

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Jilin Province Chuncheng Heating Company Limited*

吉林省春城熱力股份有限公司

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock code: 1853)

Inside Information Restated Financial Information

This announcement is made by Jilin Province Chuncheng Heating Company Limited* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions of Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcement (the “**Announcement**”) published by the Company on 13 December 2021 in relation to certain differences between the Reporting Combined Financial Statements (as defined below) and the Original Combined Financial Statements (as defined below).

As disclosed in the Announcement, in connection with the proposed public offering of not more than 155.5666 million A Shares and the proposed listing of the A shares on the Shenzhen Stock Exchange, Da Hua Certified Public Accountants (Special General Partnership), the auditor of the Company, has conducted an audit on the Group’s combined financial statements (the “**Reporting Combined Financial Statements**”) for the three financial years ended 31 December 2020 and the six months ended 30 June 2021 (the “**Reporting Period**”) prepared in accordance with the China Accounting Standards for Business Enterprises. Certain differences (the “**Differences**”) exist between the Reporting Combined Financial Statements and the previously published combined financial statements of the Company (the “**Original Combined Financial Statements**”). Please refer to the Announcement for further details of the Differences.

After adjusting for the Differences, the Company's financial information in the Reporting Period have been restated. The restated financial information is consistent with the financial information contained in the Reporting Combined Financial Statements. Please refer to the appendix to this announcement for the restated financial information.

By order of the Board
Jilin Province Chuncheng Heating Company Limited*
LIU Changchun
Chairman

Jilin, the PRC, 14 April 2022

As at the date of this announcement, the non-executive Director is Mr. Liu Changchun (Chairman); the executive Directors are Mr. Yang Zhongshi, Mr. Shi Mingjun, Mr. Xu Chungang and Mr. Li Yeji; and the independent non-executive Directors are Mr. Wang Yuguo, Mr. Fu Yachen and Mr. Poon Pok Man.

* *For identification purpose only*

APPENDIX – RESTATED FINANCIAL INFORMATION

Note: In case of any discrepancy between the Chinese version and the English version of this appendix, the Chinese version shall prevail.

COMBINED STATEMENT OF FINANCIAL POSITION

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Asset	Note VI	30 June 2021	31 December 2020	31 December 2019	31 December 2018
CURRENT ASSETS:					
Monetary fund	Remark 1	165,149,198.06	732,404,368.33	701,816,908.02	358,884,422.15
Financial assets measured at fair value through profit or loss					
Held-for-trading financial assets	Remark 2	50,227,083.33	50,069,375.00		
Derivative financial assets					
Bills receivable	Remark 3		222,510.02		
Trade receivables	Remark 4	233,323,989.57	259,473,894.16	309,433,292.52	196,272,319.85
Trade receivables financing	Remark 5	60,540,245.51	125,254,548.10		
Prepayments	Remark 6	16,380,270.17	449,625,930.69	385,248,529.80	308,799,609.85
Other receivables	Remark 7	1,122,277.26	1,415,844.56	165,602,941.17	44,030,399.55
Inventories	Remark 8	11,349,487.97	11,840,378.51	27,166,401.91	11,368,994.08
Contract assets	Remark 9	105,631,373.60	232,321,629.47	192,614,763.66	254,868,835.98
Assets held for sale					
Non-current assets due within one year					
Other current assets	Remark 10	25,423,037.76	4,546,311.94	4,669,271.89	15,920,411.56
TOTAL CURRENT ASSETS		<u>669,146,963.23</u>	<u>1,867,174,790.78</u>	<u>1,786,552,108.97</u>	<u>1,190,144,993.02</u>
NON-CURRENT ASSETS:					
Available-for-sale financial assets					
Held-to-maturity investments					
Debt investments					
Other debt investments					
Long-term receivables					
Long-term equity investments	Remark 11			57,561,274.07	62,691,727.63
Other equity instrument investments					
Other non-current financial assets	Remark 12			52,665,407.00	
Investment properties	Remark 13	7,691,981.39	7,870,252.37	8,226,794.33	43,396.59
Fixed assets	Remark 14	1,035,652,093.06	1,093,225,431.69	1,118,169,104.58	917,428,502.69
Construction-in-progress	Remark 15	28,369,842.33	34,512,027.00	9,107,099.15	12,412,226.58
Productive biological assets					
Fuel and gas assets					
Right-of-use assets	Remark 16	2,192,087.17	2,865,635.17	3,091,144.63	4,724,405.36
Intangible assets	Remark 17	3,997,593.71	3,963,386.97	3,783,336.73	3,906,509.26
Development costs					
Goodwill	Remark 18	167,112,355.37	167,112,355.37	167,112,355.37	
Long-term deferred expenditures	Remark 19	3,512,107.97	6,072,387.29	8,774,816.13	13,352,981.05
Deferred income tax assets	Remark 20	44,106,179.13	44,308,790.24	28,069,777.54	23,222,558.72
Other non-current assets	Remark 21	207,300.00			
TOTAL NON-CURRENT ASSETS		<u>1,292,841,540.13</u>	<u>1,359,930,266.10</u>	<u>1,456,561,109.53</u>	<u>1,037,782,307.88</u>
TOTAL ASSETS		<u><u>1,961,988,503.36</u></u>	<u><u>3,227,105,056.88</u></u>	<u><u>3,243,113,218.50</u></u>	<u><u>2,227,927,300.90</u></u>

COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Liability and Equity	Note VI	30 June 2021	31 December 2020	31 December 2019	31 December 2018
CURRENT LIABILITIES:					
Short-term borrowings	Remark 22	2,617,862.53		10,714,622.35	12,000,000.00
Financial liabilities measured at fair value through profit or loss					
Held-for-trading financial liabilities					
Derivative financial liabilities					
Bills payable					
Trade payables	Remark 23	133,555,154.39	364,528,927.01	367,568,593.33	273,774,137.56
Advances	Remark 24		26,666.67	877,828.76	
Contract liabilities	Remark 25	582,808,853.55	1,452,997,663.41	1,364,462,941.04	1,110,165,056.05
Salaries payable	Remark 26	54,195,432.49	175,557,524.87	155,974,953.38	105,972,215.26
Tax payable	Remark 27	38,323,850.28	75,135,340.00	62,174,117.20	62,638,597.29
Other payables	Remark 28	73,083,726.71	151,527,222.02	35,586,293.29	37,376,627.45
Liabilities held for sale					
Non-current liabilities due within one year	Remark 29	1,187,577.61	1,209,451.00	2,215,552.13	97,417,597.29
Other current liabilities	Remark 30	279.62	1,414,928.68		
TOTAL CURRENT LIABILITIES		<u>885,772,737.18</u>	<u>2,222,397,723.66</u>	<u>1,999,574,901.48</u>	<u>1,699,344,230.90</u>
NON-CURRENT LIABILITIES:					
Long-term borrowings					
Bonds payable					
Of which: Preference shares					
Perpetual bonds					
Lease liabilities	Remark 31	1,323,800.84	1,838,833.74	1,533,001.39	3,204,402.19
Long-term payables	Remark 32	2,775,074.00	2,775,074.00	52,079,492.29	
Long-term salaries payable	Remark 33	27,184,416.86	27,710,000.00	21,920,485.72	10,570,831.89
Estimated liabilities	Remark 34	350,000.00	350,000.00		
Deferred income	Remark 35	50,811,678.86	53,019,310.68	44,713,767.99	23,325,667.47
Deferred income tax liabilities	Remark 20	53,311,516.72	57,603,528.33	27,654,471.97	
Other non-current liabilities	Remark 36	3,655,636.59	4,320,186.99		
TOTAL NON-CURRENT LIABILITIES		<u>139,412,123.87</u>	<u>147,616,933.74</u>	<u>147,901,219.36</u>	<u>37,100,901.55</u>
TOTAL LIABILITIES		<u>1,025,184,861.05</u>	<u>2,370,014,657.40</u>	<u>2,147,476,120.84</u>	<u>1,736,445,132.45</u>
EQUITY:					
Share capital	Remark 37	466,700,000.00	466,700,000.00	466,700,000.00	350,000,000.00
Other equity instruments					
Of which: Preference shares					
Perpetual bonds					
Capital reserve	Remark 38	68,370,342.51	68,370,342.51	399,361,407.86	50,000,000.00
Less: Treasury stock					
Other comprehensive income	Remark 39	-294,142.82	-294,142.82	1,427,434.59	-270,888.67
Special reserves	Remark 40	15,014,426.92	12,761,083.71	9,762,549.07	8,418,924.55
Surplus reserve	Remark 41	30,719,797.91	30,719,797.91	19,543,480.43	8,875,263.55
Undistributed profits	Remark 42	356,293,217.79	278,833,318.17	198,842,225.71	74,458,869.02
Total owners' equity attributable to the parent company		<u>936,803,642.31</u>	<u>857,090,399.48</u>	<u>1,095,637,097.66</u>	<u>491,482,168.45</u>
Minority interests					
TOTAL EQUITY		<u>936,803,642.31</u>	<u>857,090,399.48</u>	<u>1,095,637,097.66</u>	<u>491,482,168.45</u>
TOTAL LIABILITIES AND EQUITY		<u>1,961,988,503.36</u>	<u>3,227,105,056.88</u>	<u>3,243,113,218.50</u>	<u>2,227,927,300.90</u>

COMBINED INCOME STATEMENT

Audited entity: Jilin Province Chuncheng Heating Company Limited

(presented in RMB unless otherwise stated)

Item	Note VI	January to June 2021	2020	2019	2018
I. TOTAL OPERATING INCOME	Remark 43	878,920,613.77	1,896,987,849.97	1,561,376,791.04	1,440,158,784.80
Less: Operating costs	Remark 43	673,614,605.45	1,589,507,098.69	1,271,751,491.20	1,208,905,469.23
Taxes and surcharges	Remark 44	1,875,561.52	5,716,584.01	3,938,513.58	5,309,093.54
Selling expenses	Remark 45	924,395.68	1,788,837.06	2,864,419.36	117,788.79
Administrative expenses	Remark 46	47,832,578.73	120,488,353.08	101,072,500.34	76,626,853.45
Research and development expenses	Remark 47	898,082.67	6,798,931.42	2,388,581.38	713,866.53
Financial costs	Remark 48	-667,074.48	-4,144,429.76	-1,348,954.27	3,897,213.20
Of which: Interest expenses		6,462,803.20	9,828,562.97	4,729,460.81	11,305,277.75
Interest income		-7,489,977.44	-11,948,501.80	-8,489,274.70	-7,492,765.51
Add: Other income	Remark 49	3,194,263.95	23,327,899.19	16,917,975.71	11,590,857.12
Investment income	Remark 50	296,104.45	7,639,756.71	335,778.74	1,728,059.52
Of which: Investment income from associates and joint ventures			1,448,819.21	335,778.74	1,501,333.23
Gain on derecognition of financial assets measured at amortized cost					
Net gain from hedging exposure					
Gain on changes in fair value	Remark 51	227,083.33	69,375.00		
Credit impairment loss	Remark 52	1,897,855.41	-6,277,334.90	-13,135,870.72	-3,198,330.56
Impairment loss on assets	Remark 53	6,288,547.11	-5,341,493.12	-2,537,338.54	-35,859,124.66
Gain on disposal of assets					
II. OPERATING PROFIT		166,346,318.45	196,250,678.35	182,290,784.64	118,849,961.48
Add: Non-operating income	Remark 54	4,107,352.58	12,152,056.48	872,989.43	1,643,868.19
Less: Non-operating expenses	Remark 55	212,973.42	760,181.78	148,151.58	357,217.28
III. TOTAL PROFIT		170,240,697.61	207,642,553.05	183,015,622.49	120,136,612.39
Less: Income tax expenses	Remark 56	44,710,697.99	37,136,143.11	47,964,048.92	32,187,307.22
IV. NET PROFIT		125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Of which: Net profit realized by the acquiree before business combination involving entities under common control					
(I) Classified by continuity of operation					
Net profit from continuing operation		125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Net profit from discontinued operation					
(II) Classified by ownership					
Net profit attributable to owners of the parent company		125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Minority interests					

COMBINED INCOME STATEMENT (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited

(presented in RMB unless otherwise stated)

Item	Note VI	January to June 2021	2020	2019	2018
V. OTHER COMPREHENSIVE INCOME, NET OF TAX			-1,721,577.41	1,698,323.26	-270,888.67
Other comprehensive income attributable to owners of the parent company, net of tax			-1,721,577.41	1,698,323.26	-270,888.67
(I) Other comprehensive income that may not be reclassified to profit or loss			-1,721,577.41	1,698,323.26	-270,888.67
1. Net change from re-measurement of defined benefit plans			-1,721,577.41	1,698,323.26	-270,888.67
2. Other comprehensive income that may not be transferred to profit or loss under the equity method					
3. Changes in fair value of other equity instrument investments					
4. Changes in fair value of the company's own credit risk					
5. Others					
(II) Other comprehensive income that may be reclassified to profit or loss					
1. Other comprehensive income that may be transferred to profit or loss under the equity method					
2. Gain or loss on changes in fair value of available-for-sale financial assets					
3. Gain or loss on reclassification of held-to-maturity investments to available-for-sale financial assets					
4. Changes in fair value of other debt investments					
5. Amounts of financial assets reclassified to other comprehensive income					
6. Credit impairment provision for other debt investments					
7. Reserves for cash flows hedges					
8. Differences on foreign currency translation					
9. Investment income arising from a package disposal of subsidiaries before the loss of control					
10. Conversion of other assets to investment property measured by fair value model					
11. Others					
Other comprehensive income attributable to minority shareholders, net of tax					
VI. TOTAL COMPREHENSIVE INCOME		125,529,999.62	168,784,832.53	136,749,896.83	87,678,416.50
Total comprehensive income attributable to owners of the parent company		125,529,999.62	168,784,832.53	136,749,896.83	87,678,416.50
Total comprehensive income attributable to minority shareholders					
VII. EARNINGS PER SHARE:					
(I) Basic earnings per share		0.27	0.37	0.37	0.43
(II) Diluted earnings per share		0.27	0.37	0.37	0.43

COMBINED STATEMENT OF CASH FLOWS

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Item	Note VI	January to June 2021	2020	2019	2018
I. Cash flows from operating activities:					
Cash received from sales of goods or rendering of services		337,461,236.28	1,816,931,948.97	1,559,830,667.70	1,232,488,690.32
Refund of taxes and surcharges		16,241.40	474,196.44	619,055.07	795,808.77
Cash received relating to other operating activities	Remark 57	127,310,591.41	720,218,929.26	406,383,490.41	304,087,930.28
Sub-total of cash inflows from operating activities		<u>464,788,069.09</u>	<u>2,537,625,074.67</u>	<u>1,966,833,213.18</u>	<u>1,537,372,429.37</u>
Cash paid for purchase of goods and receipt of services		471,631,372.75	1,450,169,817.01	1,330,245,293.40	1,368,146,905.84
Cash paid to and on behalf of employees		127,431,905.67	204,435,569.48	144,142,646.70	87,880,395.89
Payments of tax charges		98,784,836.59	86,929,294.63	86,343,701.35	106,043,371.45
Cash paid relating to other operating activities	Remark 57	147,683,955.25	380,224,542.23	138,027,168.75	90,685,831.29
Sub-total of cash outflows from operating activities		<u>845,532,070.26</u>	<u>2,121,759,223.35</u>	<u>1,698,758,810.20</u>	<u>1,652,756,504.47</u>
Net cash flows from operating activities		<u><u>-380,744,001.17</u></u>	<u><u>415,865,851.32</u></u>	<u><u>268,074,402.98</u></u>	<u><u>-115,384,075.10</u></u>
II. Cash flows from investing activities:					
Cash received from recovery of investments			10,000,000.00		164,366,172.81
Cash received from returns on investments			4,280,485.09	3,175,676.71	2,320,462.74
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets				24,433.00	352,781.20
Net cash received from disposal of subsidiaries and other operating entities					
Cash received relating to other investing activities			13,979,764.46	876,835.78	
Sub-total of cash inflows from investing activities			<u>28,260,249.55</u>	<u>4,076,945.49</u>	<u>167,039,416.75</u>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		71,743,174.55	66,995,166.17	67,841,396.34	180,660,238.42
Cash paid to acquire investments		117,342,740.00	260,000,000.00		
Net cash paid to acquire subsidiaries and other operating entities					
Cash paid relating to other investing activities					
Sub-total of cash outflows from investing activities		<u>189,085,914.55</u>	<u>326,995,166.17</u>	<u>67,841,396.34</u>	<u>180,660,238.42</u>
Net cash flows from investing activities		<u><u>-189,085,914.55</u></u>	<u><u>-298,734,916.62</u></u>	<u><u>-63,764,450.85</u></u>	<u><u>-13,620,821.67</u></u>

