projects of assets are eligible for the intended use.

When some projects among the acquired and constructed or produced assets eligible for capitalization are completed and can be used separately, the capitalization of borrowing costs of such projects should be ceased.

If all parts of the acquired and constructed or produced assets are completed but the assets cannot be used or sold externally until overall completion, the capitalization of borrowing costs should be ceased at the time of overall completion of the said assets.

3.18.3 Period of capitalization suspension of borrowing costs

If the acquisition and construction or production activities of assets eligible for capitalization are abnormally interrupted and such condition lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary procedures for the acquired, constructed or produced assets eligible for capitalization to reach the working conditions for its intended use or sale, the borrowing costs continue to be capitalized. Borrowing costs incurred during the interruption are recognized as the current profit or loss and continue to be capitalized until the acquisition, construction or production of the asset restarts.

3.18.4 Calculation method of capitalization rate and capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

For general borrowings for the acquisition, construction or production of a qualifying asset conditions and occupancy, according to the weighted average asset disbursement of accumulated assets exceed the special loans with the general borrowing by multiplying the capitalization rate, calculate and determine the general loan should be capitalized. The capitalization rate is determined via the calculation at the weighted average interest rate of general borrowings.

3.19 Intangible assets

3.19.1 Measurement of intangible assets

- (1) The Company initially measures intangible assets at cost on acquisition;
 The costs of externally acquired intangible assets include their purchase prices, related taxes and surcharges and any other directly attributable expenditure incurred to prepare the asset for its intended use.
- (2) Subsequent measurement
 The useful lives of intangible assets are analyzed on acquisition.

The public welfare assets (such as free allocation of land, forest rights, etc.) owned by the Company's subsidiaries that undertake government functions are recognized as intangible assets and will not be amortized.

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful life and should not be amortized.

3.19.2 Estimate of the useful life of the intangible assets with definite useful lives

Item	Estimated useful lives	Amortization method	Residual value rate (%)
Land and forest use rights	Years of transfer	Straight-line method	0.00
Other intangible assets	5-10 years	Straight-line method	0.00

3.20 Impairment of long-term assets

For the long-term equity investments, and long-term assets measured at cost model including investment property, fixed assets, construction in progress, intangible assets with limited service life, productive biological assets and oil and gas assets, if there are signs of impairment thereof, an impairment test will be conducted on the balance sheet date. If the recoverable amount of the asset is less than its book value after test, assets impairment provision will be made at the difference and included into impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. The assets impairment provision is calculated and made on an individual basis. If it is difficult for the Company to estimate the recoverable amount of the individual asset, the recoverable amount of an asset group to which the said asset belongs to will be determined. Asset group is the minimum combination of assets that can independently generate cash inflows.

Impairment tests for goodwill, intangible assets with uncertain useful lives and intangible assets not reaching serviceable condition shall be conducted at least at the end of every year.

The Company conducts an impairment test for the goodwill. The book value of goodwill arising from business combinations is amortized to relevant asset groups with a reasonable method since the date of acquisition; or amortized to relevant combination of asset groups if it is difficult to be amortized to relevant asset groups. When apportioning the book value of goodwill, the Company carries out the apportionment according to the relative benefits that the relevant asset group or portfolio of asset groups can obtain from the synergies of the business combination, and conducts a goodwill impairment test on this basis.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value to recognize the corresponding impairment loss. Then the Company shall conduct an impairment test on the asset groups or combinations of assets groups containing goodwill, and compare the book value of these asset groups or combinations of assets groups (including the book value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant asset groups or combinations of assets groups is lower than the book value thereof, the Company shall recognize the impairment loss of the goodwill.

The above losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

3.21 Long-term deferred expenses

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in the current period and in the future with an amortization period of over 1 year. Long-term deferred expenses are amortized evenly over the beneficial period.

3.22 Employee compensation

3.22.1 Accounting treatment of short-term compensation

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in current profit or loss or costs associated with assets.

During the accounting period when employees serve the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums and housing funds paid for employees by the Company, as well as trade union funds and employee education funds.

If the employee benefits are of non-monetary, they are measured at fair value if they can be reliably measured.

3.22.2 Accounting treatment of post-employment benefits

(1) Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit or loss or costs associated with assets.

(2) Defined benefit plan

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula of the projected unit credit method, and includes the same in the current profit or loss or costs associated with assets.

The deficit or surplus formed by the difference between the present value under defined benefit plan and the fair value of assets under defined benefit plan is recognized as a net defined benefit liability or asset. For a surplus of defined benefit plans, the Company should measure the net asset of such defined benefit plans at the lower of the surplus of such defined benefit plans and the asset thereof.

All obligations of defined benefit plan include the obligation of payment during the 12 months after the end of the annual reporting period of expected receipt of services from employees, and are discounted according to the market yields of state bond with the same currency or high quality corporate bond prevailing on the balance sheet date and during the obligation period of defined benefit plan.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are charged to the current profit or loss or cost of relevant assets; changes arising from re-measurement of net liabilities or net assets of defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods.

At the time of the settlement of defined benefit plan, the profit or loss is determined according to the difference between the present value of the defined benefit plan obligations and settlement price confirmed on the settlement date.

3.22.3 Accounting treatment of dismissal benefits

When the Company fails to unilaterally withdraw the dismissal benefits offered due to the termination of the labor relation plan or layoff proposal or confirms the costs or fees associated with the reorganization involving the payment of the dismissal benefits (whatever is earlier), the employee compensation liabilities arising from the confirmation of dismissal benefits are included in the current profit or loss.

3.23 Revenue

3.23.1 General recognition principles for revenue from sales of goods

- (1) The Company has transferred the substantial risks and rewards of ownership of the goods to the buyer;
- (2) The Company neither retains continuous management rights associated with ownership of the goods sold, nor conduct effective control over the goods sold;
- (3) It is probable that the amount of revenue can be measured reliably;
- (4) The related economic benefits are likely to flow into the Company;
- (5) The relevant costs that have occurred or will occur can be measured reliably.

3.23.2 Rendering of services

If the outcome of transactions on rendering labor services can be estimated reliably on the balance sheet date, revenues from rendering of labor services are recognized under the percentage-of-completion method at the end of the period.

Where the outcome of rendering of service transactions cannot be estimated reliably, then the revenue from rendering of services is recognized at labor costs that are incurred and that are expected to be compensated. The labor costs that are incurred are recognized as the expenses in the current year. Labor costs that are incurred but that are expected to not be compensated should not be recognized as revenue.

When a contract or agreement entered into by and between the Company and other enterprises involves both the sale of goods and rendering of services, if the two parts can be distinguish and measured independently, they shall be treated respectively; if the two parts cannot be distinguished, or they can be distinguished but cannot be measured independently, they all shall be treated as a sale of goods.

3.23.3 Transfer of right to use assets

When the economic benefits related to the transfer of right to use assets are likely to flow to the Company and the revenue amount can be reliably measured, the Company shall recognize the revenue.

3.23.4 Revenue from usage

The revenue from usage shall recognized based on the accrual basis according to relevant contracts or agreements.

3.23.5 Interest income

The interest income is measured at the time and effective interest rate for the monetary funds of the Company used by others. The Company accrues interest as at December 20 of each year or the contract agreement date.

3.23.6 Guarantee revenue and consulting revenue

The Company's guarantee revenue will only be recognized when all the following criteria are satisfied:

The guarantee contract is established and assumes the corresponding guarantee liabilities; the economic benefits related to the guarantee contract may flow into the Company; the revenue related to the guarantee contract can be measured reliably.

The Company's consulting revenue will only be recognized when all the following criteria are satisfied:

When the economic benefits associated with transaction are able to flow into the Company and the revenue can be measured reliably.

3.24 Government subsidies

3.24.1 Type

Government subsidies are monetary assets and non-monetary assets freely obtained by the Company from the government. Government subsidies are classified into government subsidies related to assets and government subsidies related to income.

Government subsidies related to assets refer to government subsidies obtained by the Company for forming long-term assets by acquisition, construction or other manners. Government subsidies related to income refer to government subsidies other than government subsidies related to assets.

3.24.2 Accounting treatment

The government subsidies related to asset are recognized as the deferred income by adopting the gross method, and will be included in the current profit or loss in accordance with the reasonable and systematic methods within useful lives of related assets (where such subsidies are related to the daily activities of the Company, they will be included in other income; where such subsidies are not related to the daily activities of the Company, they will be included in non-operating income);

Government grants relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where government grants relating to income are relevant to routine activities of the Company, such grants shall be included in the other income; where government grants relating to income is irrelevant to routine activities of the Company, such grants shall be included in the non-operating income) or used to offset relevant costs or losses; government grants relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where such grants are related to daily activities of the Company, they will be included in other income; where such grants are related to the daily activities of the Company, they will be included in the non-operating income) or used to offset relevant costs or losses.

If the Company obtains policy preferential loan with discounted interest, it will be necessary to distinguish between the two cases where the finance department allocates the funds for discounted interest to the loan bank and the finance department directly allocates the funds for discounted interest to the Company, and handle such funds in accordance with *Accounting Standards for Business Enterprises No. 16-Government Subsidies*:

- (1) Where the finance department appropriates the funds for discounted interest to the loan bank, then the loan bank provides the loans at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses will be calculated based on the principal of the loan and the policy-based preferential interest rate;
- (2) Where the finance department directly appropriates the funds for discounted interest to the Company, the Company will use the corresponding interest subsidies to directly offset related borrowing costs.

3.25 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Special circumstances in which deferred income tax assets or deferred income tax liabilities shall not be recognized include: the initial recognition of goodwill; other transactions or events excluding business combinations, which affect neither accounting profits nor the taxable income (or deductible losses) when occurred.

When the Company has the statutory right to do settlement with the net amounts, and has the intention to do so or the recovery of assets and the settlement of liabilities are achieved simultaneously, the Company shall present its current income tax assets and current income tax liabilities at the net amounts as the result of one offsetting another.

When the Company has the legal rights to balance income tax assets and income tax liabilities for the current period with net settlement, and deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpaying subject by the same tax collection authority or on different taxpaying subjects, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpaying subject intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

3.26 Lease

3.26.1 Accounting treatment of operating lease

- (1) Lease fees paid by the Company for leased asset shall be amortized at straight-line method over the whole lease period (including rent-free period) and shall be included in the current expenses. The initial direct costs related to the lease transactions paid by the Company are recorded in the current expenses.

When the lessor bears the lease related expenses which shall be undertaken by the Company, the Company shall deduct this part of the expense from the rent and amortize the net amount over the lease term and charge into current costs or expenses.

- (2) The Company's rental expenses collected for leased assets shall, within the whole lease term excluding the rent-free period, be amortized with the straight-line method and recognized as rental income. Initial direct costs relating to lease transactions incurred by the Company shall be recognized as the current expenses; if the amounts are material, they shall be capitalized and included in the current income on the same basis as the recognition of lease income.

When the Company bears the lease related expenses which should be undertaken by the lessee, the Company shall deduct this part of expense from the rent income, and amortize the net amount over the lease term.

3.26.2 Accounting treatment of financing leases

- (1) Assets acquired under financing leases: At the commencement of the lease term, assets acquired under financing leases shall be recorded at the lower of their fair values and the present values of the minimum lease payments, and the Company shall recognize the long-term payables at amounts equal to the minimum lease payments, and shall record the differences between book value of the leased assets and the long-term payables as unrecognized finance charges. The Company adopts the effective interest rate method for unrecognized financing charges, which shall be amortized over the lease terms and included in financial expenses. Initial direct costs incurred by the Company shall be included in the value of leased assets.
- (2) Assets rented out under financing leases: On the lease beginning date, the Company recognizes the difference between the sum of financing lease receivable and the unguaranteed residual value, and the present value thereof as unrealized financing income, and recognize the same as rental income over the periods when rent is received in the future. For the Company's initial direct costs associated with rental transactions, they will be included in the initial measurement of the financing lease receivable, and set off the income recognized during the lease term.

3.27 Changes in accounting policies and accounting estimates and corrections of accounting errors

3.27.1 Changes in significant accounting policies

- (1) Implementation of the *Circular of the Ministry of Finance on Revising and Issuing General Corporate Financial Statement Templates for the Year 2019* and the *Circular on Revising and Issuing the Consolidated Financial Statement Templates (2019 Version)*
The Ministry of Finance promulgated the *Circular on Revising and Issuing General Corporate Financial Statement Templates for the Year 2019* (CK [2019] No. 6) and the *Circular on Revising and Issuing the Consolidated Financial Statement Templates (2019 Version)* (CK [2019] No.16) respectively on April 30, 2019 and September 19, 2019, revising the format of the financial statements of general enterprises. The implementation of the above standards by the Company has no significant impact during the reporting period.
- (2) Implementation of *Accounting Standards for Business Enterprises No. 7-Exchange of Non-Monetary Assets (2019 Version)*
The Ministry of Finance issued the *Accounting Standards for Business Enterprises No. 7-Exchange of Non-Monetary Assets (Revised in 2019)* (CK [2019] No. 8) on May 9, 2019. The revised standards have been effective since June 10, 2019. The exchange of non-monetary assets occurring in the period from January 1, 2019 to the implementation date of these standards shall be adjusted in accordance with these standards. For the exchange of non-monetary assets that occurred before January 1, 2019, retroactive adjustments are not required to be made in accordance with the provisions of these standards. The implementation of the above standards by the Company has no significant impact during the reporting period.

(3) Implementation of the *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring* (Revised in 2019)

The Ministry of Finance issued the *Accounting Standards for Business Enterprises No. 12-Debt Restructuring (Revised in 2019)* (CK [2019] No. 9) on May 16, 2019. The revised standards have been effective since June 17, 2019. The debt restructuring occurring in the period from January 1, 2019 to the implementation date of these standards shall be adjusted in accordance with these standards. For the debt restructuring that occurred before January 1, 2019, retroactive adjustments are not required to be made in accordance with the provisions of these standards. The implementation of the above standards by the Company has no significant impact during the reporting period.

3.27.2 Changes in significant accounting estimates

None

4. Taxation

4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax (VAT)	Value-added tax payable shall be the difference obtained by the output taxes calculated based on the revenue from the sale of goods and taxable services as computed by tax laws less the input taxes allowed to be deducted for the current period	16%, 10% or 6% from January to March; 13%, 9% or 6% from April to December
Urban maintenance and construction tax	Paid on the basis of the actual VAT and consumption tax paid	7%, 5%
Educational surtax	Paid on the basis of the actual VAT and consumption tax paid	3%
Local educational surcharge	Paid on the basis of the actual VAT and consumption tax paid	2%
Enterprise income tax	Paid on the basis of amount of taxable income	25%

4.2 Tax preference

According to the Circular of the Ministry of Finance and the State Taxation Administration on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises (CS [2019] No.13) promulgated on January 18, 2019, for small low-profit enterprises, between the period from January 1, 2019 to December 31, 2021, the portion of less than RMB 1 million, and the portion of more than RMB 1 million but less than RMB 3 million, of the annual taxable income, will be included in the actual taxable income at 25% and 50% respectively, based on which the enterprise income tax payable will be calculated at the reduced tax rate of 20%.

5. Notes to the items of consolidated financial statements

5.1 Monetary funds

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Cash on hand	562,602.40	730,182.62
Bank deposit	9,610,813,290.07	11,613,908,018.34
Other monetary funds	5,499,876,632.20	3,610,668,149.88
Total	15,111,252,524.67	15,225,306,350.84
Including: total amount of money deposited overseas	1,549,903,209.80	210,465,048.98

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Breakdowns of restricted monetary funds are listed as follows:

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bank acceptance bills margin	239,000,000.00	100,000,000.00
Loan pledge	4,098,050,000.00	1,957,630,000.00
Guarantee reserves	46,085,944.81	110,560,649.88
Fixed-term deposits	274,677,500.00	427,477,500.00
Emergency risk margin	13,000,000.00	
Total	4,670,813,444.81	2,595,668,149.88

5.2 Financial assets measured at fair value through current profit or loss

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Financial assets held for trading	228,082,945.35	275,841,232.14
Including: investments in debt instruments	228,082,945.35	275,841,232.14
Investments in equity instruments		
Derivative financial assets		
Others		
Financial assets designated to be measured at fair value through current profit or loss		
Including: investments in debt instruments		
Investments in equity instruments		
Others		
Total	228,082,945.35	275,841,232.14

5.3 Notes receivable

5.3.1 Presentation of notes receivable by category

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bank acceptance bills	21,450,000.00	
Commercial acceptance bills		
Total	21,450,000.00	

5.3.2 Notes receivable endorsed or discounted by the Company as at December 31, 2019 but not expired on the balance sheet date

Item	Amount de-recognized as at December 31, 2019	Amount not de-recognized as at December 31, 2019
Bank acceptance bills	6,000,000.00	
Commercial acceptance bills		
Total	6,000,000.00	

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5.4 Accounts receivable

5.4.1 Disclosure of accounts receivable by category

Category	Balance as at December 31, 2019				Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with significant single amount and individual provision for bad debts									
Accounts receivable with provision for bad debts accrued by portfolio with credit risk characteristics	481,833,010.35	99.93	13,765,200.77	2.86	468,067,809.58	100.00	2,793,582.72	1.46	188,144,393.78
Including:									
accounts receivable accrued by aging as portfolio with credit risk characteristics	274,991,445.46	57.07	13,765,200.77	5.01	261,226,244.69	29.26	2,793,582.72	5.00	53,078,071.59
Risk-free portfolio	206,841,564.89	42.93			206,841,564.89	70.74			135,066,322.19
Accounts receivable with insignificant single amount and individual provision for bad debts	341,000.00	0.07	341,000.00	100.00					
Total	482,174,010.35	100.00	14,106,200.77		468,067,809.58	100.00	2,793,582.72		188,144,393.78

Accounts receivable with insignificant single amount and individual provision for bad debts as at December 31, 2019

Accounts receivable (by unit)	Balance as at December 31, 2019			Reason for provision
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	
Wugang Shiguang Household Appliances Store	284,000.00	284,000.00	100.00	It is expected to be difficult to recover
Wugang Jiutouya Supermarket	57,000.00	57,000.00	100.00	It is expected to be difficult to recover
Total	341,000.00	341,000.00		

Accounts receivable with provision for bad debts accrued under the aging analysis method in portfolio:

Aging	Balance as at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Within 1 year	274,678,875.46	13,733,943.77	5.00
1 - 2 years	312,570.00	31,257.00	10.00
2 - 3 years			
Total	274,991,445.46	13,765,200.77	

5.4.2 Provision, reversal or recovery of provision for bad debts in 2019

Provision for bad debts made in 2019 amounted to RMB 11,949,618.05, while provision for bad debts recovered or reversed in 2019 amounted to RMB 637,000.00.

5.4.3 Top 5 accounts receivable in terms of their ending balance collected by the debtor

Unit	Balance as at December 31, 2019		
	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debts
Hubei CATA Logistics Co., Ltd.	86,169,512.11	17.87	4,308,475.61
Huojia County Investment Group Co., Ltd.	45,000,000.00	9.33	2,250,000.00
Qingfeng County Water Conservancy Bureau	40,000,000.00	8.30	
Deling Hatianning Logistics Co., Ltd.	32,090,327.30	6.66	1,604,516.37
Henan Jiye Leisure Products Co., Ltd.	28,413,156.12	5.89	
Total	231,672,995.53	48.05	8,162,991.98

5.5 Advances to suppliers

5.5.1 Presentation of advances to suppliers by aging

Aging	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Book balance	Proportion (%)	Book balance	Proportion (%)
Within 1 year	1,363,359,564.48	99.82	556,408,091.60	96.13
1 - 2 years	294,015.72	0.02	22,101,376.65	3.82
2 - 3 years	2,115,226.31	0.16		
Over 3 years			320,000.00	0.05
Total	1,365,768,806.51	100.00	578,829,468.25	100.00

5.5.2 Top 5 advances to suppliers in terms of the ending balance collected by the advance receiver

Advance receiver	Balance as at December 31, 2019	Proportion in the total balance of advances to suppliers as at December 31, 2019 (%)
Henan Tian Lun Gas Group Limited Xinye Branch	250,917,000.00	18.37
Henan Tian Lun Gas Group Limited Ye County Branch	248,319,000.00	18.18
Henan Tian Lun Gas Group Limited Taiqian Branch	167,768,000.00	12.28
Henan Tian Lun Gas Group Limited Lankao Branch	103,499,000.00	7.58
Henan Tian Lun Gas Group Limited Baofeng Branch	99,174,400.00	7.26
Total	869,677,400.00	63.67

5.6 Other receivables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest receivable	12,032,769.08	8,052,603.88
Dividends receivable	35,108,276.95	5,936,976.95
Other receivables	12,113,393,061.99	11,370,125,132.33
Total	12,160,534,108.02	11,384,114,713.16

5.6.1 Interest receivable

(1) Classification of interest receivable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Fixed-term deposits		252,431.51
Entrusted loans	5,488,888.89	
Interest on affordable housing	6,455,867.44	7,800,172.37
Others	88,012.75	
Sub-total	12,032,769.08	8,052,603.88
Less: provision for bad debts		
Total	12,032,769.08	8,052,603.88

5.6.2 Dividends receivable

(1) Breakdowns of dividends receivable

Item (or investee)	Balance as at December 31, 2019	Balance as at December 31, 2018
KaiFeng Finance Investment Holdings Limited	5,936,976.95	5,936,976.95
Henan Tian Lun Investment Holdings Group Limited	29,171,300.00	
Sub-total	35,108,276.95	5,936,976.95
Less: provision for bad debts		
Total	35,108,276.95	5,936,976.95

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(2) Significant dividends receivable with aging of over 1 year

Item (or investee)	Balance as at December 31, 2019	Aging	Reason for failure in recovery	Whether impairment or not and the judgment basis
KaiFeng Finance Investment Holdings Limited	5,936,976.95	1 - 2 years	Since KaiFeng Finance Investment Holdings Limited was established shortly, in order to support the development of the Company and maintain sufficient cash flow, all shareholders unanimously agreed not to issue dividends for the current period.	No impairment occurred, and the basis for judgment is that KaiFeng Finance Investment Holdings Limited and its shareholders are government-invested enterprises, and their credit is endorsed by the government.
Total	5,936,976.95			

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5.6.3 Other receivables

(1) Disclosure by category

Category	Balance as at December 31, 2019				Balance as at December 31, 2018			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount	Proportion (%)	Amount	Proportion of provision (%)
Other receivables with significant single amount and individual provision for bad debts	30,000,000.00	0.24	30,000,000.00	100.00				
Other receivables with provision for bad debts accrued by portfolio with credit risk characteristics including: other receivables accrued by aging as portfolio with credit risk characteristics	12,255,899,519.38	99.76	142,506,457.39	1.16	12,113,393,061.99	100.00	180,068,360.45	1.56
Risk-free portfolio	1,009,315,671.78	8.24	142,506,457.39	14.12	833,719,791.06	7.22	180,068,360.45	21.60
Other receivables with insignificant single amount and individual provision for bad debts	11,246,583,847.60	91.76			10,716,473,701.72	92.78		
Total	12,285,899,519.38	100.00	172,506,457.39		12,113,393,061.99	100.00	180,068,360.45	
					11,550,193,492.78		11,370,125,132.33	
								653,651,430.61
								10,716,473,701.72

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Other receivables with significant single amount and individual provision for bad debts as at December 31, 2019

Other receivables (by unit)	Balance as at December 31, 2019			Reason for provision
	Other receivables	Provision for bad debts	Proportion of provision (%)	
Land Reserve Center of Mianchi County Bureau of Land and Resources	30,000,000.00	30,000,000.00	100.00	Expected to be irrecoverable
Total	30,000,000.00	30,000,000.00		

Other receivables with provision for bad debts accrued under the aging analysis method in portfolio:

Aging	Balance as at December 31, 2019		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	697,069,318.14	34,853,438.90	5.00
1 - 2 years	198,581,908.22	19,858,190.82	10.00
2 - 3 years	25,355,134.89	7,606,540.47	30.00
3 - 4 years	6,587,301.67	3,293,650.84	50.00
4 - 5 years	24,136,862.50	19,309,490.00	80.00
Over 5 years	57,585,146.36	57,585,146.36	100.00
Total	1,009,315,671.78	142,506,457.39	

Other receivables with provision for bad debts accrued under other methods in portfolio:

Portfolio	Balance as at December 31, 2019		
	Other receivables	Provision for bad debts	Proportion of provision (%)
Risk-free portfolio	11,246,583,847.60		
Total	11,246,583,847.60		

(2) Provision, reversal or recovery of provision for bad debts in 2019

Category	Balance as at December 31, 2018	Changes in 2019			Balance as at December 31, 2019
		Provision	Recovery or reversal	Others	
Provision for bad debts	180,068,360.45	95,000,109.34	831,988.96	101,730,023.44	172,506,457.39
Total	180,068,360.45	95,000,109.34	831,988.96	101,730,023.44	172,506,457.39

(3) Classification of other receivables by nature

Nature	Book balance as at December 31, 2019	Book balance as at December 31, 2018
Deposits and security deposits	63,422,601.51	76,506,673.38
Borrowings and current accounts	10,917,310,926.97	10,620,014,524.45
Interest	1,018,294,573.95	853,672,294.95
Relocation compensation	212,092,116.95	
Land transfer payment	74,779,300.00	
Total	12,285,899,519.38	11,550,193,492.78

(4) Top 5 other receivables in terms of their ending balance collected by the debtor

Unit	Nature	Balance as at December 31, 2019	Aging	Proportion in the total ending balance of other receivables (%)	Ending balance of provision for bad debts
Ruzhou Construction Investment Development Co., Ltd.	Borrowings	1,252,600,000.00	Within 1 year	8.67	
Fan County Urban Investment Development Co., Ltd.	Borrowings	855,000,000.00	2 - 3 years	5.92	
Huangchuan County Xingchan Construction Investment Co., Ltd.	Borrowings	568,486,311.84	Within 2 years	3.94	
Palm Eco-town Development Co., Ltd.	Principal of and interest on borrowings	530,733,333.33	Within 1 year	3.67	
Finance Bureau of Zhecheng County	Borrowings	501,737,910.88	Within 3 years	3.47	
Total		3,708,557,556.05		25.67	

5.7 Inventories

5.7.1 Classification of inventories

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for depreciation	Book value	Book balance	Provision for depreciation	Book value
Raw materials	408,147.66		408,147.66			
Development costs	1,904,625,531.52		1,904,625,531.52	1,854,165,148.88		1,854,165,148.88
Goods in process	786,378.32		786,378.32	30,748,114.58		30,748,114.58
Stock commodities	3,483,671,015.19		3,483,671,015.19	3,891,962,167.18		3,891,962,167.18
Engineering construction	696,403,947.89		696,403,947.89	1,616,315,610.26		1,616,315,610.26
Total	6,085,895,020.58		6,085,895,020.58	7,393,191,040.90		7,393,191,040.90

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5.7.2 Development costs

Land use right No.	Type of land use right	Registration date	Use area (m ²)	Purpose	Service life	Amount
Y (2018) DFSBDCQ No.0004594	Transfer	2018.9.3	33,281.73	Urban residential land	70	49,840,128.00
Y (2018) DFSBDCQ No.0004593	Transfer	2018.9.3	43,659.61	Urban residential land	70	65,385,216.00
Y (2018) DFSBDCQ No.0004595	Transfer	2018.9.3	49,374.09	Urban residential land	70	73,941,504.00
Y (2018) DFSBDCQ No.0004596	Transfer	2018.9.3	13,554.65	Commercial and service facility land	40	18,606,016.00
Y (2019) DFSBDCQ No.0008603	Transfer	2019.12.18	40,455.55	Commercial and service facility land	40	126,352,045.10
PXD 2017-34	Transfer	2018.3.15	66,407.00	Land for commercial and residential use		105,419,699.56
PXD 2017-33	Transfer	2018.5.2	50,682.60	Land for commercial and residential use		80,008,165.89
PXD 2017-35	Transfer	2018.3.15	45,394.00	Land for commercial and residential use		72,061,996.58
PXD 2017-28	Transfer	2018.8.13	49,944.80	Land for commercial and residential use		117,655,054.30
PXD 2017-27	Transfer	2018.8.13	51,834.60	Land for commercial and residential use		122,106,859.89
PXD 2017-39a	Transfer	2018.1.9	70,421.00	Residential land		111,452,584.55
PXD 2018-52	Transfer	2018.11.30	10,197.20	Commercial land		13,537,358.13
PXD 2017-15a	Transfer	2018.1.9	25,448.30	Residential land		40,503,750.02
PXD 2017-15b	Transfer	2018.1.9	13,954.30	Residential land		22,210,513.47
XXSBDCQ No.0040609	Transfer	2018.9.17	11,284.34	Land for commercial housing	70	52,919,040.88
XXSBDCQ No.0040653	Transfer	2018.9.17	49,645.23	Land for commercial housing	70	233,458,144.15
Y (2018) CGSBDCQ No.0003509	Transfer	2018.5.23	51,686.31	Urban residential land / commercial land	70; 40	270,710,116.62
Y (2019) CGSBDCQ No.0000073	Transfer	2019.1.9	48,340.65	Urban residential land / commercial land	70; 40	204,542,073.90
WGY (2012) No.2012049	Transfer	2012.6.25	1,541.00	Commercial and service facility land	40	1,998,364.00
WGY (2012) No.2012050	Transfer	2012.6.25	3,266.00	Commercial land	40	4,728,871.00
WGY (2012) No.2012051	Transfer	2012.6.25	6,648.80	Commercial land	40	8,925,907.00
WGY (2010) No.2010091	Transfer	2010.12.15	111,700.00	Commercial land	50	34,914,004.00

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Land use right No.	Type of land use right	Registration date	Use area (m ²)	Purpose	Service life	Amount
Y (2016) WGSBDCQ No.0000089	Transfer	2016.10.17	25,707.00	Commercial / Residential	50	11,138,956.48
WGY (2016) No.2016024	Transfer	2016.10.13	38,803.00	Commercial land	40	26,238,254.00
WGY (2016) No.2016025	Transfer	2016.10.13	38,439.00	Commercial land	40	25,976,508.00
WGY (2015) No.2015003	Transfer	2015.02.02	42,846.00	Sewage treatment facilities	50	9,994,400.00
Total			833,560.23			1,904,625,531.52

The amount of land with pending ownership certificates was RMB 684,955,982.39 in the total development costs.

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5.7.3 Engineering construction

Project	Estimated completion date	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Shaolin Third Community Project (Dengfeng)	2021.12.31	9,554,431.48	9,733,473.15		19,287,904.63
Shaolin First Community Phase II (Dengfeng)	2020.3.7	72,628,525.00	108,746,425.24		181,374,950.24
Dengfeng City Cultural and Sports Center Project	2023.3.10		103,773.58		103,773.58
Dongcheng Garden	2010.7.23	15,215,759.10	245,000.00		15,460,759.10
Dongcheng Garden (Phase II)	2020.12.01		103,047.50		103,047.50
Xiaojiaozhuang and Zhangzhuang	2017.7.23	50,000.00			50,000.00
Meili Jiayuan	2011.11.10	26,244,852.05	1,165,801.97		27,410,654.02
Yimei Garden	2011.11.10	35,708,783.69	2,429,271.80		38,138,055.49
Xiyuan New District	2014.6.1	41,705,187.64	1,241,852.45		42,947,040.09
Huizhiyuan	2020.12.1	76,169,152.03	472,718.75		76,641,870.78
Huizhiyuan Phase II	2017.5.1	9,735,924.30		150,000.00	9,585,924.30
Huizhiyuan Life Plaza (including deed tax)	2018.4.1	31,015,484.00	9,600.00		31,025,084.00
Yangguang New Town	2015.9.1	582,610.00			582,610.00
Xicheng Xinyuan	2019.12.1	150,950,224.26	2,471,341.55		153,421,565.81
South Street	2018.10.1	60,103.00			60,103.00
Xinyuan Community (Mengzhou)	2017.7.23	524,063,673.64		524,063,673.64	
Shuipan Shuyuan in Wuyang County	2021.12.01		99,944,088.35		99,944,088.35
Shuipan Shuyuan Phase II in Wuyang County	2021.12.01		25,071.00		25,071.00
Urban Village Reconstruction (Zhu Tang Township and Kang Village) in Xin'an Town	2021.12.01		100,000.00		100,000.00
Yanquan Garden Resettlement Area, Mengzhai Town, Wuyang County	2021.12.01		24,750.00		24,750.00
Qishui Public Rental Housing	2018.12.3	17,759,737.49		17,759,737.49	
Foxconn Project	2018.3.24	1,433,640.00		1,433,640.00	
Meteorological Bureau Project	2018.11.15	436,788.26		436,788.26	
Xinchun Fire-fighting Project	2018.9.8	7,185,732.10		7,185,732.10	
Five Venues in One	2019.1.12	16,054,337.08		16,054,337.08	
Qishui Phase-II Public Rental Housing	2018.12.8	15,263,050.76		15,263,050.76	
"Citizen Activity Center" Project	2019.12.1	423,784.10		423,784.10	
Building Materials Market	2019.6.1	10,572,175.59		10,572,175.59	
Shantytowns Transformation Project	2020.10.1	46,001,136.29		46,001,136.29	
Jinxiu Garden	2019.6.1	507,500,518.40		507,500,518.40	
Cultivated land quality improvement project	2019.10.1		116,696.00		116,696.00
Total		1,616,315,610.26	226,932,911.34	1,146,844,573.71	696,403,947.89

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5.8 Non-current assets maturing within one year

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Services purchased by the government	780,000,000.00		780,000,000.00			
Privately offered bonds project	4,800,000,000.00		4,800,000,000.00			
Total	5,580,000,000.00		5,580,000,000.00			

5.9 Other current assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Input tax to be deducted	323,145,352.58	15,223,391.77
Prepaid enterprise income tax	19,987,215.75	25,975,768.43
Overpaid VAT	0.14	
Financial products	483,240,000.00	878,020,423.70
Entrusted loans	1,025,878,099.24	711,511,219.18
Others	35,002.98	5,216.98
Total	1,852,285,670.69	1,630,736,020.06

5.10 Available-for-sale financial assets

5.10.1 Breakdowns of available-for-sale financial assets

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Available-for-sale debt instruments						
Available-for-sale equity instruments	22,448,333,620.72		22,448,333,620.72	21,455,603,630.11		21,455,603,630.11
Including: measured at fair value						
Measured at cost	22,448,333,620.72		22,448,333,620.72	21,455,603,630.11		21,455,603,630.11
Total	22,448,333,620.72		22,448,333,620.72	21,455,603,630.11		21,455,603,630.11

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5.10.2 Available-for-sale financial assets measured at cost as at December 31, 2019

Investee	Book balance		Decrease in 2019		As at December 31, 2019		As at January 1, 2019		Provision for impairment		Shareholding ratio in investee (%)	Cash bonus in 2019
	Increase in 2019	Decrease in 2019	As at December 31, 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at December 31, 2019					
Xinye County Jinyuan Investment Co., Ltd.			101,950,905.61		101,950,905.61		101,950,905.61				51.80	
Zhongmu County State-owned Assets Management Co., Ltd.			667,240,131.16		667,240,131.16		667,240,131.16				51.00	
Zhongyuan Asset Management Co., Ltd.			200,000,000.00		333,333,333.33		333,333,333.33				6.67	4,063,200.00
Henan Agriculture Investment Group Co., Ltd.			27,500,000.00		27,500,000.00		27,500,000.00					
Huaxian Investment Co., Ltd.			412,713,426.57		412,713,426.57		412,713,426.57					
Henan Zhongdong Urban Development Equity Investment Fund Management Co., Ltd.			6,000,000.00		6,000,000.00		6,000,000.00				20.00	
Henan Modern Service Industry Fund Management Co., Ltd.			40,000,000.00		40,000,000.00		40,000,000.00				40.00	3,200,000.00
Henan Qidi Technology Development Co., Ltd.			35,000,000.00		35,000,000.00		35,000,000.00				35.00	
Henan Fugang Investment Holdings Co., Ltd.			618,000,000.00		618,000,000.00		618,000,000.00				35.79	
Zhongyuan Agricultural Insurance Co., Ltd.			274,246,000.00		274,246,000.00		274,246,000.00				14.55	
Sino IC Leasing Co., Ltd.			1,000,000,000.00		1,000,000,000.00		1,000,000,000.00				9.02	7,210,292.28
Lankao Jiaotong Sharing Economy Research Institute			1,000,000.00		1,000,000.00		1,000,000.00				18.20	
Henan Keyuan Yukai Investment Management Partnership (Limited Partnership)			147,000.00		147,000.00		147,000.00				24.50	
Henan Jiaoyin Yuze Baicheng Construction Quality Improvement Fund (Limited Partnership)			405,800,000.00		313,800,000.00		92,000,000.00				99.90	16,525,174.23
Henan Puyin Yuze Urban Operation Development Equity Investment Fund (Limited Partnership)			2,532,800,000.00		218,350,000.00		2,314,450,000.00				50.00	117,815,179.32
Henan Yuze Xinyin Equity Investment Fund (Limited Partnership)			99,000,000.00		99,000,000.00		99,000,000.00				25.00	
Henan Hexie Jinyu Industrial Investment Fund (Limited Partnership)			650,000,000.00		650,000,000.00		650,000,000.00				37.39	
Lankao Yulan Comprehensive Development Industrial			400,000,000.00		25,000,000.00		375,000,000.00				13.33	18,732,000.00

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**ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at December 31, 2019	Increase in 2019	Decrease in 2019		
Investment Fund (Limited Partnership)								
Ping'an Yuze Economic Development Zone Shaanyouans Transformation Fund	137,500,000.00			137,500,000.00				7,624,141.27
Ping'an Yuze Jinshui District Affordable Housing Construction Industry Fund	50,000,000.00			50,000,000.00				3,092,361.10
Youyin Yuze Belt and Road (Henan) Development Fund Partnership (Limited Partnership)	583,200,000.00			583,200,000.00			49.95	34,630,995.62
Ping'an Yuze Xinyang District Affordable Housing Construction Industry Fund	100,000,000.00			100,000,000.00				9,327,777.78
Henan Guoxin Qidi Equity Investment Fund (Limited Partnership)	1,006,405,170.75	94,875,338.96	115,109,485.67	986,171,024.04			34.97	
Zhongzhengqi Henan Development Fund (Limited Partnership)	17,333,333.33			17,333,333.33			16.73	
Ping'an Yuze Gongyi City Shaanyouans Transformation Construction Industry Fund	150,000,000.00			150,000,000.00				10,037,500.00
Henan Keyuan Industrial Investment Fund Partnership (Limited Partnership)	300,000,000.00			300,000,000.00			99.80	
Henan Provincial Key Industry Intellectual Property Operation Fund (Limited Partnership)	8,000,000.00			8,000,000.00			36.36	
Henan Hongke Military-civilian Integration Industry Investment Fund (Limited Partnership)	63,120,000.00	56,880,000.00	120,000,000.00					
Henan Xinda Innovation Venture Capital Fund (Limited Partnership)		31,000,000.00		31,000,000.00			31.00	
Kaifeng Jiyong Municipal Engineering Co., Ltd.	400,000,000.00	600,000,000.00	400,000,000.00	600,000,000.00			60.00	
Henan Huitai Urban and Rural Construction Co., Ltd.	502,000,000.00			502,000,000.00			50.20	
Xiping County Baiguo Urban Construction Development Co., Ltd.	47,000,000.00			47,000,000.00			51.65	
Henan Broadcast and Television Network Co.,	392,000,000.00			392,000,000.00			24.62	

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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019		
Ltd								
Xinxiang Zhuoyuan Construction Engineering Co., Ltd.	136,000,000.00				136,000,000.00		57.60	
Xinzheng Xingang Construction Investment Co., Ltd.	110,000,000.00				110,000,000.00		50.46	
Bosai County Investment Group Co., Ltd.	144,605,444.01				144,605,444.01		19.00	
Zhengyang County Qingfu Urban and Town Construction Investment Development Co., Ltd.	40,000,000.00				40,000,000.00		24.00	
Henan Yuze Tian Lun New Energy Investment Fund Center (Limited Partnership)	599,000,000.00		599,000,000.00					
Henan Military-civilian Integration Industry Investment Fund (Limited Partnership)	2,494,000.00	53,999,673.76			56,493,673.76		19.96	
Ruzhou Construction Investment Development Co., Ltd.	259,595,375.00				259,595,375.00		49.90	
Anyang Dinghua Construction Engineering Co., Ltd.		56,100,000.00			56,100,000.00		51.00	
Changyuan County Investment Group Co., Ltd.		182,646,720.37			182,646,720.37		41.66	
Zhumadian Yuze Investment Development Co., Ltd.		102,000,000.00			102,000,000.00		51.00	
Xinzheng Wanlong Industrial Co., Ltd.	12,490,000.00				12,490,000.00		51.00	
Xinyang Zhujiang Village Bank Co., Ltd.	8,000,000.00				8,000,000.00		2.43	2,016,000.00
Huangchuan County Chunshen Poverty Alleviation Development Investment Co., Ltd.	7,000,000.00		7,000,000.00					
Huangchuan County Agricultural Investment New Kinetic Enterprise Management Center (Limited Partnership)		224,000,000.00			224,000,000.00		69.13	
Xinyang Baochang Real Estate Development Co., Ltd.		20,000,000.00			20,000,000.00		3.12	
Xinyang Chensheng Real Estate Development Co., Ltd.		20,000,000.00			20,000,000.00		5.13	
Huangchuan County Aosheng Industrial Co., Ltd.		20,000,000.00			20,000,000.00		4.35	

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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019		
Zhongyuan Reguarantee Group Co., Ltd.	14,730,000.00						0.29	
Zhejiang County Rural Credit Cooperative Association	114,885,000.00						19.30	
Zhejiang County Hengchang SME Guarantee Co., Ltd.	37,720,000.00						62.66	
Zhejiang County Sanying Pepper Refrigeration Co., Ltd.		500,000.00					100.00	
Zhejiang Caixin Dake Environment Co., Ltd.		3,914,130.00					15.00	
Zhejiang County Xinrong Engineering Co., Ltd.		6,144,300.00					10.00	
Zhonggu Innovation Investment		195,223,145.76					59.61	
XJ Industrial Fund Management Co., Ltd.		62,785,800.00					79.97	
CTI Capital Global Total Return Fund		1,290,596,707.00					92.50	
PowerChina (Lankao) Investment Management Co., Ltd.	15,000,000.00		15,000,000.00					
Lankao Comprehensive Development Industrial Fund	400,000,000.00		400,000,000.00					
Xinglian Urban Construction Development Co., Ltd.	10,000,000.00		10,000,000.00					
Yanling County Changlong Network Co., Ltd.	33,922,500.00						100.00	
No.1 Sewage Treatment Plant of Yanling County	60,234,816.00						100.00	
No.2 Sewage Treatment Plant of Yanling County	48,492,728.00						100.00	
Fan County Water Supply Company	1,044,347,335.90						100.00	
Ningling County Rongxin Renewable Resources Utilization Co., Ltd.		800,000.00					16.00	
Taikang County Hengyun Construction Development Co., Ltd.	4,000,000.00						20.00	
Nanle County Sewage Treatment Co., Ltd.	84,140,626.68						100.00	
Nanle County Refuse Treatment Co., Ltd.	12,761,616.66						100.00	
Nanle County Xingle Water Affairs Co., Ltd.	2,739,966.00						100.00	
Nanle County Urban Construction Investment	378,135,719.26						45.00	

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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019		
Development Co., Ltd.								
Xi County Lvcheng Waste Treatment Co., Ltd.	10,016,409.19				10,016,409.19		100.00	
Xi County Nanshan Mausoleum Management Co., Ltd.	189,253,637.48				189,253,637.48		100.00	
Xi County Humin Water Affairs Development Co., Ltd.	193,485,636.56				193,485,636.56		100.00	
Xi County Agglomeration Area Food Industry Service Co., Ltd.	133,628,139.87				133,628,139.87		100.00	
Xi County Construction Investment Public Rental Housing Development Service Co., Ltd.	228,868,449.89				228,868,449.89		100.00	
Xi County Water Supply Co., Ltd.	52,694,778.60				52,694,778.60		100.00	
Xi County Environmental Protection Sewage Treatment Co., Ltd.	93,097,395.65				93,097,395.65		100.00	
Xi County Fumin Grain Reserve Co., Ltd.	28,835,210.32				28,835,210.32		100.00	
Jianxin (Wuhu) No.3 Industrial Fund (Limited Partnership)	560,100,000.00				560,100,000.00		10.10	
Henan Huahuaniu Biological Technology Co., Ltd.	128,592,000.00				128,592,000.00		4.70	
Yucheng County Qingyuan Sewage Treatment Co., Ltd.	160,082,573.89				160,082,573.89		49.00	
Yucheng County Jianghe Water Conservancy Construction Engineering Co., Ltd.	658,727,529.71				658,727,529.71		49.00	
Henan Mengzhu Drinking Water Co., Ltd.	356,487,027.69				356,487,027.69		49.00	
Privately Offered Fund for Shoreline Comprehensive Upgrading Project of Yellow River Irrigation Regulation Reservoir in Puyang City	108,000,000.00				108,000,000.00		90.00	
Henan Jianxin Xingsang New Urbanization Equity Investment Fund (Limited Partnership)	270,000,000.00				270,000,000.00		9.00	
Private Investment Fund for Animal Husbandry Industry Investment	20,000,000.00	50,000,000.00			70,000,000.00		41.67	

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019		
Project in Xincai County Private Investment Fund for New Urbanization Development of Zhengzhou Real Estate Group	14,000,000.00		14,000,000.00					
Urbanization Construction Development Fund of Zhengzhou Economic Development Zone	5,000,000.00				5,000,000.00		5.00	
Henan Ruzhou Science and Education Park Investment Development Co., Ltd.	48,000,000.00				48,000,000.00		80.00	
Anyang Zhongyue Pujan Highway Co., Ltd.	26,437,500.00				26,437,500.00		75.00	
Puyang Jinhe Yuxin Construction Engineering Co., Ltd.	27,000,000.00				27,000,000.00		90.00	
Zhumadian Zhongyi Municipal Construction Management Co., Ltd.	596,000,000.00				596,000,000.00		85.00	
Xuchang Zhengxu Ronghe Construction Development Co., Ltd.	160,000,000.00				160,000,000.00		80.00	
Zhengzhou Huituo Urban and Rural Construction Co., Ltd.	80,000,000.00				80,000,000.00		80.00	
Yanling County Puhe Kebo Construction Management Co., Ltd.	28,500,000.00	56,730,000.00			85,230,000.00		85.00	
Zhengzhou Hongsi Zheming Education Technology Group Co., Ltd.	5,560,000.00				5,560,000.00		11.12	
PPP project on education and livelihood package construction in Lankao County	230,000,000.00				230,000,000.00		100.00	
Mengjin Puhe Laoji Construction Co., Ltd.	81,000,000.00	151,760,000.00			232,760,000.00		95.00	
Huixian Yushi Infrastructure Investment Co., Ltd.	10,000,000.00	140,000,000.00			150,000,000.00		79.00	
Changan International Trust Co., Ltd.		394,440,000.00			394,440,000.00			
Ye County Yukun Construction Management Co., Ltd.		105,000,000.00			105,000,000.00		80.00	
Yanling County Puhe Transport Construction Co., Ltd.		42,760,000.00			42,760,000.00		80.00	
Xuchang Jixiang Cultural Tourism Development		3,900,000.00			3,900,000.00		39.00	

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	Book balance			Provision for impairment			Shareholding ratio in investee (%)	Cash bonus in 2019
	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at January 1, 2019	Increase in 2019	Decrease in 2019		
Co., Ltd.								
Bank of Luoyang (held by Luoyang Finance Bureau on behalf)	346,500,000.00				346,500,000.00		2.90	11,550,000.00
Yanshi Yuzi Construction Development Co., Ltd.		51,000,000.00			51,000,000.00		51.00	
Luoyang Yiluo Cultural Sports Venture Innovation Investment Fund (Limited Partnership)		8,000,000.00			8,000,000.00		19.31	
Luoyang Zhongzheng Technology Innovation Venture Capital Fund (Limited Partnership)		25,000,000.00			25,000,000.00		25.00	
Henan Huarui Optoelectronic Industry Co., Ltd.	300,000,000.00				300,000,000.00		25.00	
Zhengzhou HKC Photoelectric Technology Co., Ltd.	300,000,000.00				300,000,000.00		30.00	
Henan Sailing International Equity Investment Fund Partnership (Limited Partnership)	120,000,000.00				120,000,000.00		24.99	
Henan Yuanhai Zhongyuan Logistics Industry Development Fund (Limited Partnership)	125,000,000.00				125,000,000.00		24.98	
Henan Yuzi Donghua Information Technology Co., Ltd.		300,000.00			300,000.00			
Henan Zhanxing Industrial Investment Fund (Limited Partnership)	100,000,000.00	200,000,000.00			300,000,000.00		58.82	
Zhengzhou Zhanwen Investment Management Partnership (Limited Partnership)	4,000,000.00				4,000,000.00		40.00	
Suzhou Gaocheng Xingjian Equity Investment Fund Partnership (Limited Partnership)	80,000,000.00				80,000,000.00		21.98	
Zhengzhou Songyue Highway Development Co., Ltd.	1,500,000.00	1,000,000.00			2,500,000.00		5.00	
Tianyuan International Commodity Trading Market Co., Ltd.		15,000,000.00			15,000,000.00		10.00	
Hepu Environmental Protection Furniture Co., Ltd.		10,000,000.00			10,000,000.00		5.00	

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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Investee	As at		Book balance		Provision for impairment		Shareholding ratio in investee (%)	Cash bonus in 2019
	January 1, 2019	Increase in 2019	Decrease in 2019	As at December 31, 2019	As at January 1, 2019	Increase in 2019		
Yima Yibo Environment Co., Ltd.	12,800,000.00		12,800,000.00					
Yima Xunjie Waste Treatment Co., Ltd.	44,221,739.81		44,221,739.81					
Yima Xingtong Highway Engineering Co., Ltd.	8,245,332.15		8,245,332.15					
Yima Water Affairs Group Co., Ltd.	221,622,279.83		221,622,279.83					
Yima Heating Power Co., Ltd.	36,952,399.62		36,952,399.62					
Yima Grain and Oil Purchase and Sales Co., Ltd.	9,865,492.57		9,865,492.57					
Yima Jiayuan Environmental Technology Co., Ltd.	164,646,345.66		164,646,345.66					
Yima Hongqing Urban Construction Development Co., Ltd.	113,472,422.70		113,472,422.70					
Yima Guoyao Urban Construction Co., Ltd.	3,210,000.00		3,210,000.00					
Yima Radio and Television Information Network Co., Ltd.	4,380,598.23		4,380,598.23					
Yima Pipeline Gas Co., Ltd.	71,670,000.00		71,670,000.00					
Yima Industrial Cluster Zone Construction and Development Co., Ltd.	30,000,000.00		30,000,000.00					
Wugang Nanhe Guojin Asset Management Co., Ltd.	1,200,000.00		1,200,000.00					
Qi County Xincheng Urban Construction Investment Development Co., Ltd.	5,100,000.00		5,100,000.00					
Hebi Culture Tourism Investment Co., Ltd.	10,000,000.00		10,000,000.00					
Hebi Chaoge Thermal Power Co., Ltd.	4,200,000.00		4,200,000.00					
Henan Gas Group	25,546,635.76		25,546,635.76					
Total	21,455,603,630.11	4,444,836,149.18	3,452,106,158.57	22,448,333,620.72				245,824,621.60

Remark: The Company's parent company and subsidiaries do not control or have a significant impact on the companies listed in the above table that hold more than 20.00% of the equity. The cost method is used for accounting of these companies and their assets will be included in available-for-sale financial assets.