COMBINED STATEMENT OF CASH FLOWS (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited

(presented in RMB unless otherwise stated)

Item	Note VI	January to June 2021	2020	2019	2018
III. Cash flows from financing activities:					
Cash received from capital contributions				237,756,688.97	455,905,222.25
Of which: Cash received from investment by minority shareholders to subsidiaries					
Cash received from borrowings		2,617,862.53	80,369,914.39	10,714,622.35	72,000,000.00
Cash received relating to other financing activities	Remark 57		2,706,015.51	5,216,558.91	30,410,000.00
Sub-total of cash inflows from financing activities		2,617,862.53	83,075,929.90	253,687,870.23	558,315,222.25
Cash paid for repayment of borrowings			91,084,536.74	108,000,000.00	120,000,000.00
Cash paid for distribution of dividends, profits or interest payment			79,030,267.82	4,701,301.71	10,695,546.57
Of which: Payments for distribution of dividends or profits to minority shareholders by subsidiaries					
Cash paid relating to other financing activities	Remark 57	35,719.20	936,706.67	1,196,375.82	33,733,666.67
Sub-total of cash outflows from financing activities		35,719.20	171,051,511.23	113,897,677.53	164,429,213.24
Net cash flows from financing activities		2,582,143.33	-87,975,581.33	139,790,192.70	393,886,009.01
IV. Effect of foreign exchange rate changes on cash and cash equivalents					
		-7,397.88	2,432,106.94	-2,167,658.96	
V. Net increase in cash and cash equivalents		-567,255,170.27	31,587,460.31	341,932,485.87	264,881,112.24
Add: Cash and cash equivalents at beginning of the period		732,404,368.33	700,816,908.02	358,884,422.15	94,003,309.91
VI. Cash and cash equivalent at end of the period		165,149,198.06	732,404,368.33	700,816,908.02	358,884,422.15

COMBINED STATEMENT OF CHANGES IN EQUITY

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Item	January to June 2021									
	Owners' equity attributable to the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
I. Closing balance of previous period	466,700,000.00		68,370,342.51		-294,142.82	12,761,083.71	30,719,797.91	278,833,318.17		857,090,399.48
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
II. Opening balance of current period	466,700,000.00		68,370,342.51		-294,142.82	12,761,083.71	30,719,797.91	278,833,318.17		857,090,399.48
III. Changes during the period						2,253,343.21		77,459,899.62		79,713,242.83
(I) Total comprehensive income								125,529,999.62		125,529,999.62
(II) Owners' contribution and capital reduction										
1. Ordinary shares contribution by owners										
2. Capital invested by other equity instrument holders										
3. Share payment included in the owner's equity										
4. Others										
(III) Profit appropriation								-48,070,100.00		-48,070,100.00
1. Appropriation to surplus reserve								-48,070,100.00		-48,070,100.00
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of owners' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve						2,253,343.21				2,253,343.21
1. Appropriation in the current period						2,253,343.21				2,253,343.21
2. Utilized in the current period										
(VI) Others										
IV. Closing balance of current period	466,700,000.00		68,370,342.51		-294,142.82	15,014,426.92	30,719,797.91	356,293,217.79		936,803,642.31

COMBINED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Item	2020									
	Owners' equity attributable to the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
I. Closing balance of previous year	466,700,000.00		399,361,407.86		1,427,434.59	9,762,549.07	19,543,480.43	198,842,225.71		1,095,637,097.66
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
II. Opening balance of current year	466,700,000.00		399,361,407.86		1,427,434.59	9,762,549.07	19,543,480.43	198,842,225.71		1,095,637,097.66
III. Changes during the year			-330,991,065.35		-1,721,577.41	2,998,534.64	11,176,317.48	79,991,092.46		-238,546,698.18
(I) Total comprehensive income					-1,721,577.41			170,506,409.94		168,784,832.53
(II) Owners' contribution and capital reduction			-330,991,065.35							-330,991,065.35
1. Ordinary shares contribution by owners			-330,991,065.35							-330,991,065.35
2. Capital invested by other equity instrument holders										
3. Share payment included in the owner's equity										
4. Others										
(III) Profit appropriation							11,176,317.48	-90,515,317.48		-79,339,000.00
1. Appropriation to surplus reserve							11,176,317.48	-11,176,317.48		
2. Distribution to shareholders								-79,339,000.00		-79,339,000.00
3. Others										
(IV) Internal transfer of owners' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve						2,998,534.64				2,998,534.64
1. Appropriation in the current period						12,279,959.20				12,279,959.20
2. Utilized in the current period						-9,281,424.56				-9,281,424.56
(VI) Others										
IV. Closing balance of current year	466,700,000.00		68,370,342.51		-294,142.82	12,761,083.71	30,719,797.91	278,833,318.17		857,090,399.48

COMBINED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Item	2019									
	Owners' equity attributable to the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
I. Closing balance of previous year	350,000,000.00		50,000,000.00		-270,888.67	8,418,924.55	8,875,263.55	74,458,869.02		491,482,168.45
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
II. Opening balance of current year	350,000,000.00		50,000,000.00		-270,888.67	8,418,924.55	8,875,263.55	74,458,869.02		491,482,168.45
III. Changes during the year	116,700,000.00		349,361,407.86		1,698,323.26	1,343,624.52	10,668,216.88	124,383,356.69		604,154,929.21
(I) Total comprehensive income					1,698,323.26			135,051,573.57		136,749,896.83
(II) Owners' contribution and capital reduction	116,700,000.00		349,361,407.86							466,061,407.86
1. Ordinary shares contribution by owners	116,700,000.00		349,361,407.86							466,061,407.86
2. Capital invested by other equity instrument holders										
3. Share payment included in the owner's equity										
4. Others										
(III) Profit appropriation							10,668,216.88	-10,668,216.88		
1. Appropriation to surplus reserve							10,668,216.88	-10,668,216.88		
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of owners' equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve						1,343,624.52				1,343,624.52
1. Appropriation in the current period						12,616,702.78				12,616,702.78
2. Utilized in the current period						-11,273,078.26				-11,273,078.26
(VI) Others										
IV. Closing balance of current year	466,700,000.00		399,361,407.86		1,427,434.59	9,762,549.07	19,543,480.43	198,842,225.71		1,095,637,097.66

COMBINED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Audited entity: Jilin Province Chuncheng Heating Company Limited (presented in RMB unless otherwise stated)

Item	2018									
	Owners' equity attributable to the parent company									
	Share capital	Other equity instruments	Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Minority interests	Total owners' equity
I. Closing balance of previous year										
Add: Change in accounting policy										
Correction of accounting errors for prior period										
Business combination under common control										
Others										
II. Opening balance of current year										
III. Changes during the year	350,000,000.00		50,000,000.00		-270,888.67	8,418,924.55	8,875,263.55	74,458,869.02		491,482,168.45
(I) Total comprehensive income					-270,888.67			87,949,305.17		87,678,416.50
(II) Owners' contribution and capital reduction	53,763,400.00		346,236,600.00							400,000,000.00
1. Ordinary shares contribution by owners	53,763,400.00		346,236,600.00							400,000,000.00
2. Capital invested by other equity instrument holders										
3. Share payment included in the owner's equity										
4. Others										
(III) Profit appropriation							8,875,263.55	-8,875,263.55		
1. Appropriation to surplus reserve							8,875,263.55	-8,875,263.55		
2. Distribution to shareholders										
3. Others										
(IV) Internal transfer of owners' equity	296,236,600.00		-296,236,600.00							
1. Capital reserve transferred to share capital	296,236,600.00		-296,236,600.00							
2. Surplus reserve transferred to share capital										
3. Surplus reserve make up for losses										
4. Changes of defined benefits plan transferred to retained earnings										
5. Other comprehensive income transferred to retained earnings										
6. Others										
(V) Special reserve						8,418,924.55		-4,615,172.60		3,803,751.95
1. Appropriation in the current period						8,418,924.55		-4,615,172.60		3,803,751.95
2. Utilized in the current period										
(VI) Others										
IV. Closing balance of current year	350,000,000.00		50,000,000.00		-270,888.67	8,418,924.55	8,875,263.55	74,458,869.02		491,482,168.45

I. GENERAL INFORMATION OF THE COMPANY

(I) History, Place of Registration, Type of Organisation and Address of Headquarter

1. Limited liability phase

Jilin Province Chuncheng Heating Company Limited (the “Company” or the “Group”), formally known as Jilin Province Changre New Energy Co., Ltd., is a company established by the former Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) (now Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)) with a total registered capital of RMB50.00 million at the time of establishment. The Company has obtained a legal enterprise business license (no. 220101000502062) approved and issued by the Changchun Administration Bureau for Industry and Commerce on 23 October 2017.

The Company changed its name to Jilin Province Chuncheng Heating Company Limited on 30 March 2018.

On 26 April 2018, with the approval of SASAC Changchun, Changchun Heating Power (Group) Company Limited, Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司) and the Company entered into a capital increase agreement, pursuant to which the registered capital of the Company has increased to RMB53,763,400.

2. Shareholding reorganization

Jilin Province Chuncheng Heating Company Limited held a general meeting and passed the resolution on comprehensive change to become a joint stock company with limited liability. According to the promoters’ agreement and the Articles of Association, Jilin Province Chuncheng Heating Company Limited made a comprehensive change from a limited liability company to become a joint stock limited liability company with a registered capital of RMB350 million, which was contributed by each of the promoters by converting the net assets owned by them as at 30 April 2018 into shares. As at 30 April 2018, the audited net assets of Jilin Province Chuncheng Heating Company Limited amounted to a total of RMB522,908,077.64, which was converted into a total of 350,000,000.00 shares with a par value of RMB1 per share, and the proportion of capital contribution by each shareholders before and after the conversion remained unchanged. The Company completed business registration procedures and obtained legal enterprise business license (no. 91220101MA14W03575) on 30 May 2018.

The Company was listed in the Hong Kong Stock Exchange in October 2019. With the approval of the securities authority of the State Council, the Company may make an initial public offering of 116.7 million overseas listed foreign shares to foreign investors, all of which are H shares.

3. Place of registration and address of headquarter

Following the bonus issue, placing of new shares, transferring of capital and issue of new shares over the years, as at 31 December 2020, the Company has share capital of 466.70 million Shares, with a registered capital of RMB466.70 million. Our registered address is: 28/F (Hong Cheng Xiyu), 998 Nanhu Avenue, Nanguan District Sub-district B, Changchun, Jilin Province, the PRC; our headquarter address is: 28/F (Hong Cheng Xiyu), 998 Nanhu Avenue, Nanguan District Sub-district B, Changchun, Jilin Province, the PRC. Our parent company is Changchun Chuncheng Investment Development Group Company Limited and the ultimate beneficial owner of the Group is SASAC Changchun.

(II) Business Nature and Major Operating Activities of the Company

The Company engages in the heat supply industry and its main products and services are new energy technology development; heating production and supply; heating engineering design and installation services; contract energy management; sales of cables, electrical equipment, household appliances, flooring, floor tiles, thermostats and heating accessories (those businesses that are prohibited by the laws, regulations and decisions of the State Council shall not be operated).

(III) Approval of the Financial Statements

These financial statements have been approved for issue by the Board of the Company on 13 December 2021.

II. SCOPE OF COMBINED FINANCIAL STATEMENTS

During the reporting period, 12 subsidiaries were consolidated into the combined financial statements, which were:

Name of Subsidiary	Type of Subsidiary	Tier	Percentage of Shareholding (%)	Percentage of Voting Rights (%)
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	wholly-owned subsidiary	2	100	100
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	wholly-owned subsidiary	2	100	100
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	wholly-owned subsidiary	2	100	100
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	wholly-owned subsidiary	2	100	100
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱儀錶電氣有限公司)	wholly-owned subsidiary	2	100	100
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	wholly-owned subsidiary	2	100	100
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	wholly-owned subsidiary	2	100	100
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	wholly-owned subsidiary	2	100	100
Jilin Province Hengda New Energy Technology Development Company Limited* (吉林省恒達新能源科技發展有限公司)	wholly-owned subsidiary	3	100	100
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)	wholly-owned subsidiary	3	100	100
Jilin Chuncheng Clean Energy Company Limited* (吉林省春城清潔能源有限責任公司)	wholly-owned subsidiary	2	100	100
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)	Subsidiaries	2	60	60

The number of entities that were consolidated into the scope of the combined financial statements has increased by 7 during the reporting period, where:

1. Subsidiaries newly consolidated into the scope of combination during the reporting period

Name	Reason for change
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	Business combination under common control
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	Business combination not under common control
Jilin Province Hengda New Energy Technology Development Company Limited* (吉林省恒達新能源科技發展有限公司)	Business combination not under common control
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)	Business combination not under common control
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	Greenfield investment
Jilin Chuncheng Clean Energy Company Limited* (吉林省春城清潔能源有限責任公司)	Greenfield investment
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)	Business combination not under common control

2. Particulars of changes in scope of combination are set out in “Note VII. Changes in the Scope of Combination”.

III. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(I) Basis of Preparation of the Financial Statements

The financial statements of the Company were prepared according to the transactions and matters actually occurred, and recognitions and measurements were made in accordance with the Accounting Standards for Enterprises — Basic Standards published by the Ministry of Finance and specific accounting standards, guidance on application of accounting standards for enterprises, interpretations to accounting standards for enterprises and other relevant requirements (the “ASBEs”). On this basis, the financial statements were also prepared in conjunction with the provisions of the “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reporting” (revised in 2014) issued by the China Securities Regulatory Commission.

(II) Going Concern

Pursuant to the Company’s assessment on the continuing operation ability of the Company within 12 months since the end of the reporting period, no matters or events that may raise any material doubts on the continuing operation ability of the Company was discovered, and thus these financial statements were prepared under going concern basis.

(III) Accounting Basis and Measurement

The accounting of the Group is based on the accrual basis. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Where an asset is impaired, the corresponding impairment shall be made in accordance with the applicable standard.

IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(I) Notes to Specific Accounting Policies and Accounting Estimates

The Company have formulated certain specific accounting policies and accounting estimates in accordance with the production and operation characteristics, including the method of calculating the provision of the expected credit loss on trade receivables (Note IV (XI)) and the timing of revenue recognition (Note IV (XXXIV)).

(II) Declaration of Compliance with the ASBEs

The financial statements have been prepared by the Company in conformity with the ASBEs; and truly and completely reflected the information such as financial position of the Company as of 30 June 2021, 31 December 2020, 31 December 2019, 31 December 2018 and operation results and cash flow of the Company during the six months ended 30 June 2021 and for the year ended 31 December 2020, 2019 and 2018.

(III) Accounting Period

The accounting year of the Company is from 1 January to 31 December of the Gregorian calendar. The current reporting period of the Company is from 1 January 2018 to 30 June 2021.

(IV) Operating Cycle

Operating cycle refers to the period from the purchase of assets used for processing to the realization of cash or cash equivalents. The Company regards 12 months as an operating cycle and uses it as the standard for dividing the liquidity of assets and liabilities.

(V) Reporting Currency

The reporting currency of the Company is Renminbi (“RMB”).

(VI) Accounting Treatments of Business Combinations Involving Entities under Common Control and Entities not under Common Control

1. If the terms, conditions and economic effects of transactions for the purpose of realizing business combination in phases, fall into one or more of the following situations, then multiple transactions are regarded as a group of transactions for accounting treatment:

- (1) these transactions were entered into at the same time or after considering the effects of other transactions;
- (2) only when regarding these transactions as a whole, can they achieve a complete business result;
- (3) the occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) a transaction alone is not economical, but it is economical when considering together with other transactions.

2. Business combinations involving entities under common control

The assets and liabilities acquired by the Company in business combination shall be measured at the carrying amount of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the combined financial statements of the ultimate controlling party at the date of business combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the business combination (or total nominal value of the issued shares) is adjusted to share premium in capital reserve. If the share premium in capital reserve is not sufficient to eliminate the difference, the remaining balance is adjusted against retained earnings.

If there is any contingent consideration required to be recognized as estimated liabilities or assets, capital reserve (capital premium or share premium) is adjusted by the difference between the amount of such estimated liabilities or assets and the amount of settlement of subsequent contingent consideration. When the capital reserve is insufficient, the remaining balance is adjusted against retained earnings.

For business combination finally realized after multiple transactions, in case of a group of transactions, those transactions are accounted as one transaction to acquire the control; in case of a transaction not included in a group of transactions, on the date of acquisition of the control, the capital reserve is adjusted by the difference between the initial investment cost of long-term equity investment and the sum of the carrying amount of the long-term equity investment before the combination and the carrying amount of the new payment consideration for further acquisition of shares on the date of combination; where the capital reserve is insufficient to eliminate, the remaining balance is adjusted against retained earnings. For the equity investment held before the date of business combination, the other comprehensive income recognized under equity method or financial instrument recognition and measurement standards are not accounted until the same accounting treatment for direct disposal of relevant assets or liabilities of the investee is adopted for the disposal of such investment; changes in the owners' equity other than the net losses and profits, other comprehensive income and profit distribution in the net assets of the investee that is recognized under the equity method, are not accounted until disposal of such investment is transferred to current profit and losses.

3. Business combinations involving entities not under common control

The acquisition date refers to the date on which the Company actually obtained control over the acquiree, i.e. the date when the acquiree's net assets or the control of production and operation decisions were transferred to the Company. When the following conditions are met at the same time, the Company is generally of the view that the transfer of control has been achieved:

- ① A business combination contract or agreement has been approved by the Company's internal authority.
- ② Approval for business combination matters from relevant national regulatory authority has been obtained.
- ③ The necessary procedures for the transfer of property rights have been completed.
- ④ The Company has already paid most of the combination consideration, has the ability and plans to pay the remaining amount.
- ⑤ The Company has the actual control of the financial and operating policies of the acquiree, enjoyed corresponding benefits and assumed corresponding risks.

The assets paid and liabilities incurred or committed as a consideration of business combination by the Company were measured at fair value on the date of acquisition and the difference between the fair value and its carrying amount shall be charged to the profit or loss for the period.

Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognize such difference as goodwill; where the cost of combination is lower than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to the profit or loss for the period after verification.

In a business combination involving entities not under common control that is realized in phases through multiple exchange transactions, in case of a group of transactions, those transactions are accounted as one transaction to acquire the control; in case of transactions not included in a group of transactions, where the equity investment held before the date of business combination is accounted under equity method, the sum of the carrying amount of the equity investment held by the acquiree before the date of acquisition and the cost of new investment on the date of acquisition are recognized as the initial investment cost of such investment; for the other comprehensive income recognized under equity method on the equity investment held before the date of acquisition is accounted on the same basis as adopted

for direct disposal of relevant assets or liabilities of the investee. Where the equity investment held before the date of business combination is accounted based on the recognition and measurement standards for financial instruments, the sum of the fair value of such equity investment on the date of business combination and the new investment cost are accounted as the initial investment cost on the date of business combination. The difference between the fair value of the original equity and its carrying amount and the accumulative fair value changes originally included in the other comprehensive income are transferred to current investment income on the date of business combination.

4. Relevant expenses in relation to business combination

All directly related fees for audit, legal, assessment and consultation occurred for the purpose of business combination are credited in profit or loss in the period when they incurred; trading fees for issue of equity securities occurred for the purpose of business combination shall be included in equity transaction and directly charged to equity.

(VII) Preparation of Combined Financial Statements

1. Scope of Combination

The scope of combination of the combined financial statements of the Company is determined on the basis of control. All subsidiaries (including individual entities controlled by the Company) are included in the combined financial statements.

2. Procedures of Combination

The combined financial statements shall be prepared by the Company based on the financial statements of the Company and its subsidiaries and other relevant information. When the Company prepares combined financial statements, the whole Company is considered as a single accounting entity pursuant to recognition, measurement and presentation requirements of relevant ASBEs and based on the consistent accounting policies to reflect the Company's overall financial position, operating results and cash flows.

All subsidiaries within the scope of combination of the combined financial statements shall adopt the same accounting policies and financial period as the Company. If there is any inconsistency between the accounting policies or financial period adopted by the subsidiaries and the Company, the combined financial statements of subsidiaries are adjusted according to the accounting policies or financial period adopted by the Company as necessary.

When consolidating the financial statements, the effects on the combined balance sheets, combined statements of income, combined statements of cash flow and combined statements of changes in shareholders' equity due to internal transactions between the Company and its subsidiaries and among the subsidiaries shall be offset. For the combined financial statements of the Company, when there is divergence in the recognition of a single transaction between the Company and its subsidiaries as an accounting entity, the Company's position shall be taken up for adjustment on such transaction.

The owner's equity, the net profit or loss and the comprehensive income attributable to minority shareholders of a subsidiary of the current period are presented separately under the owners' equity in the combined balance sheet, the net profit and the total comprehensive income in the combined statement of income. Where losses attributable to the minority shareholders of a subsidiary during the period exceed the minority shareholders' interest entitled in the owners' equity of the subsidiary at the beginning of the period, the excess is eliminated in the minority shareholders interest.

For a subsidiary under the common control and was acquired through business combination, the financial statements shall be adjusted based on the carrying amount of its assets and liabilities (including the goodwill incurred by the ultimate controlling party's acquisition of the subsidiary) in the ultimate controlling party's financial statements.

For a subsidiary not under the same control and was acquired through business combination, the financial statements should be adjusted based on the fair value of the identifiable net assets at the acquisition date.

(1) Addition of subsidiary or business

For acquisition of subsidiary or business due to business combination involving entities under common control during the reporting period, the opening balance of the combined balance sheet shall be adjusted; the revenue, expense and profit of such subsidiary or business combination from the beginning to the end of the reporting period when the merger occurs are included in the combined statement of income; the cash flows of such subsidiary or business combination from the beginning to the end of the reporting period when the merger occurs are included in the combined statement of cash flow, and the comparative figures of the financial statements shall be adjusted simultaneously as if the combined reporting entity had been in existence since the beginning of the control by the ultimate controlling party.

An investor that may impose control over the investee under common control due to additional investment shall be deemed a party participating in the combination, and shall be adjusted at current existence status when the ultimate controlling party begins the control. The equity investment held before gaining the control of the combined party is recognized as relevant profit or loss, other comprehensive income and changes in other net assets at the later of the date of acquisition of the original equity and the date when the combining and the combined parties are under common control, and shall be written down to the opening balance of retained earnings or profit or loss for the period in the comparative reporting period.

For acquisition of subsidiaries or business due to business combination involving entities not under common control during the reporting period, the opening balance of combined balance sheet shall not be adjusted; the revenue, expense and profit of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the combined statement of income; the cash flows of such subsidiaries or business from the date of acquisition to the end of the reporting period are included in the combined statement of cash flow.

In connection with imposing control over the investee not under common control as a result of additional investment and other reasons, the equity of acquiree held before acquisition date shall be remeasured by the Company at the fair value of such equity on the acquisition date and the difference between fair value and carrying amount shall be recognized as investment income in current period; if the acquiree's equity held before the acquiring date contains other comprehensive income and the other changes of owner's equity except for net profits and losses, other comprehensive income and profit distributions under the equity method, the related other comprehensive income and changes in other owner's equity shall be transferred to investment income on the date of acquisition in current period, excluding the other comprehensive income derived from changes of net liabilities or net assets due to re-measurement on defined benefit plan by the investee.

(2) Disposal of subsidiaries or business

1) General treatment

For disposal of subsidiaries or business during the reporting period, the revenue, expense and profit of such subsidiaries or business from the beginning of the period to the date of disposal are included in the combined statement of income; the cash flows of such subsidiaries or business from the beginning of the period to the date of disposal are included in the combined statement of cash flow.

Where control of the investee is lost due to partial disposal of the equity investment, or any other reasons, the remaining equity investment is remeasured at fair value at the date in which control is lost by the Company. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the difference between the sum of the Company's previous share of the subsidiary's net assets continuously calculated on the basis of the original share proportion and the sum of goodwill, is recognized in investment income in the period

in which control is lost. Other comprehensive income or net profit and loss related to the previous equity investment in the subsidiary, changes in other owner's equity except the other comprehensive income and profit distribution, are transferred to investment income of the current period when control is lost, except the other comprehensive income as a result of the changes arising from the remeasurement of the net liabilities and net assets of the investee's defined benefit plan.

2) Step disposal of subsidiary

When disposal of equity investment in subsidiaries through multiple transactions until control is lost, generally transactions in stages are treated as a group of transactions in accounting if the transaction terms, conditions, and economic impact of all transactions of disposal of the equity investments in subsidiary satisfy one or more of the following:

- A. These transactions are entered at the same time or the mutual effects on each other are considered;
- B. A complete set of commercial results can be achieved with reference to the series of transactions as a whole;
- C. Achieving a transaction depends on at least achieving of one of the other transaction;
- D. One transaction recognized separately is not economical, but it is economical when considered together with other transactions.

If losing control of a subsidiary in disposal of equity interests through multiple transactions is recognized as a group of transactions, these transactions shall be treated as a transaction for disposal of a subsidiary and losing control of a subsidiary. However, the differences between the amount received each time for disposal before the control is lost and the Company's share in the subsidiary's net assets corresponding to the investment disposal shall be recognized in other comprehensive income in the combined financial statements, and included in profit or loss for the period when the control is lost.

If all transactions in disposal of equity interests of subsidiaries until losing control are not considered as a group of transactions, relevant accounting policies for partial disposal of equity investments of subsidiary without losing control shall be applied before control is lost. When control is lost, general accounting treatment for disposal of a subsidiary shall be applied.

(3) Acquisition of minority interest of subsidiary

The Company shall adjust the share premium in the capital reserve of the combined balance sheet with respect to any difference between the long-term equity investment arising from the purchase of minority interest and the net assets attributing to the Company continuously calculated on the basis of the newly increased share proportion as of the acquisition date (or date of combination), and adjust the retained earnings in case the share premium in the capital reserve is insufficient for offsetting.

(4) Partial disposal of equity investment in subsidiary without losing control

The difference between disposal consideration of long-term equity investment in subsidiaries partially disposed by the Group without losing control and the share of net assets continuously calculated from the date of acquisition or combination date shall be adjusted to share premium in the capital reserve in the combined balance sheet. Adjustments shall be made to retained earnings in the event that the share premium in the capital reserve is not sufficient for offsetting.

(VIII) Classification of Joint Arrangements and Accounting Treatment Method for Joint Operations

1. Classification of joint venture arrangements

The Company classifies the joint venture arrangements into joint venture and joint operation according to the structure, legal form of joint venture arrangement, the terms agreed in the arrangement, other relevant matters and situations.

Any joint venture arrangement that is not achieved by a separate entity shall be classified as a joint operation. Any joint venture arrangement that is achieved by a separate entity shall be generally classified as a joint venture. But if a joint venture arrangement is conclusively proved to meet any of the following conditions and meets the provisions of relevant laws and regulations, it shall be classified as joint operation:

- (1) its legal form shows the joint ventures enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.
- (2) contract terms of the joint venture arrangement stipulate that the joint ventures enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement.
- (3) other relevant facts and situations show that the joint ventures enjoy rights to and assume obligations for relevant assets and liabilities respectively in the arrangement. For example, the joint ventures enjoy almost all output related to the arrangement and repayment of liabilities in the arrangement consecutively relies on the joint ventures' supports.

2. Accounting treatment method for joint operation

The Company recognizes the following items related to its share of benefits in the joint operation and conducts accounting treatment in accordance with relevant ASBEs:

- (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;
- (5) separate costs and costs for the joint operation based on its percentage.

When the Company invests or sells assets and others in or to the joint operation (except for assets that constitute business), only that part of profits or losses from the transaction attributable to other participants to the joint operation shall be recognised before such assets and others are sold by the joint operation to a third party. If the invested or sold assets are of impairment loss subject to ASBE 8 – Impairment of Assets and other provisions, the Company shall recognise such loss in full.

When the Company purchases assets and others from the joint operation (except for assets that constitute business), only that part of profits or losses from the transaction attributable to other participants to the joint operation shall be recognised before such assets and others are sold to a third party. If the purchased assets are of impairment loss subject to ASBE 8 – Impairment of Assets and other provisions, the Company shall recognise its part of such loss based on its percentage.

If the Company has no common control over a joint operation enjoys and assumes relevant assets and liabilities of the joint operation, it shall conduct accounting treatment in accordance with aforesaid principle; or it shall do the same in accordance with relevant ASBEs.

(IX) Determination of Cash and Cash Equivalents

In preparing the cash flow statement, the cash on hand and deposits that are available for payment at any time of the Company are recognized as cash. The short-term (due within 3 months of the date of purchase) and highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value are recognized as cash equivalents.

(X) Foreign Currency Transactions and Translation of Foreign Currency Financial Statements

In initial recognition, foreign currency transactions shall be converted into RMB at the spot exchange rate on the day when the transactions occurred.

At the balance sheet date, monetary items denominated in foreign currency are converted using the spot exchange rate on the balance sheet date. Exchange differences shall be recorded into profit or loss for the current period, except for those arising from specific borrowings denominated in foreign currency related to the purchase of assets qualified for capitalization. Translation of non-monetary items denominated in foreign currency and measured at historical cost shall continue to be based on the spot exchange rate on the date of transaction, without changing the amount in its functional currency.

Non-monetary items in foreign currency carried at fair value are converted using the spot exchange rate prevailing on the date when such fair value was determined, and any exchange difference arising from the amount of converted reporting currency and the amount of original reporting currency is recognized in profit or loss for the period. In case of non-monetary items in foreign currency available for sales, the exchange difference arising therefrom is included or is recognized in the other comprehensive income.

(XI) Financial Instruments

A financial asset or financial liability is recognized when the Company becomes a party to a financial instrument contract.

The actual interest rate method refers to the method of calculating the amortized cost of financial assets or financial liabilities and amortizing interest income or interest expenses into each accounting period.

The actual interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability over the expected useful life to the carrying amount of the financial asset or the amortized cost of the financial liability. When determining the actual interest rate, the expected cash flow is estimated on the basis of considering all contractual terms of financial assets or financial liabilities (such as early repayment, rollovers, call options or other similar options, etc.), but the expected credit losses are not considered.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

1. Classification and measurement of financial assets

The Company classifies financial assets into the following 3 categories based on the business model of the financial assets under management and the contractual cash flow characteristics of financial assets:

- (1) Financial assets measured at amortized cost.
- (2) Financial assets measured at fair value through other comprehensive income.
- (3) Financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value at initial recognition, but if the trade receivables or bills receivable due to the sale of goods or the provision of services do not contain a significant financing component or do not consider financing components not exceeding one year, the transaction price will be used for initial measurement.