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5.11 Long-term receivables
5.11.1 Breakdowns of long-term receivables

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Quality improvement plan for various cities	7,403,051,566.32		7,403,051,566.32	13,543,956,228.56		13,543,956,228.56
Services purchased by the government	59,478,399,601.29		59,478,399,601.29	48,936,056,682.25		48,936,056,682.25
Borrowings to other parties	4,787,255,922.01		4,787,255,922.01	921,930,086.34		921,930,086.34
Provincial low-income housing project	89,698,412,351.16		89,698,412,351.16	93,360,619,965.90		93,360,619,965.90
Privately offered bonds project	6,510,000,000.00		6,510,000,000.00	11,510,000,000.00		11,510,000,000.00
Ten Billion Project	3,034,264,368.36		3,034,264,368.36	2,672,919,973.94		2,672,919,973.94
Investment funds	205,000,000.00		205,000,000.00	205,000,000.00		205,000,000.00
Railway shantytown funds	100,000,000.00		100,000,000.00	100,000,000.00		100,000,000.00
Orient Minerva				800,000,000.00		800,000,000.00
Construction agency assets				42,747,639.99		42,747,639.99
PPP funds				252,289,000.00		252,289,000.00
Financing for shantytowns transformation				1,000,000,000.00		1,000,000,000.00
Double Ten Billion Plan	9,426,574,297.49		9,426,574,297.49	12,993,000,069.90		12,993,000,069.90
Total	180,642,958,106.63		180,642,958,106.63	186,338,519,646.88		186,338,519,646.88

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
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5.12 Long-term equity investments

Investee	Balance as at December 31, 2018	Changes in 2019							Balance as at December 31, 2019	Balance of provision for impairment as at December 31, 2019	
		Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be paid	Provision for impairment in 2019			Others
1. Associates											
Changyuan Investment Group Co., Ltd.	182,646,720.37										
Pingyu County Qinghe Engineering Construction Co., Ltd.	1,108,778.13			-440,707.49					-182,646,720.37		668,070.64
Kaifeng Finance Investment Holdings Limited	301,336,679.51			7,914,500.67							309,251,180.18
Henan Yuze State Reserve Industrial Co., Ltd.	5,000,584.38			17,392.47							5,017,976.85
Henan Shumu Industrial Co., Ltd.	46,703,800.00		46,703,800.00								
Henan Yuze Sino IC Leasing Co., Ltd.	554,510,606.40			11,357,051.51							565,867,657.91
Zhengzhou Guokong Industrial Development and Investment Co., Ltd.	200,960,851.08			-244,772.06							200,716,079.02
Palm Eco-town Development Co., Ltd.		767,241,787.00		-99,872,593.42							667,369,193.58
Wuyang Shouchuang Water Affairs Co., Ltd.		5,636,000.00									5,636,000.00
Henan Hongke Military-civilian Integration Industry Investment Fund (Limited Partnership)		120,000,000.00		2,927,054.49							122,927,054.49
Sub-total	1,292,268,019.87	892,877,787.00	46,703,800.00	-78,347,073.83					-182,646,720.37		1,877,448,212.67
Total	1,292,268,019.87	892,877,787.00	46,703,800.00	-78,347,073.83					-182,646,720.37		1,877,448,212.67

Remark on others: Other changes were caused by the impact of the consolidation scope.

5.13 Investment properties

5.13.1 Investment properties measured at cost

Item	Buildings and constructions	Land use rights	Construction in progress	Total
1. Original book value				
(1) Balance as at the end of the previous year	4,554,864,129.04	99,031,704.00		4,653,895,833.04
(2) Increase in the current period	5,535,289,888.77	28,537,402.00		5,563,827,290.77
- Purchase	994,146,319.10	28,537,402.00		1,022,683,721.10
- Transfer-in of inventories, fixed assets and construction in progress	123,105,590.24			123,105,590.24
- Government grants	3,166,342,963.34			3,166,342,963.34
- Increase from business combinations	1,251,695,016.09			1,251,695,016.09
(3) Decrease in the current period	359,132,146.71			359,132,146.71
- Disposal	338,690,446.71			338,690,446.71
- Others	20,441,700.00			20,441,700.00
(4) Balance as at the end of the period	9,731,021,871.10	127,569,106.00		9,858,590,977.10
2. Accumulated depreciation and amortization				
(1) Balance as at the end of the previous year	27,292,374.76	1,714,887.07		29,007,261.83
(2) Increase in the current period	211,793,637.65	1,714,887.04		213,508,524.69
- Provision or amortization	172,954,611.73	1,714,887.04		174,669,498.77
- Transfer-in of fixed assets	31,186,584.16			31,186,584.16
- Increase from business combinations	7,566,084.96			7,566,084.96
- Others	86,356.80			86,356.80
(3) Decrease in the current period	7,923,334.32			7,923,334.32
- Disposal	7,680,609.60			7,680,609.60
- Others	242,724.72			242,724.72
(4) Balance as at the end of the period	231,162,678.09	3,429,774.11		234,592,452.20
3. Provision for impairment				
(1) Balance as at the end of the previous year				
(2) Increase in				

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Item	Buildings and constructions	Land use rights	Construction in progress	Total
the current period				
- Provision				
(3) Decrease in the current period				
- Disposal				
(4) Balance as at the end of the period				
4. Book value				
(1) Book value as at the end of the period	9,499,859,193.01	124,139,331.89		9,623,998,524.90
(2) Book value as at the end of the previous year	4,527,571,754.28	97,316,816.93		4,624,888,571.21

Other remarks:

- (1) Among the original value of the Company's investment properties, RMB 4,449,703,954.44 of buildings and constructions and RMB 99,031,704.00 of land use rights are assets allocated by the government, with ownership certificates being processed.
- (2) The Company's investment properties has a land use right of RMB 18,650,535.13 for mortgage guarantee.

5.14 Fixed assets

5.14.1 Fixed assets and disposal of fixed assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Fixed assets	6,459,825,098.73	7,051,245,827.74
Disposal of fixed assets		
Total	6,459,825,098.73	7,051,245,827.74

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5.14.2 Breakdowns of fixed assets

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and others	Gas facilities	Total
1. Original book value						
(1) Balance as at the end of the previous year	7,154,378,177.82	232,989,516.98	4,637,038.24	83,912,777.20		7,475,917,510.24
(2) Increase in the current period	6,427,996.00	636,905.32	4,605,793.39	3,826,250.83	857,412,585.25	872,909,530.79
- Purchase	6,427,996.00	636,905.32	4,449,812.38	3,696,670.72		15,211,384.42
- Transfer-in of construction in progress						
- Increase from business combinations						
(3) Decrease in the current period	1,200,066,915.54	104,173,812.00	1,789,577.63	24,103,908.54	857,412,585.25	1,330,134,213.71
- Disposal or write-off		1,233,625.00	1,243,571.63			2,477,196.63
- Transferred to investment properties	123,105,590.24					123,105,590.24
- Decrease from consolidation scope	312,734,769.82	18,623,287.00	501,006.00	23,346,709.54		355,205,772.36
- Others	764,226,555.48	84,316,900.00	45,000.00	757,199.00		849,345,654.48
(4) Balance as at the end of the period	5,960,739,258.28	129,452,610.30	7,453,254.00	63,635,119.49	857,412,585.25	7,018,692,827.32
2. Accumulated depreciation						
(1) Balance as at the end of the previous year	396,068,478.84	19,853,381.33	2,214,647.57	6,535,174.76		424,671,682.50
(2) Increase in the current period	206,196,554.43	9,907,868.61	1,253,674.27	4,714,470.17	2,320,497.43	224,393,064.91
- Provision	204,309,221.10	9,907,868.61	1,212,008.65	4,680,037.28	2,320,497.43	222,429,633.07
- Increase from business combinations						
- Increase from cancellation of subsidiaries	1,887,333.33					1,887,333.33
(3) Decrease in the current period	73,326,149.68	14,591,578.45	1,616,166.22	663,124.47		90,197,018.82
- Disposal or write-off	10,439,363.65		1,181,392.32	38,606.16		11,659,362.13
- Decrease from	64,600.00		419,519.81	748.23		578,868.04

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Item	Buildings and constructions	Machinery equipment	Transportation equipment	Electronic equipment and others	Gas facilities	Total
consolidation scope						
- Others	62,822,186.03	14,591,578.45	15,254.09	529,770.08		77,958,788.65
(4) Balance as at the end of the period	528,938,883.59	15,169,671.49	1,852,155.62	10,586,520.46	2,320,497.43	558,867,728.59
3. Provision for impairment						
(1) Balance as at the end of the previous year						
(2) Increase in the current period						
- Provision						
(3) Decrease in the current period						
- Disposal or write-off						
(4) Balance as at the end of the period						
4. Book value						
(1) Book value as at the end of the period	5,431,800,374.69	114,282,938.81	5,601,098.38	53,048,599.03	855,092,087.82	6,459,825,098.73
(2) Book value as at the end of the previous year	6,758,309,698.98	213,136,135.65	2,422,390.67	77,377,602.44		7,051,245,827.74

Other remarks:

- (1) The others in the assets reduced this year were caused by the other transfers and impact of consolidation scope.
- (2) The original value of fixed assets as at the end of the period was RMB 242,960,731.60 for mortgage guarantee.
- (3) The original value of fixed assets as at the end of the period was RMB 1,426,578,966.72 as public welfare assets.
- (4) The original value of the Company's fixed assets - buildings and constructions was RMB 5,848,608,470.63, with pending ownership certificates, including RMB 1,549,608,239.91 as public welfare assets, RMB 72,747,341.33 as historical problems and other old factories, RMB 1,608,053,111.94 as buildings and constructions with no need to handling ownership certificates, and RMB 1,854,713,992.45 as assets allocated or purchased by the government with ownership certificates in process.

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5.15 Construction in progress

5.15.1 Construction in progress and project materials

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Construction in progress	3,590,576,602.43	2,312,886,850.72
Project materials		
Total	3,590,576,602.43	2,312,886,850.72

5.15.2 Breakdowns of construction in progress

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Standardized factory buildings in industrial clusters	76,038,685.44		76,038,685.44	68,431,005.88		68,431,005.88
Mountain-water-forest-lake-grass integrated eco-city	16,912,622.63		16,912,622.63	17,567,499.77		17,567,499.77
Gas facilities installation project	182,014,761.28		182,014,761.28			
UFIDA Financial System	1,328,685.92		1,328,685.92			
Municipal infrastructure	54,597,498.60		54,597,498.60	54,597,498.60		54,597,498.60
Shangshui County Old Town Renovation and Infrastructure Project	77,738,865.80		77,738,865.80			
Changshou Mountain Scenic Area	246,453,100.00		246,453,100.00	246,453,100.00		246,453,100.00
County heating construction project	173,103,527.96		173,103,527.96	173,103,527.96		173,103,527.96
Reserve forest (economic forest)	134,457,385.78		134,457,385.78	125,257,831.78		125,257,831.78
Factory Construction Project of Lankao Furniture Industrial Park				214,297,431.73		214,297,431.73
Lankao County Automobile City Project				115,708,648.29		115,708,648.29
Other sporadic projects	31,335,620.00		31,335,620.00	31,724,620.00		31,724,620.00
Dasha River Water System Clean Up Project				67,181,316.17		67,181,316.17
Binhe Road Construction Project				255,000.00		255,000.00
Yellow River Road South Extension and Jinshan Road Upgrading Project				61,608,534.22		61,608,534.22
E-commerce logistics park construction project				130,000.00		130,000.00
Northeast Huancheng Road Construction Project				255,000.00		255,000.00
Rural environment comprehensive political construction project				260,000.00		260,000.00
Shantytowns	239,219,167.67		239,219,167.67	64,442,405.06		64,442,405.06
Tai Chi Reception Room	115,691,300.00		115,691,300.00	115,691,300.00		115,691,300.00
Poverty Village Road Access Project				259,182,423.33		259,182,423.33
LCD Photoelectric Industrial Park Project				62,526,912.00		62,526,912.00
Infrastructure construction project of rural revitalization pilot village (Zaolin Miaowa Village)	9,458,235.00		9,458,235.00			

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Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Youth Talent Apartment	1,799,209,567.45		1,799,209,567.45	202,357,471.46		202,357,471.46
Longcheng New Residence Public Rental Housing	402,540,000.00		402,540,000.00	402,540,000.00		402,540,000.00
Yongxin Coal Mine	5,053,335.21		5,053,335.21			
Pudong Road	13,496,957.57		13,496,957.57	13,080,979.57		13,080,979.57
Ningbo Road				101,400.00		101,400.00
Weisan Road	9,642,886.12		9,642,886.12	9,593,809.73		9,593,809.73
Beiwudu Sewage Treatment Plant				1,271,020.00		1,271,020.00
Wuquan Town Sewage Treatment Plant				4,515,400.00		4,515,400.00
Weiwu Road	2,284,400.00		2,284,400.00	33,000.00		33,000.00
Hou Village instant noodle factory front road				719,715.17		719,715.17
Total	3,590,576,602.43		3,590,576,602.43	2,312,886,850.72		2,312,886,850.72

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5.15.3 Changes of significant construction in progress in 2019

Project	Budget	Balance as at December 31, 2018	Increase in 2019	Amount transferred into fixed assets in 2019	Other decreases in 2019	Balance as at December 31, 2019	Proportion of accumulated project investment in budget (%)	Project progress (%)	Accumulated capitalization amount of interest	Including: capitalization amount of interest in 2019	Capitalization rate of interest in 2019 (%)	Source of funds
Standardized factory buildings in industrial clusters	500,000,000.00	68,431,005.88	7,607,679.56			76,038,685.44	15.21	15.21				Self-raised
Mountain-water-forest-lake-grass integrated eco-city	1,077,210,000.00	17,567,499.77	22,980,838.41		23,635,715.55	16,912,622.63	16.90	20.00				Special appropriation
Gas facilities installation project			182,014,761.28			182,014,761.28						
UFIDA Financial System			1,328,685.92			1,328,685.92						
Municipal infrastructure	55,000,000.00	54,597,498.60				54,597,498.60	99.27	95.00				Self-raised
Shangshui County Old Town Renovation and Infrastructure Project	4,874,510,000.00		77,738,865.80			77,738,865.80	1.59					Appropriation and self-raised
Changshou Mountain Scenic Area	2,000,000,000.00	246,453,100.00				246,453,100.00	67.03	95.00				Appropriation and self-raised
Puyang County Heating Construction Project	500,000,000.00	173,103,527.96				173,103,527.96	34.62	40.00	4,320,225.00			Appropriation and self-raised
Reserve forest (economic forest) Factory Construction Project of Lankao Furniture Industrial Park	400,000,000.00	125,257,831.78	9,199,554.00			134,457,385.78	33.61	30.00				Financial appropriation
Lankao County Automobile City Project	282,980,000.00	115,708,648.29			214,297,431.73							
Other sporadic projects		31,724,620.00			115,708,648.29	31,335,620.00						Bank loans and self-raised by county finance
Shantytowns	822,499,000.00	64,442,405.06	174,776,762.61			239,219,167.67	95.00	60.00				Government allocation
Tai Chi Reception Room	115,691,300.00	115,691,300.00				115,691,300.00	100.00	50.00				Government allocation
Infrastructure construction project of rural revitalization pilot village (Zaolin Miaowa Village)	10,424,346.00		9,458,235.00			9,458,235.00	90.73	100.00				Financial allocation
Youth Talent Apartment	21,833,000,000.00	202,357,471.46	1,596,852,095.99			1,799,209,567.45	8.00					Financial appropriation and financing
Yongxin Coal Mine	5,500,000.00		5,053,335.21			5,053,335.21	85.00	70.00				Government allocation
Longcheng New Residence	410,981,200.00	402,540,000.00				402,540,000.00	98.00	100.00				Government investment
Public Rental Housing		1,832,172,340.53	2,087,010,813.78		354,030,795.57	3,565,152,358.74			4,320,225.00			
Total												

5.16 Intangible assets

5.16.1 Breakdowns of intangible assets

Item	Land use rights	Software use rights	Non-patented technology	Franchise	Total
1. Original book value					
(1) Balance as at the end of the previous year	6,766,296,759.49	3,021,903.01	4,050,000.00	151,230,000.00	6,924,598,662.50
(2) Increase in the current period	175,730,855.48	3,725,934.24		6,858,805.61	186,315,595.33
- Purchase	175,730,855.48	3,725,934.24			179,456,789.72
- Increase from business combinations				6,858,805.61	6,858,805.61
(3) Decrease in the current period	1,714,338,942.75	34,300.00			1,714,373,242.75
- Disposal	1,708,507.35				1,708,507.35
- Decrease from consolidation scope	1,712,630,435.40	34,300.00			1,712,664,735.40
(4) Balance as at the end of the period	5,227,688,672.22	6,713,537.25	4,050,000.00	158,088,805.61	5,396,541,015.08
2. Accumulated amortization					
(1) Balance as at the end of the previous year	82,612,315.18	974,064.92			83,586,380.10
(2) Increase in the current period	46,526,419.03	662,373.36		137,176.11	47,325,968.50
- Provision	6,526,419.03	662,373.36		137,176.11	47,325,968.50
(3) Decrease in the current period	,113,087.80	9,029.28			1,122,117.08
- Disposal	1,113,087.80	7,875.00			1,120,962.80
- Others		1,154.28			1,154.28
(4) Balance as at the end of the period	128,025,646.41	1,627,409.00		137,176.11	129,790,231.52
3. Provision for impairment					
(1) Balance as at the end of the previous year					
(2) Increase in the current period					
- Provision					
(3) Decrease in the current period					
- Disposal					
(4) Balance as at the end of the period					
4. Book value					
(1) Book value as at the end of the period	5,099,663,025.81	5,086,128.25	4,050,000.00	157,951,629.50	5,266,750,783.56
(2) Book value as at the end of the previous year	6,683,684,444.31	2,047,838.09	4,050,000.00	151,230,000.00	6,841,012,282.40

- (1) The Company had no intangible assets formed by internal research and development in 2019.
- (2) The original value of the Company's public welfare intangible assets as at the end of the period was RMB 2,229,711,994.99.
- (3) The Company's land use rights had RMB 2,271,022,916.37 with pending ownership certificates, including RMB 38,882,464.74 as public welfare assets, RMB 12,270,131.64 as historical problems and other old factories, and RMB 2,219,870,319.99 as assets allocated or purchased by the government with ownership certificates in process.

5.17 Long-term deferred expenses

Item	Balance as at December 31, 2018	Increase in 2019	Amortization in 2019	Other decreases	Balance as at December 31, 2019
Renovation costs	1,533,108.67	1,471,558.31	786,715.63		2,217,951.35
Software licensing fees		106,194.70	79,646.03		26,548.67
Rental fees		10,040,999.29	1,844,037.77		8,196,961.52
Insurance expenses	20,230.00		4,760.00		15,470.00
Finance lease payment		10,779,182.39	1,515,833.34		9,263,349.05
Total	1,553,338.67	22,397,934.69	4,230,992.77		19,720,280.59

5.18 Deferred income tax assets and deferred income tax liabilities

5.18.1 Deferred income tax assets before offset

Item	Balance as at December 31, 2019		Balance as at December 31, 2018	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provision for asset impairment	81,960,682.16	20,490,170.55	149,996,037.86	37,492,496.07
Deferred income			300,000.00	75,000.00
Guarantee reserves	43,637,455.12	10,909,363.78	42,527,125.00	10,631,781.25
Deductible losses	15,990,410.52	3,980,171.78	12,872,322.88	2,950,991.30
Total	141,588,547.80	35,379,706.11	205,695,485.74	51,150,268.62

5.18.2 Deferred income tax liabilities before offset

As of December 31, 2019, the Company had no deferred income tax liabilities.

5.18.3 Deferred income tax assets or liabilities presented by net amount after offset

Item	As at December 31, 2019		As at December 31, 2018	
	Amount after mutual offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset	Amount after mutual offset of deferred income tax assets and liabilities	Balance of deferred income tax assets or liabilities after offset
Deferred income tax assets		35,379,706.11		51,150,268.62
Deferred income tax liabilities				

5.18.4 Breakdowns of unrecognized deferred income tax assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Provision for asset impairment	72,088,819.99	32,865,905.31
Deductible losses	167,407,106.38	180,208,333.25
Total	239,495,926.37	213,074,238.56

5.19 Other non-current assets

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Advance payment for land	53,041,045.24	256,068,447.24
Prepayment for purchase of fixed assets	588,748,779.00	50,000,000.00
Advance payment for project	10,380,416.00	65,323,548.83
Advance payment for investment		10,000,000.00
Prepaid intellectual property rights and production implementation service fees		150,000,000.00
Total	652,170,240.24	531,391,996.07

5.20 Short-term borrowings

5.20.1 Classification of short-term borrowings

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Pledged borrowings	287,630,000.00	588,500,000.00
Mortgage borrowings	207,400,000.00	94,500,000.00
Guaranteed borrowings	97,950,000.00	470,200,000.00
Credit borrowings	563,000,000.00	
Total	1,155,980,000.00	1,153,200,000.00

5.21 Notes payable

Category	Balance as at December 31, 2019	Balance as at December 31, 2018
Bank acceptance bills	57,100,000.00	100,000,000.00
Commercial acceptance bills	197,000,000.00	
Total	254,100,000.00	100,000,000.00

Remark: There were no due and unpaid notes payable as at December 31, 2019.

5.22 Accounts payable

5.22.1 Presentation of accounts payable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year	922,385,716.80	109,638,810.30
1 - 2 years	39,962,080.86	39,716,007.97
2 - 3 years	140,036.56	370,000.00
Over 3 years	10,233.00	17,477,222.22
Total	962,498,067.22	167,202,040.49

5.22.2 Significant accounts payable with aging of over one year

Item	Balance as at December 31, 2019	Reason for failure of repayment or carry-forward
Henan Tian Lun Gas Group Limited Xuchang Branch	5,314,499.86	Settlement period not started
SCEGC Installation Group Company Ltd.	17,640,000.00	Settlement period not started
Henan Hualong Construction Engineering Co., Ltd.	10,980,616.64	Settlement period not started
Total	33,935,116.50	

5.23 Advances from customers

5.23.1 Presentation of advances from customers

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Within 1 year (inclusive)	223,046,560.88	33,158,024.85
1 - 2 years	26,178,403.41	54,541,697.39
2 - 3 years	2,998,512.91	49,592,081.57
Over 3 years	4,603,553.30	8,086,866.32
Total	256,827,030.50	145,378,670.13

5.23.2 Significant advances from customers with aging of over one year

Item	Balance as at December 31, 2019	Reason for failure of repayment or carry-forward
Huangchuan County Xingchan Construction Investment Co., Ltd.	2,621,359.22	Failure in settlement
Advance of housing funds	19,294,910.85	Advance of personal housing funds
Total	21,916,270.07	

5.24 Employee compensation payable

5.24.1 Presentation of employee compensation payable

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Short-term compensation	10,389,289.15	64,341,513.06	57,877,920.96	16,852,881.25
Post-employment welfare - defined contribution plans	4,970.42	4,724,018.57	4,692,974.28	36,014.71
Dismissal welfare				
Other benefits maturing within one year				
Total	10,394,259.57	69,065,531.63	62,570,895.24	16,888,895.96

5.24.2 Presentation of short-term compensation

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
(1) Salaries, bonuses, allowances and subsidies	10,330,915.39	56,213,895.20	49,846,892.65	16,697,917.94
(2) Employee welfare		1,695,152.35	1,680,103.80	15,048.55
(3) Social insurance premiums	16,113.46	2,375,693.93	2,381,031.92	10,775.47
Including: medical insurance premiums	10,031.48	2,054,877.15	2,060,194.74	4,713.89
Work-related injury insurance premiums	46.25	72,144.18	72,101.33	89.10
Maternity insurance premiums	6,035.73	216,241.76	216,305.01	5,972.48
Others		32,430.84	32,430.84	
(4) Housing provident funds	2,811.98	3,415,197.98	3,374,282.01	43,727.95
(5) Labor union expenditures and employee education expenses	39,448.32	630,002.00	582,831.02	86,619.30
(6) Short-term compensated absences				
(7) Short-term profit sharing plan				
(8) Other short-term compensation		11,571.60	12,779.56	-1,207.96
Total	10,389,289.15	64,341,513.06	57,877,920.96	16,852,881.25

5.24.3 Presentation of defined contribution plans

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Basic endowment insurance premiums	4,889.52	4,499,233.98	4,468,173.71	35,949.79
Unemployment	80.90	201,619.79	201,635.77	64.92

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Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
insurance premiums				
Enterprise annuity payments		23,164.80	23,164.80	
Total	4,970.42	4,724,018.57	4,692,974.28	36,014.71

5.25 Taxes and surcharges payable

Tax item	Balance as at December 31, 2019	Balance as at December 31, 2018
Value-added tax (VAT)	66,722,811.39	69,054,975.62
Urban maintenance and construction tax	4,068,325.99	3,643,597.38
Educational surtax	2,520,305.82	2,002,571.71
Local educational surcharge	582,479.33	706,350.51
Stamp tax	2,289,760.96	498,803.07
Property tax	2,352,012.57	5,270,794.50
Land use right tax	11,628,679.89	8,647,180.97
Individual income tax	489,110.31	372,442.17
Enterprise income tax	204,725,177.82	162,064,584.01
Business tax	956,430.63	1,064,741.83
Resource tax	87.38	68,149.90
Deed tax		2,389.06
Land value-added tax		1,916,575.40
Total	296,335,182.09	255,313,156.13

5.26 Other payables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest payable	453,539,651.12	430,418,256.38
Dividends payable		36,574,257.67
Other payables	10,233,115,638.90	9,600,541,544.16
Total	10,686,655,290.02	10,067,534,058.21

5.26.1 Interest payable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest on long-term borrowings with the interest paid thereon by installments and the principal paid on the maturity date		13,561,566.67
Interest on enterprise bonds	443,956,598.62	416,785,182.85
Interest payable on short-term borrowings	1,592,151.59	
Interest payable on guaranteed borrowings	7,990,900.91	71,506.86
Total	453,539,651.12	430,418,256.38

5.26.2 Dividends payable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Common stock dividends		36,574,257.67
Total		36,574,257.67

5.26.3 Other payables

(1) Presentation of other payables by nature

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Deposits and security deposits	708,634,301.72	510,078,635.80
Withholding taxes	37,499.64	17,325.31
Collections and	60,354,395.25	5,821,044.21

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Item	Balance as at December 31, 2019	Balance as at December 31, 2018
advances		
Project payments	57,426,288.05	11,221,014.80
Borrowings and current accounts	9,234,017,718.41	8,539,502,694.10
House payment		212,400,387.92
Borrowing interest	148,248,635.44	321,500,442.02
Equity payments	12,500,000.00	
Fund management fees	10,383,642.64	
Others	1,513,157.75	
Total	10,233,115,638.90	9,600,541,544.16

(2) Other significant payables with aging of over 1 year

Item	Balance as at December 31, 2019	Reason for failure of repayment or carry-forward
Puyang Yukai Baicheng Construction Co., Ltd.	116,225,244.31	Settlement period not started
Puyang County Financial Centralized Collection and Payment Center	132,000,000.00	Settlement period not started
Zhengzhou Jiuding Road and Bridge Engineering Co., Ltd.	4,500,000.00	Settlement period not started
Wang Tianxiang	3,000,000.00	Settlement period not started
Wuyang County Construction and Installation Co., Ltd.	1,550,000.00	Settlement period not started
Luoyang Chengzhu Industrial Development Co., Ltd.	3,600,000.00	Settlement period not started
Finance Bureau of Mianchi County	91,114,366.69	Settlement period not started
Mianchi County Ruizhi Construction Engineering Co., Ltd.	136,519,878.38	Settlement period not started
Mianchi County Shaoxing City Construction Co., Ltd.	8,300,000.00	Settlement period not started
Henan Jianxin Yuze Urbanization Construction Development Fund (Limited Partnership)	560,000,000.00	Settlement period not started
Pudong Development Bank	4,500,000.00	Settlement period not started
Industrial Bank	5,100,000.00	Settlement period not started
Ping An Bank	9,169,811.32	Settlement period not started
Finance Bureau of Luoyang City	4,675,000.00	Settlement period not started
Lushan County Longyuan Development Investment Co., Ltd.	7,240,000.00	Settlement period not started
Henan Taiji Shengdi Investment Group Co., Ltd.	20,000,000.00	Settlement period not started
Wugang People's Hospital	36,530,927.20	Settlement period not started
Wugang Gangcheng Highway Maintenance Engineering Co., Ltd.	5,520,000.00	Settlement period not started
Wugang Charity General Federation	1,833,004.16	Settlement period not started
Urbanization guidance	1,000,000.00	Settlement period not started

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Item	Balance as at December 31, 2019	Reason for failure of repayment or carry-forward
funds		
Wugang City Industrial Cluster Management Committee	34,260,000.00	Settlement period not started
Wugang Liwang Earthwork Engineering Co., Ltd.	102,500,000.00	Settlement period not started
Zhounan Xinzheng-Xihua Expressway Headquarters	276,730,000.00	Settlement period not started
Wugang First High School Baicheng Quality Improvement Construction Loan	20,000,000.00	Settlement period not started
Wugang Second High School	7,950,000.00	Settlement period not started
Wugang Experimental High School	2,900,000.00	Settlement period not started
Wugang Haoyuan Water Conservancy Facilities Construction Co., Ltd.	4,570,000.00	Settlement period not started
Pingyu County Industrial Agglomeration Zone Investment and Financing Co., Ltd.	5,000,000.00	Settlement period not started
Henan Water Resources First Engineering Bureau	6,000,000.00	Settlement period not started
Finance Bureau of Huangchuan County	1,378,889,347.82	Settlement period not started
Xinyang Huaxin Investment Group Co., Ltd.	790,000,000.00	Settlement period not started
Fan County Housing Construction Bureau	598,964,103.87	Settlement period not started
Zhongyuan Asset Management Co., Ltd.	468,850,000.00	Settlement period not started
Change City Economic and Technological Development Co., Ltd.	300,000,000.00	Settlement period not started
CITIC Trust Co., Ltd.	200,000,000.00	Settlement period not started
Total	5,348,991,683.75	

5.27 Non-current liabilities maturing within one year

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Bonds payable maturing within one year	4,831,302,940.25	
Long-term payables maturing within one year	181,072,218.69	17,883,333.38
Long-term borrowings maturing within one year	14,508,680,000.00	11,294,930,613.55
Total	19,521,055,158.94	11,312,813,946.93

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5.28 Other current liabilities

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Guarantee compensation reserves	41,977,279.81	22,900,182.84
Undue premium reserves	101,003,375.00	47,934,125.00
Total	142,980,654.81	70,834,307.84

5.29 Long-term borrowings

Classification of long-term borrowings:

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Pledged borrowings	67,302,275,010.93	61,397,460,459.64
Mortgage borrowings	63,781,747,546.22	68,757,192,735.65
Guaranteed borrowings	6,874,848,000.00	10,735,415,450.76
Credit borrowings	5,353,749,487.23	8,879,830,000.00
Less: long-term borrowings maturing within one year	13,093,160,000.00	11,294,930,613.55
Total	130,219,460,044.38	138,474,968,032.50

5.30 Bonds payable

5.30.1 Details of bonds payable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Corporate bonds	24,268,387,303.38	18,820,388,057.66
Less: bonds payable maturing within one year	4,831,302,940.25	
Total	19,437,084,363.13	18,820,388,057.66

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5.30.2 Increases or decreases in bonds payable

Bond name	Face value	Issue date	Bond maturity	Issuing amount	Balance as at December 31, 2018	Issue in 2019	Interest accrued at face value	Premium and discount amortized	Amount repaid in 2019	Balance as at December 31, 2019
Ping An Bank (15 YZCT PPN001)	100.00	2015-9-28	5 years	1,500,000,000.00	1,495,297,955.98		87,000,000.00	3,000,000.00		1,498,297,955.98
Ping An Bank (15 YZCT PPN004)	100.00	2015-11-9	5 years	1,500,000,000.00	1,497,483,883.64		85,500,000.00	1,500,000.00		1,498,983,883.64
Industrial Bank (15 YZCT PPN002)	100.00	2015-10-16	5 years	850,000,000.00	295,272,256.29		15,840,000.00	-798,113.21		294,474,143.08
Minsheng Bank (15 YZCT PPN003)	100.00	2015-10-22	5 years	1,500,000,000.00	1,492,306,957.55		85,500,000.00	4,500,000.00		1,496,806,957.55
Minsheng Bank (16 YZCX PPN001)	100.00	2016-1-18	5 years	1,500,000,000.00	1,491,310,966.98		75,000,000.00	4,500,000.00		1,495,810,966.98
Ping An Bank (16 YZCX PPN002)	100.00	2016-2-26	5 years	1,500,000,000.00	1,497,079,009.43		75,000,000.00	1,500,000.00		1,498,579,009.43
Shanghai Pudong Development Bank (16 YZCX PPN003)	100.00	2016-11-17	5 years	750,000,000.00	745,815,330.19		27,750,000.00	84,905.66	200,000,000.00	545,900,235.85
China CITIC Bank (17 ZYYZ PPN001)	100.00	2017-8-18	5 years	500,000,000.00	498,431,865.84		27,250,000.00	1,000,000.00		499,431,865.84
Ping An Bank (17 ZYYZ PPN002)	100.00	2017-9-29	5 years	1,500,000,000.00	1,488,950,471.70		85,500,000.00	169,811.32		1,489,120,283.02
Minsheng Bank (18 ZYYZ PPN001)	100.00	2018-4-13	5 years	1,460,000,000.00	1,459,354,171.90		87,600,000.00	165,283.02		1,459,519,454.92
China International Capital Corporation Limited (19 ZY 01)	100.00	2019-7-17	5 years	600,000,000.00		600,000,000.00	10,724,000.00	-312,520.75		599,687,479.25
China Securities Co., Ltd. (19 ZY 02)	100.00	2019-10-17	5 years	1,500,000,000.00		1,500,000,000.00	12,793,333.33			1,500,000,000.00
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2016 (Phase I)	100.00	2016-7-19	5 years	1,500,000,000.00	1,493,196,536.28		32,874,131.72	6,803,463.72	1,500,000,000.00	
Corporate bonds issued by Henan Yuzi Urban-Rural	100.00	2016-7-28	5 years	1,500,000,000.00	1,493,149,710.34		31,157,688.34	6,850,289.66	1,500,000,000.00	

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Bond name	Face value	Issue date	Bond maturity	Issuing amount	Balance as at December 31, 2018	Issue in 2019	Interest accrued at face value	Premium and discount amortized	Amount repaid in 2019	Balance as at December 31, 2019
Integration Construction Development Co., Ltd. in a non-public manner in 2016 (Phase II)										
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2017 (Phase I)	100.00	2017-9-22	5 years	1,000,000,000.00	996,372,814.48		55,000,000.00	904,485.87		997,277,300.35
Phase-I private placement note of Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in 2018	100.00	2018-4-24	5 years	500,000,000.00	499,120,280.00		30,000,000.00	184,298.93		499,304,578.93
USD bonds of ZHONGYUAN SINCERE	100.00	2018-1-10	3 years	2,058,960,000.00	2,044,313,931.20			40,461,554.74		2,084,775,485.94
Phase-I private placement note of Pingyu County Industrial Agglomeration Zone Investment and Financing Co., Ltd. in 2018	100.00	2018-6-22	5 years	350,000,000.00	332,931,915.87			4,080,254.79	17,500,000.00	319,512,170.66
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase I)	100.00	2019-7-17	4 years	1,500,000,000.00		1,500,000,000.00	30,240,000.00	-811,946.26		1,499,188,053.74
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase I)	100.00	2019-7-23	3 years	1,000,000,000.00		1,000,000,000.00	20,416,438.35	-781,419.25		999,218,580.75

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Bond name	Face value	Issue date	Bond maturity	Issuing amount	Balance as at December 31, 2018	Issue in 2019	Interest accrued at face value	Premium and discount amortized	Amount repaid in 2019	Balance as at December 31, 2019
Co., Ltd. in a non-public manner in 2019										
Corporate bonds issued by Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd. in a non-public manner in 2019 (Phase II)	100.00	2019-12-4	3 years	500,000,000.00		500,000,000.00	1,676,164.38			500,000,000.00
Phase-II USD bonds	100.00			3,488,100,000.00		3,488,100,000.00		-19,691,102.53		3,468,408,897.47
Phase-I Huangchuan municipal debt transfer plan	100.00			24,090,000.00		24,090,000.00				24,090,000.00
Total				28,081,150,000.00	18,820,388,057.67	8,612,190,000.00	876,821,756.12	53,309,245.71	3,217,500,000.00	24,268,387,303.38

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5.31 Long-term payables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Long-term payables	5,027,900,856.56	5,292,735,381.06
Special payables	929,451,289.33	1,421,390,421.34
Total	5,957,352,145.89	6,714,125,802.40

5.31.1 Long-term payables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Finance Bureau of Ningling County		225,730,256.00
Finance Bureau of Pingyu County	8,610,000.00	
Finance Bureau of Zhecheng County	249,683,657.97	
Yima Water Supply Co., Ltd.		14,807,805.10
Yima Heating Power Co., Ltd.		86,135,941.50
Zhengzhou Jinshui Construction Investment Co., Ltd.		600,000,000.00
Linzhou Urban Investment Co., Ltd.		17,883,333.38
Great Wall Wealth Asset Management Co., Ltd.	3,600,000,000.00	1,000,000,000.00
China Agricultural Development Key Construction Fund Co., Ltd.	503,000,000.00	503,000,000.00
Henan Yuzi Sino IC Leasing Co., Ltd.	250,469,745.39	30,000,000.00
Lankao County Urban Construction Investment and Development Co., Ltd.		808,840,862.21
Shangshui County Comprehensive Investment Co., Ltd.	20,000,000.00	20,000,000.00
Huangchuan County People's Hospital	276,116,110.35	
Hua County Cultural Industry Investment Co., Ltd.	20,174,971.00	20,174,971.00
Finance Bureau of Zhecheng County	12,979,100.00	10,000,000.00
Zhecheng County Real Estate Service Center-Wangji Community	31,579,377.30	
Finance Bureau of Puyang County		19,421,699.09
PPP Project private investment fund of Ruzhou Science and Education Park Construction Project	48,000,000.00	48,000,000.00
Yuxin No. 2 private investment fund		300,000,000.00
Yuxin No. 5 private investment fund		494,000,000.00
Yuxin No. 2 private investment fund		550,000,000.00
Yuxin No. 3 private investment fund	102,000,000.00	102,000,000.00
Sub-district Office of Changxing Road, Changege City	13,629,344.00	
Sub-district Office of Jinqiao Road, Changege City	8,600,000.00	
Finance Bureau of Xincai County		431,000,000.00
Finance Bureau of Wuyang County	26,930,769.24	29,623,846.16
Maintenance Fund Management Office of Wuyang County Housing Management Bureau	37,200,000.00	
Less: long-term payables maturing within one year	181,072,218.69	17,883,333.38
Total	5,027,900,856.56	5,292,735,381.06

5.31.2 Special payables

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Reason for formation
China PPP Fund Henan Sub-Fund	200,000,000.00			200,000,000.00	
Zhengluoxin Innovation and Entrepreneurship Development Fund	240,000,000.00	60,000,000.00		300,000,000.00	
Henan Provincial Key Industry Intellectual Property Operation	40,000,000.00			40,000,000.00	

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Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Reason for formation
Fund					
Judicial Business Premises	28,839,700.00	1,080,000.00	680,000.00	29,239,700.00	
Xinzheng North District Land Comprehensive Treatment Project	6,678,707.82			6,678,707.82	
Special Funds for Risk Compensation	40,130,017.18	156,875.85		40,286,893.03	
Changege Shantytowns Transformation Project	38,663,718.37		38,663,718.37		
Qixian Erhuan Shuixi Yinhe Road North Extension Comprehensive Development Project	30,750,000.00			30,750,000.00	
Finance Bureau of Luoyang City	128,000,000.00	4,000,000.00		132,000,000.00	
Finance Bureau of Wugang City	149,622,002.92			149,622,002.92	
Mianchi County Midwest Power Grid Relocation Project	1,873,985.56		1,000,000.00	873,985.56	
Mengzhou Investment and Development Co., Ltd.	432,600,000.00		432,600,000.00		
Central Investment in Comprehensive Ecological Management of Shihe and Jianhe Rivers	500,000.00		500,000.00		
Five Venues in One	4,000,000.00		4,000,000.00		
Qishui Phase-II Public Rental Housing	2,977,000.00		2,977,000.00		
Land Consolidation Fee	13,224,100.00		13,224,100.00		
Meteorological Bureau Project	2,650,000.00		2,650,000.00		
Citizen Center	1,844,100.00		1,844,100.00		
Funds for the Harmless Disposal of Chromium Pollutants	10,969.49		10,969.49		
Lidu Yujing	59,026,120.00		59,026,120.00		
Total	1,421,390,421.34	65,236,875.85	557,176,007.86	929,451,289.33	

5.32 Deferred income

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Reason for formation
Government subsidies	109,528,042.30	22,085,752.77	105,168,542.31	26,445,252.76	Financial appropriation
Total	109,528,042.30	22,085,752.77	105,168,542.31	26,445,252.76	

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Items involving government subsidies:

Liability item	Balance as at December 31, 2018	New government subsidies in 2019	Amount included in the current profit or loss in 2019	Other changes	Balance as at December 31, 2019	Related to assets / income
Compensation for land	11,268,530.42	4,018,600.00	2,832,404.98		12,454,725.44	Related to assets
Office expenses	100,742.88	100,000.00	184,667.71		16,075.17	Related to income
Subsidies for reviewing feasibility study report	300,000.00		300,000.00			Related to income
Subsidies for financial service		17,967,152.77		3,992,700.62	13,974,452.15	Related to assets
Financial appropriation for the purchase of office buildings	97,858,769.00			97,858,769.00		Related to assets
Total	109,528,042.30	22,085,752.77	3,317,072.69	101,851,469.62	26,445,252.76	

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5.33 Paid-in capital

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Finance Department of Henan Province	8,749,890,000.00			8,749,890,000.00

5.34 Capital reserve

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Capital premium (share premium)	16,054,763,806.35	2,582,000,000.00	2,289,000.00	18,634,474,806.35
Other capital reserves	35,398,927,585.28		713,734,229.80	34,685,193,355.48
Total	51,453,691,391.63	2,582,000,000.00	716,023,229.80	53,319,668,161.83

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5.35 Other comprehensive income

Item	Balance as at December 31, 2018	Amount before income tax in 2019	Year 2019		Less: income tax expenses	Attributable to parent company after the tax	Attributable to minority shareholders after the tax	Balance as at December 31, 2019
			Less: the amount included in other comprehensive income in prior period and transferred to current profit or loss	Less: the amount included in other comprehensive income in prior period and transferred to retained income in the current period				
1. Other comprehensive income that cannot be reclassified into profit or loss including: changes in re-measurement of the defined benefit plan								
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
2. Other comprehensive income that will be reclassified into profit or loss including: other comprehensive income that can be transferred to profit or loss under the equity method		-407,649.66				-407,649.66		-407,649.66
Profit or loss from changes in fair value of available-for-sale financial assets								
Profit or loss from reclassification of held-to-maturity investments as available-for-sale financial assets								
Effective portion of cash flow hedging profit or loss								
Translation differences of foreign currency financial statements		-407,649.66				-407,649.66		-407,649.66
Total other comprehensive income		-407,649.66				-407,649.66		-407,649.66

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5.36 Surplus reserves

Item	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019
Statutory surplus reserves	83,220,932.42	3,597,666.17		86,818,598.59
Discretionary surplus reserves				
Total	83,220,932.42	3,597,666.17		86,818,598.59

5.37 Undistributed profits

Item	Year 2019	Year 2018
Undistributed profits at the end of last year before adjustment	1,027,663,915.66	899,790,881.36
Total adjustment to undistributed profits at the beginning of the year ("+" for increase and "-" for decrease)		
Undistributed profits at the beginning of the year after adjustment	1,027,663,915.66	899,790,881.36
Plus: net profit attributable to owners of the parent company in the current period	215,663,735.24	189,700,453.42
Less: withdrawal of statutory surplus reserves	3,597,666.17	8,861,419.12
Withdrawal of discretionary surplus reserves		
Common stock dividends payable	29,762,400.00	52,966,000.00
Common stock dividends transferred to share capital		
Undistributed profits at the end of the period	1,209,967,584.73	1,027,663,915.66

5.38 Operating income and operating costs

Item	Year 2019		Year 2018	
	Income	Cost	Income	Cost
Primary business	3,296,831,851.83	2,375,930,266.11	2,011,917,198.73	1,321,631,199.97
Other business	683,194,885.99	694,078,434.26	96,907,796.78	86,725,565.98
Total	3,980,026,737.82	3,070,008,700.37	2,108,824,995.51	1,408,356,765.95

Classification of primary businesses by products:

Item	Year 2019		Year 2018	
	Income	Cost	Income	Cost
Interest income	1,676,259,697.28	1,090,522,840.08	1,688,374,801.61	1,277,741,246.24
Guarantee and consulting	186,538,556.76	1,449,078.70	129,039,584.42	10,000.00
Rental income	159,556,541.60	133,802,891.29	65,007,209.04	9,938,154.71
Sales of commodity	1,048,475,716.93	1,044,438,717.54	5,921,430.69	
Gas business	103,396,831.59	76,235,524.32		
Project management and supporting income	64,590,939.63		76,491,701.21	
Sales of heating power	40,194,121.71	29,481,214.18	20,195,975.41	12,917,688.17
Management service	9,707,873.98			
Sales of affordable housing	7,506,594.34			

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Item	Year 2019		Year 2018	
	Income	Cost	Income	Cost
Factoring business	509,951.45			
Sewage treatment			16,865,559.00	18,647,439.40
Others	95,026.56		10,020,937.35	2,376,671.45
Total	3,296,831,851.83	2,375,930,266.11	2,011,917,198.73	1,321,631,199.97

The top five customers in terms of corporate sales in 2019

Name	Amount	Proportion in the operating income (%)
Henan Energy and Chemical Group Guolong Logistics Co., Ltd.	491,478,082.73	12.35
Henan Shenma Chlor-Alkali Development Co., Ltd.	360,637,168.81	9.06
DeJing Hatianning Logistics Co., Ltd.	169,280,869.85	4.25
Chelian Tianxia Logistics Group Co., Ltd.	141,452,031.53	3.55
Henan Tianhe Investment Co., Ltd.	124,591,194.97	3.13
Total	1,287,439,347.89	32.34

5.39 Taxes and surcharges

Item	Year 2019	Year 2018
Urban maintenance and construction tax	12,047,555.49	15,890,045.22
Educational surtax	8,425,539.89	8,224,842.18
Local educational surcharge	1,380,128.94	3,408,434.34
Property tax	18,562,065.85	-1,869,539.01
Land use right tax	9,146,502.74	15,367,639.59
Stamp tax	7,200,624.72	7,731,141.13
Vehicle and vessel use tax	1,560.00	
Land value-added tax	25,220,454.74	
Resource tax		1,067.32
Others	885.86	434,625.60
Total	81,985,318.23	49,188,256.37

5.40 Selling expenses

Item	Year 2019	Year 2018
Salary, benefits and social security of salesperson	344,016.47	
Advertising and publicity expenses and sales promotional expenses	185,704.30	
Travel expenses	32,198.27	
Office expenses	27,934.00	
Entertainment expenses	20,650.00	
Repair cost	1,300.00	
Vehicle costs	916.95	
Depreciation and amortization costs	686.06	
Total	613,406.05	

5.41 General and administrative expenses

Item	Year 2019	Year 2018
Employee remuneration and benefits	66,838,930.25	44,706,581.51
Office expenses	6,570,077.50	6,357,283.52
Entertainment expenses	1,435,237.03	1,363,472.87
Travel and transportation expenses	4,775,319.57	4,064,197.88
Promotion expenses	3,570,506.90	713,711.26
Housing property and lease expenses	8,058,545.67	5,098,058.69
Depreciation and amortization costs	313,084,671.30	284,865,637.15
Vehicle costs	619,037.87	1,181,156.62
Low-value consumables	76,842.20	
Labor service fees	46,985.00	
Insurance expenses	1,064,661.59	307,360.88

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Item	Year 2019	Year 2018
Intermediary service charges	47,377,645.53	41,288,775.27
Conference fees	74,987.99	
Repair cost	529,389.00	356,384.98
Fund management fees	21,029,355.45	19,210,164.55
Guarantee preparation	72,150,973.95	46,881,756.88
Others	9,119,117.29	14,788,221.20
Total	556,422,284.09	471,182,763.26

5.42 Financial expenses

Item	Year 2019	Year 2018
Interest expenses	737,037,955.29	473,889,668.40
Less: interest income	140,896,888.84	190,334,202.96
Gains or losses on exchange	23,740,969.34	111,866,066.96
Handling charges	14,056,942.68	386,309.31
Others	3,129.80	5,752,563.22
Total	633,942,108.27	401,560,404.93