For financial assets that are measured at fair value and whose changes are included in the current profit and loss, the related transaction costs are directly included in the current profit and loss, and other types of financial assets related transaction costs are included in the initial recognition amount.

The subsequent measurement of financial assets depends on their classification, and all affected financial assets are reclassified if and only if the Company changes the management of business model of financial assets.

(1) Classified as financial assets measured at amortized cost

The contractual provisions of the financial assets stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount, and the goal of the business model for managing the financial asset is to collect contractual cash flow, the Company classifies the financial assets as financial assets measured at amortized cost. The Company classifies financial assets measured at amortized cost including monetary funds, trade receivables, other receivables, long-term receivables and debt investment.

The Company uses the effective interest rate method to recognize interest income for such financial assets, and then performs subsequent measurement based on amortized cost. The gains or losses arising from the impairment or termination of recognition and modification are included in the current profit and loss. Except for the following circumstances, the Company calculates and determines interest income based on the financial asset's book balance multiplied by the actual interest rate:

- 1) For financial assets purchased or originated that have suffered credit impairment, the Company has calculated and determined its interest income based on the amortized cost of the financial asset and the credit-adjusted actual interest rate since initial recognition.
- 2) For the financial assets purchased or originated without credit impairment, but become credit impaired in the subsequent period, the Company will calculate and determine the interest income based on the amortized cost of the financial asset and the actual interest rate in the subsequent period. If the financial instrument has no credit impairment due to the improvement of its credit risk in the subsequent period, the Company will use the actual interest rate multiplied by the financial asset's book balance to calculate and determine the interest income.

(2) Financial assets classified as measured at fair value through other comprehensive income

The contractual terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of the outstanding principal, and the business model for managing the financial asset is to both target to collect the contractual cash flow and to sell such financial asset, the Company classifies the financial asset as a financial asset that is measured at fair value and its changes are included in other comprehensive income.

The Company uses the effective interest rate method to recognize interest income for such financial assets. Except for interest income, impairment losses and exchange differences recognized as current profits and losses, the remaining changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in the current profit and loss.

Bills receivable and trade receivables that are measured at fair value and whose changes are included in other comprehensive income are reported as receivable financing, and other such financial assets are reported as other debt investments, including: other debt investments due within the year are reported as non-current assets due within one year, and other debt investments with original maturity within one year are reported as other current assets.

(3) Financial assets designated to be measured at fair value through other comprehensive income

The Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income, and no impairment provision is required. When the financial asset is derecognized, the cumulative gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings. During the period when the Company holds the equity instrument investment, the Company's right to receive dividends has been established, and the economic benefits related to the dividends are likely to flow into the Company, and when the amount of dividends can be reliably measured, the dividend income is recognized and included in the current profit and loss. The Company presents the following investment items of such financial assets in other equity instruments.

Equity instrument investment that meets one of the following conditions is a financial asset measured at fair value through profit or loss: the purpose of obtaining the financial asset is mainly for recent sale; the initial confirmation is part of the centralized management of the identifiable financial asset instrument portfolio, and there is objective evidence that the short-term profit model actually exists in the near future; is a derivative (except for derivatives that meet the definition of a financial guarantee contract and are designated as effective hedging instruments).

(4) Financial assets classified as measured at fair value through profit or loss

Financial assets that do not meet the requirements for classification as a financial asset measured at amortized cost or measured at fair value through other comprehensive income, and are not designated as financial assets measured at fair value through other comprehensive income are classified as financial assets measured at fair value through profit or loss.

The Company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value and dividends and interest income related to such financial assets are included in the current profit and loss.

The Company reports such financial assets in held-for-trading financial assets and other non-current financial assets based on their liquidity.

(5) Financial assets designated to be measured at fair value through profit or loss

At initial recognition, if the accounting mismatch can be eliminated or significantly reduced, the Company may irrevocably designate the financial assets as financial assets measured at fair value through profit or loss on the basis of individual financial assets.

If the hybrid contract includes one or more embedded derivatives and the main contract does not belong to the above financial assets, the Company may designate the whole as a financial instrument measured at fair value through profit or loss. Except in the following cases:

- 1) The embedded derivatives do not materially change the cash flow of a hybrid contract.
- 2) When it is first determined whether a similar hybrid contract needs to be split, there is little need for analysis to make it clear that the embedded derivatives it contains should not be split. If the prepayment right of the embedded loan allows the holder to repay the loan in advance with an amount close to the amortized cost, the prepayment right does not need to be split.

The Company uses fair value for subsequent measurement of such financial assets, and the gains or losses resulting from changes in fair value and dividends and interest income related to such financial assets are included in the current profit and loss.

The Company presents such financial assets in held-for-trading financial assets and other non-current financial assets based on their liquidity.

2. Classification and measurement of financial liabilities

Financial instruments issued by the Company are classified into financial liabilities or equity instruments on the basis of the substance of the contractual terms and the economic nature reflected but not only its legal form, together with the definition of financial liability and equity instruments on initial recognition. Financial liabilities are classified at initial recognition as: financial liabilities measured at fair value through profit or loss, other financial liabilities, and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value at initial recognition. For financial liabilities that are measured at fair value through profit or loss, the related transaction costs are directly included in the current profit and loss; for other types of financial liabilities, the related transaction costs are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification:

(1) Financial liabilities measured at fair value through profit or loss

This category includes held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated as measured at fair value through profit or loss at initial recognition.

Meeting one of the following conditions is a held-for-trading financial liability: the purpose of assuming relevant financial liabilities is mainly to sell or repurchase in the near future; it is part of a centrally managed portfolio of identifiable financial instruments, and there is objective evidence that the Company recently adopted short-term profit model; belongs to derivatives, except for derivatives designated as effective hedging instruments and derivatives that comply with financial guarantee contracts. Held-for-trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value. Except for hedge accounting, all changes in fair value are included in the current profit and loss.

At initial recognition, in order to provide more relevant accounting information, the Company irrevocably designates financial liabilities that meet one of the following conditions as financial liabilities measured at fair value through profit or loss:

- 1) Can eliminate or significantly reduce accounting mismatches.
- 2) Manage and evaluate the financial liability portfolio or financial assets and financial liabilities portfolio based on fair value according to the enterprise risk management or investment strategy specified in the official written documents, and on top of this basis, report to key management personnel.

The Company uses fair value for subsequent measurement of such financial liabilities. Except for changes in fair value caused by changes in the Company's own credit risk, which are included in other comprehensive income, other changes in fair value are included in the current profit and loss. Unless including the fair value changes caused by the Company's own credit risk changes in other comprehensive income will cause or expand the accounting mismatch in profit or loss, the Company will include all fair value changes (including the amount of its own credit risk changes) in the current profit and loss.

(2) Other financial liabilities

Except for the following items, the Company classifies financial liabilities as financial liabilities measured at amortized cost, the effective interest rate method is adopted for such financial liabilities, and subsequent measurement is made based on the amortized cost, and the gains or losses arising from derecognition or amortization are included in the current profit and loss:

- 1) Financial liabilities measured at fair value through profit or loss.
- 2) Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or continuing involvement of the transferred financial assets.
- 3) Financial guarantee contracts not classified as those specified in the two preceding items above, and loan commitment for loans to be granted at an interest rate below the market rate which is not classified as those specified in the above item 1).

Financial guarantee contract refers to a contract that requires the issuer to pay a specific amount to the contract holder who has suffered a loss when the specific debtor fails to pay the debt in accordance with the original or modified debt instrument terms. For financial guarantee contracts that are not designated as financial liabilities measured at fair value through profit or loss, after the initial recognition, they are measured according to the higher of the provisions for losses and the initially recognized amount after deducting the accumulated amortization amount during the guarantee period.

3. Derecognition of financial assets and financial liabilities

(1) Financial assets that meet one of the following conditions shall be derecognized, that is to be written off from the accounts and the balance sheet:

- 1) The contractual right to receive the cash flow of the financial assets is terminated.
- 2) The financial assets have been transferred, and the transfer meets the requirements regarding the derecognition of financial assets.

(2) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the financial liability (or part of the financial liability) is derecognized.

When the Company and the lender enter into an agreement to replace the original financial liabilities with new financial liabilities, and the contract terms of the new financial liabilities and the original financial liabilities are substantially different, or if a substantial change is made to the contractual terms of the original financial liability (or a part thereof), the original financial liabilities are derecognized and new financial liabilities are recognized; and the difference between the carrying amount and the consideration paid (including the transferred non-cash assets or liabilities assumed) is recognized in the current profit or loss.

If the Company repurchases part of the financial liabilities, the carrying amount of the financial liabilities as a whole is allocated based on the proportion of the fair value of the continuing recognition portion and the derecognition portion on the repurchase date. The difference between the carrying amount assigned to the derecognition portion and the consideration paid (including the transferred non-cash assets or liabilities assumed) shall be included in the current profit and loss.

4. Recognition basis and measurement method of transfer of financial assets

In the event of transfer of a financial asset, the Company assesses the extent to which it retains the risks and rewards of ownership of financial assets and treats them in the following cases:

- (1) If almost all risks and rewards of ownership of financial assets are transferred, the financial assets are derecognized and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
- (2) If almost all the risks and rewards of ownership of financial assets are retained, the financial assets will continue to be recognized.
- (3) There is neither transfer nor retention of almost all risks and rewards of ownership of financial assets (i.e. other than (1) and (2)), depending on whether they retain control over financial assets, respectively, the situations are handled as follows:
 - 1) If the control over the financial assets is not retained, the financial assets are derecognized and the rights and obligations arising or retained in the transfer are separately recognized as assets or liabilities.
 - 2) If the control over the financial assets is retained, the relevant financial assets shall continue to be recognized according to the extent to which they continue to be involved in the transferred financial assets, and related liabilities are recognized accordingly. The extent of continuing involvement in the transferred financial assets refers to the extent to which the Company assumes the risk or reward of changes in the value of the transferred financial assets.

When determining whether the transfer of financial assets satisfies the above-mentioned conditions for derecognition of financial assets, the principle of substance over form is adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer of financial assets.

- (1) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts is included in the current profit and loss:
 - 1) The carrying amount of the transferred financial assets on the derecognition date.
 - 2) The sum of the consideration received from the transfer of the financial asset and the amount corresponding to the derecognized part in the accumulated amount of the fair value change that is previously included in other comprehensive income (the financial assets involved in the transfer are financial asset measured at fair value through other comprehensive income).
- (2) If the financial assets are partially transferred and the transferred part as a whole meets the conditions for derecognition, the entire carrying amount of the financial asset transferred shall be proportionally amortised between the derecognized portion and the retained portion (in this case, the retained service assets shall be deemed to be part of the continuing recognition of the financial assets) according to their respective relative fair value on the transfer date. Then, the difference between the following two amounts will be included in the current profit and loss:
 - 1) The carrying amount of the derecognition part on the derecognition date.
 - 2) The sum of the consideration received from the derecognized part and the amount corresponding to the derecognized part in the accumulated amount of the fair value change that is previously included in other comprehensive income (the financial assets involved in the transfer are financial assets measured at fair value through other comprehensive income).

If the transfer of financial assets does not meet the conditions for derecognition, the financial assets continue to be recognized and the consideration received is recognized as a financial liability.

5. Determination of the fair value of financial assets and financial liabilities

When the financial assets or financial liabilities are in an active market, the quoted prices in active markets are used to determine their fair values, unless such financial assets have a restricted period. For financial assets which have restricted period, their fair values are determined by the quoted prices in active markets less the compensation amount requested by market players for assuming the risk of not able to sell such financial assets in the public market during the designated period. Quoted prices in active markets include those of related assets or liabilities which can be easy and regular to get from the exchange, traders, brokers, industry groups, pricing mechanism or regulatory agencies and can represent the actual and often occur in even bargain basis market transactions.

For financial assets initially obtained or derived or financial liabilities assumed, fair value is determined based on market transaction prices.

For financial assets and financial liabilities that no actively traded market exists, their fair values are determined using valuation techniques. During valuation, the Company adopts valuation techniques that are available in the current circumstances and are supported by enough available data and other information, and chooses inputs with same features used by market players for transactions of relevant assets or liabilities, and manages to preferentially use relevant observable inputs. Under the circumstance that is unable to obtain observable inputs or it is infeasible, unobservable inputs will be used.

6. Impairment of financial instruments

Based on the expected credit losses, the Company conducts impairment accounting treatment and recognizes loss provisions for financial assets that are classified as measured at amortized cost, financial assets that are classified as measured at fair value through other comprehensive income and financial guaranteed contracts.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received by the Company discounted at the original actual interest rate (i.e. the present value of all cash shortfalls). Among them, the financial assets purchased or originated by the Company that have suffered credit impairment should be discounted at the credit-adjusted actual interest rate of the financial asset.

For the receivables formed by the transactions regulated by the income standards, the Company uses a simplified measurement method to measure the loss provision based on the amount equivalent to the expected credit loss throughout the useful life.

For financial assets purchased or originated that have suffered credit impairment, on the balance sheet date, only the cumulative changes in expected credit losses throughout the useful life since initial recognition are recognized as loss provisions. On each balance sheet date, the amount of change in expected credit losses throughout the useful life is included in the current profit and loss as an impairment loss or gain. Even if the expected credit loss throughout the useful life determined on the balance sheet date is less than the amount of expected credit loss reflected in the estimated cash flow at initial recognition, the favorable change in expected credit loss is recognized as an impairment gain.

In addition to the above-mentioned simplified measurement methods and other financial assets purchased or originated that have suffered credit impairment, on each balance sheet date, the Company assesses whether the credit risk of relevant financial instruments has increased significantly since initial recognition, and measures their loss provisions and recognizes expected credit losses and their changes according to the following circumstances:

- (1) If the credit risk of the financial instrument has not increased significantly since the initial recognition, it is in the first stage, the loss provision is measured at the amount equivalent to the expected credit loss of the financial instrument in the next 12 months, and the interest income is calculated according to the book balance and the actual interest rate.
- (2) If the credit risk of the financial instrument has increased significantly since the initial recognition, however, if credit impairment has not occurred, it is in the second stage, the loss provision is measured at the amount equivalent to the expected credit loss throughout the useful time of the financial instrument, and the interest income is calculated according to the book balance and the actual interest rate.
- (3) If the financial instrument has suffered credit impairment since its initial recognition, it is in the third stage. The Company measures its loss provisions at an amount equivalent to the expected credit loss throughout the useful life of the financial instrument, and the interest income is calculated at amortized cost and actual interest rate.

The increase or reversal of the credit loss provision for financial instruments is included in the current profit and loss as an impairment loss or gain. Except for financial assets that are classified as measured at fair value through other comprehensive income, credit losses are provided to offset the book balance of financial assets. For financial assets classified as measured at fair value through other comprehensive income, the Company recognizes its credit loss provisions in other comprehensive income and does not reduce the carrying amount of the financial asset listed in the balance sheet.

In the previous accounting period, the Company has measured the loss provisions according to the amount of expected credit losses throughout the useful life of the financial instrument, but on the balance sheet date of the current period, for the financial instrument no longer has a significant increase in credit risk since initial recognition, the Company measures the loss provisions of the financial instrument at the current balance sheet date according to the amount of expected credit losses in the next 12 months, and the resulting reversal amount of the loss provisions is included in the current profit and loss as an impairment gain.