5.43 Other income

Item	Year 2019	Year 2018
Government subsidies	451,527,369.08	86,367,520.13
Additional deduction of input tax		
Withholding handling charges on individual income tax		
Total	451,527,369.08	86,367,520.13

Government subsidies included in other income

Item	Year 2019	Year 2018	Related to assets / income
Special awards and subsidies for financial industry	3,000,000.00		Related to income
Tax refund	7,298,964.10		Related to income
Subsidies for daily expenses	222,900,000.00	10,250,000.00	Related to income
Fund subsidies for SME development		600,000.00	Related to income
Financial subsidies	59,000,000.00	75,315,123.69	Related to income
Subsidies for eco-city construction	35,000,000.00		Related to income
Amortization of subsidies for land use right	228,772.79	202,396.44	Related to income
Subsidy for risk reserves	12,000,000.00		Related to income
Financial incentives	36,054,900.00		Related to income
Subsidies for photovoltaic power generation	48,855,232.19		Related to income
Subsidies for tax payment	26,749,500.00		Related to income
Renovation of shanty towns project - Subsidies for reviewing feasibility study report	300,000.00		Related to income
Subsidies for the reduction of guaranteed fees	140,000.00		Related to income
Total	451,527,369.08	86,367,520.13	

5.44 Investment income

Item	Year 2019	Year 2018
Long-term equity investment income calculated under the equity method	-76,684,073.83	64,612,091.87
Investment income from disposal of long-term equity investment	74,060,663.06	82,449.07
Investment income acquired during the period when the		

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Item	Year 2019	Year 2018
financial assets held for trading are held		
Investment income acquired during the period when the financial assets measured at fair value through current profit or loss are held		
Investment income from disposal of the financial assets held for trading		
Investment income received from disposal of financial assets measured at fair value through current profit or loss		
Interest income acquired during the period when the debt investments are held		
Investment income acquired during the period when the available-for-sale financial assets are held	408,624,346.16	325,937,788.85
Investment income from disposal of debt investments		
Investment income acquired from disposal of the available-for-sale financial assets	78,000,000.00	46,800,000.00
Interest income acquired during the period when other debt investments are held		
Investment income acquired during the period when the held-to-maturity investments are held		
Investment income from disposal of other debt investments		
Dividend income acquired during the period of investments in other equity instrument are held		
Investment income acquired during the period of other non-current financial assets are held		
Investment income from disposal of other non-current financial assets		
Income from wealth management products	20,896,746.91	43,050,678.63
Income from Orient Huizhi Asset Management Plan	31,053,820.03	
Total	535,951,502.33	480,483,008.42

5.45 Income from changes in fair value

Source of the gains from changes in fair value	Year 2019	Year 2018
Financial assets held for trading		
Including: income from changes in fair value of derivative financial instruments		
Financial assets measured at fair value through current profit or loss	11,064,915.94	1,313,232.14
Including: income from changes in fair value of derivative financial instruments		
Other non-current financial assets		
Financial liabilities held for trading		
Financial liabilities measured at fair value through current profit or loss		
Total	11,064,915.94	1,313,232.14

5.46 Losses from asset impairment

Item	Year 2019	Year 2018
Losses from bad debts	104,457,294.99	91,520,376.87
Total	104,457,294.99	91,520,376.87

5.47 Income from disposal of assets

Item	Year 2019	Year 2018
Total gains from disposal of non-current assets	25,646,664.81	202,454,877.41
Including: gain from disposal of fixed assets	25,233,155.09	202,454,877.41
Gains from the disposal of intangible assets	413,509.72	
Total	25,646,664.81	202,454,877.41

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5.48 Non-operating income

Item	Year 2019	Year 2018
Government subsidies	55,651,145.89	60,000.00
Operating penalty income	400.00	-
VAT refund	1,973.36	-
Others	25,034,843.27	206,789.81
Total	80,688,362.52	266,789.81

Government subsidies included in non-operating income

Item	Year 2019	Year 2018	Related to assets / income
Interests on the funds of agriculture development appropriated by the finance bureau	197,040.00		Related to income
Land consolidation fee	1,339,438.18		Related to income
Operational subsidies	550,000.00		Related to income
A one-time subsidy received from the High-tech Zone Management Committee for the registered capital	5,000,000.00		Related to income
Subsidies for operating loss	45,360,000.00		Related to income
Office subsidies	184,667.71		Related to income
Refunds of taxes	3,020,000.00		Related to income
Government subsidies		40,000.00	Related to income
Rewards granted by the county government for the investment promotion		20,000.00	Related to income
Total	55,651,145.89	60,000.00	

5.49 Non-operating expenses

Item	Year 2019	Year 2018
Foreign donations	22,685.00	40,806.37
Losses from the damage and scrapping of non-current assets		4,050.00
Overdue fine	52,099.60	
Compensation and fines	5,720,160.42	2,481,501.29
Others	7,344.29	1,561,176.01
Total	5,802,289.31	4,087,533.67

5.50 Income tax expenses

Table of income tax expenses

Item	Year 2019	Year 2018
Current income tax expenses	262,920,821.89	218,763,322.88
Deferred income tax expenses	-9,761,943.35	-24,516,154.56
Total	253,158,878.54	194,247,168.32

5.51 Items of statement of cash flows

5.51.1 Cash received from other operating activities

Item	Year 2019	Year 2018
Government subsidies	10,550,000.00	151,288,000.00
Interest income	184,255,030.05	179,529,897.32
Security deposit	414,018,729.26	
Current amounts	2,745,929,007.89	
Non-operating income	10,671,238.98	
Deposit	79,700.00	
Matured certificate of deposit	115,000,000.00	
Operating government subsidies	447,214,600.00	
Withholding payments	136,417,597.36	
Risk reserves	12,156,875.85	

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Item	Year 2019	Year 2018
Others	171,121.55	59,733.07
Personal borrowings	3,000.00	
Total	4,076,466,900.93	330,877,630.39

5.51.2 Cash paid for other operating activities

Item	Year 2019	Year 2018
Security deposit paid	275,292,951.50	351,047,677.89
Penalties and compensation expenses	182,171.89	2,792,440.36
Compensation deposit paid		409,483,149.83
Collections and advances	3,658,368,473.55	550,579,371.37
Period expenses	82,471,653.47	86,137,078.72
Petty cash	663,956.57	
Donation outlay	22,685.00	
Refund of guarantee fee for poverty alleviation	7,237,500.00	
Long-term deferred expenses	392,401.99	
Others	5,328,659.28	
Total	4,029,949,453.25	1,400,039,718.17

5.51.3 Cash received from other investing activities

Item	Year 2019	Year 2018
Net increase in cash from the increase in subsidiaries	574,417,428.50	472,209,658.47
Project investment recovered	3,606,382,112.29	29,543,933,833.34
Wealth management products and time deposits		363,534,291.74
Margin recovered	86,151,800.00	
Borrowings from non-financial institutions, etc.	1,213,614,754.95	
Financial products	485,960,423.70	
Others	18,133.32	
Total	5,966,544,652.76	30,379,677,783.55

5.51.4 Cash paid for other investing activities

Item	Year 2019	Year 2018
Security deposit paid	91,257,152.38	
Project investment	7,192,856,141.25	45,923,291,230.84
Investment in entrusted loan	30,000,000.00	1,483,490,000.00
Financial products	110,000,000.00	555,300,423.70
Net decrease in cash from the decrease in subsidiaries	900,052,741.55	883,715,117.56
Borrowings from non-financial institutions, etc.	2,072,374,092.15	
Others	2,635,204.99	
Total	10,399,175,332.32	48,845,796,772.10

5.51.5 Cash received from other financing activities

Item	Year 2019	Year 2018
Bank acceptance bills margin recovered	100,000,000.00	
Recovered time deposit used for guarantee		15,254,571.04
Borrowings from non-financial institutions, etc.	7,355,070,358.45	8,306,508,690.59
Project supporting funds received	199,000,000.00	775,590,000.00
Monetary funds for allocation of capital reserves	270716452.8	90,000,000.00
Government subsidies		5,910,000.00
Project investment		281,827,708.43
Total	7,924,786,811.22	9,475,090,970.06

5.51.6 Cash paid for other financing activities

Item	Year 2019	Year 2018
Bank acceptance bills deposit	339,000,000.00	400,000,000.00
Loan deposits paid	8,000,000.00	
Commission charges for bonds issue and interest on discount of bill	2,300,128.66	26,300,193.90
Fixed term deposits for guarantee	20,000,000.00	20,577,500.00
Borrowings from non-financial institutions, etc.	1,561,399,186.27	3,764,119,787.82
Inter-bank lending	5,513,838,981.56	
Personal borrowings	57,400,000.00	
Project investment	229,709,120.12	
Bonds	217,223,430.45	
Financing guarantee fees	15,000,000.00	
Others	6,077,211.54	17,952,761.54
Total	7,969,948,058.60	4,228,950,243.26

5.52 Supplementary information to the statements of cash flows

5.52.1 Supplementary information to the statement of cash flows

Supplementary information	Year 2019	Year 2018
1. Net profit adjusted to cash flows from operating activities		
Net profit	379,278,362.26	259,567,154.05
Plus: provision for assets impairment	104,457,294.99	91,520,376.87
Depreciation of fixed assets	224,393,064.91	257,900,281.26
Depreciation of productive biological assets		36,232,555.16
Depreciation of oil and gas assets		
Amortization of intangible assets	47,325,968.50	
Amortization of long-term deferred expenses	4,230,992.77	1,712,929.83
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-25,646,664.81	-202,454,877.41
Losses from write-off of fixed assets ("-" for gains)		4,050.00
Losses from changes in fair value ("-" for gains)		-1,313,232.14
Financial expenses ("-" for gains)	737,037,955.29	591,508,298.58
Investments losses ("-" for gains)	-535,951,502.33	-480,483,008.42
Decreases in deferred income tax assets ("-" for increases)	15,770,562.51	-24,516,154.56
Increases in deferred income tax liabilities ("-" for decreases)		
Decreases in inventories ("-" for increases)	1,306,532,930.71	-1,510,376,756.05
Decreases in operating receivables ("-" for increases)	-1,666,419,977.77	-698,834,264.33
Increases in operating payables ("-" for decreases)	-1,331,501,285.99	-556,171,636.59
Others		43,252,698.87
Net amount of cash flows from operating activities	-740,492,298.96	-2,192,451,584.88
2. Significant investing and financing activities not involving cash receipts and payments		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under financing leases		
3. Net changes in cash and cash equivalents		
Ending balance of cash	10,440,439,079.86	12,629,638,200.96
Less: beginning balance of cash	12,629,638,200.96	17,510,496,692.82
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-2,189,199,121.10	-4,880,858,491.86

5.52.2 Breakdowns of cash and cash equivalents

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
I. Cash		
Including: cash on hand	562,602.40	730,182.62
Unrestricted bank deposits	9,336,135,790.07	11,613,908,018.34
Unrestricted other monetary funds	1,103,740,687.39	1,015,000,000.00
II. Cash equivalents		
Including: bond investments maturing within three months		
III. Ending balance of cash and cash equivalents	10,440,439,079.86	12,629,638,200.96
Including: cash and cash equivalents restricted for use by the parent company or subsidiaries within the Group		

5.53 Assets with restrictions on the ownership or right of use

Item	Book balance as at December 31, 2019	Reason for restriction
Monetary funds	4,670,813,444.81	For details, please refer to the Note "5.1 Monetary funds"
Investment properties	18,650,535.13	For details, please refer to the Note "5.13 Investment properties"
Fixed assets	242,960,731.60	For details, please refer to the Note "5.14 Fixed assets"
Total	4,932,424,711.54	

6. Change of the consolidation scope

Yima Investment Group Co., Ltd. and Qi County Heqi Economic Construction and Investment Co., Ltd. obtained from the Company's free transfer will not be included in the scope of the consolidated statements from July 1, 2019, due to the equity transfer resulting in the loss of control.

7. Equity in other entities

7.1 Rights and interests in subsidiaries

7.1.1 Structure of the enterprise group

Name of subsidiaries	Main business place	Registered address	Nature of business	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Henan Yuze Urban-Rural Integration Construction Development Co., Ltd.	Zhengzhou City	Zhengzhou City	Investment and financing	100.00		Established by investment
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	Zhengzhou City	Zhengzhou City	Construction investment	51.00		Established by investment
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	Zhengzhou City	Zhengzhou City	Investment and consulting	90.00		Established by investment
Henan Modern Service Industry Investment Fund Co., Ltd.	Zhengzhou City	Zhengzhou City	Investment and financing	61.67		Established by investment
Luoyang Heluo Xinye Investment and Development Co., Ltd.	Luoyang City	Luoyang City	Investment and financing	51.00		Established by investment
Mianchi Caiwang	Mianchi County	Mianchi County	Investment and financing	53.73		Free transfer

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Name of subsidiaries	Main business place	Registered address	Nature of business	Shareholding ratio (%)		Method of acquisition
				Direct	Indirect	
Investment Co., Ltd.						
Yima Investment Group Co., Ltd.	Yima City	Yima City	Urban infrastructure construction and land leveling	51.00		Free transfer
Wugang Zeyuan Development Investment Co., Ltd.	Wugang City	Wugang City	Investment and consulting	51.00		Free transfer
Qi County Heqi Economic Construction and Investment Co., Ltd.	Qi County	Qi County	Investment and financing	51.00		Free transfer
Henan Yuze Affordable Housing Management and Operation Co., Ltd.	Zhengzhou City	Zhengzhou City	Operation, rental and property management services of affordable housing	100.00		Established by investment
Henan Caixin Fusion Big Data Information Technology Co., Ltd.	Zhengzhou City	Zhengzhou City	Data and information processing	100.00		Established by investment
Henan Zhongyuan Yuze Financial Holding Co., Ltd.	Zhengzhou City	Zhengzhou City	Investment and consulting	65.00		Established by investment
Xincai County Yuze Urban and Rural Investment Development Co., Ltd.	Xincai County	Xincai County	Urban infrastructure construction	51.00		Established by investment

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7.1.2 Main financial information on key non-wholly-owned subsidiaries (RMB'0,000)

Name of subsidiaries	Balance as at December 31, 2019				Balance as at December 31, 2018				
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current liabilities	Total liabilities
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	46,141.40	36,539.47	82,680.87	1,405.94	1,405.94	1,405.94	50,793.42	800.79	800.79
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	149,180.96	461,544.16	610,725.12	208,359.72	222,976.09	431,335.81	205,176.36	296,092.69	763,184.20
Henan Modern Service Industry Investment Fund Co., Ltd.	6,516.49	207,180.16	213,696.65	100,907.04		100,907.04	15,651.75	111,794.85	111,794.85
Luoyang Heluo Xinye Investment and Development Co., Ltd.	65,500.12	462,679.78	528,179.90	696.72	416,500.00	417,196.72	103,914.63	685.25	339,285.25

Name of subsidiaries	Year 2019				Year 2018			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	4,170.21	2,849.78	2,849.78	-900.42	854.47	15,408.00	15,408.00	-131,532.23
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	13,315.71	2,556.64	2,556.64	5,956.48	20,594.76	1,193.69	1,193.69	1,926.34
Henan Modern Service Industry Investment Fund Co., Ltd.		-1,701.11	-1,701.11	-2,059.32		-8,816.59	-8,816.59	242.65
Luoyang Heluo Xinye Investment and Development Co., Ltd.	3,593.87	3,826.50	3,826.50	1,397.59	3,661.55	2,506.14	2,506.14	1,726.24

8. Related parties and related transactions

8.1 The investor of the Company is Finance Department of Henan Province

8.2 Information about subsidiaries of the Company

See Note 7 Equity in other entities for details about subsidiaries of the Company.

8.3 Related guarantees

8.3.1 The Company as a guarantor

Warrantee	Guarantee amount (RMB'0,000)	Starting date of guarantee	Guarantee maturity date	Whether the performance of the guarantee has been completed
Lankao County Yulan New District Development Co., Ltd.	23,000.00	2015.12.31	2020.06.29	No
Henan Fugang Investment Holdings Co., Ltd.	615,000.00	2016.08.24	2031.05.22	No
Palm Ecological Town Development Co., Ltd.	60,000.00	2019.08.30	2021.08.30	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	40,500.00	2016.05.25	2036.03.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	12,000.00	2015.10.30	2030.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	10,000.00	2016.08.31	2030.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,100.00	2015.08.13	2019.06.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	10,700.00	2016.05.18	2019.06.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,200.00	2016.08.24	2019.06.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	24,960.00	2015.04.30	2019.12.10	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,600.00	2015.12.30	2019.10.14	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	2,500.00	2016.12.30	2024.10.14	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	5,000.00	2016.12.30	2024.10.14	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,000.00	2017.03.29	2024.10.14	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,000.00	2014.10.31	2019.09.06	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,000.00	2015.01.30	2019.09.06	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2015.06.25	2019.09.06	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2015.09.30	2020.09.07	No

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Warrantee	Guarantee amount (RMB'0,000)	Starting date of guarantee	Guarantee maturity date	Whether the performance of the guarantee has been completed
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	19,000.00	2017.07.14	2020.09.07	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	6,250.00	2014.11.28	2019.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	6,250.00	2014.10.23	2019.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	7,750.00	2016.01.29	2019.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,750.00	2015.02.06	2019.10.21	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,500.00	2014.10.17	2019.10.15	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	5,000.00	2015.03.31	2019.10.15	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	5,000.00	2015.09.22	2019.10.15	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	7,000.00	2014.11.28	2019.10.15	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	9,000.00	2015.12.18	2019.10.15	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	23,280.00	2015.02.06	2019.12.11	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,294.00	2014.09.29	2019.09.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,000.00	2014.10.29	2019.09.28	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	24,640.00	2015.02.06	2019.12.11	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	2,000.00	2014.10.30	2019.09.03	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,000.00	2015.06.30	2019.09.03	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2015.03.20	2019.09.03	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	13,000.00	2016.12.30	2019.09.03	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,000.00	2015.06.30	2019.09.03	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	21,160.00	2015.09.30	2019.12.10	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	3,690.00	2014.10.28	2019.07.29	No

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NOTES TO THE FINANCIAL STATEMENTS
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Warrantee	Guarantee amount (RMB'0,000)	Starting date of guarantee	Guarantee maturity date	Whether the performance of the guarantee has been completed
Development Co., Ltd.				
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	2,650.00	2015.08.24	2019.07.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	6,000.00	2015.06.26	2019.07.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,000.00	2015.03.24	2019.07.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	11,600.00	2015.08.10	2020.06.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2015.04.30	2020.04.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	60.00	2015.10.30	2020.04.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	30.00	2015.07.31	2020.04.30	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	900.00	2015.05.29	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	600.00	2015.09.30	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	400.00	2016.03.31	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	100.00	2015.10.30	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2015.10.30	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	500.00	2016.03.31	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	300.00	2015.09.30	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,775.00	2014.07.31	2019.07.24	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,000.00	2016.01.19	2020.07.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	4,400.00	2016.06.15	2020.07.29	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	7,762.50	2014.07.31	2019.07.24	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	10,080.00	2015.05.29	2019.12.10	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	300.00	2014.12.30	2019.12.26	No

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Warrantee	Guarantee amount (RMB'0,000)	Starting date of guarantee	Guarantee maturity date	Whether the performance of the guarantee has been completed
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,500.00	2015.10.30	2019.12.26	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	500.00	2015.07.31	2019.12.26	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	1,200.00	2015.01.30	2019.12.26	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	2,000.00	2015.09.30	2020.08.13	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	200.00	2015.05.29	2020.05.04	No
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	2,540.00	2015.02.06	2019.12.11	No
Henan Yuzi State Reserve Industrial Co., Ltd.	15,000.00	2019.12.24	2022.09.26	No
Wugang Urban and Rural Development and Construction Investment Co., Ltd.	4,850.00	2019.11.14	2020.11.13	No
Pingyu County Public Asset Management Co., Ltd.	24,000.00	2018.04.01	2028.04.01	No

9. Commitments and contingencies

9.1 Significant commitments

None

9.2 Contingencies

As at December 31, 2019, the Company provided external guarantees (or mortgages) as follows:

Guarantor	Warrantee	Guarantee method	Starting date of guarantee	Guarantee maturity date	Guarantee amount (RMB'0,000)
Luoyang Heluo Xinye Investment and Development Co., Ltd.	Luoyang Chengzhu Industrial Development Co., Ltd.	Single guarantee	2015.11.17	2028.4.24	12,000.00
Mianchi Caiwang Investment Co., Ltd.	Mianchi County Ruizi Construction Engineering Co., Ltd.	Single guarantee	2017.06.27	2020.6.27	10,000.00
Mianchi Caiwang Investment Co., Ltd.	Mianchi County Heating Power Company	Multiplayer guarantee	2017.09.25	2030.9.25	10,000.00
Mianchi Caiwang Investment Co., Ltd.	Mianchi County Shaoxing Urban Construction Co., Ltd.	Single guarantee	2017.08.16	2020.8.16	5,000.00
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	Zhecheng County Agricultural Comprehensive Development Investment Co., Ltd.	Pledge guarantee	2019.01.24	2021.12.20	2,100.00

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Guarantor	Warrantee	Guarantee method	Starting date of guarantee	Guarantee maturity date	Guarantee amount (RMB'0,000)
Wugang Zeyuan Development Investment Co., Ltd.	Wugang Shuntong Highway Maintenance Engineering Co., Ltd.	Single guarantee	2018.05.12	2021.05.11	5,500.00
Wugang Zeyuan Development Investment Co., Ltd.	Wugang Landscaping Company	Single guarantee	2018.05.12	2021.05.11	5,500.00
Wugang Zeyuan Development Investment Co., Ltd.	Wugang Gangcheng Highway Maintenance Engineering Co., Ltd.	Single guarantee	2019.1.7	2020.1.6	3,900.00
Wugang Zeyuan Development Investment Co., Ltd.	Wugang Shuntong Highway Maintenance Engineering Co., Ltd.	Single guarantee	2019.4.20	2020.4.16	3,700.00
Wugang Zeyuan Development Investment Co., Ltd.	Wugang Landscaping Co., Ltd.	Single guarantee	2019.4.20	2020.4.16	3,800.00
Wugang Yuzi Urban and Rural Construction Development Co., Ltd.	Wugang Jinlonghu Business Hotel Co., Ltd.	Single guarantee	2019.1.3	2020.1.3	2,000.00
Wugang Yuzi Urban and Rural Construction Development Co., Ltd.	Wugang Liwang Earthwork Engineering Co., Ltd.	Single guarantee	2019.1.6	2020.1.6	1,000.00
Huangchuan County Development and Investment Co., Ltd.	Huangchuan Fengyuan Garden Engineering Co., Ltd.	Mortgage guarantee	2019.9.29	2020.9.10	1,000.00
Huangchuan County Development and Investment Co., Ltd.	Henan Huangguo Grain Co., Ltd.	General guarantee	2019.12.23	2020.12.23	1,380.00
Huangchuan County Development and Investment Co., Ltd.	Huangchuan Chunquan Ecological Environment Technology Co., Ltd.	General guarantee	2019.12.22	2022.12.22	3,010.00
Huangchuan County Development and Investment Co., Ltd.	Henan Laixin Agriculture and Forestry Scientific Research Co., Ltd.	General guarantee	2019.12.22	2022.12.22	3,290.00
Huangchuan County Development and Investment Co., Ltd.	Shengshi Ecological Environment Co., Ltd.	General guarantee	2019.12.22	2022.12.22	4,755.00
Huangchuan County Development and Investment Co., Ltd.	Huangchuan County People's Hospital	Joint liability guarantee	2019.11.11	2023.11.19	6,969.00
Huangchuan	Chunquan Garden	General	2019.12.22	2022.12.22	7,040.00

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ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Guarantor	Warrantee	Guarantee method	Starting date of guarantee	Guarantee maturity date	Guarantee amount (RMB'0,000)
County Development and Investment Co., Ltd.	Co., Ltd.	guarantee			
Changge Yuze Urban and Rural Investment Development Co., Ltd.	Changge Jincui Public Asset Management Co., Ltd.	Mortgage	2019.01.23	2020.01.22	11,385.00
Xinxiang Ecological City Construction Investment Co., Ltd.	Xinxiang Pingyuan State Asset Management Co., Ltd.	Guarantee	2019.07.04	2020.07.04	2,900.00
Henan Yuze Puhe Industrial Development Co., Ltd.	Zhengzhou Huituo Urban and Rural Construction Co., Ltd.	Guarantee	2018.06.28	2025.06.27	190,000.00
Tangyin County Yuze Urban and Rural Construction Development Co., Ltd.	Tangyin County Urban-Rural Integration Development Co., Ltd.	Guarantee warranty	2017.10.13	2029.9.20	6,000.00
Tangyin County Yuze Urban and Rural Construction Development Co., Ltd.	Tangyin County Urban-Rural Integration Development Co., Ltd.	Guarantee warranty	2017.10.13	2029.9.20	7,000.00
Total					309,229.00

Guarantee situation of subordinate guarantee companies:

Guarantor	Guarantee amount (RMB'0,000)	Remark
Henan Zhongyu Financing Guarantee Co., Ltd.	346,250.00	Balance under guarantee
Huangchuan Xinhe Guarantee Co., Ltd.	46,360.80	Balance under guarantee
Total	392,610.80	

10. Post balance sheet events
None

11. Other significant events
None

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

12. Notes to the main items of the parent company's financial statements

12.1 Accounts receivable

12.1.1 Disclosure of accounts receivable by category

Category	Balance as at December 31, 2019				Balance as at December 31, 2018				
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with significant single amount and individual provision for bad debts									
Accounts receivable with provision for bad debts accented by portfolio with credit risk characteristics	29,337,714.41	100.00			29,337,714.41	100.00	21,828,281.16		21,828,281.16
Including: risk-free portfolio	29,337,714.41	100.00			29,337,714.41	100.00	21,828,281.16		21,828,281.16
Accounts receivable with insignificant single amount and individual provision for bad debts									
Total	29,337,714.41	100.00			29,337,714.41	100.00	21,828,281.16		21,828,281.16

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Accounts receivable subject to provision for bad debts made by other methods in portfolio:

Portfolio name	Balance as at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Risk-free portfolio	29,337,714.41		
Total	29,337,714.41		

12.1.2 Provision, reversal or recovery of provision for bad debts in 2019

The amount of the provision for bad debts in 2019 was RMB 0.00; no bad debts were recovered or reversed in 2019.

12.1.3 Top 5 accounts receivable in terms of their ending balance collected by the debtor

Name	Balance as at December 31, 2019		
	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debts
Finance Bureau of Luoyang City	6,431,091.76	21.92	
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	5,399,062.50	18.40	
Henan Qidi Technology Development Co., Ltd.	5,308,333.33	18.09	
Finance Bureau of Xinxiang City	1,412,924.26	4.82	
Finance Bureau of Nanyang City	1,368,750.01	4.67	
Total	19,920,161.86	67.90	

12.2 Other receivables

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Interest receivable	6,455,867.44	7,800,172.37
Dividends receivable		
Other receivables	4,342,634,390.85	2,761,325,993.41
Total	4,349,090,258.29	2,769,126,165.78

12.2.1 Interests receivable

(1) Classification of interest receivable

Item	Balance as at December 31, 2019	Balance as at December 31, 2018
Fixed-term deposits		
Bond investment		
Interest on affordable housing	6,455,867.44	7,800,172.37
Sub-total	6,455,867.44	7,800,172.37
Less: Provision for bad debts		
Total	6,455,867.44	7,800,172.37

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

12.2.2 Other receivables

(1) Disclosure by category

Category	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance		Proportion of provision (%)	Book balance		Proportion of provision (%)
	Amount	Proportion (%)		Amount	Proportion (%)	
Other receivables with individually significant amount and individual provision for bad debts						
Other receivables with provision for bad debts accrued by credit risk features portfolio	4,342,634,390.85	100.00	4,342,634,390.85	100.00	2,761,325,993.41	2,761,325,993.41
Including: risk-free portfolio	4,342,634,390.85	100.00	4,342,634,390.85	100.00	2,761,325,993.41	2,761,325,993.41
Other receivables with individually insignificant amount and individual provision for bad debts						
Total	4,342,634,390.85	100.00	4,342,634,390.85	100.00	2,761,325,993.41	2,761,325,993.41

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

Other receivables subject to provision for bad debts made by other methods in portfolio:

Portfolio name	Balance as at December 31, 2019		
	Book balance	Provision for bad debts	Proportion of provision
Risk-free portfolio	4,342,634,390.85		
Total	4,342,634,390.85		

- (2) Provision, reversal or recovery of provision for bad debts in 2019
 The amount of the provision for bad debts in 2019 was RMB 0.00; no bad debts were recovered or reversed in 2019.

- (3) Classification of other receivables by the nature of payment

Nature of payment	Book balance as at December 31, 2019	Book balance as at January 1, 2019
Borrowings and current accounts	3,570,772,723.48	2,015,301,966.91
Interest	771,482,843.77	734,009,648.54
Deposits and security deposits	214,377.96	12,014,377.96
Employees' social insurance	164,445.64	
Total	4,342,634,390.85	2,761,325,993.41

- (4) Top 5 of other receivables in terms of ending balance collected by the debtors

Name	Nature of payment	Balance as at December 31, 2019	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts as at December 31, 2019
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	Current amounts	1,577,539,959.98	Within 1 year	36.33	
Henan Yutian New Energy Co., Ltd.	Borrowings	460,000,000.00	Within 1 year	10.59	
Henan Yuzi Affordable Housing Management and Operation Co., Ltd.	Current amounts	438,000,000.00	Within 1 year	10.09	
Henan Tianhe Investment Co., Ltd.	Borrowings	420,000,000.00	Within 1 year	9.67	
Henan Qidi Technology Development Co., Ltd.	Borrowings	210,000,000.00	1 - 2 years	4.84	
Total		3,105,539,959.98		71.52	

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

12.3 Long-term equity investments

Item	Balance as at December 31, 2019			Balance as at December 31, 2018		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	16,691,611,192.36		16,691,611,192.36	14,376,836,913.40		14,376,836,913.40
Investment in associates and joint ventures	767,336,902.47		767,336,902.47	756,229,623.02		756,229,623.02
Total	17,458,948,094.83		17,458,948,094.83	15,133,066,536.42		15,133,066,536.42

12.3.1 Investment in subsidiaries

Investees	Balance as at December 31, 2018	Increase in 2019	Decrease in 2019	Balance as at December 31, 2019	Provision for impairment in 2019	Balance of provision for impairment as at December 31, 2019
Henan Zhongyu Modern Industry Investment and Development Co., Ltd.	320,000,000.00			320,000,000.00		
Henan Zhongyuan Yuzi Financial Holding Co., Ltd.	650,420,705.00			650,420,705.00		
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	51,000,000.00	849,471,000.00		900,471,000.00		
Henan Yuzi Affordable Housing Management and Operation Co., Ltd.	1,815,930,000.00	2,759,298,000.00		4,575,228,000.00		
Henan Modern Service Industry Investment Fund Co., Ltd.	742,504,166.54	36,251,310.67		778,755,477.21		
Henan Caixin Fusion Big Data Information Technology Co., Ltd.	10,640,000.00			10,640,000.00		
Henan Yuzi Urban-Rural Integration Construction Development Co., Ltd.	8,008,995,234.66			8,008,995,234.66		
Luoyang Heluo Xinye Investment and Development Co., Ltd.	510,000,000.00			510,000,000.00		
Mianchi Caiwang Investment Co., Ltd.	766,782,385.88			766,782,385.88		
Yima Investment Group Co., Ltd.	869,469,291.71		869,469,291.71			
Wugang Zeyuan Development Investment Co., Ltd.	160,118,389.61			160,118,389.61		
Qi County Heqi Economic Construction and Investment Co., Ltd.	460,776,740.00		460,776,740.00			
Xincai County Yuzi Urban and Rural Investment Development Co., Ltd.	10,200,000.00			10,200,000.00		
Total	14,376,836,913.40	3,645,020,310.67	1,330,246,031.71	16,691,611,192.36		

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

12.3.2 Investment in associates and joint ventures

Investees	Balance as at December 31, 2018	Additional investment	Reduced investment	Investment profit or loss recognized under the equity method	Increase or decrease in 2019				Balance as at December 31, 2019	Balance of provision for impairment as at December 31, 2019
					Adjustments to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be paid	Provision for impairment in 2019		
1. Associates										
Henan Yuze Sino IC Leasing Co., Ltd.	555,268,771.94			11,352,051.51						566,620,823.45
Zhengzhou Guokong Industrial Development and Investment Co., Ltd.	200,960,851.08			-244,772.06						200,716,079.02
Sub-total	756,229,623.02			11,107,279.45						767,336,902.47
Total	756,229,623.02			11,107,279.45						767,336,902.47

ZHONGYUAN YUZI INVESTMENT HOLDING GROUP CO., LTD.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

12.4 Operating income and operating costs

Item	Year 2019		Year 2018	
	Income	Cost	Income	Cost
Primary business	917,904,569.55	800,127,577.58	1,029,878,647.78	850,337,548.72
Other business	10,974,636.20			
Total	928,879,205.75	800,127,577.58	1,029,878,647.78	850,337,548.72

Breakdowns of main business:

Item	Year 2019		Year 2018	
	Income	Cost	Income	Cost
Interest income	826,273,387.00	800,127,577.58	927,084,053.95	850,337,548.72
Project management and supporting funds income	64,590,939.63		73,357,942.27	
Guarantee and consulting	26,969,488.20		23,059,793.66	
Others	70,754.72		6,376,857.90	
Total	917,904,569.55	800,127,577.58	1,029,878,647.78	850,337,548.72

12.5 Investment income

Item	Year 2019	Year 2018
Long-term equity investment income calculated under the equity method	13,970,279.45	15,283,276.28
Long-term equity investment income calculated under the cost method		5,572,468.07
Investment income acquired during the period when the available-for-sale financial assets are held	232,303,892.23	298,253,086.36
Income from wealth management products	1,833,850.47	5,625,880.43
Income from Orient Huizhi Asset Management Plan	31,053,820.03	
Total	279,161,842.18	324,734,711.14

Zhongyuan Yuzi Investment Holding Group Co., Ltd.



(Official Seal)

April 29, 2020

证书序号: 0001247

说明

1. 《会计师事务所执业证书》是证明持有人经财政部门依法审批, 准予执行注册会计师法定业务的凭证。
2. 《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
3. 《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
4. 会计师事务所终止或执业许可注销的, 应当向财政部门交回《会计师事务所执业证书》。

发证机关:  二〇一八年六月一日

中华人民共和国财政部制



会计师事务所 执业证书



名称: 立信会计师事务所(特殊普通合伙)
 首席合伙人: 朱建弟
 主任会计师:
 经营场所: 上海市黄浦区南京东路61号四楼

组织形式: 特殊普通合伙制

执业证书编号: 310000006

批准执业文号: 沪财会〔2000〕26号(转制批文 沪财会〔2010〕82号)

批准执业日期: 2000年6月13日(转制日期 2010年12月31日)



证书序号: 000396

会计师事务所 证券、期货相关业务许可证

经财政部、中国证券投资基金业协会审查, 批准

立信会计师事务所(特殊普通合伙) 执行证券、期货相关业务。

首席合伙人: 朱建弟



证书号: 34 发证时间: 二〇二一年七月十日

证书有效期至: 二〇二一年七月十日

本证书为持证人在执行注册会计师业务
 规定的资格证明。
 本证书如盖有戳记上述资格证明的
 有效性即行失效。

This certificate serves as a credential for the
 certificate holder to conduct the statutory
 business of CPAs.
 This certificate is valid subject to being sealed
 with an embossed stamp by the Institute of
 Certified Public Accountants at provincial level
 or above.



中华人民共和国财政部制
 Issued by the Ministry of Finance
 of the People's Republic of China



姓名 杨东升
 Full name
 性别 男
 Sex
 出生日期 1984-07-23
 Date of birth
 工作单位 立信会计师事务所(特殊普通合
 伙)河南分所
 Working unit
 身份证号码 410105840723103
 Identity card No.

年度检验登记
 Annual Recertification
 本证书如盖有戳记
 This certificate is valid for another year after
 this renewal.

年度检验登记
 Annual Recertification
 本证书如盖有戳记
 This certificate is valid for another year after
 this renewal.

2016年3月30日

证书编号: 410000020051
 No. of Certificate
 发证日期: 1989年12月30日
 Date of Issue

年 月 日

年度检验登记
 Annual Recertification
 本证书如盖有戳记
 This certificate is valid for another year after
 this renewal.

2017年3月30日

2018年3月30日

年 月 日

年度检验登记
 Annual Recertification
 本证书如盖有戳记
 This certificate is valid for another year after
 this renewal.

2019年3月30日

年 月 日

年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

310000062034

证书编号:
No. of Certificate

批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2019 年 07 月 03 日
Date of Issuance

年 月 日



姓名	吴可方
性别	男
出生日期	1988-12-27
工作单位	立信会计师事务所(特殊普通合伙)河南分所
身份证号码	410327198812278016



Zhongyuan Yuzi Investment Holding Group Co., Ltd.

Z. X. C. G. H. S. K. Zi [2019] No. 321018

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Audit Report

Z. X. C. G. H. S. K. Zi [2019] No. 321018

Zhongyuan Yuzi Investment Holding Group Co., Ltd:

I. Audit Opinion

We have Audited attached financial statements of Zhongyuan Yuzi Investment Holding Group Co., Ltd. (“Yuzi Company”), including Consolidated & Parent Balance Sheets as of 31st December, 2018, Consolidated & Parent Income Statements, Consolidated & Parent Cash Flow Statements, Consolidated & Parent Statements of Changes in Owner’s Equity for 2018 and Notes to the Financial Statements.

We believe that, the attached financial statements were prepared according to the provision for preparation of financial statements disclosed in Note II to the Financial Statements in all material aspects as a fair reflection of the consolidated and parent company’s financial status of Yuzi Company on the 31st December, 2018 and the consolidated and parent company’s operation outcomes and cash flows for 2018.

II. Basis of audit opinion

We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. The section “CPAs’ Responsibility for Audit of Financial Statements” in the audit report further describes on our responsibilities under these standards. In accordance with the CPA Code of Ethics in China, we are independent of Yuzi Company and have performed other responsibilities in respect of professional ethics.

We believe that the audit evidence we have obtained is sufficient and effective, providing a reasonable basis for our opinion.

III. Management level’s responsibility for financial statements

Preparation and fair presentation of the financial statements according to Accounting Standards for Business Enterprise is responsibility of Yuzi Company's management level ("management level"), including, preparing the financial statements according to provisions of the Accounting Standard for Business to make it a fair reflection; and designing, implementing and maintaining internal controls relevant to the preparation of these financial statements to prevent these financial statements from material misstatement arising from fraud or error.

During preparing the financial statements, the management level is responsible for assessing the sustainability management capabilities of Yuzi Company, disclosing, as applicable, going-concern-related matters and applying the going-concern assumption unless the management plans to liquidate Yuzi Company and discontinue operations or has no other realistic choices.

The management level is responsible for supervising the financial reporting process of Yuzi Company.

IV. Certified Public Accountants' responsibility

Our goal is to obtain reasonable assurance about whether the financial statements are free from material misstatement caused by fraud or error and express an opinion on these financial statements based on our audits. The reasonable assurance is a guarantee at a high level, but there is no guarantee that an audit performed in accordance with the auditing standards will always identify existing material misstatement. Misstatements may be caused by fraud or error. Misstatement is generally considered to be material if it is reasonably expected that the misstatement, alone or aggregated, may affect the financial decision made by the users of the financial statements based on the financial statements.

We applied professional judgment and professional skepticism during conducting audit work in accordance with Auditing Standards for CPA while performing following works:

(1) Identifying and evaluating the risk of material misstatements of financial statements for fraud or error designing and implementing audit procedures to deal with these risks and obtaining adequate and appropriate audit evidence as a basis for release of our audit opinion. As fraud may involve collusion, forgery, willful omission, misrepresentation or override of internal control, the risk of not discovering a material

misstatement due to fraud is higher than the risk of not discovering a material misstatement resulting from an error.

(2) Understanding the internal control related to the audit in order to design the appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(3) Evaluating the appropriateness of the accounting policies selected by management level and the reasonableness of accounting estimates and related disclosures.

(4) Concluding the appropriateness of management level's use of the going concern assumption while drawing a conclusion as to whether there is any material uncertainty about the issues or circumstances that may cause major doubts about the ability of the Yuzi Company to continue as a going concern on basis of the audit evidence obtained. If we conclude that there is a significant uncertainty, the auditing standards require us to remind user of the statements of the relevant disclosures in the financial statements in the audit report. If the disclosures are inadequate, we should release an unqualified opinion. Our conclusion is based on the information available by the date of the audit report. However, future events or circumstances may result in Yuzi Company being unable to continue as a going concern.

(5) Evaluating the overall presentation, structure and content (including disclosure) of the financial statements as well as whether the financial statements are a fair reflection of the related transactions and matters.

(6) Obtaining adequate and appropriate audit evidence on the financial information of the entities or business activities in Yuzi Company to express an opinion on the financial statements. We are responsible for directing, supervising and implementing the Group's audit and assume full responsibility for the audit opinion.

We have communicated with the management level on the matters such as the scope and timing of audit and major audit findings, including the notable defects of internal control identified in our audit.

V. Basis of Preparation

We remind the user of the financial statements of the explanations about the basis for preparation in attached Note II. The contents of this paragraph has no influence on released audit opinion.

Zhongxingcai Guanghua Certified Public Accountants LLP
(Special Common Partner)



Beijing, China

CPA:



CPA:



25th April, 2019

Balance Sheet

Prepared by: Zhongyuan Yuzi Investment Holding Group Co., Ltd.

Unit: RMB-yuan

Item	Note	31-Dec-18		31-Dec-17	
		Consolidation	Parent Company	Consolidation	Parent Company
Current assets:					
Monetary capital	V.1	15,225,306,350.84	1,557,214,409.23	19,079,264,212.40	7,155,136,130.33
Financial assets measured with fair value through current profit	V.2	275,841,232.14			
Derivative financial assets					
Notes receivable and accounts receivable	V.3/XI.1	188,144,393.78	21,828,281.16	164,335,926.70	4,823,268.22
Prepayment	V.4	578,829,468.25	1,754,379.90	7,300,522.53	379,617.13
Other receivables	V.5/XI.2	11,384,114,713.16	2,769,126,163.78	7,871,337,387.37	2,474,659,681.59
Inventory	V.6	7,395,191,040.90		3,577,955,188.49	
Held-to-mature assets					
Non-current assets due within 1 year					
Other current assets	V.7	1,630,736,020.06	51,000,003.93	993,961,919.23	
Total current assets		36,676,163,219.13	4,400,953,240.00	31,694,154,936.72	9,634,998,697.27
Non-current assets:					
Financial assets available for sale	V.8	21,455,603,630.11	8,665,938,168.67	16,740,621,326.93	9,101,436,550.90
Held-to-mature investment					
Long-term receivables	V.9	186,338,519,646.88	106,150,372,609.18	177,741,304,174.98	111,447,503,416.52
Long-term equity investment	V.10/XI.3	1,292,268,019.87	15,133,066,536.42	2,188,264,985.32	14,134,445,116.16
investment real estate	V.11	4,624,888,571.21		1,894,089,378.85	
Property, plant and equipment	V.12	7,051,245,827.74	1,426,277.51	5,936,991,534.85	661,163.21
Construction in progress	V.13	2,312,886,850.72		4,776,465,738.78	
Productive bio-assets					
Oil and gas assets					
Intangible assets	V.14	6,841,012,282.40	1,801,244.12	8,021,871,075.68	2,150,403.93
Development expenditures					
Goodwill					
Long-term deferred expenses	V.15	1,553,338.67	523,220.18	3,602,791.91	298,791.91
Deferred income tax assets	V.16	51,150,268.62		31,151,706.53	
Other non-current assets	V.17	531,391,996.07		944,658,746.16	
Total non-current assets		230,500,520,432.29	129,953,328,056.08	218,279,021,459.99	134,686,495,442.63
Total assets		267,176,683,651.42	134,354,281,296.08	249,973,176,416.71	144,321,494,139.90

Legal representative:

Official in charge of Finance:

Head of Finance Department:

Balance Sheet (Continued)

Prepared by: Zhongyuan Yuzi Investment Holding Group Co., Ltd.

Unit: RMB-yuan

Item	Note	31-Dec-18		31-Dec-17	
		Consolidation	Parent Company	Consolidation	Parent Company
Current liabilities					
Short-term borrowings	V.18	1,133,200,000.00		629,250,000.00	
Financial liabilities measured with fair value through current profit and loss					
Derivative financial liabilities					
Notes payable and accounts payable	V.19	267,202,040.49	140,036.56	31,264,603.01	140,036.56
Advances from customers	V.20	145,378,670.13	4,751,162.58	32,767,793.11	2,371,295.42
Employees' compensations and benefits	V.21	10,394,239.57	3,637,616.93	2,072,621.48	624,839.82
Taxes payable	V.22	255,313,156.13	62,813,231.35	180,430,241.04	61,722,974.94
Other payable	V.23	10,067,534,058.21	1,972,496,348.71	9,439,261,481.45	1,412,427,861.55
Liabilities held for sale					
Non-current liabilities due within 1 year	V.24	11,312,813,946.93	10,747,863,946.93	10,431,545,588.94	10,130,803,946.87
Other current liabilities	V.25	70,834,307.84		29,420,625.86	
Total current liabilities		23,282,670,439.30	12,791,702,343.06	20,776,012,954.89	11,608,090,955.16
Non-current liabilities					
Long-term borrowing	V.26	138,474,968,032.50	63,146,712,122.10	137,481,490,958.71	75,492,379,056.75
Bonds payable	V.27	18,820,388,057.66	11,961,302,869.50	15,005,604,225.41	11,028,716,381.03
Including: preferred shares					
Perpetual bonds					
Long-term payables	V.28	6,714,125,802.40	4,520,238,380.88	3,547,397,882.84	3,276,820,714.26
Long-term employees' compensations and benefits					
Anticipated liabilities					
Deferred incomes	V.29	109,528,042.30		8,052,294.67	
Deferred income tax liabilities					
Other non-current liabilities					
Total non-current liabilities		164,119,009,934.86	79,628,253,372.48	156,042,545,361.63	89,797,916,152.04
Total liabilities		187,401,680,374.16	92,419,955,715.54	176,818,558,316.52	101,406,007,107.20
Owner's equity:					
Share capital	V.30	8,749,890,000.00	8,749,890,000.00	8,749,890,000.00	8,749,890,000.00
Other equity instruments					
Including: preferred shares					
Perpetual bonds					
Capital reserve	V.31	51,453,691,391.63	32,497,314,873.36	46,827,762,358.77	33,533,261,716.75
Less: treasury shares					
Other comprehensive incomes					
Special reserve					
Surplus reserve	V.32	83,220,932.42	83,220,932.42	74,359,513.30	74,359,513.30
Retained earnings	V.33	1,027,663,915.66	603,899,774.76	899,790,881.36	557,975,802.65
Total owner's equity attributable to parent company's shareholder		61,314,466,239.71	41,934,325,580.54	56,551,802,753.43	42,915,487,032.70
Minority shareholders' equity		18,460,537,037.55		16,602,815,346.76	
Total owner's equity		79,775,003,277.26	41,934,325,580.54	73,154,618,100.19	42,915,487,032.70
Total liabilities and owner's equity		267,176,683,651.42	134,354,281,296.08	249,973,176,416.71	144,321,494,139.90

Legal representative:

Official in charge of Finance:

Head of Finance Department:

Income Statement

Prepared by: Zhihongyuan Yazhi Investment Holding Group Co., Ltd

Unit: RMB-yuan

Item	Note	2018		2017	
		Consolidation	Parent Company	Consolidation	Parent Company
I. Business incomes	V.34/X1.4	2,108,824,993.51	1,029,878,647.78	1,529,945,301.24	938,587,906.46
Less: business costs	V.34/X1.4	1,408,256,765.95	850,327,548.72	936,484,006.87	739,988,707.35
Taxes and surtaxes	V.35	49,188,256.37	7,907,738.76	59,906,379.00	7,566,798.26
Selling expenses					
General and administration expenses	V.36	471,182,763.26	33,164,676.16	187,407,324.65	21,547,445.02
R & D expenditures					
Financial expenses	V.37	401,560,404.93	549,174,682.99	217,616,466.22	149,681,838.27
Including: interests		473,889,668.40	260,217,887.03	275,067,350.33	163,440,703.55
Interest incomes		190,374,302.96	23,032,791.50	70,963,525.59	12,794,686.81
Loss for asset impairment	V.38	91,520,376.87		108,291,650.59	
Add: Other incomes	V.39	86,367,520.13		7,041,675.03	890,000.00
Investment incomes (loss presented with "-")	V.40/X1.5	480,483,008.42	324,734,711.14	398,802,727.58	297,704,214.17
including: investment incomes from joint ventures and associated enterprises		64,612,091.87	15,282,276.28	33,203,509.36	1,074,015.66
Incomes from changes in fair value (loss presented with "-")	V.41	(213,232.14)			
Incomes from asset disposal (loss presented with "-")	V.42	202,454,877.41		-562,915.62	
II. Operating profits (loss presented with "-")		457,635,066.23	114,028,692.29	425,720,960.82	318,397,331.73
Add: non-operating incomes	V.43	266,789.81	280.00	9,617,134.69	7,890,733.23
Less: non-operating expenses	V.44	4,087,333.67	952,792.66	8,157,416.87	
III. Total profits (loss presented with "-")		453,814,522.37	113,076,179.63	427,181,278.64	326,288,064.96
Less: income deferred expenses	V.45	194,247,168.32	24,461,988.40	165,867,209.08	75,704,573.70
IV. Net profits (net loss presented with "-")		259,567,154.05	88,614,191.23	261,314,069.56	250,583,491.26
(1) Categorization on going-concern basis		259,567,154.05	88,614,191.23	261,314,069.56	250,583,491.26
1. Net profit from continuous operation (net loss presented with "-")		259,567,154.05	88,614,191.23	261,314,069.56	250,583,491.26
2. Net profit from discontinued operation (net loss presented with "-")					
(2) Categorization by ownership		259,567,154.05	88,614,191.23	261,314,069.56	250,583,491.26
1. Net profits attributable to parent company's owner		189,700,453.42	88,614,191.23	205,835,015.09	250,583,491.26
2. Gains and losses of minority shareholders		69,866,700.63		-34,520,945.53	
V. After-tax net amount of other comprehensive incomes		-	-	-	-
(1) After-tax net amount of other comprehensive incomes attributable to parent company's owner		-	-	-	-
1. Other comprehensive incomes which cannot be reclassified into gains and losses in the future		-	-	-	-
1. Re-measurement of change of net liabilities/assets of defined benefit		-	-	-	-
incomes which cannot be reclassified into gains and losses with equity method		-	-	-	-
(2) comprehensive incomes which will be reclassified into gains and losses in the future		-	-	-	-
which will be reclassified into gains and losses with equity method		-	-	-	-
2. Gains and losses for change of fair value of financial assets available for sale		-	-	-	-
3. Gains and losses of reclassification of held-to-maturity investment into financial assets available for sale		-	-	-	-
4. Effective part of gains and losses for cash flow hedging		-	-	-	-
5. Translation reserves		-	-	-	-
(2) After-tax net amount of other comprehensive incomes attributable to minority shareholders		-	-	-	-
VI. Total comprehensive incomes		259,567,154.05	88,614,191.23	261,314,069.56	250,583,491.26
Total comprehensive incomes attributable to parent company's owner		189,700,453.42	88,614,191.23	205,835,015.09	250,583,491.26
Total comprehensive incomes attributable to minority shareholders		69,866,700.63	-	-34,520,945.53	

Legal representative:

Official in charge of Finance:

Head of Finance Department:

Cash Flow Statement

Prepared by: Zhongyuan Yuze Investment Holding Group Co., Ltd.