(1) Credit risk increased significantly

The Company uses the available, reasonable and supportable forward-looking information to compare the default risk of the financial instruments on the balance sheet date and the default risk of the financial instruments on the initial recognition date to determine whether the credit risk of the financial instrument has significantly increased since initial recognition. For financial guarantee contracts, when the Company applies provisions of impairment of financial instrument, the day when the Company becomes the party making the irrevocable commitment is used as the initial recognition date.

The Company will consider the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the debtor's regulatory, economic or technological environment has undergone significant adverse changes;

- 3) Whether there has been a significant change in the value of the collateral used as debt collateral or the guarantee provided by a third party or the quality of credit enhancement, and these changes are expected to reduce the economic motivation of the debtor to repay the loan within the time limit specified in the contract or affect the probability of default;
- 4) Whether the debtor's expected performance and repayment behavior have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has a relatively low credit risk, the Company assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. If the default risk of the financial instruments is low, the borrower has a strong ability to fulfill its contractual cash flow obligations in the short term, and even if there are adverse changes in the economic situation and operating environment in a longer period of time, it may not necessarily reduce the borrower's ability to fulfill the contractual cash flow obligation, the financial instrument is considered to have lower credit risk.

(2) Financial assets with credit impairment

When one or more events that adversely affect the expected future cash flows of a financial asset occur, the financial asset becomes a financial asset that has suffered a credit impairment. Evidence that credit losses have occurred in financial assets includes the following observable information:

- 1) significant financial difficulty of the issuer or debtor;
- 2) breach of contract by the debtor: such as delinquency or default in interest and principal payments;
- 3) the creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider;
- 4) it is probable that the debtor will enter bankruptcy or financial reorganization;
- 5) the disappearance of active markets for that financial asset because of financial difficulties of the issuer or debtor;
- 6) a substantial discount during acquisition or sourcing of a financial asset reflects the fact the occurrence of credit losses.

The credit impairment of financial assets may be caused by the joint impacts of multiple events, which may not be necessarily caused by separate identifiable events.

(3) Determination of expected credit losses

The Company assesses the expected credit losses of financial instruments based on an individual and a collective basis. The Company considers reasonable and supportable information about past events, current conditions and forecasts of future economic conditions when assessing the expected credit losses.

The Company divides financial instruments into different portfolio based on common credit risk characteristics. The common credit risk characteristics adopted by the Company include: types of financial instruments, credit risk ratings, aging portfolios, overdue aging portfolios, contract settlement cycles, and the debtor's industry. For the individual evaluation criteria of the related financial instruments and the characteristics of the credit risk of portfolio, please refer to the accounting policies of the relevant financial instruments.

The Company determines the expected credit losses of relevant financial instruments according to the following methods:

- 1) For financial assets, the credit loss is the present value of the difference between the contractual cash flow that the Company should receive and the expected cash flow.
- 2) For a financial guarantee contract, the credit loss is the present value of the difference between the estimated payment to the contract holder by the Company for the credit loss less the expected amount received by the Company from the contract holder, debtor or any other party.
- 3) For a financial asset that is credit-impaired at the balance sheet date, but that is not a purchased or originated credit-impaired financial asset, the credit loss is the present value of the difference between the financial asset's book balance and the estimated future cash flow discounted at the original effective interest rate.

The Company's method of measuring the expected credit loss of financial instruments reflects the following factors: the unbiased probability weighted average amount determined by evaluating a series of possible results; the time value of currency; the availability of reasonable and evidence-based information on the balance sheet date about past events, current conditions, and future economic conditions without spending unnecessary additional costs or efforts.

(4) Written-off of financial assets

When the Company no longer reasonably expects that the contractual cash flow of financial assets can be fully or partially recovered, the carrying amount of the financial asset is directly written off. Such write-off constitutes the derecognition of related financial assets.

7. Offset of financial assets and financial liabilities

Financial assets and financial liabilities are presented in the balance sheet respectively and are not offset with each other. However, the net value after the offset is presented in the balance sheet when the following conditions are satisfied:

- (1) The Company has the legal right to offset the recognized amount and such right is exercisable;
- (2) The Company plans to settle by net amount or realize the financial assets and repay the financial liabilities at the same time.

(XII) Bills Receivable

For details of the Company's determination method and accounting treatment of the expected credit loss of bills receivable, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

The Company shall individually recognize the credit loss of bills receivable if it is possible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool, the Company refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, and divides the bills receivable into several portfolios based on the characteristics of credit risk, and calculate expected credit losses on a combined basis. The basis for determining the portfolio is as follows:

Portfolio name	Basis for determining the portfolio	Provision method
No risk bank acceptance bills portfolio	The acceptor has a relative high credit rating, has not historically defaulted on a bill, has a very low credit loss risk, and has a strong ability to perform its contractual cash flow obligations in the short term	Make reference to historical credit loss experience, combine with current and expected economic situation to measure the provision
Commercial acceptance bills	The acceptor is a company that has a certain risk of credit impairment	Ageing analysis

(XIII) Trade Receivables

For details of the determination method and accounting treatment of the expected credit loss of the Company's trade receivables, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

The Company shall individually recognize the credit loss of trade receivables if it is possible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool, the Company refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, and divides the trade receivables into several portfolios based on the characteristics of credit risk, and calculate expected credit losses on a combined basis. The basis for determining the portfolio is as follows:

Portfolio name	Basis for determining the portfolio	Provision method
Ageing analysis portfolio	Trade receivables other than "related party portfolio"	The Company makes reference to historical credit loss experience, combines with current and expected economic situation by using default risk exposure and a lifetime credit loss rate to measure the expected credit loss.
Related party portfolio	Trade receivables from Shareholders and related parties	Make reference to historical credit loss experience, combine with current and expected economic situation to measure the expected credit loss

(XIV) Trade Receivables Financing

For details of the determination method and accounting treatment of the expected credit losses of the Company's trade receivables financing, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

(XV) Other Receivables

For details of the determination method and accounting treatment of the expected credit losses of other receivables of the Company, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

The Company shall individually recognize the credit loss of other receivables if it is possible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool.

When it is impossible to assess the sufficient evidence of expected credit loss at a reasonable cost at the level of a single tool, the Company refers to historical credit loss experience, combines the current situation and the judgment of the future economic situation, and divides the receivables into several portfolios based on the characteristics of credit risk, and calculate expected credit losses on a combined basis. The basis for determining the portfolio is as follows:

Portfolio name	Basis for determining the portfolio	Provision method
Low risk portfolio	Recovery of other receivables with lower risk, including deposits and retention monies, individual income tax receivables and VAT refund receivables, etc.	Make reference to historical credit loss experience, combine with current and expected economic situation to measure the expected credit loss
Related party portfolio	Other receivables from Shareholders and related parties	Make reference to historical credit loss experience, combine with current and expected economic situation to measure the expected credit loss
Other receivables	Other receivables other than the abovementioned portfolio	The Company makes reference to historical credit loss experience, combines with current and expected economic situation by using default risk exposure and a 12-month or lifetime credit loss rate to measure the expected credit loss.

(XVI) Inventories

1. Classification of inventories

Inventories refer to the completed products or merchandize, semi-finished products underproduction process, and materials and items consumed during production or provision of labor services which are held for sale by the Company over the course of ordinary activities. These mainly include raw materials, turnover materials, inventories and contract performance costs.

2. Valuation of inventories

Inventories are initially measured at cost upon acquisition, which includes procurement costs, processing costs and other costs. The value of inventories is calculated on first-in-first-out basis when they are delivered.

3. Determination criteria for the net realizable value of inventories and provision for inventory impairment

When a comprehensive count of inventories is done at the end of the period, provision for inventory impairment is allocated or adjusted using the lower of the cost of inventory and the net realizable value. The net realizable value of stock in inventory (including finished products, inventory merchandize and materials for sale) that can be sold directly is determined using the estimated saleable price of such inventory deducted by the cost of sales and relevant taxation over the course of ordinary production and operation. The net realizable value of material in inventory that requires processing is determined using the estimated saleable price of the finished product deducted by the cost to completion, estimated cost of sales and relevant taxation over the course of ordinary production and operation. The net realizable value of inventory held for performance of sales contract or labor service contract is determined based on the contractual price; in case the amount of inventory held exceeds the contractual amount, the net realizable value of the excess portion of inventory is calculated using the normal saleable price.

Provision for impairment is made according to individual items of inventories at the end of the period; however, for inventories with large quantity and low unit price, the provision is made by categories; inventories of products that are produced and sold in the same region or with the same or similar purpose or usage and are difficult to be measured separately are combined for provision for impairment.

If the factors causing a previous write-off of inventory value has disappeared, the amount written-off is reversed and the amount provided for inventory impairment is reversed and recognized in profit or loss for the period.

4. Inventory system

Perpetual inventory system is adopted.

5. Amortization method of low-value consumables and packaging materials.

- (1) Low-value consumables are amortized using the immediate write-off method;
- (2) Packaging materials are amortized using the immediate write-off method.

(XVII) Contract Assets

Contract Asset refers to the Company's right to receive consideration for the goods transferred to the customer and which is determined depending on other factors beyond the passage of time. The Company's unconditional (ie, depends only on the passage of time) right to collect consideration from customers is listed separately as receivables.

For details of the determination method and accounting treatment of the expected credit losses of the contract assets of the Company, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

(XVIII) Held-for-sale

1. Criteria for determining as held for sale

The Company recognizes the non-current assets or disposal groups that meet the following conditions as held for sale:

- (1) the assets or disposal groups can be sold immediately in its present condition based on the convention of similar transactions where such assets or disposal groups are sold;
- (2) It is highly probable that a sale will occur, i.e. the Company has resolved on a plan of sale and has obtained a firm purchase commitment and the sale is expected to be completed within one year.

A firm purchase commitment is a legally-binding purchase agreement between the Company and another party that contains material terms such as the price of the transaction, timing and sufficiently severe penalties for breach of contract to make material adjustments to the agreement or it is highly unlikely to revoke.

2. Accounting methods for determining as held for sale

For non-current assets or disposal groups held for sale, the Company does not measure the depreciation or amortization of such assets. If the carrying amount of a non-current asset or disposal group held for sale is higher than the net fair value less sale costs, the carrying amount should be written down to the net fair value less sale costs. The amount written down should be recognized as an impairment loss of asset and charged to profit or loss for the period, together with a provision for impairment of assets held for sale.

Non-current assets or disposal groups that are classified as held for sale at the date of acquisition are initially measured at the lower of the initial measurement amount that would have been determined had they not been classified as held for sale and the fair value less sale costs.

The above principles apply to all non-current assets, except for investment properties that are subsequently measured using the fair value model, biological assets that are measured using net fair value less sale costs, assets arising from employees' compensation, deferred income tax assets, financial assets governed by accounting standards related to financial instruments and rights arising from insurance contracts governed by accounting standards related to insurance contracts.

(XIX) Other Debt Investment

For details of the determination and accounting treatment of expected credit losses of other debt investment of the Company, please refer to Note IV/(XI) — 6. Impairment of financial instruments.

(XX) Long-term Equity Investments

1. Initial determination of investment costs

- (1) For long-term equity investment formed by business combination, details of the specific accounting policies are set out in Note IV/(VI) Accounting Treatments of Business Combinations Involving Entities under Common Control and Entities not under Common Control.
- (2) Long-term equity investments obtained through other means

Initial investment costs of long-term equity investment obtained through cash payment is determined by the actual consideration paid. The initial investment cost consists of the expenses directly related to the obtainment of the long-term equity investment, taxes and other necessary expenses.

Initial investment costs of long-term equity investment obtained through issuance of equity securities is determined as the fair value of the equity securities issued; trading expenses incurred during insurance or acquisition of equity instrument may be directly deducted from the equity attributable to the equity trade.

The initial investment costs of long-term equity investment obtained in an exchange of non-monetary assets is determined using the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; the initial investment costs of a long-term equity investment in a nonmonetary asset exchange that cannot satisfy the above conditions is determined by the carrying amount of the asset surrendered and the amount of relevant tax payable.

The initial investment costs of a long-term equity investment obtained through debt restructuring is determined based on the fair value.

2. Subsequent measurement and profit or loss recognition

- (1) Cost method

The Company may adopt the cost method for accounting of the controlling long-term equity investment in the investee, and measure the investment at the initial investment cost, which can be adjusted by addition or recovery of investment.

Except for the price actually paid for obtaining the investment or the cash dividends or profits declared but not yet distributed which is included in the consideration, the Company recognizes cash dividends or profits declared by the investee as current investment gains.

- (2) Equity method

The Company adopts the equity method for accounting of long-term equity investment in joint ventures and associates; where part of the equity investment in joint ventures is indirectly held by venture capital institutions, mutual funds, trust companies or similar subjects including unit-linked insurance fund, the investment is measured at fair value with its changes included into the profit or loss.

When the initial investment cost of the long-term equity investment exceeds the share of fair value in the identifiable net assets in the investee, the initial investment cost of a long-term equity investment is not adjusted based on such difference. When the initial investment cost is lower than the share of fair value in the identifiable net assets in the investee, such difference is recognized in profit or loss for the period.

After the Company acquires a long-term equity investment, it shall, in accordance with its attributable share of the net profit or loss and other comprehensive income realized by the investee, recognize the investment income and other comprehensive income respectively and simultaneously adjust the carrying amount of the long-term equity investment. The Company shall, in light of the profits or cash dividends that the invested entity declares to distribute, reduce the carrying amount 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 carrying amount of the long-term equity investment and include such change into the owners' equity.

The Company shall, based on the fair value of identifiable net assets of the investee when it obtains the investment, recognize its share in the net profit or loss of the investee after adjusting the net profit of the investee. The unrealized profit or loss from the internal transactions between the Company and the associates, joint ventures shall be offset with the portion attributable to the Company according to the proportion the Company is entitled to, and the gains or losses on investment shall be recognized on such basis.

Recognition of loss in the investee by the Company shall follow this order: firstly, reduce the carrying amount of the long-term equity investments; secondly, if the carrying amount of long-term equity investments is insufficient for such reduction, continue to recognize such investment loss to the extent of the carrying amount of the long-term equity which substantively constitutes the net investment in the investee to reduce the carrying amount of long-term receivables and others. Finally, after the above reduction, if the Company still bears obligations according to the investment contract or agreement, liability is recognized based on the estimated obligations assumed and included into the profit or loss for the period.

If the investee records a profit subsequently, the Company shall make reversal after deducting the share of loss that is not yet recognized by the reverse of the above order: reversing the carrying balance of estimated obligations already recognized, restoring the carrying amount which substantively constitutes the long-term interests and long-term equity investment in the investee, and recognizing investment gain.

3. Change of the accounting methods for long-term equity investments

(1) Change of measurement at fair value to accounting under equity method

Where the equity investment held by the Company have no control, common control or significant impact on the investee and that are accounted according to the financial instrument recognition and measurement criteria can place significant impact or carry out common control but cannot control the investee due to addition of investment, the sum of the fair value of the equity investment originally held determined subject to ASBE 22 — Recognition and Measurement of Financial Instruments and the new investment cost are determined to be the initial investment cost accounted under equity method.

The carrying amount of the long-term equity investment is adjusted by the difference between the fair value shares of the identifiable net assets of the investee on the date of additional investment determined by calculation of the new shareholding proportion after such additional investment and the initial investment cost under equity method, and is included in current non-operating income.

(2) Change of measurement at fair value or accounting under equity method to cost method

The equity investment of the investee originally held by the Company with no control, common control or significant impact and accounted according to the financial instrument recognition and measurement criteria, or the long-term equity investment in associates or joint venture originally held that can be controlled due to addition of investment, the sum of the carrying amount of the original equity investment and the cost of new investment is changed to be accounted under cost method and recognized as the initial investment cost when preparing individual financial statements.

The other comprehensive income recognized due to the adoption of equity method for the equity investment held before the date of acquisition shall be accounted on the same basis for the disposal of relevant assets or liabilities of the investee during the disposal of such investment.