Unit: RMB-yuan

Item	Note	2018		2017	
		Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flow from operating activities:					
Cash received from goods sales and service provision		2,799,651,270.75	1,126,153,221.18	1,538,193,470.01	1,141,258,130.90
Received tax rebate					
Other cash received related to operating activities	V.46	110,877,630.39	587,714,093.40	87,477,629.98	21,573,420.04
Subtotal cash inflow from operating activities		3,130,528,901.14	1,713,867,314.58	1,625,673,099.99	1,162,833,550.94
Cash paid for goods purchase and service receiving		3,355,616,479.20	825,442,660.70	886,026,743.15	742,293,037.73
Cash paid to and for employees		38,091,570.43	11,723,890.30	35,914,476.21	11,427,902.89
Paid taxes		529,230,719.22	90,741,758.67	238,247,315.52	124,191,101.54
Paid other cash related to operating activities	V.46	1,400,039,718.17	473,413,680.43	152,922,873.93	11,748,886.90
Subtotal of cash outflow from operating activities		5,322,980,486.02	1,405,321,990.10	1,313,114,410.82	889,662,929.08
Net cash flow from operating activities		-2,192,451,584.88	308,545,315.48	282,561,689.17	273,170,621.86
II. Cash flow from investment activities					
Cash received for investment recovery		3,403,739,038.23	572,586,947.50	1,733,180,694.50	2,488,837,490.30
Cash received from investment incomes		397,913,580.66	309,356,434.86	347,931,663.25	298,402,171.87
Net cash recovered for disposal of fixed assets, intangible assets and other long-term assets		1,968,578,493.70			
Received net cash from disposal of subsidiaries and other business units				19,495,685.31	
Other cash received related to investment activities	V.46	30,379,677,283.33	14,782,980,807.34	42,649,024,432.61	27,327,290,937.36
Subtotal of cash inflow from investment activities		36,149,928,896.14	15,665,124,189.70	45,770,232,475.67	30,114,330,599.73
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,961,844,653.34	1,645,511.26	4,546,118,832.99	3,122,491.20
Cash paid for investment		7,633,909,929.07	2,405,408,552.64	10,333,385,024.15	6,325,311,604.23
Net cash paid for acquisition of subsidiaries and other business units		33,014,517.89			
Other cash paid related to investment activities	V.46	48,845,796,772.10	9,537,050,000.00	50,491,937,592.85	13,988,530,043.50
Subtotal cash outflow for investment activities		58,474,563,874.40	11,944,104,053.90	65,373,441,450.00	22,316,964,138.93
Net cash flow from investment activities		-22,324,636,978.26	3,721,020,125.80	-19,603,208,974.33	7,797,586,460.80
III. Cash flow from financing activities					
Cash received for investment absorption		2,627,266,010.08	248,930,000.00	3,827,351,894.19	411,890,000.00
Including: Cash received by subsidiary by absorbing investment of foreign shareholders		1,060,605,471.62		2,365,461,894.19	
Cash received from borrowings		38,044,384,281.36	9,732,644,000.00	50,203,768,596.57	15,534,398,896.57
Cash received from bond issues		4,368,960,000.00	1,460,000,000.00	3,000,000,000.00	2,000,000,000.00
Other cash received related to financing activities	V.46	9,475,090,970.06		15,294,358,644.13	1,486,263,000.00
Subtotal cash inflow from financing activities		54,515,701,261.50	11,441,574,000.00	72,325,679,134.89	19,432,541,996.57
Cash paid for debt payment		39,054,722,256.10	20,770,372,890.61	26,921,165,524.35	21,187,433,826.31
Cash paid for distribution of dividends and profits and payment of interests		1,595,798,690.86	298,658,271.77	390,629,146.14	199,209,702.55
Including: dividends and profits paid by subsidiary to minor shareholders		7,473,091.76			
Paid other cash related to financing activities	V.46	4,228,930,243.26		12,107,262,176.92	103,383,353.32
Subtotal cash outflow for financing activities		34,879,471,190.22	21,069,031,162.38	41,419,056,847.41	21,490,025,862.18
Net cash flow from financing activities		19,636,230,071.28	-9,627,457,162.38	30,906,622,287.48	-2,057,484,865.61
IV. Influence of exchange change on cash and cash equivalents					
V. Net increase of cash and cash equivalents		-4,880,858,491.86	-5,597,891,721.10	11,585,575,002.32	6,013,272,217.05
Add: Opening balance of cash and cash equivalents		17,510,496,692.82	7,155,136,130.33	5,924,521,690.50	1,141,863,913.28
V1. Closing balance of cash and cash equivalents		12,629,638,200.96	1,557,244,409.23	17,510,496,692.82	7,155,136,130.33

Legal representative:

Official in charge of Finance

Head of Finance Department:

Consolidated Statement of Changes in Owner's Equity

Prepared by: Zhongyuan Yued Investment Holding Group Co., Ltd.

Item	Equity attributable to parent company's shareholders										Minority shareholders' equity	Total shareholders' equity	
	Stock capital	Other equity		Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others			Subtotal
		Preferred shares	Reserve										
I. Balance at the end of previous year	8,338,000,000.00	-	-	42,831,872,995.14	-	-	49,301,164.17	665,783,215.40	-	51,884,957,374.71	10,869,275,244.15	62,754,232,618.86	
Adj: changes of accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	
Correction of previous error	-	-	-	-	-	-	-	-	-	-	-	-	
Business merger under same control	-	-	-	-	-	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	-	-	-	-	-	
II. Balance at the beginning of current period	8,338,000,000.00	-	-	42,831,872,995.14	-	-	49,301,164.17	665,783,215.40	-	51,884,957,374.71	10,869,275,244.15	62,754,232,618.86	
III. Current increase/decrease (decrease presented with "-")	411,890,000.00	-	-	3,995,889,363.63	-	-	23,058,349.13	234,007,665.96	-	4,666,845,378.72	5,733,540,102.61	10,400,385,481.33	
(1) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
(2) Shareholder-invested/reduced capital	411,890,000.00	-	-	-734,565,314.90	-	-	-	291,835,015.09	-	291,835,015.09	-34,520,945.57	261,314,069.56	
(3) Shareholder-invested/reduced capital	411,890,000.00	-	-	-734,565,314.90	-	-	-	-	-	-332,675,314.90	-	-332,675,314.90	
(4) Shareholder-invested/reduced capital	411,890,000.00	-	-	-734,565,314.90	-	-	-	-	-	-332,675,314.90	-	-332,675,314.90	
1. Current share invested by shareholders	-	-	-	-	-	-	-	-	-	-	-	-	
2. Capital invested by other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	
3. Amount of share-based payment in the shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	
(5) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	
1. Withdrawal of surplus reserve	-	-	-	-	-	-	23,058,349.13	-61,827,349.13	-	-34,769,000.00	-	-34,769,000.00	
2. Distribution to shareholders	-	-	-	-	-	-	23,058,349.13	-23,058,349.13	-	-	-	-	
3. Others	-	-	-	-	-	-	-	-36,769,000.00	-	-36,769,000.00	-	-36,769,000.00	
(6) Internal carry-over of shareholder's equity	-	-	-	-	-	-	-	-	-	-	-	-	
1. Capital reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	
2. Surplus reserve into share capital	-	-	-	-	-	-	-	-	-	-	-	-	
3. Surplus reserve for loss recovery	-	-	-	-	-	-	-	-	-	-	-	-	
4. Changes in defined benefit plan into retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	
5. Others	-	-	-	-	-	-	-	-	-	-	-	-	
(7) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	
1. Current withdrawal	-	-	-	-	-	-	-	-	-	-	-	-	
2. Current use	-	-	-	-	-	-	-	-	-	-	-	-	
(8) Others	-	-	-	-	-	-	-	-	-	-	-	-	
IV. Balance at the end of current year	8,749,890,000.00	-	-	46,827,762,358.77	-	-	24,359,513.30	899,790,881.36	-	47,301,454,678.53	16,602,815,346.76	73,904,270,025.29	

Unit: RMB Yuan

2017

Official in charge of Finance:

Head of Finance Department:

Legal representative:

Statement of Changes in Owner's Equity

Prepared by: Zhongyuan Yazi Investment Holding Group Co., Ltd.

Item	2018										Total shareholders' equity	
	Stock capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings		Others
		preferred shares	Perpetual bonds	Others								
I. Balance at the end of previous year	8,749,890,000.00				37,533,261,716.75				74,359,513.30	557,975,882.65		42,915,487,032.70
Adic. changes of accounting policy												
Correction of previous error												
Others												
II. Balance at the beginning of current period	8,749,890,000.00				37,533,261,716.75				74,359,513.30	557,975,882.65		42,915,487,032.70
III. Current increase/decrease (decrease presented with "-")					-1,035,946,843.39				8,861,419.12	65,923,972.11		-881,161,452.16
(1) Total comprehensive incomes												
(2) Shareholder -invested/reduced capital												
1. Common share invested by shareholders												
2. Capital invested by other equity instrument holders					-1,035,946,843.39							-95,614,191.23
3. Amount of share-based payment in the shareholder's equity					-1,035,946,843.39							-1,035,946,843.39
4. Others												
(3) Profit distribution												
1. Withdrawal of surplus reserve									8,861,419.12	-42,690,219.12		-35,828,800.00
2. Distribution to shareholders									8,861,419.12	-8,861,419.12		
3. Others												
(4) Internal carry-over of shareholder's equity												
1. Capital reserve into share capital												
2. Surplus reserve into share capital												
3. Surplus reserve for loss recovery												
4. Changes in defined benefiting plan into retained earnings												
5. Others												
(5) Special reserve												
1. Current withdrawal												
2. Current use												
(6) Others												
IV. Balance at the end of current year	8,749,890,000.00				32,497,314,873.36				83,220,932.42	603,899,774.76		41,934,233,580.54

Legal representative:

Official in charge of Finance:

Head of Finance Department:

Statement of Changes in Owner's Equity

Prepared by: Zhongyuan Yuzi Investment Holding Group Co., Ltd.

Unit: RMB-yuan

Item	2017											
	Stock capital	Other equity instruments			Capital reserve	Loss: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Others	Total shareholders' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of previous year	8,338,000,000.00	-	-	34,021,567,031.65	-	-	-	49,301,164.17	365,920,336.08	-	-	42,774,798,551.90
Add: changes of accounting policy												
Correction of previous error												
Others												
II. Balance at the beginning of current period	8,338,000,000.00	-	-	34,021,567,031.65	-	-	-	49,301,164.17	365,920,336.08	-	-	42,774,798,551.90
III. Current increase/decrease (decrease presented with "-")	411,890,000.00	-	-	-488,305,314.90	-	-	-	25,058,349.13	192,065,446.57	-	-	-40,688,480.80
(1) Total comprehensive income												
(2) Shareholder-invested/received capital	411,890,000.00	-	-	-734,565,314.90	-	-	-	-	250,583,491.26	-	-	250,583,491.26
1. Common share invested by shareholders	411,890,000.00	-	-	-734,565,314.90	-	-	-	-	-	-	-	-322,675,314.90
2. Capital invested by other equity instrument holders												
3. Amount of share-based payment in the shareholder's equity												
4. Others												
(3) Profit distribution												
1. Withdrawal of surplus reserve								25,058,349.13	-61,827,349.13	-	-	-36,769,000.00
2. Distribution to shareholders								25,058,349.13	-25,058,349.13	-	-	-
3. Others									-36,769,000.00	-	-	-36,769,000.00
(4) Internal carry-over of shareholder's equity												
1. Capital reserve into share capital												
2. Surplus reserve into share capital												
3. Surplus reserve for loss recovery												
4. Changes in defined benefiting plan into retained earnings												
5. Others												
(5) Special reserve												
1. Current withdrawal												
2. Current use												
(6) Others												
IV. Balance at the end of current year	8,749,890,000.00	-	-	33,533,261,716.75	-	-	-	74,359,513.30	557,975,802.65	-	-	42,915,487,032.70
				246,260,000.00					3,289,304.44			249,549,304.44

Legal representatives:

Official in charge of Finance:

Head of Finance Department:

Notes to Financial Statements

I. Basic information of company

(1) Company's profile

Name:	Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Registered capital:	RMB 10,000,000,000.00
Legal representative:	Qin Jianbin
Incorporating date:	23 rd May, 2011
Address:	West Side Building, Henan Provincial Department of Finance, Jingsan Road No. 27, Zhengzhou
Industry:	Commercial Service
Business scope:	Investment & financing and asset management; investment and management of major government-led construction projects; investment and operation of strategic emerging industries, modern service industries and high-tech industries; holding and capital operation of state-owned equity; policy research and economic consulting business of investment and financing in urbanization construction; other approved assets investment and operating activities other than those prohibited national laws and regulations.

The company had 13 subsidiaries included in the consolidation scope in 2018, See Note VII "Equity in other entities". The number of the subsidiaries in the consolidation scope of the company in current year is one less than that in previous year. See Note VI "Changes in consolidation scope". The main business scope of the company and its subsidiaries will be found in Note VII "Equity in other entities".

These financial statements and the notes hereto have been released with the approval of the board of the company on 25th April, 2019.

(2) History of company's capital structure

1. On 23rd May, 2011, the company has received the approval of the Henan Administration for Industry and Commerce for the incorporation and the company's name was Henan Yuzi Urban & Rural Investment Development Co., Ltd. with business license for enterprise legal person (No.: 410000000023510), business term from 23rd May, 2011 until 22nd May, 2061 and initial registered capital is RMB 100 million, contributed by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government in monetary capital, 100% of total. The company has completed the alteration of name and business license No. on 12th April 12, 2017. The altered name is Zhongyuan Yuzi Investment Holding Group Co., Ltd. and the altered business license No. is 91410000574989030U.

The initial equity structure was as below:

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	10,000.00	100.00%
Total	10,000.00	100.00%

This alteration has been verified by Henan Lianhua Certified Public Accountants Co., Ltd. with a capital verification report (Yu Lian Kuai Yan Zi (2011) No. 103).

2. In July 2011, according to “Reply about Investment of Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government” (Yu Cai Zi (2011) No. 50) of the Ministry of Finance and “Decision about Agreeing Capital Increase and Article Modification of Henan Yuzi Urban & Rural Investment Development Co., Ltd.” (Yu Zi Guan (2011) No. 13) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, the company increased registered capital of RMB 900 M, including RMB 700 million as capital reserve into paid in capital and RMB 200 M as the capital increased by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government in monetary form. After this alteration, the company’s registered capital has been increased to RMB 1 billion. The share capital structure after this capital increase was as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	100,000.00	100.00%
Total	100,000.00	100.00%

This alteration has been verified by Henan Lianhua Certified Public Accountants Co., Ltd. with a capital verification report (Yu Lian Kuai Yan Zi (2011) No. 105).

3. In October, 2011, according to “Decision about Capital Increase and Article Modification of Henan Yuzi Urban & Rural Investment Development Co., Ltd.” (Yu Zi Guan (2011) No. 28) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, the company increased registered capital by RMB 1 billion, all contributed by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government in monetary capital. After this increase, the registered capital was increased to RMB 2 billion. After this increase, the share capital structure was as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions	200,000.00	100.00%

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Directly Under Henan Provincial Government		
Total	200,000.00	100.00%

This alteration has been verified by Henan Lianhua Certified Public Accountants Co., Ltd. with a capital verification report (Yu Lian Kuai Yan Zi (2011) No. 111).

4. In July 2012, according to “Decision about Capital Increase and Article Modification of Henan Yuzi Urban & Rural Investment Development Co., Ltd.” (Yu Zi Guan (2012) No. 15) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, the company increased registered capital by RMB 1 billion, all contributed by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government in monetary capital. After this increase, the registered capital was increased to RMB 3 billion. After this increase, the share capital structure was as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	300,000.00	100.00%
Total	300,000.00	100.00%

This alteration has been verified by Asia Pacific (Group) Certified Public Accountants Firm Co., Ltd. with a capital verification report (Ya Kuai Yan Zi (2012) No. 023).

5. On 14th September, 2015, the shareholders’ meeting decided increasing registered capital for RMB 2 billion from capital reserves. After this increase, the registered capital was increased to RMB 5 billion. After this increase, the share capital structure is as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	500,000.00	100.00%
Total	500,000.00	100.00%

6. On 12th August, 2016, according to “Decision on Increase of Registered Capital and Modification of Articles of Association of Henan Yuzi Urban & Rural Investment Limited” (Yu Zi Guan (2016) No.11) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, the company increased registered capital of RMB 5 billion, all subscribed by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government in monetary and non-monetary forms which will arrive at the account prior to 14th September, 2036. After this alteration, the company’s registered capital has been added to RMB 10 billion. As of 31st December, 2016, Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government has increased capital of RMB 720 million in monetary form and added paid-in capital of RMB 2.618 billion with capital reserve. After this capital increase, the equity

structure was as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	833,800.00	100.00%
Total	833,800.00	100.00%

7. On 22nd June, 2017, according to “Notice Concerning Appropriating Capital to Zhongyuan Yuzi Investment Holding Group Co., Ltd.” (Yu Cai Zong (2017) No. 51) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, Henan Department of Finance has increased capital of RMB 391.89 million in monetary form. according to “Notice Concerning Appropriating Capital for Budgetary Fund of Provincial State-owned Capital in 2017” (Yu Cai Qi (2017) No. 141) released by Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government, Henan Department of Finance has increased capital of RMB 20 million in monetary form on 29th December, 2017. After this capital increase, the equity structure was as below:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	874,989.00	100.00%
Total	874,989.00	100.00%

8. On 28th August, 2018, after the alteration registration with the Henan Provincial Administration for Industry and Commerce, the parent company and the actual controller of the company have been changed from the Henan State-owned Asset Management Center for Administrative Institutions Directly under Henan Provincial Government to the Henan Provincial Department of Finance. The capital structure after this change is as follows:

Shareholder	Contribution (RMB 10,000)	Percentage
Henan Provincial Department of Finance	874,989.00	100.00%
Total	874,989.00	100.00%

II. Basis for preparation of financial statements

1. Basis for preparation

The company prepared the financial statements based on going-concern assumption.

According to the document of the State Council (Guo Fa [2010]No. 19) and the document of the Ministry of Finance (Cai Yu [2010] No. 412), and the “RMB 10 B Urban and Rural Construction Financing Plan” approved by Henan People’s Government and Henan Department of Finance to support industry

cluster development and urbanization construction, the investment & financing institutions of the counties/cities/districts involved in project cooperation have been rectified or restructured and the transferrable operative property has been included in the Industry Cluster Investment & financing Institutions; with legal complaint procedure, the Industry Cluster Investment & financing Institution has transferred the relevant equity to Yuzi Company free of charge. As to the subsidiaries acquired according to above plan, the company determines the initial cost of the long-term equity investment with the original book value of the net assets at transfer date; started to include in the consolidated financial statements since the day of acquiring the control over the enterprise merged and measured all assets and liabilities with original book value in the consolidated financial statements. For the public welfare assets (such as municipal roads, administrative premises, free land use, etc. See Note V- Consolidated Financial Statements-12 “Property, plant and equipment” and Note V- Consolidated Financial Statements-14 “Intangible assets”) owned by the subsidiaries of the company, the company recognizes them as property, plant and equipment or intangible assets, without depreciation or amortization.

In addition to the above-mentioned matters, other matters are treated according to the actual transactions and events, in line with the “Accounting Standards for Business Enterprises - Basic Standards” and the specific accounting standards released by the Ministry of Finance on 15th February, 2006 and thereafter, the application of corporate accounting standards guidelines, corporate accounting standards and other relevant provisions (Hereinafter collectively the “Accounting Standards for Business Enterprises”)

According to the relevant provisions of the Accounting Standards for Business Enterprises, the company’s accounting is based on accrual basis. In addition to certain financial instruments, these financial statements are presented based on historical cost. If the asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

2. Continuous operation

The Company has the ability to continue to operate at least 12 months from the end of the reporting period and there is no significant effect on the ability of continuing operation.

III. Main accounting policies and estimates

1. Statement on compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises as a true and complete reflection of the company’s financial status as at 31st December, 2018 and the consolidated and parent company’s operation results and cash flow for 2018.

2. Fiscal period

The fiscal period of the company is classified into fiscal year and a medium term which refers to the reporting period shorter than a full fiscal year. The Company’s fiscal year adopts the calendar year, from 1st January to 31st December of each year.

3. Business cycle

The normal business cycle is the period from the purchase of the assets used by the company until the realization of cash or cash equivalents. The Company takes 12 months as a business cycle and uses it

as a measure of the liquidity of assets and liabilities.

4. Bookkeeping currency

The company's bookkeeping currency is Renminbi.

5. Accounting of the business merger under and not under the same control

A business merger refers to a transaction or event that combines two or more separate businesses to form a reporting entity. Merger mergers are classified into merger of enterprises under the same control and the merger of enterprises not under the same control.

(1) Business merger under the same control

If the enterprises taking part in the merger are under the control by the same one or multiple parties before and after the merger and if the control is not temporary, the merger is the enterprise merger under the same control. For the business merger under the same control, the party acquires the control over other enterprise on the acquisition date is acquirer and the other enterprise is acquiree. The merger day is the date on which the acquirer actually obtains control over the acquiree.

The assets acquired in enterprise merger are measured at book value of the merged party at acquisition date. The difference between the book value of net assets acquired by the merging part and the book value of merger consolidation paid (total par value of issued shares) is used to adjust the capital reserve (stock capital premium); if it is not enough to write off, adjust retained earnings.

All direct expenses incurred by acquirer for business merger is included in current profit and loss at the time of occurrence.

(2) Business merger not under the same control

If the enterprises taking part in the merger are under the control by the same one or multiple parties before and after the merger and if the control is not temporary, the merger is the enterprise merger under the same control. If the enterprises involved in the merger are not controlled by the same party or the same party before and after the merger, the business is not under the same control. As to the business merger not under the same control, the party acquires the control over other enterprise on the acquisition date is acquirer and the other enterprise is acquiree. The merger day is the date on which the acquirer actually obtains control over the acquiree.

As to business merger not under the same control, the merger cost includes the fair value of the assets, the liabilities incurred or assumed, and the equity securities issued for the acquisition of acquiree, the intermediary fees for the audit, legal services, assessment and consultation of the business merger, and other management expenses are included in current profits and losses when incurred. Acquirer's transaction costs for issuing equity securities or debt securities as consideration. The involved contingent consideration is included in merger cost at the fair value on acquisition date. If there is any new or further evidence on the circumstance existing on the acquisition date so that the contingent consideration needs to be adjusted within 12 months after the merger, the company adjusts the merged goodwill. The acquired costs incurred by acquirer and the identifiable net assets acquired in the merger are measured at the fair value at the acquisition date. The balance of the merger cost minus the fair value of the acquiree's identifiable net assets acquired at acquisition date is recognized as goodwill. If the cost is less than the fair value of acquiree's identifiable net assets acquired in the merger, the fair value of the acquiree's identifiable

assets, liabilities and contingent liabilities and the consideration of the cost are reviewed first. If the cost is still less than the share of the fair value of acquiree's identifiable net assets acquired in the merger, the difference is included in current profit and loss.

In the event that the acquirer obtains the acquiree's deductible temporary difference, if it is not recognized because it is not in compliance with the recognition conditions for deferred income tax assets, and if the new or further information is obtained within 12 months after the acquisition date indicates that the relevant circumstance already existed on the acquisition date, when it is expected that acquiree will be able to achieve the economic benefits of the deductible temporary difference, then the relevant deferred income tax assets will be recognized and the goodwill will be reduced; when the goodwill is insufficient and the difference is recognized as current profit and loss; in addition to the above, if they are identified as deferred income tax assets related to the business merger, they are included in current profit and loss.

For the business merger not under the same control which was realized by multiple transactions step by step, the company determines whether the multiple transactions belong to "a package of transactions" in accordance with the "Circular of the Ministry of Finance Concerning Issuing Enterprise Accounting Standards Interpretation No. 5" (Cai Kuai [2012] No. 19) and the judgment standard for "a package of transactions" (see Note III-6(2)) in the Article 5 of the "Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements". If it is "a package of transactions", the company shall refer to the descriptions in the preceding paragraphs of this section and this Note III -14 "Long-term equity investment" for accounting treatment; if it is not, the company distinguishes individual financial statements and Consolidated financial statements in relevant accounting treatment:

In the individual financial statements, the sum of the book value of acquiree's equity investment held prior to acquisition date and the new investment cost of acquisition date are recognized as the initial investment cost of the investment; if the acquiree's equity held prior to acquisition date involves other comprehensive incomes, at the time of disposal of the investment, the company treats other comprehensive income associated with the company on the same basis as acquiring directly dispose the relevant assets or liabilities (that is, except for the corresponding share in the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree which is accounted for under the equity method, the rest is transferred to the current investment income).

In preparation of Consolidated Financial Statements, as to the acquiree's equity held prior to acquisition date, the company re-measure the equity at the fair value on acquisition date and includes the difference between the fair value and the book value in current investment incomes; if the acquiree's equity held prior to acquisition date involves other comprehensive incomes, at the time of disposal of the investment, the company treats other comprehensive income associated with the company on the same basis as acquiring directly dispose the relevant assets or liabilities (that is, except for the corresponding share in the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan by the acquiree which is accounted for under the equity method, the rest is transferred to the current investment income).

6. Method of Preparation of Consolidated Financial Statements

(1) Principle for determining the scope of Consolidated Financial Statements

The consolidation scope of the Consolidated Financial Statements is determined based on the control.

The control is the power of the company over the investee. The company enjoys variable return via taking part in the relevant activities of the investee and has ability to impact the amount of the return with such power. The consolidation scope includes the company and its all subsidiaries. Subsidiary is an entity under the control of the company.

Once the change of relevant fact and condition causes the change of relevant elements involved in above definition of control, the company will conduct re-evaluation.

(2) Method of Preparation of Consolidated Financial Statements

The Company includes the subsidiaries in the scope of consolidation from the date of obtaining the actual control over the net assets and production & operation decision-making right of the subsidiaries; the company ceases including in the scope of consolidation from the date of loss of actual control. For disposal of subsidiaries, operating results and cash flows before disposal have been properly included in the Consolidated Income Statement and Consolidated Cash Flow Statement; for subsidiaries disposed in current period, the company does not adjust the beginning of the balance sheet balance. For subsidiaries increased in the business merger not under the same control, the operating results and cash flows after the acquisition date have been appropriately included in the Consolidated Income Statement and Consolidated Cash Flow Statement and the company does not adjust the opening numbers and the comparative numbers in the Consolidated Financial Statements. For the subsidiaries increased under the same control, the operating results and cash flows since the beginning of the merger period and the acquisition date have been appropriately included in the Consolidated Income Statement and Consolidated Cash Flow Statement while the company adjusts the comparatives in the Consolidated Financial Statements.

During preparation of Consolidated Financial Statements, if the accounting policies or fiscal period adopted by the subsidiaries are inconsistent with the company, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the company's accounting policies and fiscal period. For subsidiaries acquired by business merger not under the same control, the financial statements shall be adjusted on the basis of the fair value of the identifiable net assets.

All significant balances of accounts and transactions and unrealized profits of the company are set off in preparation of Consolidated Financial Statements.

The part in the subsidiaries' shareholder s' equity and current net gains and losses which do not belong to the company are presented as minority shareholders' equity and minority shareholders' gains and losses under the shareholders' equity and net profits in the Consolidated Financial Statements. The share of the current net gains and losses of the subsidiaries which belongs to the minority's equity is presented as minority shareholders' equity under the net profits in the Consolidated Income Statement. The share of the loss of the subsidiaries which are borne by the minority shareholders beyond the minority shareholders' share in the opening shareholders' equity in the such subsidiaries is still used to write off the minority shareholders' equity.

When disposing partial equity investment or losing the control over the subsidies for other reason, the company shall re-measure the fair value at the day of losing the control. The company includes the sum of the consideration acquired in the equity disposal and the fair value of the mining equity minus the share in the originally subsidies' net assets continuously calculated according to original shareholding proportion is in the investment incomes in the period of losing the control. At the time of losing the control,

the company treats on the basis the same as for disposal of other comprehensive incomes related to the equity investment in original subsidiaries (i.e., all others are transferred to current investment incomes except that the changes of the net liabilities/assets of defined benefit plan are re-measured for the original subsidiaries). Later, the company conducts subsequent measurement of the relevant equity according to “Accounting Standard for Business Enterprise No. 2- Long-term Equity Investment” or “Accounting Standard for Business Enterprise No. 22- Recognition and Measurement of Financial Instruments” and other relevant regulations. See Note III-14. “Long-term equity investment” or Note III-10. “Financial instruments”.

If the company disposes the equity investment in the subsidiary in steps and until it has lost the over the subsidiary, it will need to distinguish whether the transactions of investment in the equity of the subsidiary until the loss of the control belong to a package of transactions. If the terms, conditions and economic effect of the disposal of the equity investments in the subsidiary are one or more of the following circumstances, it is usually indicated that multiple transactions should be accounted for as a package of transactions: (1) These transactions are considered to be made at the same time; (2) the transactions can achieve a complete business results only if they are as a whole; (3) a transaction depends on the occurrence of at least one other transaction; (4) a transaction alone is not economical, but is considered economic together with others. If they don't belong to a package of transactions, each of these transactions shall be treated in accordance with the principle of “partial disposal of the subsidiary's Long-term equity investment without loss of control” (See Note III -14. (2)(4)) and “loss of control over the original subsidiary due to the disposal of part of the equity investment or other reasons” (see above paragraph) as the case. If the transactions for disposal of the equity investment in the subsidiary until the loss of control of is a package of transactions, the transactions shall be taken as a transaction for the purpose of the disposal of subsidiary until the loss of the control; however, the difference between each disposal price and the share in the net assets of the subsidiary corresponding to the disposal of the investment shall be recognized as other comprehensive income in the Consolidated Financial Statements and transferred to the loss or loss in the period of losing the control.

7. Classification of joint venture arrangements and accounting treatment of associated operations

The joint venture arrangement means that the entity is under the common control of two or more parties. The joint venture arrangements are classified into joint ventures and associated enterprises according to rights and obligations shared by joint venture parties in the arrangement. Associated enterprise refers to the joint venture arrangement that the joint party enjoys relevant assets and liabilities for such arrangement. Associated enterprise refers to that the joint venture party just enjoys rights over the net assets of the arrangement.

The company calculates the investment in the joint ventures with equity method and accounts for under the accounting policy specified in the Note III-14 (2) ② “Long-term equity investment calculated under the equity method”.

As a joint venture party, the company recognizes the assets solely held by the company according to arrangement of joint venture and recognizes assets jointly held in terms of share of the company; recognizes the liabilities solely assumed by the company and the common liabilities in terms of share of the company; recognizes the incomes from sales of share of the company in the output of common production; recognizes the incomes from output sale of the joint venture in terms of the share of the

company; recognizes the expenses incurred by the company solely and the expenses of the joint venture in terms of the share of the company.

When the company invests or sells assets (such assets do not constitute business, the same as below) as a joint venture or purchases assets from a joint venture, the company only recognizes the profits and losses arising from the transaction which are attributable to other joint venture parties before the sale of such assets to a third party. If the assets are incurred in accordance with the provisions of “Accounting Standard for Business Enterprises No. 8 - Impairment of Assets and other assets”, the company shall recognize the loss in full for the case of the company’s investment or sale of assets to the joint venture. If the company has purchased the assets from the common operation, the company shall recognize the loss according to the share.

8. Standard for determining Cash and cash equivalents

The cash and cash equivalents of the company include cash in hand and deposits which is available for payment from time to time and the investments held by the company with short holding term (generally mature in 3 months since purchase date), high liquidity and small risk of value change, easy to be converted into the cash with known amount.

9. Foreign currency business and foreign currency statement conversion

(1) Conversion method of foreign currency transactions

For the foreign currency transactions, the company converts into an amount of bookkeeping currency at spot exchange rate at transaction date at the time of initial recognition. However, with regard to the foreign currency conversion business or transactions involving foreign currency conversion, the company converts into an amount of bookkeeping currency at adopted exchange rate.

(2) Conversion method for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, the foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The resulting exchange differences, except that (1) The balance of exchange arising from foreign currency borrowings for the purchase and construction or production of qualified assets are treated with the principle of capitalization of borrowing costs; and (2) the exchange arising out of other changes of book balance other than amortization cost which are included in other comprehensive incomes, and the foreign currency available-for-sale are included in the current profit and loss.

Foreign currency non-monetary items measured at historical cost are still measured using the reporting currency converted at the spot exchange rate at the transaction date. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the date when the fair value is determined and the difference between the amount of the functional currency and the amount of the original bookkeeping currency is treated as a change in the fair value (including exchange rate changes) and included in current profit and loss or recognized as other comprehensive incomes.

(3) Conversion method of foreign currency financial statements

In the event that the preparation of the Consolidated Financial Statements involves overseas operations, if there is a foreign currency item which substantially constitutes net investment in overseas operations, the exchange difference arising from the exchange rate change is recognized as other comprehensive income as the translation reserves; at the time of disposal of overseas operations, the translation reserves are included in the current profits and losses.

The financial statements of foreign currency for overseas operations are translated into statements in Renminbi as follows: Assets and liabilities in the balance sheet are converted using the spot exchange rate on the balance sheet date; Shareholders' equity, except "Retained earnings", is converted using the spot exchange rate at the time of occurrence. The incomes and expenses in the Income Statement are converted at the spot exchange rate on the transaction date. The retained profits at the end of the previous year is the undistributed profit at the end of the previous year after conversion. The retained profit at the end of the year is presented according to the profit distribution items after the conversion. The difference between the assets and liabilities and total shareholder's equity is recognized as other comprehensive incomes as translation reserves. When dealing with overseas operations and thus losing control, translation reserves related to the overseas operation which are listed in the shareholders' equity of the balance sheet are transferred to the current profits and losses in whole or in proportion to the disposed part of the foreign business.

Foreign currency cash flows and cash flows from overseas subsidiaries are converted at the spot exchange rate on the date of the cash flow. The effect of exchange rate changes on cash as a regulated item is presented separately in the Cash Flow Statement.

The amount of the beginning of the year and the actual amount of the previous year are presented in accordance with the amounts converted in the financial statements for previous year.

In the event the company loses the control over the overseas operation due to the disposal of all the owners' equity or partial equity investment in the overseas operation or other reason, the company shall transfer the translation reserves related to such overseas operation which are attributable to the parent company's owner and presented in shareholder/owner's equity in the balance sheet in the gains and losses in the disposing period.

When the company experiences the reduced proportion of operation right over the overseas operation due to partial equity investment in the overseas operation or other reason, but still holds the control over the operation, the translation reserves related to such overseas operation are attributable to the parent company's owner and not transferred to the current profits and losses. At the time of disposal of the overseas operation as partial equity in the joint venture or associated enterprise, the translation reserves related to such overseas operation are transferred to the current profit and loss in the proportion to the disposed part of the overseas operation.

10. Financial instruments

The company recognizes a financial asset or financial liability when it becomes a party to a financial instrument contract. Financial assets and financial liabilities are measured at fair value at initial recognition. For the financial assets and financial liabilities measured at fair value through current profit or loss, the relevant transaction costs are directly included in the profit or loss. For the other categories of financial assets and financial liabilities, the related transaction costs are included in the initial recognition amount.

(1) Method of determining the fair value of financial assets and financial liabilities

Fair value refers to the price paid by a market participant in the orderly transaction that occurs on the measurement day in which an asset can be received or a liability can be transferred. If there is an active market for financial instruments, the company uses the quotation in the active market to determine their fair value. The quotation in an active market refers to prices that are readily available from exchanges,

brokers, industry associations, pricing services, etc., and represent the prices of market transactions that actually occur in a fair trade. If the financial instruments do not exist in the active market, the company uses the valuation technology to determine its fair value. Valuation techniques include the reference to the prices used in recent market transactions by parties familiar with and willing to trade, the reference to the current fair value of other financial instruments, cash flow discounting method, option pricing models, etc.

(2) Classification, recognition and measurement of financial assets

With regard to the trading of financial assets in a regular manner, the company recognizes and de-recognizes on the trading day. Financial assets are initially classified as financial assets measured at fair value through current profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets.

① Financial assets measured at fair value through current profit or loss

Including transactional financial assets and financial assets measured at fair value whose changes are included in current profit and loss

Transactional financial assets are financial assets that meet one of the following conditions: A. The purpose of the acquisition of the financial asset is primarily for sale in the near future; B. they constitute a part of a portfolio of identifiable financial instruments for centralized management with objective evidence indicating that the company has recently managed the portfolio with a short-term profit-making approach; C. they belong to derivative instruments, but except the derivatives that are designated as valid hedging instruments, the derivatives as financial guarantee contract and the derivatives which are linked with the derivatives without a quotation in active markets whose fair value cannot be reliably measured and settled by means of delivery of the equity instrument.

Financial assets that meet one of the following conditions may be designated as financial assets at fair value through current profit or loss at the initial recognition: A. the designation can eliminate or significantly reduce the consistency of the gains or losses caused by the different measurement bases of the financial assets in recognition and measurement; B. the formal written document of the company's risk management or investment strategy has stated that the financial asset portfolio containing the financial assets or the portfolio of the financial assets and financial liabilities are managed and evaluated and report to key management personnel on the basis of fair value.

Financial assets measured at fair value through current profit or loss are subsequently measured at fair value. The gains and losses arising from changes of the fair value and the dividends and interest income related to such financial assets are included in the current profit and loss.

② Held-to-maturity investment

Refers to non-derivative financial assets with fixed maturity date, fixed or recognizable recoverable amount, and for which the company has clear intention and ability to hold to maturity.

Held-to-maturity investments are measured at amortized cost using the effective interest rate method, and the gains or losses arising from de-recognition, impairment or amortization are included in current profit and loss.

The effective interest rate method is the method of calculating the amortized cost and the interest incomes or expenses of each period in accordance with the actual interest rate of financial assets or financial liabilities (including a group of financial assets or financial liabilities). The effective interest rate is the interest rate used for the book value of such financial assets or liabilities converted from the future cash flow of the financial assets or financial liabilities over the expected duration or an applicable shorter period.

In calculating the effective interest rate, the company anticipates the future cash flow (regardless of future credit losses) on the basis of all the contractual terms of the financial assets or financial liabilities, and also considers the all charges, fees, discounts or premium or others paid or received between all parties to the contract on the financial assets or financial liabilities.

③ Loans and receivables

They are non-derivative financial assets with fixed or determinable payments without quotation in an active market. The financial assets of the company divided into loans and receivables include bills receivable, accounts receivable, interest receivable, dividends receivable and other receivables.

Loans and receivables are measured at amortized cost using the effective interest method, and gains or losses arising from de-recognition, impairment or amortization are included in current profit and loss.

④ Available -for -sale financial assets

Including non-derivative financial assets that are designated as available-for-sale at the time of initial recognition, and the financial assets other than financial assets measured at fair value through current profit or loss, loans and receivables and held -to -maturity investments.

The closing cost of the available-for-sale debt instrument investment is determined by its amortized cost method, i.e. the balance of the initial recognition amount after deducting the repaid principal, add or less the accumulated amortization formed with the difference between the initial recognition amount and the maturity date at the effective interest rate and then minus the amount of impairment losses incurred. The closing cost of the investment in the equity instrument available-for-sale is the initial cost of acquisition.

Available-for-sale financial assets are subsequently measured at fair value, and the gains or losses arising from changes in fair value are recognized as other comprehensive incomes, transferred out when the financial asset is de-recognized and included in current profit and loss except the exchange difference of the impairment loss and foreign currency monetary financial assets which is related to amortized costs is included in current profit and loss. However, the investment in the equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured, as well as derivative financial assets that are linked to the equity instrument and which are settled by delivery of the equity instrument, are subsequently measured at cost.

Interest earned during the holding of the available-for-sale financial assets and cash dividends declared by investee are included in the investment incomes.

(3) Impairment of financial assets

Except the financial assets measured at fair value through current profit or loss, the company checks the book value of other financial assets at each balance sheet date. If there is objective evidence that the financial assets are impaired, the provision for impairment is made.

The Company conducts the impairment test on the financial assets with significant single amount. The financial assets with insignificant amounts are individually tested for impairment or included in the financial asset portfolio with similar credit risk characteristics. The financial assets without impairment in single test (Including individual and insignificant financial assets) are included in the financial asset portfolios with similar credit risk characteristics for re-testing. Financial assets that have been individually recognized for impairment losses are not included in the financial asset portfolio with similar credit risk characteristics for impairment test.

① Impairment of held-to-maturity investments, loans and receivables

The book value of the financial assets measured at cost or amortized cost shall be reduced to the present value of the estimated future cash flow and the reduced amount is recognized as impairment loss and included in the current profit and loss. After recognizing the impairment loss of the financial asset, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the event occurring after recognizing the loss, the original impairment loss is reversed and the book value of the financial asset after impairment loss reversion will not exceed the amortized cost of the financial asset on the reversal date assuming that no impairment provision is made.

② Impairment of available-for-sale financial assets

When the fall of the investment fair value is a serious or non-temporary decline, it indicates that the investment instrument is impaired.

Where the available-for-sale financial assets are impaired, the accumulated losses arising from the decrease in the fair value which have been included in other comprehensive incomes shall be transferred out and included in the current profit and loss. The accumulated loss of the transferred assets is the balance of the initial cost of the asset minus the recovered principal and amortized amount, the current fair value and the impairment loss originally recorded in the gains and losses.

After recognizing the impairment loss, if there is objective evidence that the value of the financial asset has been restored and is objectively related to the event occurring after recognizing the loss, the original impairment loss is reversed. The impairment loss of the investment in the equity instrument available or sale is recognized as other comprehensive incomes and the impairment loss of available-for-sale debt instrument is reversed into the current profit and loss.

The investments in equity instruments that are not quoted in an active market and whose fair value cannot be reliably measured or the impairment loss of the derivative financial assets linked with such equity instruments and settled by delivery of such equity instrument will not be reversed.

(4) Determination basis and measurement method of the financial asset transfer

The financial assets shall be de-recognized when meeting one of following conditions: ① the contractual right of the company to collect the cash flow of the financial asset is terminated; ② the financial asset has been transferred and the almost all risks and rewards of the ownership of the financial

asset are transferred to the transferee; ③The financial asset has been transferred, and the enterprise has neither transferred nor reserves almost all of the risks and rewards of ownership of financial assets, but it has given up the control over the financial assets.

If the enterprise neither transfers nor reserves almost all of the risks and rewards of the ownership of the financial asset and also does not give up the control over the financial asset, it recognizes the relevant financial asset and recognizes the relevant liability accordingly according to the degree of further involvement in the transferred the financial asset. The degree of involvement in the transferred financial asset refers to the level of risk that the enterprise is facing for the change of the value of the financial asset.

The difference between the book value of the transferred financial asset and the sum of the consideration received for the transfer and the accumulated amount of the fair value originally recorded in the other comprehensive incomes shall be included in the current profit and loss if the overall transfer of the financial asset satisfies the de-recognition condition.

If the partial transfer of financial assets satisfies the conditions for de-recognition, the book value of the transferred financial asset is apportioned at its relative fair value between the derecognized and non-derecognized portions and the difference between the consideration received for the transfer and the sum of the accumulated changes of the fair value of the de-recognized part which has been included in other comprehensive incomes previously is included in the current profit and loss.

If the company transfers the financial assets sold by way of recourse or the endorsement of the held financial assets, it shall determine whether almost all of the risks and rewards of the ownership of the financial assets have been transferred. If almost all of the risks and rewards of the ownership of the financial asset has been transferred to the transferee, the company de-recognizes the financial asset; if it reserves almost all of the risks and rewards of the ownership of the financial asset, it doesn't terminate the recognition of the financial asset; if the company neither transfers nor reserves almost all of the risks and rewards of the ownership of the financial asset, it continues to determine whether the enterprise reserves control over the asset and performs accounting treatment in accordance with the principles described in the preceding paragraphs.

(5) Classification and measurement of financial liabilities

Financial liabilities are initially classified as financial liabilities and other financial liabilities at fair value and whose changes are included in the current profit and loss. The initial recognition of financial liabilities is measured at fair value. For the financial liabilities measured at fair value through current profit or loss, the relevant transaction costs are directly included in the current profit and loss. For other financial liabilities, the related transaction costs are included in the initial recognition amount.

①Financial liabilities measured at fair value through current profit or loss

The conditions for the financial assets classified as transactional financial liabilities and financial liabilities designated to be measured at fair value through current profit or loss at their initial recognition are the same as the financial assets classified as transactional financial assets and designated to be measured at fair value through current profit or loss at the time of initial recognition.

Financial liabilities at fair value through current profit or loss are subsequently measured at fair value

and the gains and losses arising from changes in fair value and dividends and interest expenses related to such financial liabilities are included in current profit and loss.

② Other financial liabilities

A derivative financial liability that is linked to an equity instrument that is not quoted in an active market and whose fair value cannot be reliably measured and is settled by measures of delivery of such equity instrument is measured at cost subsequently. Other financial liabilities are measured at the amortized cost using the effective interest method, and the gains or losses arising from de-recognition or amortization are included in the current profit and loss.

③ Financial guarantee contracts [and loan commitments]

Financial guarantee contracts that are not classified as financial liabilities at fair value through current profit or loss are initially recognized at fair value and then are subsequently measured at the higher one between the amount determined according to “Accounting Standards for Business Enterprises No. 13 - Contingencies” and the balance of the initially recognized amount minus the accumulated amortization determined according to the principle of “Accounting Standard for Business Enterprises No. 14 – Incomes”.

(6) De-recognition of financial liabilities

Only if the present obligation of the financial liability has been released in whole or in part, the financial liability or part of its liabilities can be de-recognized. In the event that the company (the debtor) enters into an agreement with the creditor to replace the existing financial liability in the form of a new financial liability and the new financial liability is substantially different from the contractual terms of the existing financial liability, it de-recognizes the existing financial liability and recognizes the new financial liability.

If the financial liability is de-recognized in whole or in part, the company will de-recognizes the difference between the book value of the de-recognized portion and the consideration paid (including the transferred non-cash asset or the new financial liability) and includes it in the current profit and loss.

(7) Derivatives and embedded derivatives

Derivatives are initially measured at fair value at the date of signing of the relevant contract and subsequently measured at fair value. Changes in fair value of derivative instruments are included in current profit and loss.

In the case of a hybrid instrument containing an embedded derivative instrument, if it is not specified as a financial asset or financial liability measured at fair value through current profit or loss, there is no close relationship between the embedded derivative and the main contract in terms of economic characteristics and risks and the conditions are the same as the terms of the embedded derivative; if the separately existing instrument is in line with the definition of derivatives, embedded derivatives will be removed from the hybrid instrument and treated as a separate derivative financial instrument. If the embedded derivative is unable to be measured separately at the time of acquisition or subsequent balance sheet date, the hybrid instrument as a whole is designated as a financial asset or financial liability measured at fair value through current profit or loss.

(8) Offsetting of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities and is currently capable of exercising such legal rights and when the company plans to settle the financial assets and liquidate the financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet after offset against each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

(9) Equity instruments

An equity instrument is a contract that proves that the Company has a residual interest in the assets after deducting all liabilities. The Company issues (including refinances), repurchases, sale or cancels the equity instrument as changes in equity. The Company does not recognize the fair value of equity instruments. Transaction costs related to equity transactions are deducted from equity.

The Company's distributions to equity instruments holders (excluding stock dividends) reduce the shareholders' equity. The Company does not recognize the fair value of equity instruments.

11. Receivables

Receivable include accounts receivable, notes receivable, other receivables, etc. The initially recognized amount of the accounts receivable formed by the company for the goods or services provided by the company shall be the contract or agreement price receivable from the purchaser.

(1) The accounts receivable with significant amount and for which bad debt reserves is withdrawn individually.

Judgment basis and amount standard for significant individual amount	The accounts receivable with balance of over RMB 1 M and other receivables with balance of over RMB 1M.
Withdrawal method of bad debt reserves with significant amount which shall be withdrawn by item at the end of the period	When there is objective evidence that the company will not be able to recover all the amounts on the original terms of the receivables, the company shall carry out the impairment test separately and withdraw bad debt reserves based on the difference between the present value of its expected future cash flow and its book value at the end of the year.

(2) The accounts receivable for which bad debt reserves is withdrawn in terms of credit risk combination

The company groups the financial assets according to the similarity and relevancy with regard to the accounts receivable with insignificant and significant single amount without impairment in individual test. These credit risks generally reflect the ability of the debtor to repay all amounts due in accordance with the contractual terms of the assets and are related to the future cash flow estimates of the audited assets.

Basis for determination of different combinations:

A. Basis for determination of different combinations:

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Item	Basis for determination of combination
Age combination	The accounts receivable for which bad debt reserves is withdrawn in terms of account age
Riskless combination	Current amounts receivable from related parties, admin institutions, etc.

B. Withdrawal method of bad debt reserves under different combinations:

Item	Withdrawal method
Age combination	Aging method
Riskless combination	No withdrawal of bad debt reserves

a. The withdrawal method of year-closing balance of bad debt reserves with aging method in the combinations

Age	Percentage of provision for accounts receivable (%)	Percentage of provision for other receivables (%)
Within 1 year (1 year included, the same as below)	5.00	5.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
4-5 years	80.00	80.00
Over 5 years	100.00	100.00

(3) Reversion of balance of bad debt reserves at the end of the period

If there is objective evidence that the value of the receivable has been restored and is objectively related to the event occurring after recognition of the loss, the original impairment loss is reversed and included in current profit and loss. However, the book value of the reversed loss shall not exceed the amortized cost of the receivable on the reversal date assuming no impairment provision is made.

(4) If the company transfers the receivables to the financial institution without any recourse, the company includes the transaction amount in current profit and loss after deducting difference between the book value of the other receivables and the relevant taxes and fees.

(5) With regard to other receivables, such as notes receivable, prepayments and long-term receivables, the company withdraws bad debt reserves with the difference between the present value of their future cash flows and their book value.

12. Inventory

(1) Categories of inventory

Inventory mainly includes raw materials, inventory and other goods. The inventory of subsidiaries

engaged in real estate development refers to the development products held for sale in daily business, development cost in progress, the development-purposed land, raw materials and materials reserved for sale or consumption, etc. mainly including development-purposed land, raw materials, low-value consumables, leased development products, working rooms, the development products and development costs incurred in the development process.

(2) Valuation method of inventory at the time of acquisition and shipment

Inventory is valued at actual cost when acquired, and inventory costs include procurement costs, processing costs and other costs. The weighted average method is used to evaluate at the time of receiving and shipping.

Inventories of subsidiaries engaged in real estate development are initially measured at cost at the time of acquisition, including procurement costs, processing costs and other costs. ① development – purposed land is accounted at the actual cost; during developing project, the company allocates the development cost according to the area of the development project. ② development cost is recorded at the actual cost and then transferred into the development products after it is completed and accepted. ③ the development product is recorded at the actual cost and accounted with building area average method at the time of shipping. ④ leased development products and working houses are accounted at the actual cost and amortized in the estimated service life of the company’s similar property, plant and equipment. ⑤ the cost of the construction is accounted at the actual cost and the cost of construction carried over is accounted with individual accounting method.

(3) Method of withdrawing of falling price reserve of inventory

When the company’s inventory at the end of the period is higher than their net realizable value, the company withdraws the falling price reserve of the inventory. The company withdraws the falling price reserve for individual inventory. At the end of the period, if the impact factor of the inventory value write-down previously has disappeared, the falling price reserve of the inventory is reversed within the previously withdrawn amount.

(4) Method of recognition of net realizable value of inventory

The net realizable value of the inventory is evaluated based on the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and the related taxes.

(5) The inventory system is the perpetual inventory system.

(6) Amortization method of low value consumables

Low-value consumables are amortization with one-off amortization method at the time of receiving.

13. Held-for-sale assets

When the company will recover the book value of a non-current asset or disposal group through selling (including nonmonetary asset exchange in commercial nature, the same as below) instead of continuous use, and when following two conditions are met simultaneously, the asset or the group shall be classified into held for sale category: (1) a non-current asset or disposal group is sellable in current status

according to the convention for selling such assets or disposal groups in similar transactions; and (2) the company has made decision on the sale plan and received confirmed commitment on purchase and it is expected the sale will be completed in one year. (the approval of relevant authority or supervisory authority has been obtained according to relevant provisions).

For non-current asset or disposal group that is acquired for resale purposes, when it meets the conditions set forth in “expected to be sold in one year” on the acquisition date and is likely to meet the other conditions for the category of held for sale in a short-term (usually 3 months), the company classifies it as held for sale on the acquisition date.

When the Company re-measures and classifies into non-current assets and disposal groups held for sale at the initial measurement or on the balance sheet date, if the book value is higher than the fair value minus the selling expenses, the company shall write down the book value to the net value of fair value minus selling expenses, and the written amount is recognized as asset impairment loss and recorded in the current profit and loss. At the same time, the provision shall be made for the impairment of assets held for sale. For the asset impairment loss recognized in the disposal group held for sale, the book value of the goodwill in the disposal group shall be first deducted and then the book value of the disposal group shall be reduced in proportion according to percentage of book value of each non-current asset which is calculated according to “Accounting Standard for Business Enterprise No. 42-Non-current Assets and Disposal Groups Held for Sale and Discontinuing Operation” applicable to the disposal group.

If the net amount of fair value of the non-current assets held for sale minus the selling expenses is increased after the balance sheet date, the amount previously written-down is recovered and reversed within the amount of the asset impairment loss recognized after classification as held-for-sale category, and the reversed amount is recorded into the current profit and loss. Assets impairment losses recognized before classification as held for sale are not reversed. The amount previously written-down in the disposal group held for sale should be recovered and reserved in the amount of asset impairment losses recognized for the non-current assets according to the measurement requirement of “Accounting Standard for Business Enterprise No. 42-Non-current Assets and Disposal Groups Held for Sale and Discontinuing Operation” applicable after the classification into held for sale. The reserved amount is included in current profit and loss. The book value of goodwill deducted and the asset impairment losses of the non-current assets which are recognized before the classification as held for sale subject to the measurement requirements of this standard are not reserved.

The non-current asset held for sale or the non-current asset in the disposal group held for sale is not subject to any depreciation or amortization. Interests and other expenses on the liabilities in the disposal group held for sale continue to be recognized.

If a non-current asset or disposal group is classified as held for sale but is no longer satisfied with the conditions for recognition of non-current assets held for sale, the company ceases including it as those held for sale and measures at the lower one between (1) the book value of the asset or disposal group before classified as those held for sale after depreciation, amortization or impairment assuming that they have not been classified as those held for sale and (2) the recoverable amount at the day.

When de-recognizing non-current asset or disposal group held for sale, the company includes the

unrecognized gains or losses in current profit and loss.

14. Long-term equity investment

Long-term equity investment refers to the long-term equity investment by which the company has control, joint control or significant influence on the investee. Long-term equity investment by which the company has control, joint control or significant influence on the investee is recognized as financial assets available-for-sale or financial assets measured at fair value through current profit or loss. See Note III-10. “Financial instruments” for relevant accounting policy.

Joint control refers to the control that is common control of the company over an arrangement in accordance with the relevant agreement, and that the relevant activities of the arrangement must be agreed upon by the participant who has shared the control. Significant influence refers to the company’s power to participate in decision-making on Investee’s financial and operating policies, but which cannot control or jointly control with other parties the formulation of these policies.

(1) Recognition of investment costs

With regard to the long-term equity investment acquired in the business merger under the same control, the share of the acquiree [shareholder equity/owner’s equity] in the book value in the Consolidated Financial Statements of the final controller shall be recognized at the initial investment cost of the long-term equity investment. The difference between the initial investment cost and the book value of the paid cash, transferred non-cash asset and undertaken debt shall be used to adjust the capital reserve; if the capital reserve is insufficient to offset, the company will adjust the retained earnings. If the issue of equity securities is used as the consideration for the merger, the share of the acquiree [shareholder equity/owner’s equity] in the book value in the Consolidated Financial Statements of the final controller shall be recognized at the initial investment cost of the long-term equity investment, and by taking the total issue amount as the share capital, the difference between the initial investment cost of the long-term equity investment and the total issued par value of the shares is used to adjust the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the company acquires the equity from the acquiree by multiple transactions in steps which forms a business merger under the same control, the company shall treat based on whether there is a package of transactions. If It is, the company will treat all transactions as one single transaction acquiring control; otherwise, the company will take its share in the book value of the (shareholders’ equity/owner’s equity) of the acquiree in the consolidated financial statements of the ultimate controller as the initial investment cost of the long-term equity investment on acquisition date, and adjust the capital reserve with the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before merger and the book value of the new paid consideration for further acquisition of shares on the acquisition date; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. With regard to other comprehensive incomes of the equity investment held prior to the acquisition date for calculation with equity method or recognition for available-for-sale financial assets, there is no accounting treatment temporarily.

For the long-term equity investment acquired in the business merger not under the same control, the acquisition cost is the initial investment cost of the long-term equity investment, as the sum of the assets

incurred by the acquirer, the liabilities incurred or assumed, and the fair value of equity securities. If the company acquires equity from the acquiree by multiple transactions in steps which forms a business merger not under the same control, the company shall treat based on whether there is a package of transactions. If It is, the company will treat all transactions as one single transaction acquiring control; otherwise, the company will take the sum of the book value of the investment originally held in the equity of the acquiree and the increased investment cost as the initial investment cost of the long-term equity investment under cost method. If the originally held equity investment is calculated under equity method, the relevant other comprehensive incomes will not be treated temporarily. If the originally held equity investment is available-for-sale financial assets, the difference between the fair value and the book value and the change in the accumulated fair value which has been included in other comprehensive incomes originally shall be included in current gains and losses.

The audit, legal services, assessment consulting and other related general and administration expenses incurred in the business merger by the merging party or acquirer for the merger are included in current profit and loss at the time of occurrence.

The equity investments other than the long-term equity investment formed by the business merger are initially measured at cost. The cost is determined based on the cash purchase price paid by the company, the fair value of the equity securities issued by the company, value agreed in the investment contract or agreement, the fair value or the original book value of the assets transferred out of the non-monetary assets exchange transaction, the fair value of the long-term equity investment and others considering the different methods of acquiring the long-term equity investment. The costs, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. If the company is able to have significant influence or common control for (additional investment) but doesn't constitute control, the cost of the long-term equity investment is the sum of the fair value of the equity investment held originally which is determined in accordance with the "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" and the new increased investment costs.

(2) Method of subsequent measurement and profit and loss recognition

The long-term equity investment which has a common control (other than constituting a common operator) or significant influence on the investee is accounted for using the equity method. In addition, the company's financial statements calculate long-term equity investments that can control the investee with cost method.

① Long-term equity investment calculated with cost method

When long-term equity investment is calculated with cost method, the long-term equity investment is evaluated at the initial investment cost and the additional or withdrawn investment is used to adjust the cost of the investment. Except the cash dividends or profits declared and undistributed in the price or consideration paid in acquiring the investment, the current investment incomes are recognized with the cash dividend or profit declared by the investee.

② Long-term equity investment calculated with equity method

When long-term equity investment is calculated with equity method, if the initial investment cost of

the investment is more than the share of the fair value of the identifiable net assets of the investee at the time of investment, the company doesn't adjust the initial investment cost of the long-term equity investment; if the initial investment cost is less than the share, the difference is included in the current profit and loss and the costs and the cost of long-term equity investment is adjusted at the same time.

When using the equity method, the investment income and other comprehensive income shall be recognized separately in accordance with the share of the net profit or loss and other comprehensive income in the investee while the book value of the Long-term equity investment shall be adjusted. The company shall, in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly. Where any change is made to the owner's equity other than the net profits and losses, other comprehensive incomes and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and be included in the capital reserves. When recognizing the share in the net gains and losses of the investee, the company recognizes after adjustment of the net profits of the investee based on the fair value of variable identifiable assets and others of the investee. In the event that Investee's accounting policies and fiscal period are inconsistent with those of the company, Investee's financial statements are adjusted in accordance with the company's accounting policies and fiscal period and the investment income and other comprehensive income are recognized. For the transactions between the company and the joint ventures and the associated enterprises if the investment or sale of the assets does not constitute transaction, the unrealized gains and losses of the internal transactions are offset against the portion of the share attributable to the company and then investment gains and losses are recognized. But the loss for the unrealized transaction between the company and the investee shall not offset if it is the impairment loss of the transferred assets. If the an asset invested by the company in a joint venture or a associated enterprise forms a business, and if the investee acquires the long-term equity investment but control, taking the fair value of the invested business as the initial investment cost of the increased long-term equity investment, the company includes the difference between the initial investment cost and the book value of the invested business in current gains and losses in full. If an asset sold by the company to a joint venture or a associated enterprise forms a business, the company will include the difference between the acquired consideration and book value of the business in current gains and losses in full. If the asset acquired by the company from a joint venture or a associated enterprise forms a business, the company will treat according to the relevant provisions of "Accounting Standard for Business Enterprise No. 20-Business Merger" and recognize it as gains or losses related to the transaction in full.

In determining the net loss to be incurred by the investee, the book value of the long-term equity investment and other long-term equity liabilities that substantially constitute a net investment in investee are reduced to zero. In addition, if the company has an obligation to incur additional losses to the investee, the estimated liabilities are recognized in the anticipated assumable obligations and included in current investment losses. If the net profit is realized during the subsequent period, the company will resume the recognition of the amount of revenue after the income share has made up the share of the unrecognized loss.

The long-term equity investment for associated enterprises and joint ventures that have been held prior to the company's implementation of the new accounting standards for the first time, if there is a debit balance of equity investment related to the investment, the net amortized with straight-line method in the

original remaining period is included in current profit and loss.

③ Acquisition of minority interests

In the preparation of Consolidated Financial Statements, the difference between the long-term equity investment increased for the purchase of minority interests and the share of the net assets of the subsidiary that is calculated continuously since acquisition date (or merger date) on the basis of the new shareholding ratio shall be used for adjustment of capital reserves; if the capital reserve is deficient to offset, it is used to adjust the retained earnings.

④ Disposal of Long-term equity investment

If during the preparing the Consolidated Financial Statements, the parent company partially dispose of the Long-term equity investment in the subsidiary without the loss of control, the difference between the disposal price and the net assets in the subsidiary in correspondence with the disposal of the long-term equity investment is included in shareholders' equity, if the parent company loses the control over the subsidiary for partial disposal of the long-term equity investment in the subsidiary, the company will treat according to the relevant accounting policies described in Note III- 6(2) "Preparation of Consolidated Financial Statements".

As to the disposal of long-term equity investment in other cases, the difference between the book value of the disposed equity and the received price is included in the current profit and loss.

As to the long-term equity investment which is accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, and the other comprehensive income portion originally included in the shareholders' equity shall be treated at the corresponding proportion on the basis the same as that for the investee's direct disposal of the relevant assets or liabilities at the time of disposal. The owner's equity recognized by the change of the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee is carried out proportionally into the current profits and losses.

As to the long-term equity investment which is accounted for using the cost method, if the remaining equity after disposal is still accounted for using the cost method, and the other comprehensive income calculated with equity method or recognized with financial instrument recognition and measurement standards prior to acquiring the control over the investee shall be treated at the corresponding proportion on the basis the same as that for the investee's direct disposal of the relevant assets or liabilities and carried out proportionally into the current profits and losses. All other changes of owner's equity in the net assets recognized with equity method other than net profit or loss, other comprehensive income and profit distribution are carried out proportionally into the current profits and losses.

If the company has lost control of Investee due to the disposal of part of the equity investment, if the remaining shareholding after disposal is able to have joint control or exert significant influence on the investee in the preparation of the individual financial statements, the equity method shall be used and the remaining equity is deemed to be adjusted with equity method since acquisition. If the disposed remaining shares cannot have a joint control or exert a significant impact on the investee, the standard for recognition and measurement for financial instruments shall be adopted in accounting treatment and the difference between the fair value and the book value at the day of losing control shall be included in current profit

and loss. Other comprehensive incomes recognized with the equity method or recognized according to financial instrument recognition and measurement standard prior to the acquisition of the investee by the company are accounted for on the basis the same as that for Investee's direct disposal of the underlying assets or liabilities at the time of loss of the control over the investee. All other changes in owner's equity other than net profit or loss and other comprehensive income and profit distributions in the Investee net assets recognized with the equity method are consolidated into the current profits and losses when the control over the investee is lost. Where the remaining shareholding after disposal is accounted for using the equity method, the other comprehensive income and other owners' equity are carried out proportionally. If the remaining equity after disposal is subject to financial instrument recognition and measurement standards, the other comprehensive incomes and other owner's equity are carried forward in full.

If the company loses the control over the joint control or significant influence on the investee due to the equity investment, the remaining equity after disposal is subject to the financial instrument recognition and measurement standard, and the difference between its fair value and book value on the date of losing joint control or significant influence is included in current profit and loss. The other comprehensive income recognized in the original equity investment with the equity method shall be accounted for on the basis the same as that for Investee's direct disposal of the underlying assets or liabilities at the time of termination of using equity method. All owner's equity recognized by investee for all changes of owner's equity other than the net profit or loss, other comprehensive income and profit distribution are transferred to the current investment income upon termination of using the equity method.

In the event that Company has dealt with the equity investment of the subsidiaries until the loss of control in multiple transactions in steps, if the aforesaid transactions are a package of transactions, the company treated all transactions as a transaction involving the equity investment and loss of control over the subsidiary, and recognizes the difference between the disposal price and the book value of the part of the long-term equity investment in each disposal before the loss of the control as other comprehensive income and then transfers to the current profits and losses when losing the control.

15. Investment real estate

Investment real estate refers to real estate for the purpose of earning rent or capital appreciation, or both. The Company's investment real estate includes using rights over the land leased, using rights of the land held for transfer after appreciation and leased buildings.

The investment real estate of the company is initially measured at the cost at the time of acquisition, and the subsequent expenditure related to the investment real estate is included in the investment real estate cost if the economic benefits related to the asset are likely to flow in and the cost can be measured reliably; other follow-up expenses are included in current profit and loss and the depreciation or amortization is made in terms in accordance with the relevant provisions for the property, plant and equipment or intangible assets.

16. Property, plant and equipment and accumulated depreciation

(1) Recognition conditions of property, plant and equipment

The Company's property, plant and equipment are tangible assets held for the purpose of producing goods, providing services, leasing or operation and management with the service life of more than one

fiscal year.

The property, plant and equipment may be recognized when the economic benefits associated with the fixed asset are likely to flow into the enterprise and when the cost of the fixed asset can be measured reliably.

The Company's property, plant and equipment are initially measured at the actual cost at the time of acquisition.

(2) Classification and depreciation policy of property, plant and equipment

The public assets with government functions (such as municipal roads, houses used by administrative organs, etc.) owned by the subsidiaries of Company are recognized as property, plant and equipment and not subject to depreciation.

The Company makes depreciation under the straight -line method. The company makes the depreciation of the property, plant and equipment when they reach the intended usable status and stops making the depreciation when de-recognizing or classifying them into held-for-sales non-current assets. The company determines the annual depreciation rate as below in terms of the category, estimated service life and estimated residual value without considering the provision for impairment.

Category	Deprecation method	Service life (year)	Residual rate %	Annual depreciation rate %
House and building	Straight -line method	5.00-35.00	5.00	2.71-19.00
Machine and equipment	Straight -line method	10.00-15.00	5.00	6.33-9.50
Transport equipment	Straight -line method	8.00	5.00	11.88
Electronic devices and others	Straight -line method	5.00	5.00	19.00

Among them, the depreciation rate of the property, plant and equipment whose impairment has been made shall be determined after deducting accumulated amount of the withdrawn fixed asset impairment reserves.

(3) Recognition basis, valuation and depreciation of property, plant and equipment under financing lease

When the property, plant and equipment leased by the company meets one or more of the following criteria, it is recognized as property, plant and equipment under financing lease:

① The ownership of the leased asset is transferred to the company upon the expiration of the lease term.

② The company has the option to purchase the leased assets. The purchase price entered into is expected to be much lower than the fair value of the leased assets when the option is exercised. Therefore,

it can be reasonably determined that the company will exercise this option at the lease start date.

③ Even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset.

④ The present value of the minimum lease payments of the company on the start date of the lease term is almost equivalent to the fair value of the leased assets on the start date.

⑤ The leased assets are of a special nature and only the company can use them if there is no major modifications to them.

As to the property, plant and equipment under financing lease, if the company can reasonably determine that the ownership over the leased asset will be acquired at the expiration of the lease term, it makes depreciation over the useful life of the leased asset; if the company cannot reasonably determine that the ownership over the leased asset will be acquired at the expiration of the lease term, it makes depreciation over the shorter of the lease term and the remaining useful life of the leased asset.

(4) Costs of major repair

With regard to the costs of the major repair for regular inspection on the property, plant and equipment, if there is conclusive evidence that the part that meets the conditions for recognition of property, plant and equipment, the part is included in the cost of property, plant and equipment; otherwise, the part is included in current profit and loss. Property, plant and equipment are depreciated still during interval of major repair.

17. Construction in progress

The cost of the construction in progress of the company is determined according to the actual project expenditure, including the necessary expenses incurred during the construction period, the borrowing costs and other related expenses that should be capitalized before the project can reach the intended usable status.

The construction in progress is transferred to the property, plant and equipment when it reaches the intended usable status.

18. Borrowing costs

Borrowing costs include borrowings interest, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. The borrowing costs that can be directly attributable to the acquisition or production of assets eligible for capitalization are incurred shall be capitalized when the asset expenditure has occurred, the borrowing costs have occurred and the purchase and construction or production activities necessary for the asset to reach the intended usable or salable condition has started; the capitalization is stopped when the constructed or produced assets that meet the conditions of capitalization reach an intended usable status or a sellable status. The remaining borrowing costs are recognized as expenses in the current period.

The amount of interest actually incurred in the current period minus the amount of interest incomes received from the unused borrowing funds deposited in the bank or the investment incomes obtained from the temporary investment shall be capitalized; the capitalized amount of the general borrowing shall be determined with the product of the weighted average amount of the asset expenses accumulated beyond the special borrowings and the capitalization rate of the general borrowing. The capitalization rate is

determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, the exchange difference of foreign currency special borrowings is fully capitalized; the exchange difference of foreign currency general borrowings is included in current profit and loss.

Assets that meet the capitalization conditions are property, plant and equipment that require a long period of acquisition or construction or production activities to reach intended usable or salable status, investment real estate, inventory, etc.

If the assets eligible for capitalization are interrupted abnormally during the construction or production process and the interruption period lasts for more than three months, the capitalization of the borrowing costs shall be suspended until the acquisition or production of the assets is resumed.

19. Biological assets

(1) Standard for determination of biological assets

Biological assets are the assets consisting of animate animals and plants.

(2) Classification of biological assets

Biological assets are divided into expendable biological assets, productive biological assets and public welfare biological assets. Consumable biological assets include biological assets held for sale or harvested as agricultural products in the future. Produce biological assets include biological assets held for producing agricultural products, providing labor services or renting purposes. Public welfare biological assets include biological assets that are mainly for the protection and environmental protection.

(3) Depreciation policy for productive biological assets

The depreciation of productive biological assets is calculated using the straight-line method.

(4) Accounting of biological assets impairment

If the net realizable value of consumable biological assets is lower than its book value, the impairment reserve of the biological assets is withdrawn and included in the current profit and loss with the difference between the net realizable value and the book value. If the impact of the depreciation of the consumption of biological assets has disappeared, the amount write-down should be restored and reversed in the original withdrawn impairment reserve, and then included in the current profit and loss.

If the recoverable amount of the productive biological asset is lower than its book value, the provision for impairment of the biological asset shall be made in the current profit and loss with the difference between the recoverable amount and the book value. The provision for impairment of productive biological assets shall not be reversed once made. The provision for impairment shall not be made for public welfare assets.

20. Intangible assets

The intangible assets of the company are initially measured at cost and the service life of the intangible assets is determined when the intangible assets are acquired. If the service life is limited, the

amortization method is used to reflect the expected realization of the economic benefits related to the asset from the time when the intangible asset is available and is amortized over the estimated service life. If the expected realization method cannot be reliably determined, the company makes amortization using straight-line method; the intangible assets with uncertain service life are not amortized.

The public welfare assets with government functions (such as the free transfer of land, forest rights, etc.) owned by the subsidiaries of the company are recognized as intangible assets and not amortized.

Amortization of intangible assets with limited service life is as follows:

Category	Net residual value	Service life	Amortization method	Remarks
Land and forest use rights	0.00	Transfer term	Straight line method	
Other intangible assets	0.00	5 - 10 years	Straight line method	

At the end of each year, the company reviews the service life and amortization method of intangible assets with limited service life. In case of any difference from the previous estimates, the company adjusts the original estimates and treats according to the changes of accounting estimates.

If the company does not expect an intangible asset to bring future economic benefits to the enterprise at the end of the period, the book value of the intangible asset will be transferred to the current profit and loss.

21. R & SD expenditures

The Company divides internal R & D expenditures into research expenditures and development expenditures.

Expenditures at the research stage are included in current profit and loss at the time of occurrence.

If the expenditure incurred during the development phase meets both of the following conditions, they can be capitalized: it is technically feasible to complete the intangible assets for use or sales; the company has intention to complete and use or sell the intangible assets; the intangible assets generate economic benefits, including the ability to prove the products made with the intangible assets or the intangible assets exist in the market or the usability if the intangible assets will be used internally; the company has sufficient technical and financial resources and other resources to complete the development of the intangible assets, and the ability to use or sell the intangible assets; the expenses attributable to the intangible asset development can be measured reliably. Development expenses that do not meet these conditions are included in current profit and loss.

The company's corresponding project will enter into development stage after meeting above conditions, passing technical feasibility and economic feasibility study and receiving the approval.

22. Amortization method of long-term deferred expenses

The long-term deferred expenses incurred by the company are measured at their actual cost and amortized on an expected benefiting period evenly. For long-term deferred expenses that cannot benefit

subsequent accounting periods, the amortized value is included in the current profit and loss in full.

23. Impairment of long-term assets

For non-current financial assets like property, plant and equipment, construction in progress, limited intangible assets with limited service life, investment real estate measured in cost mode and non-current non-financial assets, the long-term equity investment in subsidiaries, joint ventures and associated enterprises, the company determines whether there is any indication of impairment on the balance sheet date. If there is evidence of impairment, the estimated recoverable amount shall be tested for impairment. The company also judges whether there is any indication of impairment of the goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached the state of use, the company conducts impairment test every year whether or not there is any indication of impairment.

If the impairment test results indicate that the recoverable amount of the asset is lower than its book value, the impairment provision is made with the difference and included in the impairment loss. The recoverable amount is the higher one between the fair value of the asset minus the disposal cost and the present value of the expected future cash flow of the asset. The fair value of the asset is determined according to the agreed sale price in a fair trade; if there is no sale agreement, but there is an active market of the asset, the fair value is determined according to the buyer's bid for the asset; if there is neither sales agreement nor the active market, the optimal information acquired shall be used to estimate the fair value of the asset. Disposal costs include legal costs related to disposal of assets, related taxes, handling charges, and direct costs incurred to enable the asset to be salable. The present value of the expected future cash flows of the asset is determined by the amount of the discounted cash flow in accordance with the expected future cash flows arising at the time of the continuing use and the final disposal of the asset through discount at an appropriate discount rate. Assets impairment reserves are calculated and are recognized on the basis of individual assets. If it is impossible to estimate the recoverable amount of individual assets, the recoverable amount of the asset group is determined in terms of the asset group to which the asset belongs. The asset group is the smallest portfolio of assets that can generate cash inflows independently.

As to the goodwill presented separately in the financial statements, when the impairment test is conducted, the company apportions the book value of goodwill to the asset group or the combination of the asset group that is expected to benefit from the synergies of the business merger. If the test results indicate that the recoverable amount of the asset group or the combination of the asset group containing the assessed goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of the impairment loss shall be offset by the book value of the goodwill allocated to the asset group or the combination of the asset group, and then by the book value of all other assets proportionally in terms of the proportion of the book value of other each asset other than goodwill in the asset group or the combination of the asset group.

Once the impairment loss of the above asset is recognized, the portion whose value is restored will not be reversed in the subsequent periods.

24. Employee's compensations

Remuneration of the company's employees mainly includes short-term employees' compensation, leave benefits, dismissal benefits and other long-term employees' benefits. Among them:

Short-term compensations mainly include wages, bonuses, allowances and subsidies, employee benefits, medical insurance, maternity insurance, work injury insurance, housing provident fund, trade union funds and staff education funding, non-monetary benefits, etc. The company recognizes the short-term compensations incurred in the accounting period in which the employee provides services for the company as liabilities and includes them in current profit and loss or related asset costs. Non-monetary benefits are measured at fair value.

The leave benefits include defined contribution plans and defined benefit plans. The former includes the basic old-age insurance, unemployment insurance and annuity, and the corresponding contributable amount should be included in the relevant asset costs or current profits and losses.

When the company cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, the company shall recognize the liabilities –employees’ compensations on earlier day between the day when the company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal and the day when the company recognizes the costs of the demission benefit in associated with the restructuring, and include them in current profit and loss. However, if the dismissal benefits are expected to be not fully paid within 12 months after the end of the annual reporting period, the company shall pay in terms of other long-term employees’ compensations

The employee’s internal retirement plan is treated on the principle the same as that for the dismissal benefits. The company will pay the compensations and the social insurance premiums paid by the employees during the period from the date when the employee ceases providing the service to the normal retirement date, and include them in the current profit and loss (retirement benefits) when the conditions for recognizing the estimated liabilities are met.

As to the other long-term employee benefits provided by the company to the employees, they shall be accounted for according to the defined contribution plan; otherwise, according to the defined benefit plan

25. Estimated liabilities

If the obligations related to contingencies meet the following conditions at the same time, the company recognizes it as an estimated liability:

- A. The obligation is the company’s current obligations;
- B. The performance of the obligation is likely to lead to economic benefits out of the company;
- C. The amount of the obligation can be measured reliably.

The company initially measures the estimated liabilities in accordance with the best estimate of the expenditure required to perform the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money associated with contingencies. If the time value of money has a significant impact, the company determines the best estimates by discounting the relevant future cash outflows.

If the expenses required for the settlement of the estimated liabilities are wholly or partly expected to

be compensated by a third party or other parties, the amount of the compensation can only be recognized as an asset separately when it is substantially determined to be receivable. The amount of compensation recognized does not exceed the book value of the recognized liability.

26. Share-based payment

(1) Types of share-based payment

The Company's share-based payments are classified into equity-settled share-based payments and cash-settled share-based payments.

(2) Method of determining the fair value of the equity instrument

The Company determines the fair value of the equity instruments granted in the active market such as options at the quotation in an active market. For the equity instruments such as options that have no an active market, the fair value is determined using the option pricing model.

(3) Basis for recognizing the optimal estimates of exercisable equity instruments

At each balance sheet date during the waiting period, the company makes the optimal estimates based on the updated follow-up information like changes in the number of exercisable employees and corrects the number of equity instruments that are expected to be exercisable. On the exercise date, the finally estimated number of exercisable equity instruments should be consistent with the actual number of the exercisable equity instruments.

27. Other financial instruments such as preferred share, perpetual bonds, etc.

(1) Difference between permanent debts and preferred share

The financial instruments such as perpetual bonds and preferred share issued by the company are treated as equity instruments if they meet all of following conditions at the same time:

① The financial instrument does not include the contractual obligation to deliver cash or other financial assets to other parties or to exchange financial assets or financial liabilities with other parties under potentially adverse conditions;

② If the financial instrument is to be settled with the equity instrument of the company in the future, and if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable quantity of its own equity instrument for settlement; if it is a derivative instrument, the company may only settle the financial instrument by exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Except the financial instruments classified as equity instruments in accordance with the above conditions, other financial instruments issued by the company shall be classified as financial liabilities.

If the financial instrument issued by the company is a composite financial instrument and recognizes as a liability at the fair value of the component of the liability, it is recognized as "other equity instrument" with received amount minus the fair value of the component of the liability. The transaction costs incurred in the issuance of the composite financial instruments shall be apportioned among the liabilities component and the equity component in proportion to their respective total issue price.

(2) Accounting of perpetual debts and preferred share

The relevant interests, dividends, gains or losses, and gains or losses arising from redemption or refinancing and other expenses in respect of perpetual debts and preferred share and other financial instruments that are classified as financial liabilities, etc., except the borrowing costs meeting capitalization conditions (See Note III 18. "Borrowing costs"), are included in the current profit and loss.

With regard to the perpetual debts and preferred share and other financial instruments that are classified as equity instruments, the issue, (including refinancing), repurchase, sale or cancellation is treated as change of equity and the related transaction costs are also deducted from equity. The Company treats the distribution to the equity instrument holders as a profit distribution.

The Company does not recognize the change in the fair value of equity instruments.

28. Principle of recognition of incomes

(1) Selling goods

When the company has transferred of the main risk or remuneration of the ownership of the goods to the purchaser and no longer continues to manage the goods, when the actual control of the relevant income has been made or received the receipt of the credentials, and when the cost associated with the sale of the goods can be reliably measured, the company recognized the realization of sales of goods.

(2) Providing services

In the case where the results of the service transaction can be reliably estimated, the company recognizes income at the end of the period with completion percentage method.

If the result of the provision of services cannot be reliably estimated, the company recognizes the service incomes with the service cost incurred and expected to be compensated and takes the incurred service cost as current expenses. if the incurred service cost is not expected to be compensated, the income is not recognized.

When the company's contracts or agreements with other enterprises involve the sale of goods and the provision of services, if the sale of goods may be differentiated and measured separately from the provision of services, the sale of goods shall be treated separately from the provision of services; if the sale of goods cannot be differentiated from the provision of services, or if both can be differentiated from each other, but cannot be measured separately from each other, the whole contract shall be treated as good sales.

(3) Release of asset use rights

The company recognizes incomes when the economic benefits related to the release of asset use rights can be measured reliably.

(4) Royalty incomes

According to the relevant contract or agreement, the incomes are recognized on accrual basis.

(5) Interest incomes

The incomes are determined according to the time of occupying Company's money and the actual

interest rate.

(6) Incomes from guarantee and consulting services

The company recognizes guarantee income only if all of following conditions are met:

The guarantee contract is established and the company has corresponding guarantee liability; the economic benefits related to the guarantee contract are likely to flow in; the income related to the guarantee contract can be measured reliably.

The company recognizes guarantee income only if all of following conditions are met:

The economic benefits related to the transaction can flow into the company; the income can be reliably measured.

29. Government grants

Government grants refer to the monetary capital or non-monetary capital acquired from government by the company, excluding the capital invested by government as an investor with relevant owner's equity. The government grants are classified into asset-related government grants and income-related government grants. The government grants as monetary capital shall be measured at received or receivable amount; the government grants as non-monetary capital shall be measured at fair value; if the fair value cannot be acquired reliably, the grants shall be measured at nominal amount. The government grants measured at nominal amount shall be included in current profit and loss directly.

The company can recognize a government grant only if it meets the conditions attached to government grants and is able to receive such government grant.

Government grants are classified into asset-related government grants and income-related government grants. Asset-related government grants refer to government grants acquired by the company for the purpose of purchasing or constructing or otherwise forming long-term assets. Income-related government grants refer to government grants other than asset-related government grants. [If the government document does not clearly stipulate the object of the grant, it should explain the basis for judging that a government grant is related to asset or income】

The asset-related government grants shall be recognized as deferred incomes and included in other incomes (related to daily business) or non-operating incomes (non-related to daily business) in the service life of the assets in a reasonable and systematic manner; if the related assets are sold, transferred, rejected or damaged before the end of their service life, the unallocated related deferred incomes are transferred into the gains and losses of the current period when the assets are disposed. If the recognized government grants need to be refunded, the balance of book value of related deferred incomes shall be written off and excess is included in current gains or losses or offsetting the book value of the related assets; if the government grants recognized need to be refunded, the book value of the assets is adjusted.

The income-related government grants are accounted for with sum method. If they are used to compensate the related costs and losses incurred by the enterprise, they are directly included in current profit and loss (or offsetting the related costs if related to daily business, or included non-operating incomes if non-related to daily business) ; if they are used to compensate for the relevant costs, expenses or losses

of the enterprise in subsequent periods, they are recognized as deferred incomes and directly included in current profit and loss while the relevant costs, expenses or losses are recognized (or included in other incomes or offsetting the related costs if related to daily business, or included non-operating incomes if non-related to daily business) .

Government grants recognized needs to be returned and if the book value of the relevant assets is offset at initial recognition, the book value of the assets should be adjusted; when the relevant deferred income exists, it offsets the book value of relevant deferred incomes and the excess is included in current profit and loss; if deferred income doesn't exist, the grant is directly included in the current profit and loss.

For government grants that contain both asset-related and income-related components, the company separates the different parts from each other for accounting purposes; the grants which cannot be separated are classified as income-related as a whole.

Government grants related to the daily activities of the company are included in other incomes or offsetting related costs according to the nature of economic business. The government grants irrelevant to the daily activities of the company are included in the non-operating incomes and expenses.

If the company received a policy discount loan interest subsidy, it needs to distinguish between the two cases: the case that fiscal authority allocates the interest-subsidized fund to the lending bank and the case that fiscal authority directly transfers the interest-subsidized fund to the company, and treats it according to the "Accounting Standard for Business Enterprises No. 16-Government Gants":

(1) The fiscal authority allocates the interest-subsidized fund to the lending bank. The bank provides loans to the company at a policy-oriented preferential interest rate. The company treats the amount of loan actually received as the entry value of the loan and calculates relevant borrowing costs according to the loan principal and preferential interest rate.

(2) The fiscal authority directly transfers the interest-subsidized fund to the company. The company directly offsets the relevant borrowing costs with relevant interest subsidy.

30. Deferred income tax assets /deferred income tax liabilities

The temporary differences generated by the difference between the book value of certain assets and liabilities, and the difference between the book value and tax base of the item not recognized as asset and liability whose tax base may be determined according to relevant tax law are recognized as deferred income tax assets and deferred income tax liabilities with debt method based on balance sheet.

With regard to the taxable temporary differences related to the initial recognition of goodwill and the initial recognition of the assets or liabilities generated from the transactions which are not business merger and have no influence on the accounting profit and the amount of taxable income (or deductible loss) at the time of occurrence, the deferred income tax liabilities shall not be recognized. In addition, for the taxable temporary differences associated with investments in subsidiaries, associated enterprises and joint ventures, if the company is able to control the timing of the temporary discrepancy, and if the temporary difference is likely to not be reversed in the foreseeable future, the company does not recognize the relevant deferred income tax liabilities. Except above exceptions, the company recognizes any other taxable temporary differences arising from taxable tax liabilities.

With regard to the deductible temporary differences relating to the initial recognition of assets or liabilities generated in the transactions that are neither the business merger nor having influence on the accounting profits and taxable income (or deductible losses) when incurred, the company will not recognize relevant deferred tax assets. In addition, with regard to the deductible temporary differences associated with investments in subsidiaries, associated enterprises and joint ventures, if they are not likely to be reversed in the foreseeable future or if the taxable income for deduction of deductible temporary differences is unlikely to be received in the future, the company will not recognize relevant deferred income tax assets. Except for the above exceptions, the company will recognize the deferred tax assets generated from other deductible temporary differences by taking the limit of the taxable income for deduction of deductible temporary differences the company may receive.

For deductible losses and tax credits that can be carried forward in subsequent year, the corresponding deferred income tax assets are recognized as far as possible to obtain future taxable income used to offset deductible losses and tax credits.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax in the period while it is expected to recover relevant asset or settle relevant liability according to the provisions of the tax law.

On the balance sheet date, the book value of deferred income tax assets is reviewed and the book value of deferred income tax assets is reduced if the future taxable income is likely to be insufficient to offset the benefits of deferred income tax assets. When it is probable to receive sufficient taxable incomes, the amount write-down will be reversed.

31. Income taxes

Income taxes include current income taxes and deferred income taxes. All of them are included in the current profit and loss except the adjusted goodwill arising from the business merger or the deferred income tax related to the transaction or event directly included in the owner's equity are included in the owner's equity.

The current income taxes are an amount of the current income taxes payable in accordance based on current taxable incomes. Taxable incomes are calculated after the adjustment of current pre-tax profits according to the provisions of the relevant tax laws.

The Company recognizes the deferred income tax by using the debt method based on balance sheet according to the temporary difference between the book value of the assets and liabilities and the tax base on the balance sheet date.

All taxable temporary differences are recognized as relevant deferred income tax liabilities, unless the taxable temporary difference is incurred in any of the following transactions:

A. The initial recognition of goodwill or the initial recognition of the assets or liabilities arising from the transaction with the following characteristics: the transaction is not a business merger and the transaction does neither affect the accounting profit nor the amount of taxable incomes;

B. As to the taxable temporary differences associated with the investments of subsidiaries, joint ventures and associated enterprises, the time of the revision of such difference is controllable and the

difference may not be reversed in the foreseeable future.

For deductible temporary difference, deductible losses which can be carried over in future years and tax credits, the company recognizes the resulting deferred income tax assets to the extent of the future taxable income to offset deductible temporary difference, deductible losses and tax credits which may be obtained, unless the deductible temporary difference is generated in the following transactions:

A. The transaction is not a business merger, and the transaction does not affect the accounting profit does not affect the amount of taxable income;

B. When the deductible temporary differences related to the investments in the subsidiaries, joint ventures and associated enterprises meet all of following conditions at the same time, the company recognizes deferred income tax assets: temporary differences in the foreseeable future is likely to turn back, and in the future the company is likely to obtain the amount of the taxable incomes used to deduct the deductible temporary difference.

On the balance sheet date, the company measured the deferred income tax assets and deferred income tax liabilities at applicable tax rate in the period while it is expected to recover the asset or settle the liability and reflects the effect of the expected asset recovery or liability debt on the income taxes at balance sheet date.

On the balance sheet date, the company reviews the book value of deferred income tax assets. If it is probable that sufficient taxable income will not be available to offset the deferred income tax assets, the book value of the deferred income tax assets will be reduced. If it is probable that sufficient taxable income will be available, the amount write-down will be reversed.

32. Lease

The lease by which all risks and compensations over the ownership of the assets have been transferred in nature is financing lease, all leases other than finance lease is operating leases.

At the beginning of the lease term, the company recognizes the lower one between the fair value of the leased asset at the beginning date and the present value of the minimum lease payment as the recorded value of the leased asset and treats the minimum lease payment as the book value of the long-term payables. The difference is treated as unrecognized financing costs.

The rents from operating leases are included in the cost of the relevant assets or the current profits and losses in all periods of the lease term with straight-line method.

33. Discontinued operation

Discontinued operation means a component of the enterprise which meets any of following conditions and is separable and disposed or classified into held-for-sale category:①this component represents an independent main business or a separate major business area;② this component is part of an associated plan that is intended to be disposed of in an independent main business or a separate main operating area; ③ the component is a subsidiary acquired for re-selling.

The accounting of discontinued operation will be found in relevant descriptions in Note III-13. "Held-for-sale assets".

34.Changes in important accounting policies and accounting estimates

(1) Changes of accounting policies

On 15th June, 2018, the Ministry of Finance promulgated the “Circular on Revising the Format of Financial Statements for General Enterprises for 2018” (Cai Kuai [2018] No. 15)

The influence of the company’s implementation of above four accounting policies on the presentation of the items and amount in previous financial statements is as below:

No.	Influenced reported item	Amount as of 31 st December, 2017/in 2017 for influence
		Increase (+)/Decrease (-)
1	Notes receivable	
	Accounts receivable	-164,335,926.70
	Notes receivable and accounts receivable	164,335,926.70
2	Interests receivable	-56,569,619.87
	Other receivables	56,569,619.87
3	Interests payable	-370,680,056.46
	Other payables	370,680,056.46
4	Special payables	-942,605,862.00
	Long-term payables	942,605,862.00

②Other changes in accounting policy

None.

(2) Changes in accounting estimates

There is no change of accounting estimates during the period.

IV. Taxes

1. Main tax varieties and tax rates

Tax variety	Tax base	Rate (%)
VAT	Incomes taxable	17.00, 16.00, 11.00, 10.00, 6.00
Urban maintenance and construction tax	Payable turnover taxes	7.00, 5.00
Educational surcharge	Payable turnover taxes	3.00

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Local education surcharge	Payable turnover taxes	2.00
Corporate income tax	Incomes taxable	25.00, 10.00

2. Tax preferences

According to “Circular of Ministry of Finance and State Taxation Administration Concerning Further Expanding the Scope of Income Tax Preference Policy for Small Low-Profit Enterprises” (Cai Shui (2018) No. 77), to further support the development of small low-profit enterprises, we announce the income tax policy of small low-profit enterprises as below: from 1st January, 2018 to 31st December, 2020, the annual taxable income of small low-profit enterprises was raised from RMB 500,000 to RMB 1,000,000. For small low-profit enterprises with a total amount of annual taxable incomes of RMB 1,000,000 or below, the income shall be reduced to 50% and then included in taxable income, and the corporate income tax shall be paid at a rate of 20%.

V. Notes to items of Financial Statements

In the following items, the beginning of the period refers to 1st January, 2018, the end of the period refers to 31st December, 2018, current period refers to the year of 2018 and previous year refers to the year of 2017, unless otherwise specified.

1. Monetary capital

Item	31-Dec-18	31-Dec-17
Cash in hand	730,182.62	588,952.09
Bank deposits	11,613,908,018.34	17,009,907,740.73
Other monetary capitals	3,610,668,149.88	2,068,767,519.58
Total	15,225,306,350.84	19,079,264,212.40
Including: Total overseas	210,465,048.98	

Remark: Restricted funds are as below

Item	31-Dec-18	31-Dec-17
Borrowing pledge	1,957,630,000.00	1,030,127,562.50
Deposits for bank acceptance	100,000,000.00	
Deposits for guarantee	110,560,649.88	117,485,386.04
Fixed deposits	427,477,500.00	421,154,571.04
Total	2,595,668,149.88	1,568,767,519.58

2. Financial assets measured at fair value through current profit or loss

Item	31-Dec-18	31-Dec-17
Trading financial assets	275,841,232.14	
Including: debt instrument investment	275,841,232.14	

Equity instrument investment		
Derivatives financial assets		
Others		
Financial assets designated as measured at fair value through current profit or loss		
Including: debt instrument investment		
Equity instrument investment		
Others		
Total	275,841,232.14	

3. Notes receivable and accounts receivable

Category	31-Dec-18	31-Dec-17
Notes receivable		
Accounts receivable	188,144,393.78	164,335,926.70
Total	188,144,393.78	164,335,926.70

(1) Notes receivable

① Notes receivable by category:

None.

② Bad debt reserves

None.

③ Notes receivable pledged at the end of the period:

None.

④ Endorsed or discounted notes receivable at the end of the period which were not mature on balance sheet date:

None.

⑤ Notes which have been converted into accounts receivable due to non-performance of drawer at the end of the period

None.

⑥ Other notes

None.

(2) Accounts receivable

① Categorization of accounts receivable by risk

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Category	31-Dec-18				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with significant single amount for which the bad debt reserves are withdrawn individually					
Accounts receivable for which bad debt reserves are withdrawn by combination of credit risk characteristics	190,937,976.50	100.00	2,793,582.72	1.46	188,144,393.78
Including: Accounts receivable with aging as the combination of credit risk characteristics	55,871,654.31	29.26	2,793,582.72	5.00	53,078,071.59
Riskless combination	135,066,322.19	70.74			135,066,322.19
Accounts receivable with insignificant single amount for which bad debt reserves are withdrawn individually					
Total	190,937,976.50	100.00	2,793,582.72	1.46	188,144,393.78

Continued

Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with significant single amount for which the bad debt reserves are withdrawn individually					
Accounts receivable for which bad debt reserves are withdrawn by combination of credit risk characteristics	167,453,128.53	100.00	3,117,201.83	1.86	164,335,926.70
Including: Accounts receivable	14,726,519.07	8.79	3,117,201.83	21.17	11,609,317.24

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Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
le with aging as the combination of credit risk characteristics					
Riskless combination	152,726,609.46	91.21			152,726,609.46
Accounts receivable with insignificant single amount for which bad debt reserves are withdrawn individually					
Total	167,453,128.53	100.00	3,117,201.83	1.86	164,335,926.70

A. Accounts receivable with significant single amount for which bad debt reserves are withdrawn individually at the end of the period

None.

B. Accounts receivable for which bad debt reserves are withdrawn with aging method in the combination

Age	31-Dec-18				31-Dec-17			
	Amount	Percentage (%)	Bad debt reserves	Percentage of provision (%)	Amount	Percentage (%)	Bad debt reserves	Percentage of provision (%)
Within 1 year	55,871,654.31	100.00	2,793,582.72	5.00	7,554,633.68	51.30	377,731.68	5.00
1-2 years					2,918,877.09	19.82	291,887.71	10.00
2-3 years					2,579,179.80	17.51	773,753.94	30.00
3-4 years								
4-5 years								
Over 5 years					1,673,828.50	11.37	1,673,828.50	100.00
Total	55,871,654.31	100.00	2,793,582.72		14,726,519.07	100.00	3,117,201.83	

C. Accounts receivable for which bad debt reserves are withdrawn with other methods in the

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combination:			
Item	31-Dec-18	31-Dec-17	Remark
Riskless	135,066,322.19	152,726,609.46	No bad debt
Total	135,066,322.19	152,726,609.46	

②Bad debt reserves

Item	01-Jan-18	Current increase	Current decrease			31-Dec-18
			revised	Written-off	Others	
Bad debt reserves of accounts receivable	3,117,201.83	2,789,201.72			3,112,820.83	2,793,582.72

A. Accounts receivable with insignificant single amount for which bad debt reserves were recovered or reversed in current period:

None.

B. Accounts receivable written off during the reporting period

None.

③Conditions of accounts receivable from top five debtors in terms of closing balance of debts:

During the reporting period, the sum of the accounts receivable from top five debtors in terms of closing balance of debts was RMB 139,302,398.36, 72.95% of total closing accounts receivable. The total closing balance of withdrawn bad debt reserves was RMB 2,272,830.38.

Entity	Closing balance	Age	Percentage (%)	Closing balance of bad debt reserves
Ningling Finance Bureau	60,000,000.00	2-3 years	31.42	
Cheliantianxia Logistics Group Co., Ltd.	32,716,607.67	Within 1 year	17.13	1,635,830.38
Shangqiu Sumu Industrial Co., Ltd.	19,582,534.70	Within 1 year	10.26	
Puyang Jinhe Yuxin Construction Engineering Co., Ltd.	14,263,255.99	Within 1 year	7.47	
Lushan Longyuan Development Investment Co., Ltd.	12,740,000.00	Within 1 year	6.67	637,000.00
Total	139,302,398.36		72.95	2,272,830.38

④Accounts receivable de-recognized for transfer of financial assets:

None.

⑤the amounts of assets and liabilities formed in continuous involvement in the event of transfer of accounts

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receivable and continuous involvement

None.

⑥Other notes:

None.