Equity investment held before the date of acquisition shall be subject to the relevant requirements under ASBE 22 — Recognition and Measurement of Financial Instruments and the accumulated fair value changes that were originally included in other comprehensive income shall be included in profit or loss for the period under cost method.

(3) Change of accounting under equity method to measurement at fair value

Where the Company loses common control or significant impact over the investee due to disposal of part of the equity investment, the remaining equity after disposal shall be subject to accounting under ASBE 22 — Recognition and Measurement of Financial Instruments, and the difference between the fair value on the date when the common control or significant impact is lost and the carrying amount is included in profit or loss for the period.

Other comprehensive income that is recognized due to adoption of the equity method shall be subject to accounting on the same basis for disposal of relevant assets or liabilities of the investee at the time when the equity method is ceased.

(4) Change of cost method to equity method

Where the Company loses the control over the investee due to disposal of part of the equity investment, and the remaining equity after disposal can place common control or significant impact over investee, it should be changed to equity method in preparing individual financial statements and the remaining equity shall be adjusted as if the equity method is adopted at the acquisition.

(5) Change of cost method into measurement at fair value

Where the Company loses the control over the investee due to disposal of part of the equity investment, and the remaining equity after disposal cannot place common control or significant impact over investee, the accounting should be changed and become subject to relevant requirements under ASBE 22 — Recognition and Measurement of Financial Instruments in preparing individual financial statements, and the difference between the fair value on the date when the control is lost and the carrying amount is included in current profit and loss.

4. Disposal of long-term equity investment

When disposing long-term equity investment, the difference between its carrying amount and the payment actually acquired shall be included in the profit or loss for the period. When disposing long-term equity investment measured by employing the equity method, accounting treatment of the portion previously included in other comprehensive income shall be made on the same basis as would be required if the invested entity had directly disposed the assets or liabilities related thereto according to the corresponding proportion.

The terms, conditions and economic effects of transactions in relation to the disposal of equity investments in subsidiaries fall in the following one or more situations, multiple transactions are regarded as a group of transactions for accounting treatment:

- (1) these transactions were entered into at the same time or after considering the effects of each other;
- (2) only when regarding these transactions as a whole, can it achieve a complete business result;
- (3) the occurrence of one transaction depends on the occurrence of at least one other transaction;
- (4) a transaction is not economical when treated alone, but is economical when considered together with other transactions.

When an entity loses control on its original subsidiary due to partial disposal of equity investment or otherwise, it does not belong to a group of transactions, and the accounting treatment shall be differentiated by separate financial statements and combined financial statements:

- (1) In separate financial statements, for equity disposed, the difference between the carrying amount and the actual payment is included in profit or loss for the period. Where the remaining equity after disposal can implement common control or place significant impact over the investee, the equity method is adopted for accounting treatment, and the remaining equity is adjusted as if the equity method is adopted at the time of acquisition; where the remaining equity after disposal cannot implement common control or place significant impact over the investee, relevant provisions of ASBE 22 — Recognition and Measurement of Financial Instruments shall be adopted for accounting, and the difference between the fair value on the date when the control is lost and the carrying amount is included in profit or loss for the period.
- (2) In combined financial statements, for the transactions before the loss of control over subsidiaries, the capital reserve (share premium) is adjusted by the difference between the price of disposal and the net asset shares of subsidiaries continuously calculated since the date of acquisition or combination corresponding to the long-term equity investment; where the capital reserve is insufficient, retained earnings are adjusted; at the time of loss of control over subsidiaries, the remaining equity are re-measured according to the fair value at the date of loss of control. The difference between the sum of the price acquired for disposal of equity and the fair value of the remaining equity less shares of net assets constantly calculated since the date of acquisition based on the original shareholding proportion is included in the investment income in the period when the control is lost and is written down to good will. Relevant other comprehensive income related to original equity investment in the subsidiaries is transferred to current investment income at the time of loss of control.

Transactions in relation to the disposal of equity investments in subsidiaries until control is lost belong to a group of transactions, and the accounting treatment shall be differentiated by separate financial statements and combined financial statements:

- (1) In separate financial statements, the difference between the carrying amount of the long term equity investment corresponding to disposal price and equity disposed before the loss of control is recognized as other comprehensive income; and transferred as a whole to profit or loss for the period at the time of loss of control.
- (2) In combined financial statements, the difference between the accumulated disposal considerations before control is lost and the share of net assets in the subsidiary is recognized as other comprehensive income, and shall be transferred as a whole to profit or loss for the period when control was lost.

5. Criteria for determination of common control and significant impact

If the Company collectively control certain arrangement with the other participants as agreed, and the decisions on the activities that may have significant impact on the return of arrangement are subject to consistent agreement from participants sharing the control power, then the Company and the other participants are deemed to have common control over certain arrangement, which is joint venture arrangement.

Where the joint venture arrangement is realized through individual entity, it is judged according to relevant agreement that, when the Company is entitled to the rights over the net assets of such entity, the entity is a joint venture and adopts equity method for accounting treatment. If it is judged according to relevant agreement that, the Company has no rights over the net assets of such entity, such entity is joint operation, and the Company recognize the items in relation to the shares in the joint operation and adopts provisions of relevant ASBEs for accounting treatment.

Significant impact refers to the power of an investing party to participate in making decisions on the financial and operating policies of an invested entity, but not to control or jointly control together with other parties over the formulation of these policies. The Company determines, the significant impact is placed on investee in one or more situations as follows after a comprehensive consideration of all facts and situations: (1) dispatching representatives in the board of directors or similar power organ of the investee; (2) participating in the formulation of the financial and operation policies of the investee; (3) having significant deals with the investee; (4) dispatching management personnel to the investee; and (5) providing key technical information to investee.

(XXI) Investment Property

Investment property refers to property held to earn rentals or capital appreciation, or both, including land-use rights that have been leased, land-use rights that are held and prepared for transfer after appreciation, and buildings that have been leased. In addition, for the vacant buildings that the Company holds for operating leases, if the board of directors makes a written decision explicitly states that it is used for operating leases and that the holdings will not change in the short term, they are also presented as investment property.

The Company's investment property is recorded at its cost, and the cost of an purchased investment property includes the purchase price, related taxes, and other expenses directly attributable to the asset; the cost of self-constructed investment property includes all necessary expenditures incurred during the construction before the asset reaches its intended usable condition.

The Company adopts the cost model for subsequent measurement of investment property, and depreciates or amortizes buildings and land use rights according to their estimated service life and net residual rate. Estimated service life, net residual rate and annual depreciation (amortization) rate of investment property are presented below:

Type	Estimated service life (year)	Estimated net residual rate (%)	Annual depreciation (amortization) rate (%)
Buildings	30	4	3.2

When the use of an investment property is changed to self-occupied, the Company transfers the investment property to a fixed asset or intangible asset since the date of the change. When the use of real estate for self-occupied changes to earning rental income or capital appreciation, the Company transfers the fixed assets or intangible assets to investment property since the date of the change. When the transferal occurs, the carrying amount before the transferal is used as the book value after the transferal.

When the investment property is disposed of or is permanently withdrawn from use and it is expected that no economic benefit can be obtained from its disposal, the recognition of the investment property shall be terminated. The amount of proceeds from disposal of investment property sold, transferred, scrapped or damaged after deducting its carrying amount and related taxes and fees is charged to profit or loss for the current period.

(XXII) Fixed Assets

1. Recognition criteria of fixed assets

Fixed assets refer to tangible assets held for the production of merchandize, provision of labor services, renting or operational management with useful life over one accounting year. Fixed assets are recognized when all of the following conditions are met:

- (1) economic benefits related to such fixed assets are likely to flow into the enterprise;
- (2) costs of such fixed assets can be reliably measured.

2. Initial measurement of fixed assets

The fixed assets of the Company are initially measured at cost.

- (1) The costs of the externally purchased fixed assets include the purchase price, the import duties, and the other expenditure directly attributable to such assets for such assets to be available for its intended use.
- (2) The cost of a self-constructed fixed asset consists of all necessary expenses incurred from the construction for enabling the asset to be available for its intended use.
- (3) The cost invested to a fixed asset by the investor is carried at the value agreed upon in the investment contract or agreement. Where the valued agreed upon in the said investment contract or agreement is unfair, the said asset will be carried at its fair value.
- (4) Where the price for purchase of the fixed assets exceeds the deferred payment on normal credit terms with substantial financing nature, the cost of the fixed assets is determined on the basis of the present value of the purchase price. The difference between the actual payment and the present value of the purchase price, besides being capitalized, shall be included in profit or loss for the period during the credit period.

3. Subsequent measurement and disposal of fixed assets

- (1) Depreciation of fixed assets

The depreciation of fixed assets is provided within the estimated useful life based on the value carried less the expected net residue. For fixed assets with impairment provided, the depreciation can be determined based on the carrying amount less the provision for impairment in future period and the remaining useful life. No depreciation is provided for still in use but fully depreciated fixed assets.

The Company determines the useful life and estimated residual value of fixed assets based on their nature and use condition. The useful life, estimated residual value and method of depreciation of fixed assets are re-assessed at the end of the year, and corresponding adjustment is made when any difference from the originally estimated amount is found.

The method of depreciation, year of depreciation and annual depreciation rate of different categories of fixed assets are as follows:

Category	Method of depreciation	Year of depreciation (year)	Residual rate (%)	Annual depreciation rate (%)
Property and buildings	Straight-line basis	30	4.00	3.20
Machinery and equipment	Straight-line basis	2-16	4.00	6.00-48.00
Electronic equipment	Straight-line basis	5	4.00-5.00	19.00-19.20
Transportation equipment	Straight-line basis	6-10	4.00-5.00	9.50-16.00
Office equipment	Straight-line basis	5	4.00	19.20
Network equipment	Straight-line basis	16	4.00	6.00

(2) Subsequent expenses of fixed assets

For subsequent expenses in relation to fixed assets, those that comply with the recognition criteria for fixed assets are included in the costs of fixed assets; those that do not are included in profit or loss for the period at the time of incurrence.

(3) Disposal of fixed assets

A fixed asset is derecognized when the fixed asset is disposed or the expected use or disposal of such fixed asset cannot create any economic benefits. The disposal income from sale, transfer, retirement or damage of fixed assets is recognized in profit or loss for the period after deducting its carrying amount and relevant taxes.

(XXIII) Constructions in Progress

1. Initial measurement of construction in progress

The self-constructed constructions in progress of the Company are measured at actual cost, which consist of the necessary expenses required for bringing such constructions to the expected useable conditions including the cost of construction materials, labor costs, relevant taxes paid, borrowings expenses capitalized and apportioned indirect costs.

2. Criteria and timing for conversion of construction in progress into fixed assets

The initial carrying amounts of the fixed assets are stated at total expenditures incurred before construction in progress reaching the 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, and 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.

(XXIV) Borrowing Expenses

1. Principles of recognizing capitalization of borrowing expenses

The borrowing expenses of the Company directly attributable to the construction or production of an asset meeting capitalization conditions are capitalized and recognized in relevant asset costs; other borrowing expenses are recognized as expenses based on the amount incurred and recognized in profit or loss for the period.

An asset that meets the capitalization conditions refers to fixed assets, real estate investments and inventories that require a considerable amount of time for construction or production to reach the expected usable or saleable condition.

Borrowing expenses are capitalized when all of the following conditions are met:

- (1) the asset expense has occurred, which includes expenses in the form of cash paid, nonmonetary asset transferred or interest-bearing obligations assumed for the construction or production of an asset that meets capitalization conditions;
- (2) the borrowing expenses have occurred;
- (3) the necessary construction or production activities for bringing the asset to the expected usable or saleable conditions have started.

2. Capitalization period of borrowing expenses

Capitalization period refers to the period starting from the time the borrowing expenses are capitalized to the time capitalization is stopped, except for the period in which capitalization of borrowing expenses is suspended.

When the construction or production of an asset meeting capitalization conditions has reached expected useful or saleable conditions, the capitalization of borrowing expenses is stopped.

When a portion of the construction or production of an asset meeting capitalization conditions has completed and can be used individually, the capitalization of borrowing expenses of such portion of asset is stopped.

When portions of the construction or production of an asset have been completed but will only become useful or saleable after the entire asset is completed, the capitalization of borrowing expenses is stopped when the entire asset is completed.

3. Suspension of capitalization period

Capitalization of borrowing expenses is suspended when any abnormal interruption continues for over three months during the construction or production of an asset that meets capitalization conditions. If such interruption is a necessary procedure for the construction or production of the asset that meets capitalization conditions for which to reach expected useful or saleable conditions, the borrowing expenses are continued to be capitalized. The borrowing expenses incurred during the interruption are recognized as profit or loss for the period, and capitalization of borrowing expenses continues when the construction or production activities of the asset resumes.

4. Calculation of capitalized amount of borrowing expenses

Interest expenses of special loans (net of interest income from unutilized loans deposited in bank or investment gain earned from temporary investment) and supplementary expenses incurred for the construction or production of asset that meets capitalization conditions before the asset reaches expected useable or saleable condition are capitalized.

The interest amount that should be capitalized on normal borrowings is calculated based on the weighted average of expenses of the accumulated asset exceeding the expenses of the portion of special loan multiplied by the capitalization ratio of the normal borrowings utilized. Capitalization ratio is calculated based on the weighted average interest rate of normal borrowings.

When there is discount or premium in the loan, the discount or premium to be amortized in each accounting period is determined using effective interest method and the interest amount for each period is adjusted.

(XXV) Right-of-use assets

Right-of-use assets of the Company are initially measured at cost, which includes:

- 1) the amount of the initial measurement of lease liability;
- 2) lease payments made at or before the inception of the lease less any lease incentives enjoyed (if any);
- 3) initial direct costs incurred by the Company;
- 4) costs to be incurred in dismantling and removing the leased assets, restoring the site on which it is located or restoring the leased assets to the condition required by the terms and conditions of the lease incurred by the Company (excluding costs incurred for producing inventories).

The Company adopts a cost model for subsequent measurement of right-of-use assets after the commencement date of the lease.

Where the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, such asset is depreciated over the remaining useful life of the leased assets. Where ownership of the leased assets during the lease term cannot be reasonably determined, right-of-use assets are depreciated over the lease term or the remainder of useful lives of the leased assets, whichever is shorter. Right-of-use assets for which an impairment provision has been made are depreciated in future periods to their carrying amount net of the impairment provision with reference to the above principles.

(XXVI) Intangible Assets and Development Expenses

Intangible assets refer to the identifiable non-monetary assets owned or controlled by the Company which have no physical form, including land use rights, patents and software.

1. Initial measurement of intangible assets

The cost of externally purchased intangible assets includes the purchase price, relevant taxation and other expenses directly attributable to bringing the asset to expected usage. If payment for the price of intangible assets purchased is delayed beyond normal credit conditions and is in fact financing in nature, the cost of the intangible asset is determined based on the present value of the purchase price.

For intangible asset obtained through debt restructuring for offsetting the debt of the debtor, the book value of the intangible asset is determined based on its fair value, and the difference between the carrying amount of the restructured debt and the fair value of the intangible asset used for offsetting the debt is recognized in profit or loss for the period.

The book value of intangible asset received in an exchange for non-monetary asset is based on the fair value of the asset surrendered, provided that the asset received in exchange for non-monetary asset has a commercial substance and the fair value of both the asset received and the asset surrendered can be reliably measured, except there is definite evidence that the fair value of the asset received is more reliable; for exchange of non-monetary asset that cannot satisfy the above conditions, the cost of the intangible asset received is based on the carrying amount of the asset surrendered and the amount of relevant taxation payable, and no profit or loss is recognized.

For intangible asset obtained through business absorption or combination of entities under common control, the book value is determined by the carrying amount of the combined party; for intangible asset obtained through business absorption or merger of entities not under common control, the book value is determined by the fair value of the intangible asset.