4. Prepayments

(1) Aging analysis and percentage

Age	31-Dec-18		31-Dec-17	
	Amount	Amount	Amount	Percentage (%)
Within 1 year	556,408,091.60	96.13	6,980,322.53	95.62
1-2 years	22,101,376.65	3.82		
2-3 years			320,000.00	4.38
Over 3 years	320,000.00	0.05		
Total	578,829,468.25	100.00	7,300,322.53	100.00

Remark: the prepayments with age longer than one year and significant amount

Item	31-Dec-18	Reason for unsettlement/non- carry- over
Jiangsu Xingxia Construction Engineering Group Co., Ltd.	12,201,970.00	Unsettlement
Zhengzhou Jiuding Road & Bridge Engineering Co., Ltd.	2,000,000.00	Unsettlement
Ningling Urban & Rural Construction Development Investment Co., Ltd.	1,600,000.00	Unsettlement
Wugang Jinyun Construction Engineering Co., Ltd.	1,500,000.00	Unsettlement
Total	17,301,970.00	

(2) Conditions of top five debtors in terms of closing balance of prepayment:

Entity	Relationship with the company	Amount	Percentage in total prepayment	Age
Lankao Forestry Bureau	Non-related party	453,950,431.30	78.43	Within 1 year
Ningling Urban Construction Investment Development Co., Ltd.	Non-related party	59,026,120.00	10.20	Within 1 year

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House acquisition & demolition headquarters of Ningling shantytown renovation project	Non-related party	20,000,000.00	3.46	Within 1 year
Henan Yujin Construction LCD Photoelectric Industrial Park	Non-related party	16,313,835.00	2.82	Within 1 year
Jiangsu Xingxia Construction Engineering Group Co., Ltd.	Non-related party	13,805,970.00	2.39	Within 1 year, 1-2 years
Total		563,096,356.30	97.28	

5. Other accounts receivable

Item	31-Dec-18	31-Dec-17
Interests receivable	8,052,603.88	56,569,619.87
Dividends receivable	5,936,976.95	
Other receivables	11,370,125,132.33	7,814,767,767.50
Total	11,384,114,713.16	7,871,337,387.37

(1) Interests receivable

① Interests receivable by category:

Item	31-Dec-18		
	Book balance	Bad debt reserves	Book value
Interest over fixed deposit	252,431.51		252,431.51
Interest over entrusted loan			
Interest over bond investment			
Interest from secured housing project	7,800,172.37		7,800,172.37
Total	8,052,603.88		8,052,603.88

Item	31-Dec-17		
	Book balance	Bad debt reserves	Book value
Interest over fixed deposit			

Item	31-Dec-18		
	Book balance	Bad debt reserves	Book value
Interest over entrusted loan			
Interest over bond investment			
Interest from secured housing project	56,569,619.87		56,569,619.87
Total	56,569,619.87		56,569,619.87

②Bad debt reserves

None.

③Significant overdue interest:

None.

(2)Dividends receivable

① Dividends receivable by category:

Item (Investee)	31-Dec-18		
	Book balance	Bad debt reserve	Book value
Kaifeng Jinkong Investment Group Co., Ltd.	5,936,976.95		5,936,976.95
Total	5,936,976.95		5,936,976.95

(Continued)

Item (Investee)	31-Dec-17		
	Book balance	Bad debt reserve	Book value
Total			

②Bad debt reserve

None.

③ Significant dividends receivable with age longer than one year:

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None.

(3) Other receivables

① Categorization of other receivables by risk

Category	31-Dec-18				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Other receivables with significant single amount for which the bad debt reserves are withdrawn individually					
Other receivables for which bad debt reserves are withdrawn by combination of credit risk characteristics	11,550,193,492.78	100.00	180,068,360.45	1.56	11,370,125,132.33
Including: Other receivables with aging as the combination of credit risk characteristics	833,719,791.06	7.22	180,068,360.45	21.60	653,651,430.61
Riskless combination	10,716,473,701.72	92.78			10,716,473,701.72
Other receivables with insignificant single amount for which bad debt reserves are withdrawn individually					
Total	11,550,193,492.78	100.00	180,068,360.45	1.56	11,370,125,132.33

(Continued)

Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Other receivables with significant single amount for which the bad debt reserves are withdrawn individually					
Other receivables for which bad debt reserves are withdrawn	7,949,910,368.88	100.00	135,142,601.38	1.70	7,814,767,767.50

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awn by combination of credit risk characteristics					
Including: Other receivables with aging as the combination of credit risk characteristics	829,911,025.17	10.44	135,142,601.38	16.28	694,768,423.79
Riskless combination	7,119,999,343.71	89.56			7,119,999,343.71
Other receivables with insignificant single amount for which bad debt reserves are withdrawn individually					
Total	7,949,910,368.88	100.00	135,142,601.38	1.70	7,814,767,767.50

A. Other receivables with significant single amount for which bad debt reserves are withdrawn individually at the end of the period:

None.

B. Other receivables whose bad debt reserves are withdrawn with aging method in the combination:

Age	31-Dec-18				31-Dec-17			
	Amount	Percentage (%)	Bad debt reserves	Percentage for provision (%)	Amount	Percentage (%)	Bad debt reserves	Percentage of provision (%)
Within 1 year	303,109,927.83	36.36	15,155,496.39	5.00	556,766,393.58	67.09	27,838,319.68	5.00
1-2 years	329,496,961.64	39.52	32,949,696.17	10.00	85,668,011.67	10.32	8,566,801.17	10.00
2-3 years	57,332,411.67	6.88	17,199,723.50	30.00	66,795,903.56	8.05	20,038,771.07	30.00
3-4 years	35,734,383.56	4.28	17,867,191.78	50.00	61,272,878.76	7.38	30,636,439.38	50.00
4-5 years	55,749,268.76	6.69	44,599,415.01	80.00	56,727,837.60	6.84	45,382,270.08	80.00
Over 5 years	52,296,837.60	6.27	52,296,837.60	100.00	2,680,000.00	0.32	2,680,000.00	100.00
Total	833,719,791.06	100.00	180,068,360.45		829,911,025.17	100.00	135,142,601.38	

C. Other receivables whose bad debt reserves are withdrawn with other methods in the combination:

Item	31-Dec-18	31-Dec-17	Remark
Riskless	10,716,473,701.72	7,119,999,343.71	No bad debt
Total	10,716,473,701.72	7,119,999,343.71	

②Bad debt reserves

Item	01-Jan-18	Current increase	Current decrease			31-Dec-18
			Reserve d	Written off	Others	
Bad debt reserves of other receivables	135,142,601.38	93,727,925.56	4,986.00		48,797,180.49	180,068,360.45

A. Other receivables with significant single amount for which the bad debt reserves were recovered or reversed in current period:

None.

③ Other receivables by nature

Nature	31-Dec-18	31-Dec-17
Deposits and securities	76,506,673.38	931,418,549.25
Lending and current accounts	10,620,014,524.45	6,575,413,801.41
Interests	853,672,294.95	443,078,018.22
Total	11,550,193,492.78	7,949,910,368.88

④Conditions of top five debtors in terms of closing balance of other receivables:

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Entity	Related party or not	Nature of fund	Closing balance	Age of receivables (%)	Percentage of closing balance of other	Closing balance of bad debt reserves
Henan Huangchuan Huaying Poultry Industry Corporation	No	Fund of lending	941,171,747.50	Within 1 year	1	8.15
Fanxian Urban Investment Development Co., Ltd.	No	Fund lending	855,000,000.00	1-2 years		7.40
Huangchuan Xingye Construction Investment Co., Ltd.	No	Fund lending	659,175,229.53	Within 1 year	1	5.71
Ningling Rural Credit Cooperative	No	Lending and current accounts	343,000,000.00	1-2 years		2.97
Economic Construction Department of Xincui Finance Bureau	No	Current accounts	240,200,000.00	1-2 years		2.08
Total			3,038,546,977.03			26.31

⑤ Other receivables involving government grants

None.

⑥ Other receivables de-recognized for transfer of financial assets:

None.

⑦ The amounts of assets and liabilities formed in continuous involvement in the event of transfer of other receivables and continuous involvement

None.

⑧ Other notes:

None.

6. Inventory

(1) Categorization of inventory

Item	31-Dec-18		
	Book balance	Falling price	Book value

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

		reserve	
Raw materials			
Products in process	30,748,114.58		30,748,114.58
Stock in hand	3,891,962,167.18		3,891,962,167.18
Development cost	1,854,165,148.88		1,854,165,148.88
Engineering construction	1,616,315,610.26		1,616,315,610.26
Total	7,393,191,040.90		7,393,191,040.90

Continued

Item	31-Dec-17		
	Book balance	Falling price reserve	Book value
Raw materials			
Products in process	1,208,516,721.17		1,208,516,721.17
Stock in hand	1,350,852,175.00		1,350,852,175.00
Development cost	963,611,822.36		963,611,822.36
Engineering construction	54,974,469.96		54,974,469.96
Total	3,577,955,188.49		3,577,955,188.49

(2) Development costs

Land use right No.	Type of use right	Certificate registration date	Usable area (m ²)	Purpose	Use term	Amount
Qi Guo Yong (2012) No. 06659	Transfer	2012/8/9	13,997.42	For commercial purpose	40.00	18,564,000.00
Qi Guo Yong (2012) No. 06660	Transfer	2012/8/9	25,747.65	For commercial purpose	40.00	44,181,280.00
Qi Guo Yong (2012) No. 06661	Transfer	2012/8/9	25,747.65	For commercial purpose	40.00	44,181,280.00
Qi Guo Yong (2012) No. 06662	Transfer	2012/8/9	49,034.77	For residential purpose	70.00	59,663,760.00
Qi Guo Yong (2012) No. 06664	Transfer	2012/8/9	48,425.66	For residential purpose	70.00	64,213,760.00
Qi Guo Yong (2012) No. 06665	Transfer	2012/8/9	49,863.89	For residential purpose	70.00	66,123,200.00
Qi Guo Yong (2012) No. 06666	Transfer	2012/8/9	48,617.80	For residential purpose	70.00	64,470,120.00
Qi Guo Yong (2012) No. 06699	Transfer	2012/10/12	22,500.00	For residential purpose	70.00	30,457,153.72

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
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Qi Guo Yong (2012) No. 06700	Transfer	2012/10/12	37,165.33	For residential purpose	70.00	50,376,722.67
Qi Guo Yong (2012) No. 06701	Transfer	2012/10/12	14,917.18	For residential purpose	70.00	17,625,414.60
Qi Guo Yong (2012) No. 06674	Contribution with the value converted	2012/10/30	100,523.59	State -owned land for construction purpose	40.00	120,630,000.00
Qi Guo Yong (2012) No. 06696 号	Contribution with the value converted	2012/10/30	54,856.95	State -owned land for construction purpose	40.00	65,824,000.00
Qi Guo Yong (2012) No. 06697	Contribution with the value converted	2012/10/30	46,913.45	State -owned land for construction purpose	40.00	56,296,000.00
Yu (2016) Qixian Real Estate Right No.0000045	Transfer	2016/12/7	28,673.61	For residential, commercial and service purpose	70/40	42,039,579.72
Yu (2016) Qixian Real Estate Right No.0000046	Transfer	2016/12/7	33,206.29	For residential, commercial and service purpose	70/40	49,708,549.78
Yu (2016) Qixian Real Estate Right No.0000047	Transfer	2016/12/7	32,306.73	For residential, commercial and service purpose	70/40	47,991,722.19
Wu Guo Yong (2012) No. 2012049	Transfer	2012/6/25	1,541.00	For commercial and service purpose	40.00	1,998,364.00
Wu Guo Yong (2012) No. 2012050	Transfer	2012/6/25	3,266.00	For commercial and service purpose	40.00	4,728,871.00
Wu Guo Yong (2012) No. 2012051	Transfer	2012/6/25	6,648.00	For commercial and service purpose	40.00	8,925,907.00
Wu Guo Yong (2010) No.2010091	Transfer	2010/12/15	111,700.00	For industrial purpose	50.00	34,914,004.00
Wu Guo Yong (2015) No.2015003	Transfer	2015/2/2	42,846.00	For public facility purpose	50.00	9,994,400.00
Wu Guo Yong (2016) No.2016024	Transfer	2016/10/13	38,803.00	For commercial and service purpose	40.00	26,238,254.00
Wu Guo Yong (2016) No.2016025	Transfer	2016/10/13	38,439.00	For commercial	40.00	25,976,508.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
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				and service purpose		
Yuan (2016) Wugang Real Estate Right	Transfer	2016/10/17	25,707.00	For industrial purpose	50.00	11,138,956.48
Yuan (2018) Dengfeng Real Estate Right No.0004594	Transfer	2018/9/3	33,281.73	For urban residential purpose	70.00	49,840,128.00
Yuan (2018) Dengfeng Real Estate Right No.0004593	Transfer	2018/9/3	43,659.61	For urban residential purpose	70.00	65,385,216.00
Yuan (2018) Dengfeng Real Estate Right No.0004595	Transfer	2018/9/3	49,374.09	For urban residential purpose	70.00	73,941,504.00
Yuan (2018) Dengfeng Real Estate Right No. 0004596	Transfer	2018/9/3	13,554.65	For commercial and service purpose	40.00	18,606,016.00
Pu Xian Di 2017-34	Transfer	2018.3.15	66,407.00	For commercial and residential purpose		104,607,579.30
Pu Xian Di 2017-33	Transfer	2018.5.2	50,682.60	For commercial and residential purpose		79,457,646.20
Pu Xian Di 2017-35	Transfer	2018.3.15	45,394.00	For commercial and residential purpose		71,506,853.50
Pu Xian Di 2017-28	Transfer	2018.8.13	49,944.80	For commercial and residential purpose		117,276,634.00
Pu Xian Di 2017-27	Transfer	2018.8.13	51,834.60	For commercial and residential purpose		121,714,121.00
Pu Xian Di 2017-39a	Transfer	2018.1.9	70,421.00	For residential purpose		110,491,266.00
Pu Xian Di 2018-52	Transfer	2018.11.30	10,197.20	For commercial purpose		12,900,000.00
Pu Xian Di 2017-15a	Transfer	2018.1.9	25,448.30	For residential purpose		40,156,354.72
Pu Xian Di 2017-15b	Transfer	2018.1.9	13,954.30	For residential purpose		22,020,023.00
Total			1,425,601.85			1,854,165,148.88

Remark: The amount involving the property certificate procedure in progress in the development cost was RMB 680,130,477.72.

(3) Projects under construction

Project	Anticipated completing date	01-Jan-18	Current increase	Current decrease	31-Dec-18
Qishui public apartment for rental	2018/12/03	17,759,737.49			17,759,737.49
Foxconn project	2018/3/24	1,433,640.00			1,433,640.00
Meteorology Bureau project	2018/11/15	436,788.26			436,788.26
New fire protection project	2018/09/08	4,353,347.92	2,832,384.18		7,185,732.10
Five-in-one Exhibition Project	2019/01/12	15,935,763.53	118,573.55		16,054,337.08
Qishou Public Housing for Rent II	2018/12/08	15,055,192.76	207,858.00		15,263,050.76
“Citizen Activity Center” project	2019/12/01		423,784.10		423,784.10
Shaolin Dengfeng 3 rd Community Project (Dengfeng)	2021/12/31		9,554,431.48		9,554,431.48
Shaolin Dengfeng 1 st Community Phase II(Dengfeng)	2020/03/07		72,628,525.00		72,628,525.00
Dongcheng Garden	2010/07/23		15,215,759.10		15,215,759.10
Xiaojiaozhuang and Zhangzhuang	2017/07/23		50,000.00		50,000.00
Beautiful Community	2011/11/10		26,244,852.05		26,244,852.05
Yimen Garden	2011/11/10		35,708,783.69		35,708,783.69
Xiyuan New Area	2014/06/01		41,705,187.64		41,705,187.64
Huizhiyuan	2020/12/01		76,169,152.03		76,169,152.03
Huizhiyuan Phase II	2017/05/01		9,735,924.30		9,735,924.30
Huizhiyuan Life Plaza (deed tax included)	2018/04/01		31,015,484.00		31,015,484.00
Sunshine New Town	2015/09/01		582,610.00		582,610.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Xicheng Xinyuan	2019/12/01		150,950,224.26		150,950,224.26
South Street	2018/10/01		60,103.00		60,103.00
Xinyuan (Mengzhou)	2017/07/23		524,063,673.64		524,063,673.64
Comprehensive Building Materials Market	2019/06/01		10,572,175.59		10,572,175.59
Shantytown renovation	2020/10/01		46,001,136.29		46,001,136.29
Jinxu Garden	2019/06/01		507,500,518.40		507,500,518.40
Total		54,974,469.96	1,561,341,140.30		1,616,315,610.26

(4) Falling price reserve of inventory

As of 31st December, 2018, there was no recoverable amount less than book value for any inventory, so the company has not withdrawn falling price reserve for inventory.

7. Other current assets

Item	31-Dec-18	31-Dec-17
Deductible value-added tax input tax	15,223,391.77	167,299,208.21
Prepay corporate income tax	25,975,768.43	314,910.04
Entrusted loan	711,511,219.18	
Bank financial products	878,020,423.70	826,347,800.98
Others	5,216.98	
Total	1,630,736,020.06	993,961,919.23

8. Financial assets available-for-sale

(1) Financial assets available-for-sale

Item	31-Dec-18		
	Book balance	Impairment reserve	Book value
Debt instruments available-for-sale			
Equity instrument available-for-sale	21,455,603,630.11		21,455,603,630.11
Including: measured at fair value			
Measured at cost	21,455,603,630.11		21,455,603,630.11
Others			
Total	21,455,603,630.11		21,455,603,630.11

Continued

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Item	31-Dec-17		
	Book balance	Impairment reserve	Book value
Debt instruments available-for-sale			
Equity instrument available-for-sale	16,740,621,326.93		16,740,621,326.93
Including: measured at fair value			
Measured at cost	16,740,621,326.93		16,740,621,326.93
Others			
Total	16,740,621,326.93		16,740,621,326.93

(2) Closing financial assets available-for-sale and measured at cost

Investee	Book balance			
	01-Jan-18	Current increase	Current decrease	31-Dec-18
Henan Hexie Jinyu Industry Investment Fund (LLP)	500,000,000.00	-		500,000,000.00
Henan Xiqidi Equity Investment Fund (LLP)	577,770,817.50	-		577,770,817.50
Henan Huarui Photoelectric Industry Co., Ltd.	150,000,000.00	150,000,000.00		300,000,000.00
Henan Yuanhai Zhongyuan Logistics Industry Development Fund (LLP)	125,000,000.00	-		125,000,000.00
Huike Photoelectric		300,000,000.00		300,000,000.00
Henan Xiqidi Equity Investment Fund (LLP)		118,649,981.25		118,649,981.25
Henan Sailing International Equity Investment Fund Partnership (LLP)		120,000,000.00		120,000,000.00
Henan Zhangxing Industry Investment Fund (LLP)		100,000,000.00		100,000,000.00
Runan Industry Cluster Investment and Financing Co., Ltd.	318,308,552.14	-	318,308,552.14	-

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Xinye Jinyuan Investment Co., Ltd.	101,950,905.61	-	-	101,950,905.61
Neihuang Urban Management Investment Development Co., Ltd.	453,408,875.09	-	453,408,875.09	-
Henan Yuzi Puchuang Equity Investment Fund Management Co., Ltd.	9,800,000.00	10,200,000.00	20,000,000.00	
Zhonghao State-owned Assets Management Co., Ltd.	667,240,131.16	-	-	667,240,131.16
Zhongyuan Asset Management Co., Ltd.	200,000,000.00	-	-	200,000,000.00
Henan Agricultural Comprehensive Development Corporation	27,500,000.00			27,500,000.00
Huaxian Investment Co., Ltd.	412,713,426.57			412,713,426.57
Henan Zhengdong Urban Development Equity Investment Fund Management Co., Ltd.	6,000,000.00			6,000,000.00
Henan Modern Service Industry Fund Management Co., Ltd.	40,000,000.00			40,000,000.00
Henan Qidi Technology Development Co., Ltd.	35,000,000.00	-	-	35,000,000.00
Henan Fugang Investment Holding Co., Ltd.	618,000,000.00	-	-	618,000,000.00
Zhongyuan Agricultural Insurance Co., Ltd.	462,973,000.00	114,246,000.00	302,973,000.00	274,246,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			
	01-Jan-18	Current increase	Current decrease	31-Dec-18
Xinxin Financial Leasing Co., Ltd.	1,000,000,000.00	-	-	1,000,000,000.00
Lankao Jiaotong Sharing Economic Research Institute	-	1,000,000.00	-	1,000,000.00
Henan Jiaoyin Yuzi Hundred -City Construction Quality Engineering Fund (LLP)	512,400,000.00	-	106,600,000.00	405,800,000.00
Henan Puyin Yucheng Urban Operation Development Equity Investment Fund (LLP)	2,373,000,000.00	284,300,000.00	124,500,000.00	2,532,800,000.00
Henan Yuzi Xinyin Equity Investment Fund (LLP)	99,000,000.00	-	-	99,000,000.00
Henan Hexie Jinyu Industry Investment Fund (LLP)	100,000,000.00	50,000,000.00	-	150,000,000.00
Lankao Yulan Comprehensive Development Industry Investment Fund (LLP)	400,000,000.00	-	-	400,000,000.00
Pingan Yuzi Jingkai District Shanty Area Reconstruction Fund	137,500,000.00	-	-	137,500,000.00
Pingan Yuzi Jinshui District Secured Housing Construction Industry Fund	50,000,000.00	-	-	50,000,000.00
Youyin Yuzi B & R (Henan) Development Fund Partnership (LLP)	583,200,000.00	-	-	583,200,000.00
Pingan Yuzi Qiongyang Secured Housing Construction Industry Fund	100,000,000.00	-	-	100,000,000.00
Henan Guoxin Qidi Equity Investment Fund (LLP)	231,108,327.00	117,389,992.50	38,513,947.50	309,984,372.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Zhongzhengqi Henan Development Fund (LLP)	12,333,333.33	-	-	12,333,333.33
Pingan Yuzi Gongyi Shed Renovation Construction Industry Fund	150,000,000.00	-	-	150,000,000.00
Henan Keyuan Industrial Investment Fund Partnership (LLP)	-	300,000,000.00	-	300,000,000.00
Henan Key Industry Intellectual Property Operation Fund (LLP)	-	8,000,000.00	-	8,000,000.00
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)		23,670,000.00	-	23,670,000.00
Suzhou Gaocheng Xingjian Equity Investment Fund Partnership (LLP)		80,000,000.00		80,000,000.00
Zhengzhou Songyue Highway Development Co., Ltd.		1,500,000.00		1,500,000.00
Zhengzhou Zhanwen Investment Management Partnership (LLP)		4,000,000.00		4,000,000.00
Yima Water Supply Co., Ltd.	82,750,000.00		82,750,000.00	-
Yima Pipeline Gas Co., Ltd.	71,670,000.00			71,670,000.00
Yima Industrial Cluster Construction and Development Co., Ltd.	30,000,000.00			30,000,000.00
Yima Heating Co., Ltd.	36,952,399.62			36,952,399.62
Henan Gas Group	25,546,635.76			25,546,635.76
Yima Hongqing		113,472,422.70		113,472,422.70

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Urban Construction Development Co., Ltd.				
Yima Jiayua Environmental Technology Co., Ltd.		164,646,345.66		164,646,345.66
Yima Yibo Environmental Co., Ltd.		12,800,000.00		12,800,000.00
Yima Guoyao Urban Construction Co., Ltd.		3,210,000.00		3,210,000.00
Yima Radio and Television Information Network Co., Ltd.		4,380,598.23		4,380,598.23
Yima Grain and Oil Purchase and Sale Co., Ltd.		9,865,492.57		9,865,492.57
Yima Xunjie Waste Treatment Co., Ltd.		44,221,739.81		44,221,739.81
Yima Xingtong Highway Engineering Co., Ltd.		8,245,332.15		8,245,332.15
Yima Water Group Co., Ltd.		221,622,279.83		221,622,279.83
Luoyang Bank (Luoyang Finance Bureau)	346,500,000.00			346,500,000.00
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)		13,150,000.00		13,150,000.00
Qixian New Town Urban Construction Investment Development Co., Ltd.	5,100,000.00			5,100,000.00
Hebi Culture Tourism Investment Co., Ltd.	10,000,000.00			10,000,000.00
Hebi Chaohe Heating Co., Ltd.	4,200,000.00			4,200,000.00
Wugang Nanhe	1,200,000.00			1,200,000.00

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Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Guojin Asset Management Co., Ltd.				
Kaifeng Jiying Municipal Engineering Co., Ltd.	600,000,000.00		200,000,000.00	400,000,000.00
Henan Huitai Urban & Rural Construction Co., Ltd.	502,000,000.00			502,000,000.00
Xiping County Baiguo Urban Construction Development Co., Ltd.	47,000,000.00			47,000,000.00
Henan Radio and Television Network Co., Ltd.	392,000,000.00			392,000,000.00
Xinxiang Zhuoyuan Construction Engineering Co., Ltd.	136,000,000.00			136,000,000.00
Xinzheng Xingang Construction Investment Co., Ltd.	110,000,000.00			110,000,000.00
Boai Investment Group Co., Ltd.	144,605,444.01			144,605,444.01
Zhengyang Qingfu Urban Construction Investment Development Co., Ltd.	40,000,000.00			40,000,000.00
Henan Yuzi Tianlun New Energy Investment Fund Center (LLP)		599,000,000.00		599,000,000.00
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)		26,300,000.00		26,300,000.00
Henan Military-civilian Integration Industry Investment Fund (LLP)		2,494,000.00		2,494,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Ruzhou Construction Investment Development Co., Ltd.		259,595,375.00		259,595,375.00
Ruyang Gaoxiang Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Fuqin Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Changqi Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Kaizhan Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Yaqin Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Kunlin Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Guangyu Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Qunzhi Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Shentong Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Liyang Linxin Agricultural Development Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Maozhen Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Shangjia	1,000,000.00		1,000,000.00	-

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Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Agricultural Co., Ltd.				
Xiangyang Tianxi Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Runyan Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Changming Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Liyang Tongshun Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Zhicheng Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Linyang Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Yaoyu Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Liyang Senmiao Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Chuangchao Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Shuyang Shukai Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Puyang Junsheng Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Ruiying Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Fuyang Xinshun Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Fuyang Licai Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Qiqun Agricultural Co., Ltd.	1,000,000.00		1,000,000.00	-
Xiangyang Tingtao Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Shunjing Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Ruyang Changhong Agriculture Co., Ltd.	1,000,000.00		1,000,000.00	-
Xinmi Yongqing Environmental Protection Technology Co., Ltd.	90,208,393.43		90,208,393.43	-

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Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Zhengzhou Huayuan Ancient City Tourism Development Co., Ltd.	28,387,945.57		28,387,945.57	-
Xinmi Qinwei Water Development and Construction Co., Ltd.	249,437,653.33		249,437,653.33	-
Henan SME Guarantee Group Co., Ltd.	14,730,000.00			14,730,000.00
Zhecheng Rural Credit Cooperatives Association	114,885,000.00			114,885,000.00
Zhecheng Hengchang SME Guarantee Co., Ltd.		37,720,000.00		37,720,000.00
Xinyang Pearl River Village and Township Bank Co., Ltd.	8,000,000.00			8,000,000.00
Huangchuan Chunshen Poverty Alleviation Development Investment Co., Ltd.	7,000,000.00			7,000,000.00
Boai Sewage Treatment Plant	-	-	-	-
Xinzheng Wanlong Industrial Co., Ltd.	12,490,000.00			12,490,000.00
China Power Construction (Lankao) Investment Management Co., Ltd.	15,000,000.00			15,000,000.00
Lankao Comprehensive Development Industry Fund	400,000,000.00			400,000,000.00
Xinglan Urban Construction Development Co., Ltd.	10,000,000.00			10,000,000.00
Fuling Changtong Network Co., Ltd.	33,922,500.00			33,922,500.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Fuling First Sewage Treatment Plant	60,234,816.00			60,234,816.00
Fuling Second Sewage Treatment Plant	48,492,728.00			48,492,728.00
Henan Shanhe Road and Bridge Engineering Co., Ltd.	106,421,645.75		106,421,645.75	-
Fanxian Water Company	1,044,347,335.90			1,044,347,335.90
Nanle Urban Wastewater Treatment Co., Ltd.	84,140,626.68			84,140,626.68
Nanle Urban Waste Treatment Co., Ltd.	12,761,616.66			12,761,616.66
Nanle Xingle Water Co., Ltd.	2,739,966.00			2,739,966.00
Nanle Urban Construction Investment Development Co., Ltd.	378,135,719.26			378,135,719.26
Xixian Greentown Garbage Disposal Co., Ltd.	10,016,409.19			10,016,409.19
Xixian Nanshan Cemetery Management Co., Ltd.	189,253,637.48			189,253,637.48
Xixian Huimin Water Development Co., Ltd.	193,485,636.56			193,485,636.56
Xixian Cluster Food Industry Service Co., Ltd.	133,628,139.87			133,628,139.87
Xixian Jiantou Public Rental Housing Development Service Co., Ltd.	228,868,449.89			228,868,449.89
Xixian Urban Water Supply Co., Ltd.	52,694,778.60			52,694,778.60
Xixian Environmental Wastewater Treatment	93,097,395.65			93,097,395.65

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			
	01-Jan-18	Current increase	Current decrease	31-Dec-18
Co., Ltd.				
Xixian Fumin Grain Reserve Co., Ltd.	28,835,210.32			28,835,210.32
Taikang Hengyun Construction Development Co., Ltd.		4,000,000.00		4,000,000.00
Jianxin (Wuhu) No. 3 Industrial Fund (LLP)		100,000.00		100,000.00
Zhongzhengqi Henan Development Fund (LLP)		5,000,000.00		5,000,000.00
Henan Huahuaniu Biological Technology Co., Ltd.		128,592,000.00		128,592,000.00
Puyang Yellow River Introduction for Irrigation and Adjustment Reservoir Dam Comprehensive Enhancement Project Private Fund		108,000,000.00		108,000,000.00
Jianxin (Wuhu) No. 3 Industrial Fund (LLP)		560,000,000.00		560,000,000.00
Henan Jianxin Xinggang New Urbanization Equity Investment Fund (LLP)		270,000,000.00		270,000,000.00
Xincai Animal Industry Investment Project Private Equity Investment Fund		20,000,000.00		20,000,000.00
Zhengzhou Real Estate Group's new urbanization development private equity investment fund		14,000,000.00		14,000,000.00
Zhengzhou Economic Development Zone Urbanization Construction		5,000,000.00		5,000,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			31-Dec-18
	01-Jan-18	Current increase	Current decrease	
Development Fund				
Henan Ruzhou Science and Education Park Investment Development Co., Ltd.		48,000,000.00		48,000,000.00
Anyang Zhongye Puan Highway Co., Ltd.		26,437,500.00		26,437,500.00
Puyang Jinhe Yuxin Construction Engineering Co., Ltd.		27,000,000.00		27,000,000.00
Zhumadian Zhongyi Municipal Construction Management Co., Ltd.		596,000,000.00		596,000,000.00
Xuchang Zhengxu Fusion Construction Development Co., Ltd.		160,000,000.00		160,000,000.00
Zhengzhou Huituo Urban and Rural Construction Co., Ltd.		80,000,000.00		80,000,000.00
Fuling Puhe Kebo Construction Management Co., Ltd.		28,500,000.00		28,500,000.00
Zhengzhou Hongsi Zheming Education Technology Co., Ltd.		5,560,000.00		5,560,000.00
Lankao Education and People's Livelihood Packaged Construction PPP Project		230,000,000.00		230,000,000.00
Mengjin Puhe Luoji Construction Co., Ltd.		81,000,000.00		81,000,000.00
Huixian Yushi Infrastructure Investment Co., Ltd.		10,000,000.00		10,000,000.00
Yucheng Qingyuan		160,082,573.89		160,082,573.89

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Book balance			
	01-Jan-18	Current increase	Current decrease	31-Dec-18
Sewage Treatment Co., Ltd.				
Yucheng Jianghe Water Conservancy Construction Engineering Co., Ltd.		658,727,529.71		658,727,529.71
Henan Mengzhu Drinking Water Co., Ltd.	-	356,487,027.69	-	356,487,027.69
Jianxin Trust Co., Ltd. - Yuxin No.3		400,000,000.00	400,000,000.00	
Shanxian Jingyuan Water Supply Co., Ltd.	8,273,875.00		8,273,875.00	
Sanmenxia Maosen Clean Energy Co., Ltd.	500,000.00		500,000.00	
Sanmenxia Shanzhou District Industrial Development Investment Co., Ltd.	900,000.00		900,000.00	
Shanxian Jinxiu Property Management Co., Ltd.	10,000,000.00		10,000,000.00	
Total	16,740,621,326.93	7,286,166,190.99	2,571,183,887.81	21,455,603,630.11

(Continued)

Investee	Impairment reserve				Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease	31-Dec-18		
Henan Hexie Jinyu Industry Investment Fund (LLP)					25.00	
Henan Xiqidi Equity Investment Fund (LLP)					24.98	
Henan Huarui Photoelectric Industry Co., Ltd.					25.00	
Henan Yuanhai Zhongyuan Logistics Industry Development Fund (LLP)					25.00	
Huike Photoelectric					30.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			31- Dec-18	Proportion of shareholding in investee (%)	Current cash dividend
	01- Jan-18	Current increase	Current decrease			
Henan Xiqidi Equity Investment Fund (LLP)					24.98	
Henan Sailing International Equity Investment Fund Partnership (LLP)					24.99	
Henan Zhangxing Industry Investment Fund (LLP)					58.82	
Runan Industry Cluster Investment and Financing Co., Ltd.					25.00	
Xinye Jinyuan Investment Co., Ltd.					51.80	
Neihuang Urban Management Investment Development Co., Ltd.						
Henan Yuzi Puchuang Equity Investment Fund Management Co., Ltd.						
Zhonghao State-owned Assets Management Co., Ltd.					51.00	
Zhongyuan Asset Management Co., Ltd.					6.67	6,366,466.67
Henan Agricultural Comprehensive Development Corporation					5.00	
Huaxian Investment Co., Ltd.					66.00	
Henan Zhengdong Urban Development Equity Investment Fund Management Co., Ltd.					20.00	
Henan Modern Service Industry Fund Management Co., Ltd.					40.00	480,000.00
Henan Qidi Technology Development Co., Ltd.					35.00	
Henan Fugang Investment Holding Co., Ltd.					35.79	
Zhongyuan Agricultural Insurance Co., Ltd.					14.55	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			31- Dec-18	Proportion of shareholding in investee (%)	Current cash dividend
	01- Jan-18	Current increase	Current decrease			
Xinxin Financial Leasing Co., Ltd.					9.02	3,294,614.05
Lankao Jiaotong Sharing Economic Research Institute						
Henan Jiaoyin Yuzi Hundred -City Construction Quality Engineering Fund (LLP)					99.90	39,282,918.09
Henan Puyin Yucheng Urban Operation Development Equity Investment Fund (LLP)					50.00	161,230,763.30
Henan Yuzi Xinyin Equity Investment Fund (LLP)					25.00	
Henan Hexie Jinyu Industry Investment Fund (LLP)					11.21	
Lankao Yulan Comprehensive Development Industry Investment Fund (LLP)					13.33	25,550,000.00
Pingan Yuzi Jingkai District Shanty Area Reconstruction Fund					5.00	7,655,983.85
Pingan Yuzi Jinshui District Secured Housing Construction Industry Fund					5.00	3,092,361.10
Youyin Yuzi B & R (Henan) Development Fund Partnership (LLP)					49.95	31,934,701.52
Pingan Yuzi Qiongyang Secured Housing Construction Industry Fund					4.00	9,327,777.78
Henan Guoxin Qidi Equity Investment Fund (LLP)					9.99	
Zhongzhengqi Henan Development Fund (LLP)					16.64	
Pingan Yuzi Gongyi Shed Renovation Construction Industry Fund					15.00	10,037,500.00
Henan Keyuan Industrial Investment					99.80	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease		
Fund Partnership (LLP)					
Henan Province Key Industry Intellectual Property Operation Fund (LLP)				13.33	
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)				7.50	
Suzhou Gaocheng Xingjian Equity Investment Fund Partnership (LLP)				21.98	
Zhengzhou Songyue Highway Development Co., Ltd.				5.00	
Zhengzhou Zhangwen Investment Management Partnership (LLP)				40.00	
Yima Water Supply Co., Ltd.				100.00	
Yima Pipeline Gas Co., Ltd.				100.00	
Yima Industrial Cluster Construction and Development Co., Ltd.				100.00	
Yima Heating Co., Ltd.				100.00	
Henan Gas Group				2.00	
Yima Hongqing Urban Construction Development Co., Ltd.				100.00	
Yima Jiayuan Environmental Technology Co., Ltd.				100.00	
Yima Yibo Environmental Co., Ltd.				20.00	
Yima Guoyao Urban Construction Co., Ltd.				51.00	
Yima Radio and Television Information Network Co., Ltd.				100.00	
Yima Grain and Oil Purchase and Sale Co., Ltd.				100.00	
Yima Xunjie Waste Treatment Co., Ltd.				100.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			31- Dec-18	Proportion of shareholding in investee (%)	Current cash dividend
	01- Jan-18	Current increase	Current decrease			
Yima Xingtong Highway Engineering Co., Ltd.					96.59	
Yima Water Group Co., Ltd.					100.00	
Luoyang Bank (Luoyang City Finance Bureau)					2.90	
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)					4.17	
Qixian Xincheng Urban Construction Investment Development Co., Ltd.					51.00	
Hebi Culture Tourism Investment Co., Ltd.					35.00	
Hebi Chaohe Heating Co., Ltd.					10.00	
Wugang Nanhe Guojin Asset Management Co., Ltd.					40.00	
Kaifeng Jiying Municipal Engineering Co., Ltd.					60.00	
Henan Huitai Urban & Rural Construction Co., Ltd.					50.20	
Xiping County Baiguo Urban Construction Development Co., Ltd.					51.65	
Henan Radio and Television Network Co., Ltd.					24.62	
Xinxiang Zhuoyuan Construction Engineering Co., Ltd.					57.60	
Xinzheng Xingang Construction Investment Co., Ltd.					50.46	
Boai Investment Group Co., Ltd.					19.00	
Zhengyang Qingfu Urban Construction Investment Development Co., Ltd.					24.00	
Henan Yuzi Tianlun New Energy Investment Fund					59.99	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease		
Center (LLP)					
Henan Hongke Military-civilian Integration Industry Investment Fund (LLP)				33.33	
Henan Military-civilian Integration Industry Investment Fund (LLP)				19.96	
Ruzhou Construction Investment Development Co., Ltd.				49.90	
Ruyang Gaoxiang Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Fuqin Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Changqi Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Kaizhan Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Yaqin Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Kunlin Agricultural Development Co., Ltd.				18.18	60,000.00
Ruyang Guangyu Agricultural Co., Ltd.				18.18	60,000.00
Xiangyang Qunzhi Agricultural Development Co., Ltd.				18.18	60,000.00
Xiangyang Shentong Agriculture Co., Ltd.				18.18	60,000.00
Liyang Linxin Agricultural Development Co., Ltd.				18.18	60,000.00
Puyang Maozhen Agriculture Co., Ltd.				33.33	25,000.00
Puyang Shangjia Agricultural Co., Ltd.				33.33	25,000.00
Xiangyang Tianxi Agricultural Co., Ltd.				33.33	25,000.00
Puyang Runyan Agricultural Co., Ltd.				33.33	25,000.00
Xiangyang Changming Agricultural Co., Ltd.				33.33	25,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease		
Liyang Tongshun Agricultural Co., Ltd.				33.33	25,000.00
Xiangyang Zhicheng Agricultural Co., Ltd.				33.33	25,000.00
Puyang Linyang Agricultural Co., Ltd.				33.33	25,000.00
Xiangyang Yaoyu Agriculture Co., Ltd.				33.33	25,000.00
Liyang Senmiao Agricultural Co., Ltd.				33.33	25,000.00
Puyang Chuangchao Agricultural Co., Ltd.				33.33	25,000.00
Shuyang Shukai Agricultural Co., Ltd.				33.33	25,000.00
Puyang Junsheng Agriculture Co., Ltd.				33.33	25,000.00
Xiangyang Ruiying Agricultural Co., Ltd.				33.33	25,000.00
Fuyang Xinshun Agricultural Co., Ltd.				33.33	25,000.00
Fuyang Licai Agriculture Co., Ltd.				33.33	25,000.00
Xiangyang Qiqun Agricultural Co., Ltd.				33.33	25,000.00
Xiangyang Tingtao Agriculture Co., Ltd.				33.33	25,000.00
Ruyang Shunjing Agriculture Co., Ltd.				33.33	25,000.00
Ruyang Changhong Agriculture Co., Ltd.				33.33	25,000.00
Xinmi Yongqing Environmental Protection Technology Co., Ltd.				100.00	
Zhengzhou Huayuan Ancient City Tourism Development Co., Ltd.				100.00	
Xinmi Qinwei Water Development and Construction Co., Ltd.				100.00	
Henan SME Guarantee Group Co., Ltd.				0.29	
Zhecheng Rural Credit Cooperatives Association				19.30	
Zhecheng Hengchang SME Guarantee Co., Ltd.				62.66	
Xinyang Pearl River Village and Township				2.43	1,512,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			31- Dec-18	Proportion of shareholding in investee (%)	Current cash dividend
	01- Jan-18	Current increase	Current decrease			
Bank Co., Ltd.						
Huangchuan Chunshen Poverty Alleviation Development Investment Co., Ltd.					11.18	
Boai Sewage Treatment Plant					100.00	
Xinzheng Wanlong Industrial Co., Ltd.					51.00	
China Power Construction (Lankao) Investment Management Co., Ltd.					5.00	
Lankao Comprehensive Development Industry Fund					13.33	
Xinglan Urban Construction Development Co., Ltd.					20.00	
Fuling Changtong Network Co., Ltd.					100.00	
Fuling First Sewage Treatment Plant					100.00	
Fuling Second Sewage Treatment Plant					100.00	
Henan Shanhe Road and Bridge Engineering Co., Ltd.					100.00	
Fanxian Water Company					100.00	
Nanle Urban Wastewater Treatment Co., Ltd.					100.00	
Nanle Urban Waste Treatment Co., Ltd.					100.00	
Nanle Xingle Water Co., Ltd.					100.00	
Nanle Urban Construction Investment Development Co., Ltd.					45.00	
Xixian Greentown Garbage Disposal Co., Ltd.					100.00	
Xixian Nanshan Cemetery Management Co., Ltd.					100.00	
Xixian Huimin Water Development Co., Ltd.					100.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve				Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease	31-Dec-18		
Xixian Cluster Food Industry Service Co., Ltd.					100.00	
Xixian Jiantou Public Rental Housing Development Service Co., Ltd.					100.00	
Xixian Urban Water Supply Co., Ltd.					100.00	
Xixian Environmental Wastewater Treatment Co., Ltd.					100.00	
Xixian Fumin Grain Reserve Co., Ltd.					100.00	
Taikang Hengyun Construction Development Co., Ltd.						
Jianxin (Wuhu) No. 3 Industrial Fund (LLP)						3,558.33
Zhongzhengqi Henan Development Fund (LLP)						88,374.02
Henan Huahuaniu Biological Technology Co., Ltd.					4.70	
Puyang Yellow River Introduction for Irrigation and Adjustment Reservoir Dam Comprehensive Enhancement Project Private Fund						8,760,000.00
Jianxin (Wuhu) No. 3 Industrial Fund (LLP)						
Henan Jianxin Xinggang New Urbanization Equity Investment Fund (LLP)						7,594,249.31
Xincai Animal Industry Investment Project Private Equity Investment Fund						813,333.33
Zhengzhou Real Estate Group's new urbanization development private equity investment fund						348,412.78
Zhengzhou Economic Development Zone Urbanization						143,604.16

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve			31- Dec-18	Proportion of shareholding in investee (%)	Current cash dividend
	01- Jan-18	Current increase	Current decrease			
Construction Development Fund						
Henan Ruzhou Science and Education Park Investment Development Co., Ltd.					80.00	
Anyang Zhongye Puan Highway Co., Ltd.					75.00	
Puyang Jinhe Yuxin Construction Engineering Co., Ltd.					90.00	
Zhumadian Zhongyi Municipal Construction Management Co., Ltd.					85.00	
Xuchang Zhengxu Fusion Construction Development Co., Ltd.						
Zhengzhou Huituo Urban and Rural Construction Co., Ltd.					80.00	
Fuling Puhe Kebo Construction Management Co., Ltd.					85.00	
Zhengzhou Hongsi Zheming Education Technology Co., Ltd.						
Lankao Education and People's Livelihood Packaged Construction PPP Project						
Mengjin Puhe Luoji Construction Co., Ltd.					95.00	
Huixian Yushi Infrastructure Investment Co., Ltd.						
Yucheng Qingyuan Sewage Treatment Co., Ltd.						
Yucheng Jianghe Water Conservancy Construction Engineering Co., Ltd.						
Henan Mengzhu Drinking Water Co., Ltd.						
Jianxin Trust Co., Ltd. - Yuxin No.3						7,321,170.56
Shanxian Jingyuan Water Supply Co., Ltd.					100.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	Impairment reserve				Proportion of shareholding in investee (%)	Current cash dividend
	01-Jan-18	Current increase	Current decrease	31-Dec-18		
Sanmenxia Maosen Clean Energy Co., Ltd.					5.00	
Sanmenxia Shanzhou District Industrial Development Investment Co., Ltd.					18.00	
Shanxian Jinxiu Property Management Co., Ltd.					100.00	
Total						325,937,788.85

Remark: The parent company and the subsidiaries of the company neither control nor have significant influence on the companies listed above in which they have no less than 20% of equity, so the company accounts for under cost method and presents them into financing assets available-for-sale.

9. Long-term receivables

Item	31-Dec-18		
	Book balance	Impairment reserve	Book value
Henan secured housing program	93,360,619,965.90		93,360,619,965.90
RMB 10 B program	2,672,919,973.94		2,672,919,973.94
Dual-RMB 10 program	12,993,000,069.90		12,993,000,069.90
Assets constructed under trust	42,747,639.99		42,747,639.99
Borrowings	921,930,086.34		921,930,086.34
Railway shanty town fund	100,000,000.00		100,000,000.00
Private placement bond project	11,510,000,000.00		11,510,000,000.00
Oriental Huizhi	800,000,000.00		800,000,000.00
Investment	205,000,000.00		205,000,000.00
Financing for shanty town reconstruction	1,000,000,000.00		1,000,000,000.00
Service incomes from government procurement	48,936,056,682.25		48,936,056,682.25
Quality improvement in 100 cities	13,543,956,228.56		13,543,956,228.56
PPP fund	252,289,000.00		252,289,000.00
Total	186,338,519,646.88		186,338,519,646.88

(Continued)

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Item	31-Dec-17		
	Book balance	Impairment reserve	Book value
Henan secured housing program	99,278,778,713.25		99,278,778,713.25
RMB 10 B program	3,711,314,656.30		3,711,314,656.30
Dual-RMB 10 program	16,661,653,999.00		16,661,653,999.00
Railway shanty town fund	824,470,086.33		824,470,086.33
Private placement bond project	100,000,000.00		100,000,000.00
Oriental Huizhi	10,600,000,000.00		10,600,000,000.00
Investment	800,000,000.00		800,000,000.00
Financing for shanty town reconstruction	204,000,000.00		204,000,000.00
Service incomes from government procurement	1,000,000,000.00		1,000,000,000.00
Quality improvement in 100 cities	37,580,664,139.34		37,580,664,139.34
PPP fund	6,978,133,580.76		6,978,133,580.76
Railway shanty town fund	2,289,000.00		2,289,000.00
Total	177,741,304,174.98		177,741,304,174.98

10. Long-term equity investment

(1) Long-term equity investment

Investee	01-Jan-18	Current increase/decrease				
		Additional investment	Reduced investment	Investment gains/losses recognized with equity method	Other adjustment of comprehensive incomes	Other equity change
Associated enterprises						
Luoyang Dahuling Development Management Co., Ltd.	2,917,588.75					
Ruyang Shengxin Thermal Power Co., Ltd.	5,334,138.79					
Changhuan Investment Group Co., Ltd.	85,136,609.94			42,648,155.05		54,861,955.38

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	01-Jan-18	Current increase/decrease				
		Additional investment	Reduced investment	Investment gains/losses recognized with equity method	Other adjustment of comprehensive incomes	Other equity change
Pingyu Qinghe Engineering Construction Limited	1,574,209.41			-465,431.28		
Henan Yuzi Puhe Business Development Co., Ltd.	1,053,856,542.67			762.85		
Kaifeng Jinkong Investment Group Co., Ltd.	300,128,911.87			7,144,744.59		
Henan Yuzi State Storage Industrial Co., Ltd.		5,000,000.00		584.38		
Henan Shumu Industries Co., Ltd.		46,703,800.00				
Henan Yuzi Xinxin Financing Lease Co., Ltd.	539,740,679.41			14,874,926.99		
Zhengzhou State-controlled Industries Co., Ltd.	200,552,501.79			408,349.29		
Subtotal	2,189,241,182.63	51,703,800.00		64,612,091.87		54,861,955.38
Total	2,189,241,182.63	51,703,800.00		64,612,091.87		54,861,955.38

(Continued)

Investee	Current increase/decrease			31-Dec-18	Closing balance of impairment reserve
	declared dividend or profit	Withdrawn impairment reserve	Others		
Associated enterprise					

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Luoyang Dahuling Development Management Co., Ltd.			-2,917,588.75		
Ruyang Shengxin Thermal Power Co., Ltd.			-5,334,138.79		
Changhuan Investment Group Co., Ltd.				182,646,720.37	
Pingyu Qinghe Engineering Construction Limited				1,108,778.13	
Henan Yuzi Puhe Business Development Co., Ltd.			-1,053,857,305.52		
Kaifeng Jinkong Investment Group Co., Ltd.	5,936,976.95			301,336,679.51	
Henan Yuzi State Storage Industrial Co., Ltd.				5,000,584.38	
Henan Shumu Industries Co., Ltd.				46,703,800.00	
Henan Yuzi Xinxin Financing Lease Co., Ltd.	105,000.00			554,510,606.40	
Zhengzhou State-controlled Industries Co., Ltd.				200,960,851.08	
Subtotal	6,041,976.95		-1,062,109,033.06	1,292,268,019.87	
Total	6,041,976.95		-1,062,109,033.06	1,292,268,019.87	

Remark: Other increase/decrease was the result of the changes in the consolidation scope.