The cost of an internally developed intangible asset include: the materials consumed in developing the intangible asset, labor costs, registration fees, amortization of other patented rights and licensed rights used during the development process, interest expenses meeting capitalization conditions, and other direct costs for bringing the intangible asset to expected usage.

2. Subsequent measurement of intangible assets

The Company determines the useful life of intangible assets on acquisition, which are classified as intangible life with limited life and indefinite life.

(1) Intangible asset with a limited life

Intangible asset with a limited life is depreciated using straight-line method over the term which it brings economic benefit to the Company. The estimated useful life and basis for the intangible assets with a limited life are as follows:

Item	Estimated service life	Basis
Software	5-10 years	Amortized by straight-line basis
Land use rights	30-50 years	Amortized by straight-line basis
Patented rights	10 years	Amortized by straight-line basis

The useful life and depreciation method of intangible assets with limited life are reassessed at the end of each period. If the original estimate varies, corresponding adjustments are made.

Upon re-assessment, there was no difference in the useful life and depreciation method of intangible assets from the previous estimates at the end of the reporting period.

(2) Intangible assets with uncertain service lives

If the term in which economic benefits are brought to the firm by an intangible asset cannot be estimated, the intangible asset shall be taken as an intangible asset with uncertain service life. For intangible assets with uncertain service life, they will not be amortized during the holding period, and the life of intangible assets will be re-assessed at the end of each period. If the final re-assessment remains uncertain, the impairment test will continue during each accounting period..

3. Specific criteria in dividing the research stage and development stage of internal research and development projects of the Company

Research stage: The stage of original planned investigation and research activities to acquire and understand new scientific or technical knowledge.

Development stage: The stage of activities that apply research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. before commercial production or use.

The expenses incurred in the research stage of internal research and development projects are recognized as expense in profit or loss for the period.

4. Specific criteria of capitalization for expenses during development stage

The expenses during development stage of internal research and development projects are recognized as intangible asset when all the below conditions are met:

- (1) it is technically feasible to complete the intangible asset to bring it to useable or saleable conditions;
- (2) there is intention to complete the intangible asset for use or sale;

- (3) there is a way for generating economic benefits from the intangible asset, including the ability to prove there exists a market for products produced using the intangible asset or there exists a market for the intangible asset itself; for intangible asset to be used internally, its usability can be proved;
- (4) there is enough support in the areas of technology, financial and other resources to complete the development of the intangible asset, and there is the ability to use or sell the intangible asset;
- (5) the expenses attributable to the development stage of the intangible asset can be reliably measured.

The expenses during development stage that do not comply with the conditions above are included profit or loss for the period on incurrence. Development expense included in profit or loss in previous period are not re-recognized as assets in subsequent period. Capitalized expenses during development stage are presented as development expenses on the balance sheet and transferred to intangible assets since they reach the intended use.

(XXVII) Impairment of Long-term Assets

The Company makes a judgment on whether there is any sign of possible long-term assets impairment on the balance sheet date. Where there is any evidence indicating a possible impairment of assets, the Company shall, on the basis of single item assets, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets based on the asset group to which the asset belongs.

The estimate of the recoverable amount of the assets are determined at the higher of the net amount of the fair value less the disposal expenses and the present value of the estimated future cash flows.

Where the measurement result of the recoverable amount indicates that the recoverable amount of the long-term assets is lower than its carrying value, the carrying value of the assets shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of asset impairment and be recorded as the profit or loss for the current period. Simultaneously, a provision for the asset impairment shall be made accordingly. Once the asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

After the loss of asset impairment has been recognized, the depreciation or amortization expenses of the impaired asset shall be adjusted accordingly in the future periods so as to amortize the post-adjustment carrying value of the asset systematically (deducting the expected net salvage value) within the residual service life of the asset.

No matter whether there is any sign of possible assets impairment, the business reputation formed by the merger of enterprises and intangible assets with uncertain service lives shall be subject to impairment test every year.

When making impairment task on the goodwill shall, amortize the carrying amount of goodwill to asset group or combination of asset group, which are expected to be beneficial from business combination. When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any evidence shows that the impairment of asset groups or combinations of asset groups is possible, the Company shall first make an impairment test on the asset groups or combinations of asset groups not containing the goodwill, calculate the recoverable amount, compare it with the relevant carrying value and recognize the corresponding impairment loss. Then the Company shall make an impairment test of the asset groups or combinations of asset groups containing goodwill, and compare the carrying value of these asset groups or combinations of asset groups (including the carrying value of the goodwill apportioned thereto) with the recoverable amount. Where the recoverable amount of the relevant assets or combinations of the asset groups is lower than the carrying value thereof, it shall recognize the impairment loss of the goodwill.

(XXVIII) Long-term Prepaid Expenses

1. Amortization method

Long-term prepaid expenses of the Company refer to expenses that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized using the straight-line method in its benefit period.

2. Amortization period

Type	Amortization period	Remark
Renovation fees	5 years	Straight-line method
Rental fees	5-15 years	Straight-line method

(XXIX) Contract Liabilities

Contract liabilities refer to the Company's obligation to provide goods to the customer for the consideration received or receivable.

(XXX) Employee Remuneration

Employee remuneration refers to all kinds of remunerations and other relevant reimbursements made by enterprises to their employees in exchange for services of said employees or for the termination of employment, including short-term employee remuneration, post-employment benefits, termination benefits and other long-term employee benefits.

1. Short-term remuneration

Short-term remuneration refers to the employee compensation other than post-employment benefits and termination benefits, which are required to be fully paid within 12 months upon the annual reporting period when the employees provide relevant services. During the accounting period when the employees provides services, the Company recognizes the short-term remuneration payable as liabilities and includes them into relevant asset costs and expenses according to benefits from the services provided by employees.

2. Post-employment benefits

Post-employment benefit refers to all kinds of remunerations and benefits other than short-term remuneration and termination benefits that are provided by the Company after the retirement of the employees or termination of labor ration with enterprises in exchange for services provided by employees.

The Company's post-employment benefits are categorized as defined contribution plans and defined benefit plans.

Defined contribution plan refers to the basic endowment insurance, unemployment insurance paid for the employees administered by local Labour and Social Security Bureaus. During the accounting period when employees render services to the Company, contributions payable under defined contribution plan are recognized as liability and accounted for profit and loss or related cost of assets.

Post-employment benefit defined benefit plans provide for a defined standard of uncoordinated benefits payable primarily to retired employees, and for the cost of living for families of deceased employees. The obligations assumed under defined benefit plans are actuarially determined at the balance sheet date by independent actuaries using the projected cumulative benefit unit method to attribute the benefit obligations arising from the defined benefit plans to the period in which the employees render services and are included in profit or loss for the period or in the cost of the related assets, in which: unless other accounting standards require or permit the cost of employee benefits to be

included in the cost of assets and the cost of defined benefit plan services, and the net interest on the net liabilities or net assets of the plan are included in profit or loss in the period in which it is incurred; changes arising from the remeasurement of the net liability or net asset of the defined benefit plan are included in other comprehensive income in the period in which they are incurred and are not allowed to be reversed to profit or loss in subsequent accounting periods.

3. Termination benefits

Termination benefit refers to indemnity provided by the Company for employees for the purpose of terminating labor relation with the employees before the expiry of the labor contract or encouraging employees to accept downsizing voluntarily. When the earlier of the Company cannot unilaterally withdraws the employment relations or cut-down proposals and the date of confirmation of relevant cost and expenses on paying termination benefits, those liabilities arising from the confirmed terminations is charged to profit or loss for the period.

The Company provides early retirement benefits to those employees who accepted early retirement arrangement. Early retirement benefits mean payment of those salaries and paid social insurance and other expenses made to those who are under the government regulated retirement age and their early retirement were approved by the Company's management. The Company pays early retirement benefits to those early retired employees from the early retirement date until the normal retirement date. The Group accounts for the early retirement benefits in accordance with the treatment for termination benefits, in which the salaries and social security contributions to be paid to and for the early retired employees from the off-duty date to the normal retirement date are recognised as liabilities with a corresponding charge to the profit or loss for the current period. Difference arising from change in assumption on actuarial calculation and change in benefit standards, will be charged to profit or loss for the period when it incurs.

4. Other long-term employment benefit

Other long-term employment benefit refers to all employee benefit except for short-term benefit, post-employment benefit, and termination benefit.

For other long-term employee benefits that meet the conditions of the defined contribution plan, during the accounting period in which the employee provides services for the Company, the amount that should be paid is recognized as a liability and is included in the profit or loss for the period or the cost of the relevant assets. In addition to the above situations, other long-term employee benefits are actuarially calculated by the independent actuary using the expected cumulative welfare unit method on the balance sheet date, and the welfare obligations arising from the defined benefit plans are attributed to the period during which the employees provide services and are included in the current profit and loss or related asset costs.

(XXXI) Estimated Liabilities

1. Recognition criteria for estimated liabilities

The Company shall recognise the obligations related to contingencies as estimated liabilities, when all the following conditions are satisfied:

the obligation is a present obligation of the Company;

it is probable that an outflow of economic benefits will be required to settle the obligation;

the amount of the obligation can be measured reliably.

2. Method of measuring estimated liabilities

Estimated liabilities shall be initially measured at the best estimate of the expenditure required to settle the related present obligation.

Factors pertaining to a contingency such as risk, uncertainties, and time value of money shall be taken into account as a whole in reaching the best estimate. Where the effect of the time value of money is material, the best estimate shall be determined by discounting the related future cash outflow.

The best estimate will be dealt with separately in the following circumstances:

The expenses required have a successive range (or band), in which the possibilities of occurrence of each result are the same, and the best estimate should be determined as the middle value for the range, i.e. the average of the upper and lower limit.

The expenses required does not have a successive range (or band), or although there is a successive range, the possibilities of occurrence of each result are not the same, if the contingency is related to individual item, the best estimate should be determined as the most likely amount; where the contingency is related to a number of items, the best estimate should be calculated and determined according to the possible results and the relevant possibilities.

Where some or all the expenditure required to settle an estimated liability is expected to be reimbursed by a third party, the reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received. The amount recognised for the reimbursement is limited to the carrying amount of the liability recognised.

(XXXII) Lease Liabilities

The Company initially measures the lease liabilities according to the present value of the unpaid lease payments at the beginning of the lease term. In calculating the present value of rental payments, the company adopts the rental interest rate as the discount rate. If it is impossible to determine the interest rate of the lease, the incremental borrowing rate of the company shall be used as the discount rate. Lease payments include:

- 1) fixed payments and in-substance fixed payments, after deducting the relevant amount of lease incentive;
- 2) variable lease payments that are based on an index or a rate;
- 3) where the Company reasonably determines that the option will be exercised, the amount of the lease payment includes the exercise price of the right to purchase the option;
- 4) where the lease term reflects that the company will exercise the option to terminate the lease, the amount of the lease payment includes the amount to be paid for the exercise of the option to terminate the lease;
- 5) expected payments based on the guaranteed residual value provided by the Company.

The Group calculates the interest expense of the lease liability for each period of the lease term based on the fixed discount rate and is included in the current profit and loss or the cost of related assets.

The variable lease payments that are not included in the measurement of the lease liability are recognized in current profit or loss or the cost of related assets when incurred.

(XXXIII) Share-based Payments

1. Type of Share-based payments

The Company's share-based payments included equity-settled share-based payments and cash-settled share-based payments.

2. Confirmation methods for equity instruments

For granted equity instruments such as options that exist in an active market, the fair value of an equity instrument is determined according to the quotation in the active market. For granted equity instruments such as options that do not exist in an active market, the option pricing model is used to determine the fair value. The option pricing

model selected considers the following factors: (1) The exercise price of the option; (2) The validity period of the option; (3) The current price of the underlying shares; (4) The expected volatility of the stock price; (5) The expected dividend of the shares; (6) The risk-free interest rate within the validity period of the option.

When determining the fair value of the equity instrument grant date, the impact of market conditions and non-feasible rights conditions in the vestable rights conditions stipulated in the share payment agreement is considered. If there are non-feasible rights conditions for share payment, as long as the employees or other parties meet the non-market conditions (such as the service period, etc.) of all the rights conditions, the cost corresponding to the service received is confirmed.

3. The basis for determining the best estimate of an exercisable equity instrument

During the waiting period on each balance sheet date, the best estimate is made based on the latest changes in the number of employees with available rights and other follow-up information, and the number of equity instruments with estimated available rights is revised. On the exercisable date, the final estimated number of exercisable equity instruments is consistent with the actual number of exercisable rights.

4. Accounting treatment

In the case of an equity-settled share-based payment, the fair value of the employee's equity instrument is measured. If the vesting right is granted immediately after the grant, the relevant costs or expenses shall be included in the fair value on the grant date, and the capital reserve shall be increased accordingly. If the right to service during the waiting period is fulfilled or the required performance conditions are met, on each balance sheet date during the waiting period, the Company makes the best estimate of the number of vesting equity instruments. Based on this, according to the fair value of the grant date, the services obtained in the current period will be included in the relevant costs or expenses, and the capital reserve accordingly. No adjustments have been made to the identified related costs or expenses and total owner's equity after the vesting date.

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. If the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. If the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the Company. For each of the balance sheet date and settlement date before the settlement of the relevant liabilities, fair value of the liabilities will be remeasured, and the changes will be included in the profit or loss for the current period.

If the granted equity instrument is cancelled during the waiting period, the Company will treat the cancellation of the granted equity instrument as an accelerated exercise, and the amount that should be confirmed in the remaining waiting period is immediately included into the current profit and loss, and the capital reserve is recognized. If the employee or other party can choose to meet the non-feasible exercise condition but is not satisfied within the waiting period, the Company will treat it as the cancellation of the grant of equity instruments.

(XXXIV) Income

The main revenue streams of the Company are from the following businesses: heat supply and transmission service, construction and maintenance.

1. General principles of revenue recognition

The Company has fulfilled the performance obligations in the contract, that is, when the customer obtains control of the relevant goods or services, the revenue is recognized at the transaction price allocated to the performance obligation.

The performance obligation refers to the commitment of the Company to transfer the goods or services that can be clearly distinguished to the customer in the contract.

Obtaining control of related commodities means being able to lead the use of the commodities and obtain almost all economic benefits from them.

The Company evaluates the contract on the contract start date, identifies the individual performance obligations contained in the contract, and determines whether the individual performance obligations are performed within a certain period of time or at a certain point in time. If one of the following conditions is met, it is a performance obligation performed within a certain period of time. The Company recognizes revenue within a period of time according to the progress of the performance: (1) The customer obtains and consumes the Company's performance office while the Company is performing the contract Economic benefits brought; (2) The customer can control the goods under construction of the Company during the performance of the contract; (3) The goods produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to Receiving money for the accumulated performance part that has been completed so far. Otherwise, the Company recognizes revenue when the customer obtains control of the relevant goods or services.

For the performance obligations performed within a certain period of time, the Company uses the input method to determine the appropriate performance progress based on the nature of the goods and services. The output method is to determine the performance progress based on the value of the commodities that have been transferred to the customer (the input method is to determine the performance progress based on the Company's investment to fulfil the performance obligation). When the performance progress cannot be reasonably determined, if the Company's already incurred costs are expected to be compensated, revenue is recognized according to the amount of costs incurred until the performance progress is reasonably determined.

2. Detailed method for revenue recognition

(1) Provision of heat service

When the Company satisfies its performance obligations for heat supply services, if the customer simultaneously receives and consumes the resources provided by the Company, it is a performance obligation satisfied within a certain period of time. Revenue from heat supply services is recognised on the basis of the actual heating area and the heating price approved by relevant government departments, and is recognised in monthly instalments over the heating period in proportion to the number of heating days as a percentage of the total number of heating days.