11. Investment real estate

(1) Investment real estate measured at cost

Item	House and building	Land use right	Construction in progress	Total
Original book value				
1. Year-opening balance	884,166,521.04	1,015,544,376.00		1,899,710,897.04
2. Current increase	3,738,073,908.00			3,738,073,908.00
(1) Acquisition				
(2) from inventory\property, plant and equipment\construction in progress				

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Item	House and building	Land use right	Construction in progress	Total
(3) Increase for business merger				
(4) Others	3,738,073,908.00			3,738,073,908.00
3. Current decrease	67,376,300.00	916,512,672.00		983,888,972.00
(1) Disposal		134,651,672.00		134,651,672.00
(2) Other transfer-out	67,376,300.00	781,861,000.00		849,237,300.00
(3) Others				
4. Year-closing balance	4,554,864,129.04	99,031,704.00		4,653,895,833.04
Accumulated depreciation and accumulated amortization				
1. Year-opening balance	2,572,264.01	3,049,254.18		5,621,518.19
2. Current increase	24,720,110.75	2,851,188.10		27,571,298.85
(1) Accrual or amortization	24,720,110.75	2,851,188.10		27,571,298.85
(2) Others				
3. Current decrease		4,185,555.21		4,185,555.21
(1) Disposal		2,556,678.13		2,556,678.13
(2) Other transfer-out		1,628,877.08		1,628,877.08
(3) Others				
4. Year-closing balance	27,292,374.76	1,714,887.07		29,007,261.83
III. Impairment reserve				
1. Year-opening balance				
2. Current increase				
(1) Accrual				
(2) Others				
3. Current decrease				
(1) Disposal				
(2) Other transfer-out				
(3) Others				
4. Year-closing balance				
IV. Book value				
1. Year-closing book value	4,527,571,754.28	97,316,816.93		4,624,888,571.21
2. Year-opening book value	881,594,257.03	1,012,495,121.82		1,894,089,378.85

Remarks: (1) The others in the increased assets in current year were the assets allocated by the government.

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
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(2) In the investment real estate of the company, the houses and buildings with original value of 2,459,167,956.44 and the land use right with value of RMB 99,031,704.00 were the assets allocated by the government whose property right procedures are in progress.

(3) There was no investment real estate used for mortgage guarantee at the end of the period.

12. Property, plant and equipment

Item	31-Dec-18	31-Dec-17
Property, plant and	7,051,245,827.74	5,936,991,534.85
Liquidation of property,		
Total	7,051,245,827.74	5,936,991,534.85

(1) Property, plant and equipment and accumulated depreciation

(1) Property, plant and equipment

Item	House and building	Machinery and equipment	Transport equipment	Other equipment	Total
Original book value					
1. Year-opening balance	6,000,933,535.04	254,869,061.03	8,566,346.62	37,607,138.38	6,301,976,081.07
2. Current increase	3,739,064,332.91	8,065,364.65	1,126,969.02	47,245,812.82	3,795,502,479.40
(1) Acquisition	17,080.00	69,064.65	866,502.35	2,769,209.53	3,721,856.53
(2) From construction in progress	1,992,735,887.67				1,992,735,887.67
(3) Increase in business merger	65,424,976.00		260,466.67	23,566,587.29	89,252,029.96
(4) Others	1,680,886,389.24	7,996,300.00		20,910,016.00	1,709,792,705.24
3. Current decrease	2,585,619,690.13	29,944,908.70	5,056,277.40	940,174.00	2,621,561,050.23
(1) Disposal or rejection	1,780,498,163.30				1,780,498,163.30
(2) Reduction of consolidation scope	282,569,717.65		94,500.00	284,459.00	282,948,676.65
(3) Others	522,551,809.18	29,944,908.70	4,961,777.40	655,715.00	558,114,210.28
4. Year-closing balance	7,154,378,177.82	232,989,516.98	4,637,038.24	83,912,777.20	7,475,917,510.24
Accumulated depreciation					
1. Year-opening balance	330,776,255.04	25,294,719.14	5,231,940.32	3,681,631.72	364,984,546.22
2. Current increase	220,422,841.11	16,083,435.14	1,106,212.53	3,468,789.74	241,081,278.52
(1) Accrual	209,977,749.21	16,083,435.14	932,494.48	3,357,463.05	230,351,141.88

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(2) Increase in business merger	10,445,091.90		173,718.05	111,326.69	10,730,136.64
(3) Others					
3. Current decrease	155,130,617.31	21,524,772.95	4,123,505.28	615,246.70	181,394,142.24
(1) Disposal or rejection	-	-	-	-	-
(2) Decrease in business merger	155,130,617.31	21,524,772.95	4,123,505.28	615,246.70	181,394,142.24
(3) Others					
4. Year-closing balance	396,068,478.84	19,853,381.33	2,214,647.57	6,535,174.76	424,671,682.50
III. Impairment reserve					
1. Year-opening balance					
2. Current increase					
(1) Accrual					
(2) Increase in business merger					
(3) Others					
3. Current decrease					
(1) Disposal or rejection					
(2) Reduction of consolidation scope					
(3) Others					
4. Year-closing balance					
IV. Book value					
1. Year-closing book value	6,758,309,698.98	213,136,135.65	2,422,390.67	77,377,602.44	7,051,245,827.74
2. Year-opening book value	5,670,157,280.00	229,574,341.89	3,334,406.30	33,925,506.66	5,936,991,534.85

Remarks: (1) The others in the increased assets in current year were assets allocated by government and the others in the decreased assets were the result of transfer-out of the allocated assets and the changes in the consolidation scope.

(2) As of 31st December, 2018, in the total book value of the above property, plant and equipment, there were the value of the public assets for RMB 1,642,296,980.72 including: value of housing construction: RMB174,780,686.00; value of machinery and equipment: RMB 59,937,328.00.

(3) Property, plant and equipment whose ownership was restricted: As of 31st December, 2018, the houses and buildings with original book value of RMB 404,560,731.60 were set as collaterals for borrowing mortgage.

(4) Liquidation of property, plant and equipment

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None.

13. Constructions in progress

Item	31-Dec-18	31-Dec-17
Constructions in progress	2,312,886,850.72	4,776,465,738.78
Engineering materials		
Total	2,312,886,850.72	4,776,465,738.78

(1) Constructions in progress

Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Zhengzhou Entrusted design and construction of Auto Industry Park project				1,482,214,855.97		1,482,214,855.97
Standardized Plant for Shanxian Industrial Park				31,736,210.69		31,736,210.69
Guanda Road slope retaining wall work				303,686.00		303,686.00
Logistics Center Project				1,136,250.00		1,136,250.00
Land Leveling Project for the park				288,000.00		288,000.00
Temporary Water Supply Project for the park				543,538.00		543,538.00
Settlement project				44,000.00		44,000.00
Chenyang drinking water project				258,000.00		258,000.00
Sewage pipeline modification project				158,000.00		158,000.00
Business service center				1,326,490.20		1,326,490.20
Waste Transfer				5,000.00		5,000.00

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Station						
Nanjian River Sewage Transmission Project				1,711,012.40		1,711,012.40
Shanxian Aluminum Industry Park				23,000,000.00		23,000,000.00
Sewage Treatment Phase II				127,800.00		127,800.00
Water Supply Phase I				1,326,700.00		1,326,700.00
10kv Liuyang Line and Pole Reconstruction Project				20,000.00		20,000.00
Sewage Collection Project				320,000.00		320,000.00
Longbo Water Lift Project				328,400.00		328,400.00
Water Supply Phase I-Guanda Mid Road Bridge Work				2,280,000.00		2,280,000.00
Water Supply Phase I-Tap Water Factory Work				732,868.80		732,868.80
Water Supply Phase I-Eastern Extension of Qingyuan Road				4,427,000.00		4,427,000.00
Shanty Area Reconstruction Work				216,000.00		216,000.00
Compensation for Land Acquisition						
Old Urban Area Reconstruction of Commerce Area in Yuyang				441,078,770.38		441,078,770.38
Lankao	214,297,431.73		214,297,431.73	190,061,582.19		190,061,582.19

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Furniture						
Industry Park						
Plant						
Construction Project						
Lankao Auto City Project	115,708,648.29		115,708,648.29	115,288,098.29		115,288,098.29
Beiru River Control Project in Ruyang				100,000,000.00		100,000,000.00
Jiantou Building				153,038,337.63		153,038,337.63
Utility infrastructural construction	54,597,498.60		54,597,498.60	54,597,498.60		54,597,498.60
Guangcheng Road View Av.				127,895,250.12		127,895,250.12
SME Park Land Leveling Work				86,131.18		86,131.18
Business Service Center's 10kv Distribution Work				600,000.00		600,000.00
Taihe Road Slope Protection and Maintenance Work				184,427.84		184,427.84
Jiema Road Bridge Work				350,000.00		350,000.00
Xinglong Road Green Work				2,500,000.00		2,500,000.00
Qingyuan Road Green Work				5,084,598.00		5,084,598.00
Guanda Road Green Work				1,500,000.00		1,500,000.00
Kuanping Road Green Work				277,800.00		277,800.00
Sewage Treatment Plant Reservoir				500,000.00		500,000.00

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Project						
Nanjian River Sewage Transmission Follow-up Project				200,000.00		200,000.00
Hongteng East Road-Temporary Road Project				59,375.00		59,375.00
Xinglong Road Earth Filling				153,218.00		153,218.00
Jiechang Road Earth Filling				63,412.00		63,412.00
Qingyuan Road Earth Filling				150,728.00		150,728.00
Chemical Storage Logistics Port Project				80,000.00		80,000.00
Longbo Reservoir's Primary and Secondary Pumping Station Reconstruction Project				149,000.00		149,000.00
Youth Talent Apartment	202,357,471.46		202,357,471.46	1,392,922.00		1,392,922.00
Cultural Exhibition Center				103,766,503.90		103,766,503.90
Photovoltaic Project				178,166,000.00		178,166,000.00

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Changshou Mount Scenic Area	246,453,100.00		246,453,100.00	768,733,560.16		768,733,560.16
Puyang Urban Heating Construction Project	173,103,527.96		173,103,527.96	113,173,108.63		113,173,108.63
Economic Forests	125,257,831.78		125,257,831.78	116,058,277.78		116,058,277.78
Longcheng Xinju Public Housing				402,540,000.00		402,540,000.00
Standardized Plant of Industrial Cluster	68,431,005.88		68,431,005.88			
Mountain-River-Lake – Field-Lake-Grass Integrated Ecological Town	17,567,499.77		17,567,499.77			
Guangming Apartment				204,704,784.00		204,704,784.00
Other miscellaneous works	31,724,620.00		31,724,620.00	141,528,543.02		141,528,543.02
Tai Chi Meeting Room	115,691,300.00		115,691,300.00			
Shantytown	64,442,405.06		64,442,405.06			
Pudong Road	13,080,979.57		13,080,979.57			
Weisan Road	9,593,809.73		9,593,809.73			
Ningbo Road	101,400.00		101,400.00			
Weiwu Road	33,000.00		33,000.00			
Beiwudu Sewage Treatment Plant	1,271,020.00		1,271,020.00			
Wuquan Town Sewage Treatment Plant	4,515,400.00		4,515,400.00			
Road in front of Gou	719,715.17		719,715.17			

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Village Instant Noodle Factory						
Longcheng Xinju Public Rental Housing	402,540,000.00		402,540,000.00			
Dasha River Water System Cleaning and Renovation Project	67,181,316.17		67,181,316.17			
Binhe Road Construction Project	255,000.00		255,000.00			
Yellow River Road South Extension and Jinshan Road Upgrade and Reconstruction Project	61,608,534.22		61,608,534.22			
E-commerce Logistics Park Construction Project	130,000.00		130,000.00			
Northeast Ring Road Construction Project	255,000.00		255,000.00			
Rural Environmental Comprehensive Improvement Construction Project	260,000.00		260,000.00			
Poverty Village Road Project	259,182,423.33		259,182,423.33			
LCD Photoelectric Industrial Park Project	62,526,912.00		62,526,912.00			

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Item	31-Dec-18			31-Dec-17		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Total	2,312,886,850.72		2,312,886,850.72	4,776,465,738.78		4,776,465,738.78

(2) Changes in significant constructions in progress in current year

Project	Budget	Fund source	Percentage in budget %	Progress (%)
Old Urban Area Reconstruction of Commerce Area in Yuyang	650,000,000.00	Appropriation and self-raised funds	67.86	70.00
Lankao Furniture Industry Park Plant Construction Project	386,000,000.00	Self-raised funds	55.57	55.00
Lankao Auto City Project	282,980,000.00	Self-raised funds	40.89	50.00
Beiru River Control Project in Ruyang	250,000,000.00	Appropriation and self-raised funds	64.06	80.00
Jiantou Building	300,000,000.00	Self-raised funds	59.19	70.00
Utility infrastructural construction	55,000,000.00	Self-raised funds	99.27	100.00
Guangcheng Road View Av.	350,000,000.00	Self-raised funds	40.73	40.00
Tai Chi Meeting Room	120,000,000.00	Self-raised funds	96.41	95.00
Shantytown	843,610,100.00	Self-raised funds	7.64	4.00
Youth Talent Apartment	2,831,000,000.00	Fiscal appropriation and loans	7.15	3.00
Cultural Exhibition Center	300,000,000.00	Self-raised funds	35.52	55.00
Photovoltaic Project	200,000,000.00	Fiscal appropriation	89.08	90.00
Changshou Mount Scenic Area	2,000,000,000.00	Appropriation and self-raised funds	67.03	95.00
Economic Forests	400,000,000.00	Fiscal appropriation	33.61	30.00
Longcheng Xinqu Public Rental Housing	500,000,000.00	Appropriation and self-raised funds	80.51	85.00
Guangming Apartment	210,000,000.00	Appropriation and self-raised funds	97.50	95.00
Mountain-River-Lake –Field-Lake-Grass Integrated Ecological Town				
Standardized Plant of Industrial Cluster	500,000,000.00	Self-raised funds		
Puyang Urban Heating Construction Project	500,000,000.00	Fiscal appropriation and	34.80	40.00

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		self-raised funds		
Pudong Road	13,657,000.00	Allocations from central government	95.78	100.00
Weisan Road	9,642,000.00	Allocations from central government	99.50	100.00
Ningbo Road	120,000.00	Allocations from central government	84.50	95.00
Weiwu Road	9,740,000.00	Funds raised by enterprise	0.34	1.36
Beiwudu Sewage Treatment Plant	1,412,244.44	Appropriation and social capital	90.00	90.00
Wuquan Town Sewage Treatment Plant	4,515,400.00	Appropriation and social capital	100.00	98.00
Road in front of Gou Village Instant Noodle Factory	6,886,607.11		10.45	10.45
Longcheng Xinju Public Rental Housing	431,000,000.00		93.40	93.40
Dasha River Water System Cleaning and Renovation Project	253,195,900.00	Government allocations	26.53	31.00
Binhe Road Construction Project				
Yellow River Road South Extension and Jinshan Road Upgrade and Reconstruction Project	620,000,000.00	Government allocations	9.98	15.00
E-commerce Logistics Park Construction Project	442,313,700.00	Government allocations	0.03	10.00
Northeast Ring Road Construction Project	251,209,900.00	Government allocations	0.10	10.00
Rural Environmental Comprehensive Improvement Construction Project	304,020,000.00	Government allocations	0.09	15.00
Poverty Village Road Project		Government allocations	85.25	90.00
LCD Photoelectric Industrial Park Project	200,000,000.00	Government allocations	31.26	35.00

(Continued)

Project	01-Jan-18	Current increase	
		Amount	Including: capitalized interest
Zhengzhou Entrusted design and construction of Auto Industry Park project	1,482,214,855.97	298,283,307.33	7,442,111.10
Guanda Mid Road		460,000.00	

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Standardized Plant for Shanxian Industrial Park	31,736,210.69		
Guanda Road slope retaining wall work	303,686.00		
Logistics Center Project	1,136,250.00		
Land Leveling Project for the park	288,000.00	173,865.00	
Temporary Water Supply Project for the park	543,538.00		
Settlement project	44,000.00		
Chenying drinking water project	258,000.00		
Sewage pipeline modification project	158,000.00		
Business service center	1,326,490.20	3,529,881.15	
Waste Transfer Station	5,000.00		
Nanjian River Sewage Transmission Project	1,711,012.40	2,593,164.10	
Shanxian Aluminum Industry Park	23,000,000.00		
Sewage Treatment Phase II	127,800.00		
Water Supply Phase I	1,326,700.00		
10kv Liuyang Line and Pole Reconstruction Project	20,000.00		
Sewage Collection Project	320,000.00		
Longbo Water Lift Project	328,400.00		
Water Supply Phase I-Guanda Mid Road Bridge Work	2,280,000.00	2,970,000.00	
Water Supply Phase I-Tap Water Factory Work	732,868.80	-351,414.00	
Water Supply Phase I-Eastern Extension of Qingyuan Road	4,427,000.00		
Shanty Area Reconstruction Work	216,000.00		
Old Urban Area Reconstruction of Commerce Area in Yuyang	441,078,770.38		
Lankao Furniture Industry Park Plant Construction Project	190,061,582.19	24,454,656.80	
Lankao Auto City Project	115,288,098.29	420,550.00	
Beiru River Control Project in Ruyang	100,000,000.00	60,152,006.09	
Jiantou Building	153,038,337.63	24,536,034.64	
Utility infrastructural construction	54,597,498.60		
Guangcheng Road View Av.	127,895,250.12	14,645,748.20	
SME Park Land Leveling Work	86,131.18		
Business Service Center's 10kv Distribution Work	600,000.00		
Taihe Road Slope Protection and Maintenance Work	184,427.84		
Jiema Road Bridge Work	350,000.00		
Xinglong Road Green Work	2,500,000.00		
Qingyuan Road Green Work	5,084,598.00		
Guanda Road Green Work	1,500,000.00		
Kuanping Road Green Work	277,800.00		

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Sewage Treatment Plant Reservoir Project	500,000.00	235,895.12	
Nanjian River Sewage Transmission Follow-up Project	200,000.00		
Hongteng East Road- Temporary Road Project	59,375.00		
Xinglong Road Earth Filling	153,218.00		
Jiechang Road Earth Filling	63,412.00		
Qingyuan Road Earth Filling	150,728.00		
Chemical Storage Logistics Port Project	80,000.00		
Longbo Reservoir's Primary and Secondary Pumping Station Reconstruction Project	149,000.00		
Tai Chi Meeting Room		115,691,300.00	
Shantytown		64,442,405.06	
Youth Talent Apartment	1,392,922.00	200,964,549.46	
Cultural Exhibition Center	103,766,503.90	2,807,289.74	
Photoelectric Project	178,166,000.00		
“Village-in -City” Reconstruction Project around Heming Lake in Yuanling	768,733,560.16	571,855,833.04	
Puyang Urban Heating Construction Project	113,173,108.63	60,845,619.33	2,100,933.33
Economic Forests	116,058,277.78	18,399,108.00	
Longcheng Xinju Public Rental Housing	402,540,000.00		
Guangming Apartment	204,704,784.00	54,000.00	
Standardized Plant of Industrial Cluster		68,431,005.88	
Mountain-River-Lake -Field-Lake-Grass Integrated Ecological Town		17,567,499.77	
Other miscellaneous works	141,528,543.02	75,964,364.72	
Pudong Road		13,080,979.57	
Weisan Road		9,593,809.73	
Ningbo Road		101,400.00	
Weiwu Road		33,000.00	
Beiwudu Sewage Treatment Plant		1,271,020.00	
Wuquan Town Sewage Treatment Plant		4,515,400.00	
Road in front of Gou Village Instant Noodle Factory		719,715.17	
Longcheng Xinju Public Rental Housing		402,540,000.00	
Dasha River Water System Cleaning and Renovation Project		67,181,316.17	2,294,340.63
Binhe Road Construction Project		255,000.00	
Yellow River Road South Extension and		61,608,534.22	15,015,336.38

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Jinshan Road Upgrade and Reconstruction Project			
E-commerce Logistics Park Construction Project		130,000.00	
Northeast Ring Road Construction Project		255,000.00	
Rural Environmental Comprehensive Improvement Construction Project		260,000.00	
Poverty Village Road Project		259,182,423.33	11,737,169.02
LCD Photoelectric Industrial Park Project		62,526,912.00	
Total	4,776,465,738.78	2,512,381,179.62	38,589,890.46

(Continued)

Project	Current decrease		31-Dec-18	
	Transfer –in of property, plant and equipment	Other decrease	Balance	Including: capitalized interest
Zhengzhou Entrusted design and construction of Auto Industry Park project	1,780,498,163.30			
Guanda Mid Road		460,000.00		
Standardized Plant for Shanxian Industrial Park		31,736,210.69		
Guanda Road slope retaining wall work		303,686.00		
Logistics Center Project		1,136,250.00		
Land Leveling Project for the park		461,865.00		
Temporary Water Supply Project for the park		543,538.00		
Settlement project		44,000.00		
Chenyang drinking water project		258,000.00		
Sewage pipeline modification project		158,000.00		
Business service center	4,129,881.15	726,490.20		
Waste Transfer Station		5,000.00		
Nanjian River Sewage Transmission Project	2,593,164.10	1,711,012.40		
Shanxian Aluminum Industry Park		23,000,000.00		
Sewage Treatment Phase II		127,800.00		
Water Supply Phase I		1,326,700.00		

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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10kv Liuyang Line and Pole Reconstruction Project		20,000.00		
Sewage Collection Project		320,000.00		
Longbo Water Lift Project		328,400.00		
Water Supply Phase I-Guanda Mid Road Bridge Work		5,250,000.00		
Water Supply Phase I-Tap Water Factory Work		381,454.80		
Water Supply Phase I-Eastern Extension of Qingyuan Road		4,427,000.00		
Shanty Area Reconstruction Work		216,000.00		
Old Urban Area Reconstruction of Commerce Area in Yuyang		441,078,770.38		
Lankao Furniture Industry Park Plant Construction Project		218,807.26	214,297,431.73	9,994,402.22
Lankao Auto City Project			115,708,648.29	
Beiru River Control Project in Ruyang		160,152,006.09		
Jiantou Building		177,574,372.27		20,855,401.62
Utility infrastructural construction			54,597,498.60	
Guangcheng Road View Av.		142,540,998.32		13,975,905.48
SME Park Land Leveling Work		86,131.18		
Business Service Center's 10kv Distribution Work		600,000.00		
Taihe Road Slope Protection and Maintenance Work		184,427.84		
Jiema Road Bridge Work		350,000.00		
Xinglong Road Green Work		2,500,000.00		
Qingyuan Road Green Work		5,084,598.00		
Guanda Road Green Work		1,500,000.00		
Kuanping Road Green Work		277,800.00		
Sewage Treatment Plant Reservoir Project	555,895.12	180,000.00		
Nanjian River Sewage Transmission Follow-up Project	200,000.00			
Hongteng East Road-Temporary Road Project		59,375.00		
Xinglong Road Earth Filling		153,218.00		

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Jiechang Road Earth Filling		63,412.00		
Qingyuan Road Earth Filling		150,728.00		
Chemical Storage Logistics Port Project		80,000.00		
Longbo Reservoir's Primary and Secondary Pumping Station Reconstruction Project		149,000.00		
Tai Chi Meeting Room			115,691,300.00	
Shantytown			64,442,405.06	
Youth Talent Apartment			202,357,471.46	
Cultural Exhibition Center		106,573,793.64		13,532,152.90
Photovoltaic Project		178,166,000.00		
Changshou Mount Scenic Area		1,094,136,293.20	246,453,100.00	
Puyang Urban Heating Construction Project		915,200.00	173,103,527.96	4,320,225.00
Economic Forests		9,199,554.00	125,257,831.78	
Longcheng Xinju Public Rental Housing		402,540,000.00		
Guangming Apartment	204,758,784.00			
Standardized Plant of Industrial Cluster			68,431,005.88	
Mountain-River-Lake –Field-Lake-Grass Integrated Ecological Town			17,567,499.77	
Other miscellaneous works		185,768,287.74	31,724,620.00	
Pudong Road			13,080,979.57	
Weisan Road			9,593,809.73	
Ningbo Road			101,400.00	
Weiwu Road			33,000.00	
Beiwudu Sewage Treatment Plant			1,271,020.00	
Wuquan Town Sewage Treatment Plant			4,515,400.00	
Road in front of Gou Village Instant Noodle Factory			719,715.17	
Longcheng Xinju Public Rental Housing			402,540,000.00	

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Dasha River Water System Cleaning and Renovation Project			67,181,316.17	3,942,695.17
Binhe Road Construction Project			255,000.00	
Yellow River Road South Extension and Jinshan Road Upgrade and Reconstruction Project			61,608,534.22	21,618,534.24
E-commerce Logistics Park Construction Project			130,000.00	
Northeast Ring Road Construction Project			255,000.00	
Rural Environmental Comprehensive Improvement Construction Project			260,000.00	
Poverty Village Road Project			259,182,423.33	20,763,557.69
LCD Photoelectric Industrial Park Project			62,526,912.00	
Total	1,992,735,887.67	2,983,224,180.01	2,312,886,850.72	109,002,874.32

Remark: Other decreases in current period were the result of the changes in consolidation scope primarily.

14. Intangible assets

(1) Intangible assets

Item	Land use right	Unpatented technology	Franchise right	Software	Total
I. Original book value					
1. Year-opening balance	7,919,631,183.39	4,050,000.00	151,230,000.00	2,682,545.22	8,077,593,728.61
2. Current increase	3,454,362,022.59			345,857.79	3,454,707,880.38
(1) Acquisition	233,203,555.86			324,714.63	233,528,270.49
(2) Internal R & D					
(3) Increase in business merger	91,980,383.99			21,143.16	92,001,527.15
(4) Others	3,129,178,082.74				3,129,178,082.74
3. Current decrease	4,607,696,446.49			6,500.00	4,607,702,946.49
(1) Disposal	162,635,514.00				162,635,514.00
(2) Reduction of consolidation scope	694,578,992.91			6,500.00	694,585,492.91

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Item	Land use right	Unpatented technology	Franchise right	Software	Total
(3) Others	3,750,481,939.58				3,750,481,939.58
4. Year-closing balance	6,766,296,759.49	4,050,000.00	151,230,000.00	3,021,903.01	6,924,598,662.50
II. Accumulated depreciation					
1. Year-opening balance	55,272,975.42			449,677.51	55,722,652.93
2. Current increase	45,344,290.52			527,276.35	45,871,566.87
(1) Accrual	44,916,687.51			515,421.65	45,432,109.16
(2) Increase in business merger	427,603.01			11,854.70	439,457.71
(3) Others					
3. Current decrease	18,004,950.76			2,888.94	18,007,839.70
(1) Disposal or rejection	510,398.80				510,398.80
(2) Decrease in business merger				2,888.94	2,888.94
(3) Others	17,494,551.96				17,494,551.96
4. Year-closing balance	82,612,315.18			974,064.92	83,586,380.10
III. Impairment reserve					
1. Year-opening balance					
2. Current increase					
(1) Accrual					
(2) Others					
3. Current decrease					
(1) Disposal					
(2) Others					
4. Year-closing balance					
IV. Book value					
1. Year-closing book value	6,683,684,444.31	4,050,000.00	151,230,000.00	2,047,838.09	6,841,012,282.40
2. Year-opening book value	7,864,358,207.97	4,050,000.00	151,230,000.00	2,232,867.71	8,021,871,075.68

Remarks: (1) The others in the increased assets in current year were assets allocated by government and the others in the decreased assets were the result of transfer-out of the allocated assets and the changes in the consolidation scope.

(2) As of 31st December, 2018, there was no intangible asset formed by R & D in the company.

(3) As of 31st December, 2018, in the total book value of the above intangible assets, there were the value of

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the public assets for 3,351,220,246.90, including: value of land use right: RMB3,351,220,246.90.

(4) The intangible assets whose ownership was restricted: As of 31st December, 2018, the land use rights with original book value of RMB 1,169,291,615.46 were set as collaterals for bank loans.

(5) Intangible assets whose ownership is restricted: As of 31st December, 2018, a land with original book value of RMB1,133,776,900.00 has been set as collateral for bank borrowing. (5) The company has not received the property right certificates for the land use rights with value of RMB 2,636,593,449.99.

(6) As of 31st December, 2018, there was no impairment of intangible assets, and therefore there was no provision for impairment of intangible assets.

15. Long-term deferred expenses

Item	01-Jan-18	Current increase	Current amortization	Other decrease	31-Dec-18	Reason for other decrease
Decorati on costs	298,791.91	1,511,676.59	277,359.83		1,533,108.67	
Service fees	1,000,000.00		1,000,000.00			
Rentals	2,304,000.00		432,000.00	1,872,000.00		Influence of consolidati on scope
Insurance premium		23,800.00	3,570.00		20,230.00	
Total	3,602,791.91	1,535,476.59	1,712,929.83	1,872,000.00	1,553,338.67	

16. Deferred income tax assets and Deferred income tax liabilities

(1) Deferred income tax assets

Provision	31-Dec-18	
	Deferred income tax assets	Deductible temporary difference
Provision	37,492,496.07	149,996,037.86
Deferred incomes	75,000.00	300,000.00
Provision for guaranty	10,631,781.25	42,527,125.00
Deductible losses	2,950,991.30	12,872,322.88
Total	51,150,268.62	205,695,485.74

Item	31-Dec-17	
	Deferred income tax assets	Deductible temporary difference

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Provision for impairment of assets	24,247,222.08	112,221,269.27
Provision for guaranty	6,324,050.88	25,296,203.53
Deductible losses	580,433.57	2,321,734.21
Total	31,151,706.53	139,839,207.01

(2) Deferred income tax liabilities which has not been set off

As of 31st December, 2018 there was no deferred income tax liability in the company.

(3) Breakdown of unrecognized deferred income tax assets

Item	31-Dec-18	31-Dec-17
Deductible temporary difference	32,865,905.31	27,014,731.25
Deductible loss	180,208,333.25	221,422,253.37
Total	213,074,238.56	248,436,984.62

17. Other noncurrent assets

Item	31-Dec-18	31-Dec-17
Prepayment for land	256,068,447.24	669,368,500.00
Prepayment for acquisition of property, plant and equipment	50,000,000.00	
Prepayment for engineering costs	65,323,548.83	175,290,246.16
Prepayment for investment	10,000,000.00	
Prepayment for IR royalties and production and implement fees	150,000,000.00	100,000,000.00
Total	531,391,996.07	944,658,746.16

18. Short-term borrowings

(1) Categorization of short-term borrowings:

Category	31-Dec-18	31-Dec-17
Credit borrowing		
Secured borrowing	470,200,000.00	247,500,000.00
Mortgaged borrowing	94,500,000.00	65,000,000.00
Pledged borrowing	588,500,000.00	316,750,000.00
Total	1,153,200,000.00	629,250,000.00

19. Notes payable and accounts payable

Category	31-Dec-18	31-Dec-17
Notes payable	100,000,000.00	

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Accounts payable	167,202,040.49	31,264,603.01
Total	267,202,040.49	31,264,603.01

(1) Notes payable by category:

Category	31-Dec-18	31-Dec-17
Bank acceptance	100,000,000.00	
Total	100,000,000.00	

Remark: There were no notes due and unpaid at the end of previous period.

(2) Accounts payable

① Accounts payable

Age	31-Dec-18		31-Dec-17	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	109,638,810.30	88.82	28,154,247.15	90.05
1—2 years	39,716,007.97	11.17	475,000.00	1.52
2—3 years	370,000.00		2,635,355.86	8.43
Over 3 years	17,477,222.22	0.01		
Total	167,202,040.49	100.00	31,264,603.01	100.00

② Significant accounts payable with account age of over than one year

Item	Closing balance	Reason for unsettlement/non- carry-over
Yuxin 1 PE Fund	22,221,962.10	Unsettled
Ruzhou Science and Education Park Construction Project PPP Project PE Fund	4,489,454.09	Unsettled
Henan Xufeng Construction Engineering Co., Ltd.	596,721.53	Unsettled
Total	27,308,137.72	

20. Advances from customers

(1) Advances from customers

Age	31-Dec-18		31-Dec-17	
	Amount	Percentage %	Amount	Percentage %
Within 1 year	33,158,024.85	22.81	32,412,907.00	98.92
1—2 years	54,541,697.39	37.52	354,886.11	1.08
2—3 years	49,592,081.57	34.11		

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Over 3 years	8,086,866.32	5.56		
Total	145,378,670.13	100.00	32,767,793.11	100.00

(2) Significant advances from customers with age longer than one year

Item	Closing balance	Reason for unsettlement/non-carry-over
Advances for personal housing payment	78,436,717.84	Advances for personal housing payment
Huangchuan Xingchan Construction Investment Co., Ltd.	22,621,359.22	Unsettled
Mengjin Shengshi Urban Construction Investment Co., Ltd.	3,700,000.00	Unsettled
Total	104,758,077.06	

21. Employees' salaries payable

(1) Employees' salaries payable as of 31st December, 2018 are as below

Item	Opening balance	Current increase	Current decrease	Closing balance
I. Short-term compensations	2,026,349.80	48,676,130.98	40,313,191.63	10,389,289.15
II. Leave benefit-defined construction plan	46,271.68	2,655,000.58	2,696,301.84	4,970.42
III. Demission benefits		36,000.00	36,000.00	
IV. Other benefits due within 1 year				
Total	2,072,621.48	51,367,131.56	43,045,493.47	10,394,259.57

(2) Short-term compensations as of 31st December, 2018

Item	Opening balance	Current increase	Current decrease	Closing balance
1. Salary, bonus, allowance and subsidy	1,960,080.21	41,841,951.46	33,471,116.28	10,330,915.39
2. Employees' benefits	14,528.00	1,556,721.49	1,571,249.49	
3. Social insurance	797.73	2,659,270.80	2,643,955.07	16,113.46
Including: medical insurance premium	693.68	2,415,565.67	2,406,227.87	10,031.48
Work injury insurance premium	46.25	40,172.93	40,172.93	46.25
Maturity insurance premium	57.80	133,213.28	127,235.35	6,035.73
4. Housing funds		70,318.92	70,318.92	

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Item	Opening balance	Current increase	Current decrease	Closing balance
5. Trade union fees and employees' education funds	50,943.86	1,923,087.44	1,971,219.32	2,811.98
6. Short-term paid leave		695,099.79	655,651.47	39,448.32
7. Short-term profit sharing plan				
1. Salary, bonus, allowance and subsidy				
Total	2,026,349.80	48,676,130.98	40,313,191.63	10,389,289.15

(3) Defined contribution plans as of 31st December, 2018

Item	Year-opening balance	Current increase	Current decrease	Year-closing balance
1. Basic endowment insurance premium	46,190.78	2,602,594.16	2,643,895.42	4,889.52
2. Unemployment insurance premium	80.90	52,034.32	52,034.32	80.90
3. Contribution to corporate annuity		372.10	372.10	
Total	46,271.68	2,655,000.58	2,696,301.84	4,970.42

22. Taxes payable

Tax	31-Dec-18	31-Dec-17
VAT	69,054,975.62	37,656,511.19
Enterprise income tax	162,064,584.01	121,518,655.70
Urban maintenance and construction tax	3,643,597.38	2,105,224.69
Real estate tax	5,270,794.50	4,461,255.49
Resource tax	68,149.90	
Land use tax	8,647,180.97	7,095,388.92
Sales tax	1,064,741.83	1,221,749.96
Individual income tax	372,442.17	313,543.48
Educational surcharge	2,002,571.71	1,058,068.97
Local education surcharge	706,350.51	468,574.11
Stamp tax	498,803.07	1,363,160.63
Deed tax	2,389.06	3,168,107.90
Land VAT	1,916,575.40	

Total	255,313,156.13	180,430,241.04
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23. Other payables

Item	31-Dec-18	31-Dec-17
Interest payable	430,418,256.38	370,680,056.46
Dividend payable	36,574,257.67	
Other payables	9,600,541,544.16	9,068,581,424.99
Total	10,067,534,058.21	9,439,261,481.45

(1) Interest payable

Item	31-Dec-18	31-Dec-17
Interest of long-term borrowing whose principal is repaid upon maturity and Corporate bond interests	13,561,566.67	70,325,933.43
Interests payable for guaranteed borrowings	416,785,182.85	300,246,970.51
	71,506.86	107,152.52
Total	430,418,256.38	370,680,056.46

Significant due and unpaid interest

None.

(2) Dividends payable

Item	31-Dec-18	31-Dec-17
Dividend of common stocks	36,574,257.67	
Dividend of preferred stocks /perpetual bonds classified as equity instruments		
Total	36,574,257.67	

The company had no dividend payable due and unpaid for over 1 year

(3) Other payables

① Other payables by nature

Item	31-Dec-18	31-Dec-17
Deposits and securities	510,078,635.80	1,150,704,413.69
Withheld taxes	17,325.31	8,238.72
Amount of collection and payment	5,821,044.21	32,779,619.95
Accrual expenses		575,994.86
Engineering costs	11,221,014.80	467,355.00

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Land acquisition for reserves		22,668,811.20
Borrowings	8,539,502,694.10	7,742,985,074.34
Housing costs	212,400,387.92	9,836,239.56
Interests over lending	321,500,442.02	108,555,677.67
Total	9,600,541,544.16	9,068,581,424.99

(2) Significant other payables with age longer than one year

Item	Closing balance	Reason for unsettlement/non-carry- over
Henan Jianxin Yuzi Urbanization Construction Development Fund (LLP)	560,000,000.00	Undue
Zhengzhou Jinshui Construction Investment Co., Ltd.	113,308,894.10	Undue
Xincai Jincai Industry Cluster Investment & Financing Co., Ltd.	85,865,323.35	Undue
Wuyang Housing Administration's Maintenance Fund Management Office	37,200,000.00	Undue
Henan State-owned Asset Management Center for Administrative Institutions Directly Under Henan Provincial Government	25,000,000.00	Undue
Luoyang Chengzhu Industrial Development Co.	3,600,000.00	Undue
Kaifeng New District Infrastructure Construction Investment Co.	46,800,000.00	Undue
Linzhou Urban Investment Group Co.	24,623,704.86	Undue
Xuchang Finance Bureau	28,825,514.32	Unsettled
Lankao Urban Construction Investment Development Co., Ltd.	36,499,654.37	Unsettled
Ruzhou Xinyuan Investment Co., Ltd.	42,120,000.00	Unsettled
Zhecheng Caozhuang project - supporting funds	40,699,772.07	Unsettled
Henan Yutai Xingye Intelligent Security Co., Ltd.	130,000,000.00	Undue
Zhecheng Comprehensive Agricultural Development Investment Co., Ltd.	21,000,000.00	Undue
Zhecheng People's Hospital	12,500,000.00	Undue

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Zhongyuan Asset Management Co., Ltd.	468,850,000.00	Undue
CPC Zhecheng Committee Agricultural Development Office	138,924,000.00	Unsettled
Pingyi Public Asset Management Co., Ltd.	52,450,000.00	Undue
Pingyu Finance Bureau	50,530,000.00	Undue
Huangchuan Finance Bureau	1,359,849,347.82	Unsettled
Xinyang Development Investment Co., Ltd.	35,000,000.00	Undue
Henan Guoji Construction Group Co., Ltd.	13,130,000.00	Unsettled
CITIC Trust Investment Co., Ltd.	200,000,000.00	Undue
Zhoukou Urban Construction Investment Development Co., Ltd.	132,530,904.11	Undue
Changge Economic and Technological Development Co., Ltd.	300,000,000.00	Undue
Total	3,959,307,115.00	

24. Non-current liabilities due within 1 year

Item	31-Dec-18	31-Dec-17
Long-term borrowings due within 1 year	11,294,930,613.55	10,352,470,613.55
Bonds payable due within 1 year		
Long-term payables due within 1 year	17,883,333.38	79,074,975.39
Deferred incomes due within 1 year		
Total	11,312,813,946.93	10,431,545,588.94

25. Other current liabilities

Item	31-Dec-18	31-Dec-17
Provision for immature liabilities	47,934,125.00	17,647,111.29
Provision for guaranteed compensation	22,900,182.84	11,773,514.57
Total	70,834,307.84	29,420,625.86

26. Long-term borrowings

Category	31-Dec-18	31-Dec-17
Credit borrowing	8,879,830,000.00	8,826,830,000.00
Mortgaged borrowing	68,757,192,735.65	78,907,849,670.30
Secured borrowing	10,735,415,450.76	17,409,792,450.76

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Pledged borrowing	61,397,460,459.64	42,689,489,451.20
Less: long-term borrowings due within 1 year	11,294,930,613.55	10,352,470,613.55
Total	138,474,968,032.50	137,481,490,958.71

27. Bonds payable

(1) Bonds payable

Item	31-Dec-18	31-Dec-17
Corporate bonds	18,820,388,057.66	15,005,604,225.41
Less: the part due within 1 year		
Total	18,820,388,057.66	15,005,604,225.41

(2) Increases and decreases of bonds payable

Increases and decreases of bonds payable as of 31st December, 2018

Bond name	Par value	Issuing date	Term (year)	Issued amount
Pingan Bank (15 Yu Zi Cheng Tou PPN001)	100.00	2015/9/28	5	1,500,000,000.00
Pingan Bank (15 Yu Zi Cheng Tou PPN004)	100.00	2015/11/9	5	1,500,000,000.00
Industrial Bank (15 Yu Zi Cheng Tou PPN002)	100.00	2015/10/16	5	850,000,000.00
Minsheng Bank (15 Yu Zi Cheng Tou PPN003)	100.00	2015/10/22	5	1,500,000,000.00
Minsheng Bank (16 Yu Zi Cheng Xiang PPN001)	100.00	2016/1/18	5	1,500,000,000.00
Pingan Bank (16 Yu Zi Cheng Xiang PPN002)	100.00	2016/2/26	5	1,500,000,000.00
Pudong Development Bank (16 Yu Zi Cheng Xiang PPN003)	100.00	2016/11/17	5	750,000,000.00
CITIC Bank (17 Zhong Yuan Yu Zi PPN001)	100.00	2017/8/18	5	500,000,000.00
Pingan Bank (17 Zhong Yuan Yu Zi PPN002)	100.00	2017/9/29	5	1,500,000,000.00
Minsheng Bank (18 Zhong Yuan Yu Zi PPN001)	100.00	2018/4/13	5	1,460,000,000.00
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2016 Non-public Corporate Bond (I)	100.00	2016/7/19	5	1,500,000,000.00
Henan Yuzi Urban & Rural Integration Construction &	100.00	2016/7/28	5	1,500,000,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Development Co., Ltd's 2016 Non-public Corporate Bond (II)				
Minsheng Bank's directional bond financing	100.00	2017/9/22	5	1,000,000,000.00
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2018 Non-public Directional Corporate Bond (I)	100.00	2018/04/24	5	500,000,000.00
Pingyu Industrial Cluster Investment and Financing Co., Ltd's 2018 Directional Debt Financing Instrument (I)	100.00	2018/06/22	5	350,000,000.00
USD bonds of ZHONGYUAN SINCERE	100.00	2018/1/10	3	2,058,960,000.00
Less: Year-closing balance of the portion due within 1 year				
Total				19,468,960,000.00

Continued

Bond Name	Opening balance	Current issue	Interest accrued par value
Pingan Bank (15 Yu Zi Cheng Tou PPN001)	1,492,256,289.31		87,000,000.00
Pingan Bank (15 Yu Zi Cheng Tou PPN004)	1,495,963,050.31		85,500,000.00
Industrial Bank (15 Yu Zi Cheng Tou PPN002)	842,895,416.67		39,292,000.00
Minsheng Bank (15 Yu Zi Cheng Tou PPN003)	1,487,744,457.55		85,500,000.00
Minsheng Bank (16 Yu Zi Cheng Xiang PPN001)	1,486,748,466.98		75,000,000.00
Pingan Bank (16 Yu Zi Cheng Xiang PPN002)	1,495,558,176.10		75,000,000.00
Pudong Development Bank (16 Yu Zi Cheng Xiang PPN003)	744,294,496.86		27,750,000.00
CITIC Bank (17 Zhong Yuan Yu Zi PPN001)	497,347,222.22		27,250,000.00
Pingan Bank (17 Zhong Yuan Yu Zi PPN002)	1,485,908,805.03		85,500,000.00
Minsheng Bank (18 Zhong Yuan Yu Zi PPN001)		1,460,000,000.00	63,266,666.67
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2016	1,490,710,074.81		59,700,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Non-public Corporate Bond (I)			
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2016 Non-public Corporate Bond (II)	1,490,661,867.25		57,000,000.00
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2017 Non-public Directional Corporate Bond (I)	995,515,902.32		55,000,000.00
Pingyu Industrial Cluster Investment and Financing Co., Ltd's 2018 Directional Debt Financing Instrument (I)		500,000,000.00	20,383,561.64
USD bonds of ZHONGYUAN SINCERE		350,000,000.00	11,678,333.33
Less: Year-closing balance of the portion due within 1 year		2,058,960,000.00	75,307,167.12
Total	15,005,604,225.41	4,368,960,000.00	930,127,728.76

Continued

Bond name	Amortization of premium/discount	Current repayment	Closing balance
Pingan Bank (15 Yu Zi Cheng Tou PPN001)	3,041,666.67		1,495,297,955.98
Pingan Bank (15 Yu Zi Cheng Tou PPN004)	1,520,833.33		1,497,483,883.64
Industrial Bank (15 Yu Zi Cheng Tou PPN002)	2,376,839.62	550,000,000.00	295,272,256.29
Minsheng Bank (15 Yu Zi Cheng Tou PPN003)	4,562,500.00		1,492,306,957.55
Minsheng Bank (16 Yu Zi Cheng Xiang PPN001)	4,562,500.00		1,491,310,966.98
Pingan Bank (16 Yu Zi Cheng Xiang PPN002)	1,520,833.33		1,497,079,009.43
Pudong Development Bank (16 Yu Zi Cheng Xiang PPN003)	1,520,833.33		745,815,330.19
CITIC Bank (17 Zhong Yuan Yu Zi PPN001)	1,084,643.62		498,431,865.84
Pingan Bank (17 Zhong Yuan Yu Zi PPN002)	3,041,666.67		1,488,950,471.70
Minsheng Bank (18 Zhong Yuan Yu Zi PPN001)	-645,828.10		1,459,354,171.90

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2016 Non-public Corporate Bond (I)	2,486,461.47		1,493,196,536.28
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2016 Non-public Corporate Bond (II)	2,487,843.09		1,493,149,710.34
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2017 Non-public Directional Corporate Bond (I)	856,912.15		996,372,814.47
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd's 2018 Non-open Directional Debt Financing Instrument (I)	-879,720.00		499,120,280.00
Pingyu Industrial Cluster Investment and Financing Co., Ltd's 2018 Directional Debt Financing Instrument (I)	-17,068,084.13		332,931,915.87
USD bonds of ZHONGYUAN SINCERE	-14,646,068.80		2,044,313,931.20
Total	-4,176,167.75	550,000,000.00	18,820,388,057.66

28. Long-term payables

(1) Long -term payables by nature:

Item	31-Dec-18	31-Dec-17
Zhengzhou Jinshui Construction Investment Co., Ltd.	600,000,000.00	600,000,000.00
Henan Agricultural Comprehensive Development Co., Ltd.		290,003,000.00
China Agricultural Development Key Construction Fund Co., Ltd.	503,000,000.00	513,000,000.00
Shaanxi Provincial Finance Bureau		80,000,000.00
Luoyin Financial Leasing Co., Ltd.		130,216,537.59
Lankao Urban Construction Investment Development Co., Ltd.	808,840,862.21	806,830,128.17
Shangshui Comprehensive Investment Co., Ltd.	20,000,000.00	13,075,692.77
Ningling Finance Bureau	225,730,256.00	
Qixian Finance Bureau		40,750,000.00
Xincai Finance Bureau	431,000,000.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Item	31-Dec-18	31-Dec-17
Wuyang Finance Bureau	29,623,846.16	
Huaxian County Cultural Industry Investment Co., Ltd.	20,174,971.00	20,174,971.00
Linzhou Urban Investment Co., Ltd.	17,883,333.38	49,816,666.70
Yima Water Supply Co., Ltd.	14,807,805.10	20,000,000.00
Yima Heating Co., Ltd.	86,135,941.50	
Henan Yuzi Xinxin Financing Lease Co., Ltd.	30,000,000.00	40,000,000.00
CDB Key Construction Fund		80,000,000.00
Great Wall Wealth Asset Management Co., Ltd.	1,000,000,000.00	
Zhecheng Finance Bureau	10,000,000.00	
Fuyang Finance Bureau	19,421,699.09	
Ruzhou Science and Education Park Construction Project's PPP PE Fund	48,000,000.00	
Yuxin No. 2 PE Fund	300,000,000.00	
Yuxin No. 5 PE Fund	494,000,000.00	
Yuxin No.2 PE Fund	550,000,000.00	
Yuxin No.3 PE Fund	102,000,000.00	
Special payables	1,421,390,421.34	942,605,862.00
Less: portion due within 1 year	17,883,333.38	79,074,975.39
Total	6,714,125,802.40	3,547,397,882.84

(2) Conditions of special payables among them:

Item	01-Jan-18	Current increase	Current decrease	31-Dec-18	Reason for formation
Central government investment in ecological comprehensive management of the Shihe River and the Weihe River	500,000.00			500,000.00	
Special fund for harmless disposal of chromium pollutants		10,700,000.00	10,689,030.51	10,969.49	
Luoyang Finance Bureau	80,000,000.00	48,000,000.00		128,000,000.00	
Wugang Finance Bureau	149,622,002.92			149,622,002.92	
Five venues into one complex	4,000,000.00			4,000,000.00	

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Public apartments for rental in Qishui Phase II	2,977,000.00			2,977,000.00
Land consolidation fee		13,224,100.00		13,224,100.00
Meteorological Bureau Project		2,650,000.00		2,650,000.00
Civic center		1,844,100.00		1,844,100.00
Shanzhou District Finance Bureau	67,690,585.96	243,206.56	67,933,792.52	
Debt replacement fund for 10B Project	7,657,000.00		7,657,000.00	
Shanxian Business Service Center	3,500,000.00		3,500,000.00	
Henan Provincial Industrial Structure Adjustment Project Fund - Warehousing & Logistics Center	1,500,000.00		1,500,000.00	
China PPP Fund Henan Sub-Fund	200,000,000.00			200,000,000.00
Zheng Luoxin Innovation & Entrepreneurship Development Fund	200,000,000.00	40,000,000.00		240,000,000.00
Henan Province Key Industry Intellectual Property Operation Fund	40,000,000.00			40,000,000.00
Shuyang's Central Business District	25,461,011.74	11,247,993.08	36,709,004.82	
Houses for judicial business	31,839,700.00		3,000,000.00	28,839,700.00
Heming Lake "Village-in-City" Renovation Project	16,871,774.54		16,871,774.54	
Old Urban Area Renovation Project	97,112,801.26		97,112,801.26	
Xixian Business Center's Shanty Town Renovation Project		162,270,000.00	162,270,000.00	
Business center renovation	12,000,000.00	109,525,701.00	121,525,701.00	
North Area Land Comprehensive Management Project, Xinzheng		6,678,707.82		6,678,707.82
Special fund for risk		40,130,017.18		40,130,017.18

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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compensation					
Change Shanty Town Renovation Project		132,047,305.74	93,383,587.37	38,663,718.37	
Gushi Shanty Town Renovation Project		100,000,000.00	100,000,000.00		
Qixian Second Ring Water System Yinhe Road Beiyan Comprehensive Development Project		30,750,000.00		30,750,000.00	
10B Rural & Urban Project	1,873,985.58	1,000,000.00	1,000,000.02	1,873,985.56	
Entrusted repayment for principal –loan from Agricultural Development Bank		400,000,000.00		400,000,000.00	
Entrusted repayment for principal – provincial-level supporting fund		32,600,000.00		32,600,000.00	
Lidu Yujing		59,026,120.00		59,026,120.00	
Total	942,605,862.00	1,201,937,251.38	723,152,692.04	1,421,390,421.34	

29. Deferred incomes

Item	Opening balance	Current increase	Current decrease	Closing balance	Reason for formation
Fiscal appropriation for purchase of office building		97,858,769.00		97,858,769.00	
Government grant	8,052,294.67	4,168,632.19	551,653.56	11,669,273.30	
Total	8,052,294.67	102,027,401.19	551,653.56	109,528,042.30	

Asset-related government grants:

Item	Opening balance of deferred income	Current increase	Amount included in other incomes	Amount included in non-operating incomes	Other changes	Closing balance of deferred income
Land compensation	8,002,294.67	3,468,632.19	202,396.44			11,268,530.42

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Fiscal appropriation of acquisition of office building		97,858,769.00				97,858,769.00
Total	8,002,294.67	101,327,401.19	202,396.44			109,127,299.42

Income-related government grants:

Item	Opening balance of deferred income	Current increase	Amount included in other incomes	Amount included in non-operating incomes	Other changes	Closing balance of deferred income
Project evaluation subsidy	50,000.00		50,000.00			
Office expenses		400,000.00	299,257.12			100,742.88
Subsidy for review fee of feasibility study report		300,000.00				300,000.00
Total	50,000.00	700,000.00	349,257.12			400,742.88

30. Share capital

Conditions of increase/decrease of equity

Shareholder	01-Jan-18	Current increase	Current decrease	31-Dec-18
Henan Provincial Department of Finance	8,749,890,000.00			8,749,890,000.00
Total	8,749,890,000.00			8,749,890,000.00

31. Capital reserve

Item	01-Jan-18	Current increase	Current decrease	31-Dec-18
Capital premium	17,223,167,524.88	2,441,856,255.38	3,610,259,973.91	16,054,763,806.35
Other capital reserves	29,604,594,833.89	11,458,452,001.55	5,664,119,250.16	35,398,927,585.28
Total	46,827,762,358.77	13,900,308,256.93	9,274,379,224.07	51,453,691,391.63

32. Surplus reserve

Item	01-Jan-18	Current increase	Current decrease	31-Dec-18
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Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Legal surplus reserve	74,359,513.30	8,861,419.12		83,220,932.42
Free surplus reserve				
Total	74,359,513.30	8,861,419.12		83,220,932.42

3. Retained earnings

(1) Retained earnings as of December 31, 2018

Item	Amount	Percentage of withdrawal/distribution
Closing retained earnings in previous period before adjustment	899,790,881.36	
Adjustment of total opening retained earnings (+ for increase and- for decrease)		
Opening retained earnings after adjustment	899,790,881.36	
Add: Current net profits attributable to parent company's owner	189,700,453.42	
Less: Legal surplus reserves withdrawn	8,861,419.12	10.00%
Free surplus reserves withdrawn		
General risk reserves withdrawn		
Common share dividend payable	52,966,000.00	
Dividend of common shares into share capital		
Closing retained earnings	1,027,663,915.66	

34. Business incomes and costs

(1) Business incomes and costs are presented as below:

Item	2018		2017	
	Income	Cost	Income	Cost
Main business	2,011,917,198.73	1,321,631,199.97	1,526,120,954.13	934,351,990.61
Other business	96,907,796.78	86,725,565.98	3,824,347.11	2,132,016.26
Total	2,108,824,995.51	1,408,356,765.95	1,529,945,301.24	936,484,006.87

(2) Categorization of main business by product:

Item	2018		2017	
	Income	Cost	Income	Cost
Infrastructural construction			19,270,893.87	18,927,440.27
Guarantee consulting	129,039,584.42	10,000.00	33,895,838.13	10,000.00
Sewage	16,865,559.00	18,647,439.40	12,648,499.00	11,371,624.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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treatment				
Rental incomes	65,007,209.04	9,938,154.71	8,847,371.57	2,629,235.57
Interest incomes	1,688,374,801.61	1,277,741,246.24	1,045,480,417.68	782,685,602.83
Tourism investment			19,072,462.13	12,608,671.39
Project management supporting	76,491,701.21		111,117,794.27	1,155,833.33
Incomes from good sales	5,921,430.69		34,205,012.02	29,847,569.47
Incomes from utility			4,695,887.86	3,180,330.43
Incomes from Pingan Dahua Fund			3,423,477.91	276,244.17
Incomes from financing lease			16,690,251.61	
Land consolidation project			16,407,791.49	
Government project management			182,753,698.70	
Fund management			10,761,986.57	
Heating incomes	20,195,975.41	12,917,688.17		
Others	10,020,937.35	2,376,671.45	6,849,571.32	71,659,439.15
Total	2,011,917,198.73	1,321,631,199.97	1,526,120,954.13	934,351,990.61

(3) Top five customers in terms of sales in 2018:

Entity	Amount	Percentage in operating incomes %
Huangchuan Xingchan Construction Investment Co., Ltd.	198,113,207.55	9.39
Henan Tianhe Investment Co., Ltd.	99,056,603.77	4.70
Zhengzhou Zhongyuan Urban Development and Construction Investment Co., Ltd.	87,735,849.06	4.16
Zhouzhou Lvbo Development Construction Co., Ltd.	87,735,849.06	4.16
Zhengzhou Erqi Urban and Rural Renewal Construction Development Co., Ltd.	87,735,849.06	4.16
Total	560,377,358.50	26.57

35. Taxes and surtaxes

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Item	2018	2017
Urban construction taxes	15,890,045.22	5,032,056.44
Educational surcharges	8,224,842.18	2,470,447.95
Local education surcharges	3,408,434.34	1,131,616.33
Real estate taxes	-1,869,539.01	18,366,697.84
Stamp taxes	7,731,141.13	7,638,406.80
Resource taxes	1,067.32	29,009.10
Land VATs	15,367,639.59	25,225,759.54
Others	434,625.6	12,385.00
Total	49,188,256.37	59,906,379.00

Remark: The real estate tax for previous which has been refunded in current period

36. General and administration expenses

Item	2018	2017
Depreciation and amortization	284,865,637.15	91,601,066.55
Audit and consulting fees	41,288,775.27	15,951,516.20
Office expenses	6,357,283.52	4,483,240.15
Travelling expenses	4,064,197.88	2,470,237.76
Employees' compensations and benefits	44,706,581.51	30,295,688.03
Business entertainment expenses	1,363,472.87	878,851.46
Guarantee deposits	46,881,756.88	20,014,816.51
Repair costs	356,384.98	1,956,933.41
Vehicle use costs	1,181,156.62	1,689,524.52
Ad expenses	713,711.26	1,780,943.16
Premiums	307,360.88	267,443.41
Rentals	5,098,058.69	4,173,033.56
Fund management fees	19,210,164.55	4,225,463.67
Other	14,788,221.2	7,618,566.26
Total	471,182,763.26	187,407,324.65

37. Financial expenses

Item	2018	2017
Interest expenses	473,889,668.40	275,067,250.33

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Less: interest incomes	190,334,202.96	70,963,525.59
Less: amount of interest capitalization		
Discounted interest of acceptance draft		
Exchange losses	111,866,066.96	
Less: exchange incomes		
Commission charge	386,309.31	13,512,741.48
Others	5,752,563.22	
Total	401,560,404.93	217,616,466.22

38. Losses of asset impairment

Item	2018	2017
Bad debt loss	91,520,376.87	107,315,453.28
Loss for falling price of inventory		
Loss for impairment of financial assets available-for-sale		
Impairment loss of long-term equity investment		976,197.31
Loss for impairment of investment real estate		
Loss for impairment of property, plant and equipment		
Loss for impairment of engineering materials		
Loss for impairment of construction in progress		
Loss for impairment of productive bio-assets		
Others		
Total	91,520,376.87	108,291,650.59

39. Other incomes

Item	2018	2017
SME development fund subsidy	600,000.00	
Amortization of land use right subsidy	202,396.44	195,305.33
Amortization of land use right subsidy	10,250,000.00	617,276.13
Fiscal subsidy for office expenses	73,599,523.69	300,000.00
Prize with returned sewage treatment fee		574,000.00
Reservoir maintenance subsidy		339,893.57

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Daily administrative expense subsidy		1,685,200.00
Government grant for daily operation		1,550,000.00
Fiscal expense subsidy	1,715,600.00	1,780,000.00
Total	86,367,520.13	7,041,675.03

Government grants included current other incomes:

Item	2018	2017
Asset-related:		
Income-related	86,367,520.13	7,041,675.03
Total	86,367,520.13	7,041,675.03

40. Investment incomes

Item	2018	2017
Incomes from long-term equity investment under equity method	64,612,091.87	53,305,509.36
Incomes from long-term equity investment under cost method		
Investment incomes from disposal of long-term equity investment	82,449.07	-2,434,445.11
Investment incomes from financial assets measured at fair value through current profit or loss during the holding period		
Investment incomes from disposal of available-for-sale financial assets	46,800,000.00	48,442,500.00
Investment incomes from disposal of financial assets measured at fair value through current profit or loss		
Investment incomes from held-to-maturity investment during holding period		
Investment incomes from available-for-sale financial assets during holding period	325,937,788.85	291,464,486.56
Financing products and other incomes	43,050,678.63	8,024,676.69
Gains from re-measurement of remaining equity measured at fair value after loss of control		
Total	480,483,008.42	398,802,727.50

41. Gains and losses for changes in fair value

Source of incomes from changes in fair value	2018	2017
Financial assets measured at fair value through current profit or loss	1,313,232.14	

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Including: incomes from change in fair value from derivative financial instruments		
Financial liabilities measured at fair value through current profit or loss		
Investment real estate measured at fair value		
Others		
Total		1,313,232.14

42. Incomes from asset disposal

Item	2018	2017
Total gains from disposal of non-current assets	202,454,877.41	-362,915.62
Including: gains from disposal of property, plant and equipment	202,454,877.41	-362,915.62
Gains from disposal of intangible assets		
Gains from exchange of non-current assets		
Total	202,454,877.41	-362,915.62

43. Non-operating incomes

Item	2018	2017
Gains from debt restructuring		
Government grants	60,000.00	
Incomes from fines and liquidated damages		2,511,487.35
Gains from rejection and inventory surplus		
Other incomes	206,789.81	7,106,247.34
Total	266,789.81	9,617,734.69

Government grants included in current profit and loss:

Item		2018	2017
Asset – related			
Income – related	County government's prize for investment absorption	40,000.00	
	Government grant for expenses	20,000.00	

Total	60,000.00
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44. Non-operating expenses

Item	2018	2017
Total losses for disposal of non-current assets	4,050.00	
Loss for debt restructuring		
External donations	40,806.37	
Compensations and fines	2,481,501.29	7,827,708.52
Others	1,561,176.01	329,708.35
Total	4,087,533.67	8,157,416.87

45. Income taxes

Item	2018	2017
Current income taxes	218,763,322.88	164,655,052.74
Deferred income taxes	-24,516,154.56	1,212,156.34
Total	194,247,168.32	165,867,209.08

46. Cash flow statement items

(1) Received other cash related to operating activities

Item	2018	2017
Government grants	151,288,000.00	6,896,369.70
Interest incomes	179,529,897.32	70,963,525.59
Total of others	59,733.07	9,617,734.69
Total	330,877,630.39	87,477,629.98

(2) Paid other cash related to operating activities

Item	2018	2017
Paid deposits	351,047,677.89	67,733,004.82
Paid provision		88,870.50
Non-operating expenses	2,792,440.36	8,157,416.87
Paid deposits for debt paying	409,483,149.83	4,975,886.57
Collection and payment entrusted	550,579,371.37	12,959,200.13
Period expenses	86,137,078.72	59,008,495.04

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Total	1,400,039,718.17	152,922,873.93
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(3) Received other cash related to investing activities

Item	2018	2017
Investment subsidy		3,597,600.00
Investment with entrusted loan		56,770,000.00
Net cash increase for additional subsidiaries	472,209,658.47	22,000,000.00
Recovered project investment	29,543,933,833.34	43,013,256,832.61
Financing products and fixed deposits	363,534,291.74	554,000,000.00
Total	30,379,677,783.55	43,649,624,432.61

(4) Paid other cash related to investing activities

Item	2018	2017
Paid deposits		
Land deposits		912,418,549.25
Project investment	45,923,291,230.84	47,804,596,053.94
Entrusted loan investment	1,483,490,000.00	
Financing products	555,300,423.70	1,212,261,189.78
Net cash decreased for reduction of subsidiaries	883,715,117.56	562,661,799.89
Total	48,845,796,772.10	50,491,937,592.86

(5) Received other cash related to financing activities

Item	2018	2017
Recovered deposits for bank acceptance		234,049,005.72
Recovered fixed deposits for guarantee	15,254,571.04	121,000,000.00
Borrowing from non-financing institutions, etc.	8,306,508,690.59	13,826,596,304.96
Received project support funds	775,590,000.00	813,907,402.99
monetary capital of allocated capital reserve	90,000,000.00	
Government grant	5,910,000.00	
Project investment	281,827,708.43	
Borrowing under financing lease		99,005,930.46

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Deposits for borrowings		200,000,000.00
Total	9,475,090,970.06	15,294,558,644.13

(6) Paid other cash related to financing activities

Item	2018	2017
Deposits for bank acceptance	400,000,000.00	
Paid deposits for borrowing		441,627,562.50
Charges for bond issuance and interest over draft discount	26,300,193.90	
Fixed deposits as collaterals	20,577,500.00	195,254,571.04
Lending to non-financing institutions, etc.	3,764,119,787.82	10,871,962,336.09
Repayment for financing lease by installment		543,150,317.55
Deposits for loan guarantee		55,267,389.74
Others	17,952,761.54	
Total	4,228,950,243.26	12,107,262,176.92

47. Supplementary information of cash flow statement

(1) Supplementary information of cash flow statement

Supplementary information	2018	2017
1. Net profits into cash flow for operating activities:		
Net profits	259,567,154.05	261,314,069.56
Add: asset impairment reserve	91,520,376.87	108,291,650.59
Depreciation of property, plant and equipment, depletion of oil and gas assets, depreciation of productive biological assets	257,900,281.26	82,065,531.91
Amortization of intangible assets	36,232,555.16	11,876,826.96
Amortization of long-term deferred expenses	1,712,929.83	5,258,163.95
Loss for disposal of property, plant and equipment, intangible assets and other long-term assets (Income presented with "-")	-202,454,877.41	362,915.62
Loss for rejection of property, plant and equipment (Income presented with "-")	4,050.00	
Loss for change of fair value (Income presented with "-")	-1,313,232.14	
Financial expenses (Income presented with "-")	591,508,298.58	275,067,250.33
Investment losses (Income presented with "-")	-480,483,008.42	-398,802,727.50
Decrease of deferred income tax assets (Increase presented with "-")	-24,516,154.56	1,212,156.34

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Increase of deferred income tax liabilities (Decrease presented with “-”)		
Decrease of inventory (Increase presented with “-”)	-1,510,376,756.05	-1,996,336,977.65
Decrease of operating receivables (Increase presented with “-”)	-698,834,264.33	-626,788,784.21
Increase of operating payables (Decrease presented with “-”)	-556,171,636.59	2,559,041,613.27
Others	43,252,698.87	
Net cash flow from operating activities	-2,192,451,584.88	282,561,689.17
2. Significant investment and financing activities not involving cash incomes and expenses:		
Debt into capital		
Convertible corporate bonds mature in one year		
Property, plant and equipment leased under financing lease		
3. Net change of cash and cash equivalents		
Closing balance of cash	12,629,638,200.96	17,510,496,692.82
Less: Opening balance of cash	17,510,496,692.82	5,924,521,690.50
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase of cash and cash equivalents	-4,880,858,491.86	11,585,975,002.32

(2)Composition of cash and cash equivalents

Item	2018	2017
I. Cash		
Including: Cash in hand	730,182.62	588,952.09
Bank deposits available for payment from time to time	11,613,908,018.34	17,009,907,740.73
Other monetary capitals available for payment from time to time	1,015,000,000.00	500,000,000.00
Deposits available for payment in central bank		
Deposits in other banks		
Loans from other banks		
I. cash equivalents		
Including: Securities investment mature in three months		
III. Closing balance of cash and cash equivalents	12,629,638,200.96	17,510,496,692.82
Including: Cash and cash equivalents subject to use restriction of parent company and subsidiaries in the group		

VI. Alteration of consolidation scope

Sanmenxia Shanzhou District Industrial Development Investment Co., Ltd., a subsidiary of the company which had been founded in 2010 by the company in which the company had held 60% of shares has not been included in the scope of the Consolidated Financial Statements in current year due to the company's loss of control as a result of transfer of the equity.

VII. Entity in other entities

1. Equities in subsidiaries

(1) Composition of enterprise group:

Subsidiary	Main business place	Registered address	Business nature	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	Zhengzhou	Zhengzhou	Investment & financing	100.00		Investment for incorporation
Henan Zhongyu Modern Industry Investment Development Co., Ltd.	Zhengzhou	Zhengzhou	Construction investment	51.00		Investment for incorporation
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	Zhengzhou	Zhengzhou	Investment & consulting	51.00		Investment for incorporation
Henan Modern Service Industry Investment Fund Co., Ltd.	Zhengzhou	Zhengzhou	Investment & financing	61.70		Investment for incorporation
Luoyang Heluo New Industry Investment Development Co., Ltd.	Luoyang	Luoyang	Investment & financing	51.00		Investment for incorporation
Mianchi Caiwang Investment Co., Ltd.	Mianchi	Mianchi	Investment & financing	53.73		Transfer free of charge
Yima Investment Group Co., Ltd.	Yima	Yima	Urban infrastructure construction, land leveling	51.00		Transfer free of charge
Wugang Zeyuan Development Investment Co., Ltd.	Wugang	Wugang	Investment & consulting	51.00		Transfer free of charge

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Subsidiary	Main business place	Registered address	Business nature	Percentage of shareholding (%)		Acquisition method
				Direct	Indirect	
Qixian Heqi Economic Construction investment Co., Ltd.	Qixian	Qixian	Investment & financing	51.00		Transfer free of charge
Henan Yuzi Secured Housing Management and Operation Co.	Zhengzhou	Zhengzhou	Operation, lease and property management of secured housing	100.00		Investment for incorporation
Henan Caixin Fusion Big Data Information Technology Co.	Zhengzhou	Zhengzhou	Data and information processing	100.00		Investment for incorporation
Henan Zhongyuan Yuzi Jinkong Co., Ltd.	Zhengzhou	Zhengzhou	Investment & consulting	100.00		Investment for incorporation
Xincai Yuzi Urban & Rural Investment Development Co., Ltd.	Xincai	Xincai	Urban infrastructure construction	51.00		Investment for incorporation

(2) Main financial information of important non-wholly-owned subsidiaries (RMB 10,000)

Subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Henan Zhongyu Modern Industry Investment Development Co., Ltd.	50,793.42	27,942.52	78,735.94	800.79		800.79
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	205,176.36	701,584.16	906,760.52	296,092.69	467,091.51	763,184.20
Henan Modern Service Industry	15,651.75	204,146.85	219,798.60	111,794.85		111,794.85

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Investment Fund Co., Ltd.						
Luoyang Heluo New Industry Investment Development Co., Ltd.	103,914.63	342,527.28	446,441.92	685.25	338,600.00	339,285.25

(Continued)

Subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Henan Zhongyu Modern Industry Investment Development Co., Ltd.	47,169.88	158,798.52	205,968.40	143,441.25		143,441.25
Henan Zhongyu Cultural Tourism Investment Co., Ltd.	7,660.55	546,400.86	554,061.41	174,966.79	368,000.00	542,966.79
Henan Modern Service Industry Investment Fund Co., Ltd.	5,200.77	135,279.53	140,480.30	67,832.81		67,832.81
Luoyang Heluo New Industry Investment Development Co., Ltd.	61,569.22	210,956.25	272,525.47	569.94	167,305.00	167,874.94

(Continued)

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Subsidiary	Current amount				Previous amount			
	Operati on income	Net profit	Total comprehen sive income	Cash flow for operatin g activitie s	Operati on income	Net profit	Total comprehen sive income	Cash flow for operati ng activiti es
Henan Zhongyu Modern Industry Investmen t Developm ent Co., Ltd.	854.47	15,408. 00	15,408.00	- 131,532 .23		-6.67	-6.67	- 30,271. 79
Henan Zhongyu Cultural Tourism Investmen t Co., Ltd.	20,594. 76	1,193.6 9	1,193.69	1,926.3 4	1,640.7 8	1,084. 40	1,084.40	1,630.0 9
Henan Modern Service Industry Investmen t Fund Co., Ltd.		- 8,816.5 9	-8,816.59	242.65		- 1,667. 56	-1,667.56	-407.89

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Luoyang Heluo New Industry Investment Development Co., Ltd.	3,661.5 5	2,506.1 4	2,506.14	1,726.2 4	3,721.9 9	2,969. 90	2,969.90	5,812.7 7
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VIII. Related parties and related transactions

1. The contributor to the company is Henan Provincial Finance Bureau.

2. Subsidiaries of the company

See Note VII: Equity in other entities.

3. Related guarantees

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Guaranteeing party	Guaranteed party	Amount (RMB 10,000)	Commencing date	Ending date	Whether guarantee has been performed
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	48,000.00	2016.05.25	2036.03.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	15,000.00	2015.10.30	2030.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,000.00	2016.08.31	2030.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,000.00	2015.03.31	2019.11.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,000.00	2014.12.11	2019.11.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,200.00	2016.08.24	2019.06.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,700.00	2016.05.18	2019.06.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,100.00	2015.08.13	2019.06.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	27,230.00	2015.04.30	2019.12.10	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2015.12.30	2019.10.14	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,000.00	2015.06.26	2019.10.14	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2017.03.29	2024.10.14	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,500.00	2016.12.30	2024.10.14	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2016.12.30	2024.10.14	No

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
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Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,000.00	2014.09.24	2019.09.06	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2015.01.30	2019.09.06	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,500.00	2015.06.25	2019.09.06	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,000.00	2014.10.31	2019.09.06	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,900.00	2014.11.28	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	9,900.00	2015.08.24	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,500.00	2015.07.20	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	18,000.00	2014.11.28	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	20,000.00	2015.09.30	2020.09.07	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	7,250.00	2014.11.28	2019.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	7,250.00	2014.10.23	2019.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	8,750.00	2016.01.29	2019.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,750.00	2015.02.06	2019.10.21	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	7,500.00	2014.10.17	2019.10.15	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2015.03.31	2019.10.15	No

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Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2015.09.22	2019.10.15	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,000.00	2014.11.28	2019.10.15	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	9,000.00	2015.12.18	2019.10.15	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	25,390.00	2015.02.06	2019.12.11	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	12,000.00	2016.03.31	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,000.00	2015.10.30	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,800.00	2015.06.30	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Lankao Yulan New Area Development Co., Ltd.	23,000.00	2015.12.31	2020.06.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,412.00	2014.09.29	2019.09.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	8,000.00	2014.10.29	2019.09.28	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	26,870.00	2015.02.06	2019.12.11	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2015.06.30	2019.09.03	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	13,000.00	2016.12.30	2019.09.03	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2014.10.30	2019.09.03	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2015.06.30	2019.09.03	No

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Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,500.00	2015.03.20	2019.09.03	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2015.04.30	2020.04.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,060.00	2015.10.30	2020.04.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	23,080.00	2015.09.30	2019.12.10	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	8,350.00	2014.10.28	2019.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,650.00	2015.08.24	2019.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	6,000.00	2015.06.26	2019.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2015.03.24	2019.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Fugang Investment Holding Co., Ltd.	616,000.00	2016.08.24	2031.05.22	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2016.12.30	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	13,000.00	2018.08.31	2019.11.27	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	15,500.00	2015.10.30	2020.06.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,000.00	2014.10.30	2019.10.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	8,000.00	2015.01.30	2019.10.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	16,600.00	2015.08.10	2020.06.29	No

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Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	6,000.00	2014.09.29	2019.09.22	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	30.00	2015.07.31	2020.04.30	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,800.00	2015.05.29	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,800.00	2015.09.30	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,500.00	2016.03.31	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,100.00	2015.10.30	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,990.00	2015.05.29	2019.12.10	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	300.00	2014.12.30	2019.12.26	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,500.00	2015.10.30	2019.12.26	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	500.00	2015.07.31	2019.12.26	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,200.00	2015.01.30	2019.12.26	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	7,672.00	2015.09.30	2020.08.13	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	200.00	2015.05.29	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,000.00	2015.10.30	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,500.00	2016.03.31	2020.05.04	No

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Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,300.00	2015.09.30	2020.05.04	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,725.00	2014.07.31	2019.07.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,000.00	2015.08.13	2020.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	3,000.00	2016.01.19	2020.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,400.00	2016.06.15	2020.07.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,000.00	2014.10.30	2019.10.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	5,000.00	2015.01.30	2019.10.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	9,487.50	2014.07.31	2019.07.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	4,500.00	2015.01.30	2019.12.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	1,800.00	2016.05.26	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	920.00	2015.02.16	2019.09.25	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	500.00	2016.01.29	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	2,770.00	2015.02.06	2019.12.11	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	15,500.00	2017.01.24	2019.12.30	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	6,385.50	2018.03.30	2019.12.30	No

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	10,400.00	2017.03.06	2019.11.26	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	19,000.00	2017.07.14	2020.09.07	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	11,600.00	2017.10.31	2019.09.24	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Henan Yuzi Xinxin Financing Lease Co., Ltd.	6,850.00	2018.02.07	----	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Ningling Urban and Rural Construction Development Investment Co., Ltd.	16,000.00	2017.12.29	2022.12.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Ningling Urban and Rural Construction Development Investment Co., Ltd.	4,000.00	2017.12.29	2022.12.29	No
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Ningling Urban and Rural Construction Development Investment Co., Ltd.	10,400.00	2017.03.06	2019.11.26	No
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	Lankao Yulan New Area Development Co., Ltd.	60,000.00	2016.12.29	2034.12.26	No
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	Zhecheng Development Investment Co., Ltd.	2,895.00	2017.1.24	2019.1.24	No
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	Zhecheng Agricultural Comprehensive Development Investment Co., Ltd.	2,100.00	2017.1.24	2019.1.24	No

IX. Commitment and contingency

1. Significant commitment

As of 31st December, 2018, there was no significant commitment to be disclosed.

2. Contingency

(1) The guarantee (or pledge) matters of Yuzi as of 31st December, 2018 are as below:

Guaranteeing party	Guaranteed party	Guarantee method	Term	Amount (RMB 10,000)	Guaranteeing party
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Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Henan Service Investment Fund Co., Ltd.	Modern Industry	Luoyang Chengzhu Industrial Development Co., Ltd.	Single guarantor	2015.11.17	2028.4.24	12,000.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Urban & Rural Development Construction Investment Co., Ltd.	Single guarantor	2018.01.23	2019.01.23	5,500.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Shuntong Road Maintenance Engineering Co., Ltd.	Single guarantor	2018.05.12	2021.05.11	5,500.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Landscaping Co., Ltd.	Single guarantor	2018.05.12	2021.05.11	5,500.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Gangcheng Road Maintenance Engineering Co., Ltd.	Single guarantor	2018.02.03	2019.02.03	4,400.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Urban & Rural Development Construction Investment Co., Ltd.	Pledge guarantee	2018.01.28	2019.01.28	7,000.00
Wugang Development Investment Co., Ltd.	Zeyuan	Wugang Urban & Rural Development Construction Investment Co., Ltd.	Single guarantor	2018.02.09	2019.02.09	10,000.00
Qixian Economic Construction Investment Co., Ltd.	Heqi	Qixian Yuanxin Investment Management Co., Ltd.	Single guarantor	2017.02.01	2022.02.1	15,000.00
Qixian Economic Construction Investment Co., Ltd.	Heqi	Qixian Yuanxin Investment Management Co., Ltd.	Single guarantor	2017.03.01	2020.02.28	9,500.00
Qixian Economic Construction Investment Co., Ltd.	Heqi	Qixian Yuanxin Investment Management Co., Ltd.	Single guarantor	2017.02.28	2020.02.28	7,500.00
Mianchi Investment Co., Ltd.	Caiwang	Mianchi Ruizi Construction Engineering Co., Ltd.	Single guarantor	2017.06.27	2020.6.27	10,000.00
Mianchi Investment Co., Ltd.	Caiwang	Mianchi Heating Co., Ltd.	Joint guarantors	2017.09.25	2030.9.25	10,000.00
Mianchi Investment Co., Ltd.	Caiwang	Mianchi Shaoxing Urban Construction	Single guarantor	2017.08.16	2020.8.16	5,000.00

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

	Co., Ltd.					
Yima Investment Group Management Co., Ltd.	Yima Water Supply Co., Ltd.	Single guarantor	2017.12.18	2022.11.30	2,535.99	
Yima Investment Group Management Co., Ltd.	Yima Hongqing Urban Construction Development Co., Ltd.	Single guarantor	2018.05.07	2021.05.07	20,000.00	
Yima Investment Group Management Co., Ltd.	Yima Heating Co., Ltd.	Single guarantor	2018.07.03	2022.07.02	10,000.00	
Yima Investment Group Management Co., Ltd.	Yima Hongqing Urban Construction Development Co., Ltd.	Single guarantor	2018.01.04	2037.12.30	1,500.00	
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Lankao Land Reserve Development Center	Single guarantor	2015.08.24	2019.12.30	3,200.00	
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Lankao Land Reserve Development Center	Single guarantor	2015.12.29	2019.12.30	4,500.00	
Zhongyuan Yuzi Investment Holding Group Co., Ltd.	Lankao Land Reserve Development Center	Single guarantor	2015.12.30	2019.12.30	3,300.00	
Zhecheng Development Investment Co., Ltd.	Zhecheng People's Hospital	Secured guarantee	2016.1.12	2021.1.12	6,000.00	
Huangchuan Development Investment Co., Ltd.	Henan Huangguo Grain Industry Co., Ltd.	Security under several and joint liabilities	2018.11.22	2019.11.22	3,000.00	
Ningling Development Investment Co., Ltd.	Ningling Economic Development Co., Ltd.	Single guarantor	01-Jan-18	2028.01.01	30,000.00	
Ningling Development Investment Co., Ltd.	Ningling Secured Housing Investment Development Co., Ltd.	Single guarantor	01-Jan-18	2028.01.01	26,400.00	
Total					217,335.99	

(2) Conditions of external guarantees of affiliated guarantee companies

Guaranteeing party	Amount (RMB 10,000)	Remarks

Henan Yuzhi Puhe Industry Development Co., Ltd.	190,000.00	Balance under guaranty
Huangchuan Xinhe Guarantee Co., Ltd.	20,654.00	Balance under guaranty
Zhecheng Xinzhe Industries Co., Ltd.	3,000.00	Balance under guaranty
Total	213,654.00	

(3) Other guaranty matters

None.

X. Events after balance sheet date

None.

XI. Item Notes to main items of parent company's financial statements

1、Notes receivable and accounts receivable

Category	31-Dec-18	31-Dec-17
Notes receivable		
Accounts receivable	21,828,281.16	4,823,268.22
Total	21,828,281.16	4,823,268.22

(1) Notes receivable

① Notes receivable by category:

None.

② Bad debt reserve

None.

③ Pledged notes receivable at the end of the period:

None.

④ Notes receivable which had been endorsed at the end of the period and were undue on the balance sheet date:

None.

⑤ Notes which has been transferred to accounts receivable due to non-performance of the drafter at the end of the period:

None.

⑥ Other note:

None.

(2) Accounts receivable

① Categorization of accounts receivable by risk

Category	31-Dec-18				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with significant single amount for which the bad debt reserves are withdrawn individually					
Accounts receivable for which bad debt reserves are withdrawn by combination of credit risk characteristics	21,828,281.16	100.00			21,828,281.16
Including: Accounts receivable with aging as the combination of credit risk characteristics					
Riskless combination	21,828,281.16	100.00			21,828,281.16
Accounts receivable with insignificant single amount for which bad debt reserves are withdrawn individually					
Total	21,828,281.16	100.00			21,828,281.16

Continued

Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable with significant single amount for which the bad debt reserves are withdrawn individually					

Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Accounts receivable for which bad debt reserves are withdrawn by combination of credit risk characteristics	4,823,268.22	100.00			4,823,268.22
Including: Accounts receivable with aging as the combination of credit risk characteristics					
Riskless combination	4,823,268.22	100.00			4,823,268.22
Accounts receivable with in significant single amount for which bad debt reserves are withdrawn individually					
Total	4,823,268.22	100.00			4,823,268.22

A. Accounts receivable with significant single amount for which bad debt reserves are withdrawn individually at the end of the period

None.

B. Accounts receivable for which bad debt reserves are withdrawn by aging in the combination:

None.

C. Accounts receivable for which bad debt reserves are withdrawn by other methods in the combination:

Item	31-Dec-18	31-Dec-17	Remark
Riskless combination	21,828,281.16	4,823,268.22	No provision for bad debt
Total	21,828,281.16	4,823,268.22	

②Bad debt reserves

None.

③Conditions of top five debtors in terms of the closing balance of the accounts receivable:

In the reporting period, the total amount of the closing balance of accounts receivables of the top five debtors was RMB 19,191,859.98, 87.92% of the total amount of the closing balance of accounts receivable.

Entity	Related party or not	Amount	Bad debt reserve	Age	Percentage (%)
Henan Modern Service Industry Fund Management Co., Ltd.	Yes	8,847,222.22		Within 1 year	40.53
Luoyang Finance Bureau	No	6,733,440.37		Within 1 year	30.85
Nanyang Finance Bureau	No	1,368,750.01		Within 1 year	6.27
Xinxiang Finance Bureau	No	1,254,041.27		Within 1 year	5.75
Xinyang Finance Bureau	No	988,406.11		Within 1 year	4.53
Total		19,191,859.98			87.92

④Accounts receivable de-recognized for transfer of financial assets:

None.

⑤Amounts of the transferred accounts receivable in which the company continuously involves and which was presented by the company in the assets and liabilities formed in the continuous involvement:

None.

⑥Other notes:

None.

2. Other receivables

(1) Categorization of other receivables by risk

Item	31-Dec-18	31-Dec-17
Interests payable	7,800,172.37	56,569,619.87
Dividends payable		
Other receivables	2,761,325,993.41	2,418,090,061.72
Total	2,769,126,165.78	2,474,659,681.59

(1) Interests receivable

① Interests receivable by category:

Item	31-Dec-18		
	Book balance	Bad debt reserves	Book value
Interest over fixed deposit			
Interest over bond investment			
Interest from secured housing project	7,800,172.37		7,800,172.37
Total	7,800,172.37		7,800,172.37

(Continued)

Item	31-Dec-17		
	Book balance	Bad debt reserves	Book value
Interest over fixed deposit			
Interest over bond investment			
Interest from secured housing project	56,569,619.87		56,569,619.87
Total	56,569,619.87		56,569,619.87

② Bad debt reserves

None.

③ Significant overdue interest:

None.

(2) Dividends receivable

None.

(3) Other receivables

① Categorization of other receivables by risk

Category	31-Dec-18				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Other receivables with significant single amount for which the bad debt reserves are withdrawn					

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

individually				
Other receivables for which bad debt reserves are withdrawn by combination of credit risk characteristics	2,761,325,993.41	100.00		2,761,325,993.41
Including: Other receivables with aging as the combination of credit risk characteristics				
Riskless combination	2,761,325,993.41	100.00		2,761,325,993.41
Other receivables with in significant single amount for which bad debt reserves are withdrawn individually				
Total	2,761,325,993.41	100.00		2,761,325,993.41

(Continued)

Category	31-Dec-17				Book value
	Book balance		Bad debt reserves		
	Amount	Percentage (%)	Amount	Percentage of provision (%)	
Other receivables with significant single amount for which the bad debt reserves are withdrawn individually					
Other receivables for which bad debt reserves are withdrawn by combination of credit risk characteristics	2,418,090,061.72	100.00			2,418,090,061.72
Including: Other receivables with aging as the combination of credit risk characteristics					

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Riskless combination	2,418,090,061.72	100.00			2,418,090,061.72
Other receivables with in significant single amount for which bad debt reserves are withdrawn individually					
Total	2,418,090,061.72	100.00			2,418,090,061.72

A. Other receivables with significant single amount for which bad debt reserves are withdrawn individually at the end of the period:

None.

B. Other receivables whose bad debt reserves are withdrawn with aging method in the combination:

None.

C. Other receivables for which bad debt reserves are withdrawn by other methods in the combination:

Item	31-Dec-18	31-Dec-17	Remark
Riskless	2,761,325,993.41	2,418,090,061.72	No provision for bad debt
Total	2,761,325,993.41	2,418,090,061.72	

② Categorization of other receivables by nature

Nature	31-Dec-18	31-Dec-17
Deposits and securities	12,014,377.96	10,121,377.96
Lending and current accounts	2,015,301,966.91	1,985,323,154.62
Interests	734,009,648.54	422,645,529.14
Total	2,761,325,993.41	2,418,090,061.72

③ Conditions of other receivables from top five debtors in terms of closing balance:

Entity	Related party or not	Nature of funds	Closing balance	Age	Bad debt reserves	Percentage in total (%)
Henan Zhongyu Culture & Tourism Investment Co., Ltd.	Yes	Lending	1,305,000,000.00	Within 1 year, 1-2 years, 2-3 years		47.26
Henan Modern Service Industry Investment Fund Limited	Yes	Lending	500,000,043.50	1-2 years		18.11
Henan Qidi Technology	No	Lending	210,000,000.00	Within 1 year		7.61

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Development Co., Ltd.					
Oriental Huizhi Asset Management Co., Ltd.	No	Interest	161,087,968.03	Within 1 year, 1-2 years	5.83
Zhengzhou Non-revenue Administration	No	Interest	119,576,157.54	Within 1 year	4.33
Total			2,295,664,169.07		83.14

As of 31st December, 2018, the sum of other receivables of the company from the top five debtors was RMB 2,295,664,169.07, 83.14% of all other receivables.

④ Other receivables involving government grant

None.

⑤ Other receivables de-recognized for transfer of financial assets:

None.

⑥ Amounts of the transferred other receivables in which the company continuously involves and which was presented by the company in the assets and liabilities formed in the continuous involvement

None.

⑦ Other notes:

None.

3. Long-term equity investments

(1) Categorization of long-term equity investments

Item	31-Dec-18	31-Dec-17
	Book balance	Book balance
Investments in subsidiaries	14,376,836,913.40	13,393,393,769.42
Investments in joint ventures and associated enterprises	756,229,623.02	741,051,346.74
Total	15,133,066,536.42	14,134,445,116.16

(2) Investments in subsidiaries

Investee	01-Jan-18	Current increase	Current decrease	31-Dec-18
Sanmenxia Shanzhou District Industrial Development Investment Co., Ltd.	513,159,416.16		513,159,416.16	
Yima Investment Group Co., Ltd.	869,469,291.71			869,469,291.71
Mianchi Caiwang Investment Co., Ltd.	766,782,385.88			766,782,385.88
Wugang Zeyuan	160,118,389.61			160,118,389.61

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investee	01-Jan-18	Current increase	Current decrease	31-Dec-18
Development Investment Co., Ltd.				
Qixian Heqi Economic Construction Investment Co., Ltd.	460,776,740.00			460,776,740.00
Henan Yuzi Urban & Rural Integration Construction & Development Co., Ltd.	8,008,995,234.66			8,008,995,234.66
Henan Yushang Auto Industry Development Investment Co., Ltd.	320,000,000.00			320,000,000.00
Luoyang Heluo Xinye Investment Development Co., Ltd.	510,000,000.00			510,000,000.00
Henan Zhongyu Wenlv Investment Co., Ltd.	51,000,000.00			51,000,000.00
Henan Yuzi Secured Housing Management & Operation Limited	768,360,000.00	1,047,570,000.00		1,815,930,000.00
Henan Caixin Fusion Big Data Information Technology Co., Ltd.	640,000.00	10,000,000.00		10,640,000.00
Henan Zhongyuan Yuzi Financing Holdings Limited	500,000,000.00	150,420,705.00		650,420,705.00
Modern Service Industry Investment Fund Limited	453,892,311.40	288,611,855.14		742,504,166.54
Xincai Yuzi Co., Ltd.	10,200,000.00			10,200,000.00
Less: Impairment reserves for long-term equity				
Total	13,393,393,769.42	1,496,602,560.14	513,159,416.16	14,376,836,913.40

(3) Investments in joint ventures and associated enterprises

Investee	Opening balance	Current increase/decrease				
		Additi onal invest ment	Reduce d investm ent	Investment profit/loss recognized under equity	Adjustme nt of other comprehe nsive incoming	Other changes in equity

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

				method		
I.	Joint venture					
	Subtotal					
II.	Associated enterprise					
	Henan Yuzi Financing Lease Co., Ltd.	540,498,844.95			14,874,926.99	
	Zhengzhou State-controlled Industries Co., Ltd.	200,552,501.79			408,349.29	
	Subtotal	741,051,346.74			15,283,276.28	
	Total	741,051,346.74			15,283,276.28	

Investee	Current increase/decrease			Closing balance	Closing balance of provision for impairment
	Declared cash dividend or profit	Provision for impairment	Others		
I. Joint ventures					
	Subtotal				
II. Associated enterprise					
	Henan Yuzi Financing Lease Co., Ltd.	105,000.00			555,268,771.94
	Zhengzhou State-controlled Industries Co., Ltd.				200,960,851.08
	Subtotal	105,000.00			756,229,623.02
	Total	105,000.00			756,229,623.02

(4) Impairment reserve of long-term equity investment

As of 31st December, 2018, there was no the circumstance that the recoverable amount of the long-term equity investment was less than the book value, so impairment reserve has not been withdrawn.

4. Business incomes and business costs

(1) Business incomes and costs are as below:

Item	2018		2017	
	Income	Cost	Income	Cost

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Main business	1,029,878,647.78	850,337,548.72	938,587,906.46	739,988,707.35
Other business				
Total	1,029,878,647.78	850,337,548.72	938,587,906.46	739,988,707.35

(2) Main business by item

Item	2018		2017	
	Income	Cost	Income	Cost
Interest incomes	927,084,053.95	850,337,548.72	819,962,817.31	671,212,099.32
Incomes from project management and supporting funds	73,357,942.27		84,995,215.53	1,155,833.33
Guarantee consulting	23,059,793.66		30,206,395.71	
Incomes from Pingan Dahua Fund			3,423,477.91	276,244.17
Others	6,376,857.90			67,344,530.53
Total	1,029,878,647.78	850,337,548.72	938,587,906.46	739,988,707.35

(3) Top five clients in terms of sales during 2018:

Entity	Amount	Percentage in business income (%)
Henan Tianhe Investment Co., Ltd.	99,056,603.77	9.62
Zhengzhou Zhongyuan Urban Development and Construction Investment Co., Ltd.	87,735,849.06	8.52
Zhengzhou Lvbo Development & Construction Co., Ltd.	87,735,849.06	8.52
Zhengzhou Erqi Urban and Rural Renewal Construction Development Co., Ltd.	87,735,849.06	8.52
Zhengzhou Aviation Port Area Hangcheng Real Estate Co., Ltd.	84,905,660.38	8.24
Total	447,169,811.33	43.42

5. Investment incomes

Item	2018	2017
Incomes from long-term equity investment under equity method	15,283,276.28	-1,457,123.24
Incomes from long-term equity investment under cost method	5,572,468.07	
Investment incomes from disposal of long-term equity investment		759,165.54
Investment incomes from disposal of available-for-sale financial assets		
Investment incomes from disposal of financial assets measured at fair value through current profit or loss		

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
Notes to Financial Statements
2018 (The currency unit is RMB Yuan, unless otherwise specified)

Investment incomes from held-to-maturity investment during holding period		
Investment incomes from available-for-sale financial assets during holding period	298,253,086.36	298,402,171.87
Financing products and other incomes	5,625,880.43	
Gains from re-measurement of remaining equity measured at fair value after loss of control		
Total	324,734,711.14	297,704,214.17

Zhongyuan Yuzi Investment Holding Group Co., Ltd.

25th April, 2019



营业执照

(副本)⁽⁵⁻²⁾

统一社会信用代码 9111010208376569XD

名称 中兴财光华会计师事务所（特殊普通合伙）

类型 特殊普通合伙企业

主要经营场所 北京市西城区阜成门外大街2号22层A24

执行事务合伙人 姚庚春

成立日期 2013年11月13日

合伙期限 2013年11月13日 至 2033年11月12日

经营范围 审查企业会计报表、出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具相关报告；承办会计咨询、会计服务业务；法律、行政法规规定的其他审计业务；代理记账；房屋租赁；税务咨询；企业管理咨询。（企业依法自主选择经营项目，开展经营活动；代理记账以及依法须经批准的项目，经相关部门批准后依批准的内容开展经营活动；不得从事本市产业政策禁止和限制类项目的经营活动。）

与原件一致



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登记机关

2018 年 10 月 15 日



提示：每年1月1日至6月30日通过企业信用信息公示系统报送上一年度年度报告并公示。

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企业信用信息公示系统网址：

中华人民共和国国家工商行政管理总局监制

证书序号: 0000187

说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的，应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇一八年四月 日

中华人民共和国财政部制



会计师事务所 执业证书

名称: 中兴财光华会计师事务所(特殊普通合伙)

首席合伙人: 姚庚春

主任会计师:

经营场所 北京西城区阜成门外大街2号22层A24

组织形式: 特殊普通合伙

执业证书编号: 11010205

批准执业文号: 京财会许可[2014]0031号

批准执业日期: 2014年03月28日





证书序号: 000447

与原件一致

会计师事务所 证券、期货相关业务许可证

经财政部、中国证券监督管理委员会审查, 批准
中兴财光华会计师事务所(特殊普通合伙) 执行证券、期货相关业务。

首席合伙人: 姚庚春



证书号: 30 发证时间: 2019年12月11日
证书有效期至: 2019年12月11日



姓名	李留庆
Full name	
性别	男
Sex	
出生日期/期	1974-01-17
Date of birth	
工作单位	中兴财光华会计师事务所·特探
Working unit	普通合伙
身份证号码	410105740117273
Identity card No.	



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after this renewal.

2019年3月30日

证书编号: 410100080009
No. of Certificate

批准注册协会: 北京注册会计师协会
Authorized Institute of CPAs

发证日期: 1999 年 06 月 12 日
Date of Issuance



陈新真

姓 名 Full name

男

1984-10-02

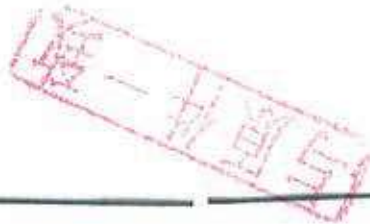
性 别 Sex

出生日期 Date of birth

工作单位 Working unit

411325198410026578

身份证号码 Identity card No.



年度检验登记

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2019年3月30日

证书编号: 410000580016
No. of Certificate

批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2007 年 10 月 11 日
Date of Issuance

年 月 日

THE ISSUER

Zhongyuan Zhicheng Co., Ltd.
(中原志誠有限公司)
3rd Floor, J & C Building
Road Town, Tortola
British Virgin Islands, VG1110

THE COMPANY

Zhongyuan Yuzi Investment Holding Group Co., Ltd.
(中原豫資投資控股集團有限公司)
Xipei Building
Department of Finance of Henan Province
No. 27 Jingsan Road
Zhengzhou City, Henan Province
People's Republic of China

TRUSTEE

Citicorp International Limited
20/F, 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
c/o Citibank, N.A., Dublin Branch
Ground Floor
1 North Wall Quay
Dublin 1, Ireland

LEGAL ADVISERS

*To the Issuer and Guarantor as to
English law*

King & Wood Mallesons
13th Floor Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

*To the Issuer and the
Guarantor as to PRC law*

Henan Luda Law Firm
5/F, No. 10 Kewen 1st Street
Zhengdong New District
Zhengzhou City, Henan Province
People's Republic of China

*To the Issuer as to British
Virgin Islands law*

Ogier
11/F, Central Tower
28 Queen's Road Central
Hong Kong

*To the Joint Lead Managers
as to English law*

Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

*To the Joint Lead Managers
as to PRC law*

Trend Associates Law Firm (Shanghai)
13A, World Plaza
No. 855 South Pudong Road
Shanghai
People's Republic of China

To the Trustee as to English law

Latham & Watkins LLP
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

INDEPENDENT AUDITORS OF THE GROUP

For the year ended 31 December 2018

**Zhongxingcai Guanghua
Certified Public Accountants LLP**
A-24F, Vantone New World
No. 2 Fuchengmenwai Avenue
Xicheng District, Beijing
People's Republic of China

*For the years ended 31 December
2019 and 2020*

**BDO China Shu Lun Pan
Certified Public Accountants LLP**
4/F, No. 61 Nanjing East Road
Shanghai
People's Republic of China