(2) Pipeline connection fee

The pipeline connection fee is a one-off fee charged by the Company to the customers for the connection of the primary pipeline network for residential customers and is non-refundable. The Company enters into a contract with a customer and achieves an agreement on the heating service period, and income from the pipeline connection fee is recognised on a straight-line basis over the customer's beneficial period. The Company has determined the beneficial period to be 16 years.

(3) Heat transmission service

Revenue from the provision of heat transmission service, which utilises the heat transmission network of the Company to provide heat transmission service to other heat supply units, is recognised at the point in time when control of heat is transferred to the customer, which is generally when heat is transmitted to the customer.

(4) Engineering construction and maintenance services

When the Company satisfies its performance obligation for engineering construction and maintenance services, if the customer is able to control the Company's asset created or enhanced in the performance process, it is a performance obligation satisfied within a certain period of time, and the Company recognises the revenue based on the progress of performance, which is determined by the proportion of the actual costs incurred to the estimated total cost of achieving the construction services.

(5) Design services

The design services provided by the Company include design, consultancy and feasibility studies for heating projects. On balance sheet date, the major stages of the completed workload have been recognized based on external evidence obtained. The Company determines the progress of performance of the service provided according to the output method. The Company recognizes the actual progress of completion of the workload of a design project and calculates the contract amount completed by multiplying the total design contract amount by the actual progress of completion of the workload, deducting the contract amount completed cumulatively in previous accounting periods, and recognizing the current revenue of the project after deducting the corresponding value-added tax.

(6) Sale of goods

Revenue from the sale of industrial goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(XXXV) Contract Costs

1. Contract performance cost

The Company's costs incurred for the performance of the contract that are not within the scope of other ASBEs other than income standards and meet the following conditions at the same time are recognized as an asset as contract performance costs:

- (1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), clear costs borne by the customer, and other costs incurred solely for the contract;
- (2) This cost increases the resources that the company will use to fulfill its performance obligations in the future;
- (3) The cost is expected to be recovered.

The asset is presented in inventory or other non-current assets based on whether the amortization period at the time of initial recognition exceeds a normal business cycle.

2. Contract obtainment cost

If the incremental cost of the Company is expected to be recovered, the contract obtainment cost is recognized as an asset. Incremental cost refers to the cost that the Company will not occur without obtaining a contract, such as sales commission. For the amortization period not exceeding one year, it is included in the current profit and loss when it occurs.

3. Amortization of contract costs

The Company recognizes the contract performance cost and the contract acquisition cost on the same basis as the commodity or service income related to the contract cost asset, and amortizes it at the time when the performance obligation is performed or in accordance with the performance of the performance obligation, and is included in the current profit and loss.

4. Contract cost impairment

For the above assets related to contract costs, the carrying amount is higher than the difference between the Company's expectation that the goods related to the asset are expected to obtain the remaining consideration and the estimated cost of transferring the relevant goods, and the excess should be depreciated and confirmed as asset impairment losses.

After the impairment provision is accrued, if the factors of impairment in the previous period change, so that the above two differences are higher than the carrying amount of the asset, the asset impairment provision previously accrued is transferred back to the current profit and loss, but the carrying amount of the asset after the transfer does not exceed the carrying amount of the asset on the date of the transfer under the assumption that no impairment provision is made.

(XXXVI) Government Grants

1. Classification

Government grants refer to monetary and non-monetary assets received from the government without compensation. According to the subsidy object stipulated in the relevant documents of government, government grants are divided into government grants related to assets and government grants related to revenue.

Government grants related to assets are obtained by the Company for the purposes of constructing or forming long-term assets in other ways. Government grants related to revenue refer to the government grants other than those related to assets.

2. Recognition of government grants

Where evidence shows that the Company complies with relevant conditions of policies for financial supports and is expected to receive such funds at the end of the period, the amount receivable is recognized as the government grants. Otherwise, the government grants are recognized upon receipt.

Government grants in the form of monetary assets are stated at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value; if fair value cannot be reliably obtained, a nominal amount (RMB1) is used. Government grants that are measured at nominal amount shall be included in profit or loss in the current period directly.

3. Accounting treatment

According to the essence of economic business, the Company determines that a certain type of government grant operations should be accounted for using the gross method or net method. In general, the Company uses only one method for similar or comparable government grant operations and applies that method consistently to that operation.

Government grants related to assets shall offset the carrying amount of the relevant assets or be recognised as deferred income. If the government grants related to assets are recognized as deferred income, they shall be included in the profit and loss in installments in a reasonable and systematic manner within the useful life of the assets constructed or purchased.

Government grants related to income that are used for compensation for the relevant costs or losses of the Group in subsequent periods are recognized as deferred income and are included in the profit or loss in the current period or offset the relevant costs in the periods in which the relevant expenses or losses are recognized; a grant that are used for compensation for the relevant costs or losses of the Group already incurred shall be directly included in the profit or loss in the current period or offset the related costs.

Government grants related to daily activities of enterprises are included in other incomes or offset relevant costs; government grants that are not related to daily activities of enterprises are included in non-operating income and expenditure.

The government grants related to the discount interest received from policy-related preferential loans offsets the relevant borrowing costs; if the policy-based preferential interest rate loans provided by the lending bank is obtained, the actual borrowing amount received is recognized as the borrowing amount, and the relevant borrowing costs should be calculated based on the loan principal and the preferential policy rate.

When a recognized government grant needs to be returned, if the carrying amount of the relevant asset is offset at the initial recognition, the carrying amount of the asset is adjusted. If there is balance of relevant deferred income, the carrying balance of the relevant deferred income is offset and the excess is recognised in profit and loss in the current period. If the relevant deferred income does not exist, it is directly included in profit and loss in the current period.

(XXXVII) Deferred Income Tax Assets and Deferred Income Tax Liabilities

Deferred income tax assets and deferred income tax liabilities are measured and recognized based on the difference (temporary difference) between the taxable base of assets and liabilities and their carrying amount. On balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured at the applicable tax rate during the period when such assets are expected to be recovered and such liabilities are expected to be repaid.

1. Criteria for recognition of deferred income tax assets

The Company recognizes deferred income tax assets arising from deductible temporary difference to the extent it is likely to obtain the taxable income that can be used to deduct the deductible temporary differences and can be carried forward to the deductible losses and tax deductions in subsequent years. However, the deferred income tax assets arising from the initial recognition of assets or liabilities in transactions are not recognized with the following features: (1) the transaction is not a business combination; (2) neither the accounting profit or the taxable income or deductible losses is affected when the transaction occurs.

For deductible temporary difference in relation to investment in the associates, corresponding deferred income tax assets are recognized if the following conditions are met: the temporary difference is probably reversed in a foreseeable future and it is likely that taxable income is obtained for deduction of the deductible temporary difference in the future.

2. Criteria for recognition of deferred income tax liabilities

The Company recognizes deferred income tax liabilities on the temporary difference between the taxable but not yet paid taxation in the current and previous periods, excluding:

- (1) Temporary difference arising from the initial recognition of goodwill;
- (2) Transactions or events arising from non-business combination, and neither the accounting profit or the taxable income (or deductible losses) is affected when the transaction or event occurs;
- (3) For taxable temporary difference in relation to investment in subsidiaries or associates, the time for reversal of the difference can be controlled and the difference is probably not reversed in a foreseeable future.

3. Deferred income tax assets and deferred income tax liabilities are presented net of offset when the following conditions are met

- (1) The enterprise has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- (2) Deferred income tax assets and deferred income tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or different taxable entities. However, in each future period in which the deferred income tax asset and deferred income tax liability are significant, the tax entity involved intends to settle the current income tax assets and current income tax liabilities on a net basis or simultaneously obtain assets and settle the current income tax liabilities.

(XXXVIII) Lease

1. Identification of leases

On the beginning date of the contract, the Group (as a lessee or lessor) assesses whether the customer in the contract has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use and has the right to direct the use of the identified asset throughout the period of use. If a contract conveys the right to control the use of an identified asset and multiple identified assets for a period of time in exchange for consideration, the Group identifies such contract is, or contains, a lease.

2. Accounting for the Company as lessee

On the beginning date of the lease, the Company recognizes right-of-use assets and lease liabilities for all leases, except for short-term lease and low-value asset lease with simplified approach.

(1) Short-term lease and low-value asset lease

Short-term lease refers to a lease that does not include purchase options and has a lease term not exceeding 12 months. A low-value asset lease is a lease that has a lower value of a single leased asset when it is a new asset.

The Company does not recognize right-to-use assets and lease liabilities for the short-term leases and low-value asset leases. Relevant lease payments are incorporated in the cost of related assets or current profits and losses based on the straight-line method or other systematic and reasonable methods during the lease period.

The Company recognizes right-to-use assets and lease liabilities for short-term leases and low-value assets other than those mentioned above.

- (2) For the accounting policies of right-of-use assets and lease liabilities, see Note 4/(XXV) Right-of-use assets and Note 4/(XXXII) Lease liabilities.

3. Accounting for the Company as Lessor

(1) Classification of Lease

The Company divides the lease into financial lease and operating lease on the start date of the lease. Financial lease refers to a lease that essentially transfers almost all the risks and rewards related to the ownership of leased assets. Its ownership may or may not be transferred eventually. Operating lease refers to leases other than financial leases.

If a lease has one or more of the following characteristics, the Company usually classifies it as a financial lease:

- 1) The ownership of the leased asset will be transferred to the lessee upon expiry of the lease term.

- 2) The lessee has the option to purchase the leased assets, and the purchase price set by the lessee is low enough compared with the expected fair value of the leased assets when exercising the option. Therefore, it can be reasonably determined on the lease start date that the lessee will exercise the option.
- 3) Even if the ownership of the leased asset will not be transferred, the lease term accounts for the most of useful life of the leased asset.
- 4) At the beginning of the lease, the present value of the rental fee is almost equal to the fair value of the leased assets.
- 5) The leased asset is of a specialized nature that only the lessee can use it without making major modifications.

If one or more of the following conditions exist in a lease, the Company may also be classified as a financial lease:

- 1) If the lessee ends the lease, the lessee shall bear the losses caused by the termination of the lease to the lessor.
- 2) The profits or losses caused by the fluctuation of the fair value of the balance of assets belong to the lessee.
- 3) The lessee can continue to lease far below the market level for the next period.

(2) Accounting for finance lease

On the lease commencement date, the Company recognizes a receivable under finance and derecognizes the asset under finance lease.

When the initial measurement of the financial lease receivable is made, the present value of the financial lease receivable is the sum of the unsecured balance and the amount of the lease receivable that has not yet been received at the beginning of the lease term and the present value discounted at the interest rate included in the lease. The amount of rental receipts includes:

- 1) Fixed payment and substantive fixed payment after deducting the relevant amount of lease incentive;
- 2) Variable lease payments that are based on an index or a rate;
- 3) In the case of reasonably determining that the lessee will perform the right of purchase option, the amount of rental receipt includes the right price of purchase option.
- 4) The lease term reflects that the lessee will perform the option to terminate the lease. The lease receipt includes the amount to be paid by the lessee in exercising the option to terminate the lease;
- 5) Guarantee residual value provided by the lessee to the lessor, the party concerned with the lessee and an independent third party with financial capacity to fulfil the guarantee obligation.

The Company calculates and confirms the interest income for each period of the lease period abased on the fixed rental interest rate, and the variable rental payments which are not included in the net rental investment amount are included in the profits and losses of the current period when they actually occur.

(3) Accounting for operating lease

The Company adopts the straight line method or other systematic and reasonable method to recognize the rental receipts from operating leases as rental income during each period of the lease period. Capitalization of the initial direct expenses incurred in connection with operating leases shall be apportioned on the same basis as the recognition of rental income during the lease period, and shall be recorded in the profits and losses of the current period. Variable

rental payments obtained in connection with operating leases that are not incorporated in the rental receipts shall be incorporated in the profits and losses of the current period when they actually occur.

4. Sale and leaseback

Where asset transfer under the sale and leaseback transactions is a sale, the Company shall measure the right-of-use assets created by the sale and leaseback based on the portion of carrying amount of the original assets related to right of use obtained upon leaseback, and only recognize relevant profit or loss for the right transferred to the lessor. If the fair value of the sale consideration is different from the fair value of the assets, or the lessor does not collect rent at the market price, the Company will treat the amount of the sale consideration below the market price as the prepaid rent, and the amount higher than the market price as the additional financing provided by the lessor to the lessee for the accounting office. At the same time, adjust the relevant sales profit or loss based on fair value.

Where asset transfer under the sale and leaseback transactions is not a sale, the lessee shall continue to recognize the transferred assets while recognizing a financial liability equal to the transfer income.

Where asset transfer under the sale and leaseback transactions is a sale, the Company shall accounted for the purchase of assets and the lease of assets in accordance with the leasing standards. If the fair value of sales consideration is different from that of assets, or if the Company fails to collect rent at market price, the Company will treat the amount of sales consideration below market price as advance rent, and the amount above market price as additional financing provided by the company to lessees. At the same time, adjust rent income according to market price.

Where asset transfer under the sale and leaseback transactions is not a sale, the Company shall recognize a financial asset equal to the transfer income.

(XXXIX) Discontinued Operation

The Company will satisfy one of the following conditions, and the component has been disposed of or classified as held for sale, and can be separately recognized as a component of discontinued operation:

- (1) The component represents an independent main business or a separate major business area.
- (2) This component is proposed disposal plan on an independent main business or proposed disposal in a separate major business area.
- (3) This component is a subsidiary that is specifically acquired for resale.

Operational gains and losses such as impairment losses and reversal amounts of discontinued operations and disposal gains and losses are listed in the income statement as profit or loss of discontinued operations.

(XL) Asset Securitization Business

The Company securitized a portion of its heating contract debt assets by issuing securities to qualified investors. The interest in the securitized financial assets is retained in the form of credit-enhanced, subordinated debentures. The retained interests are recorded at fair value in the Company's balance sheet. The difference between the carrying amount of a financial asset derecognized in the process of securitization and its consideration (including the retained interest) is recognized as a gain or loss on securitization and is included in profit or loss for the period.

(XLI) Production Safety Expense

The Company's production safety expenses, which are provided in accordance with national regulations, are included in the cost of the relevant products or profit or loss for the period, and are also recorded in the "Special Reserve" account. When the provision of production safety expenses is used, it is directly offset in the special reserve

if it is an expense. If the production safety expenses formed a fixed asset, the expenditure incurred is accounted for in the item “Construction in progress” and recognized as a fixed asset when the safety project is completed and reaches its intended useable state; meanwhile, the special reserve is written down to the cost of forming fixed assets and accumulated depreciation of the same amount is recognized. No further depreciation is charged on the fixed assets in subsequent periods.

(XLII) Changes in Significant Accounting Policies and Accounting Estimates

1. Changes in accounting policies

Details and reasons for change in accounting policy	Review process	Notes
Since 1 January 2018, the Company has adopted the ASBE 22 — Recognition and Measurement of Financial Instruments, ASBE 23 — Transfer of Financial Assets, ASBE 24 — Hedging Accounting and ASBE 37 — Presentation of Financial Instruments, revised by the Ministry of Finance in 2017	EGM held in February 2021	(1)
The Company has adopted the ASBE 7 — Exchange of Non-monetary Assets from 10 June 2019, and adopted the ASBE 12 — Debt Restructuring from 17 June, 2019, both of which were revised by the Ministry of Finance in 2019	EGM held in February 2021	(2)
Since 1 January 2018, the Company has adopted the ASBE 14 — Revenue revised by the Ministry of Finance in 2017	EGM held in February 2021	(3)
Since 1 January 2018, the Company has adopted the ASBE 21 — Leases revised by the Ministry of Finance in 2018	EGM held in February 2021	(4)

Changes in accounting policies:

(1) Impact on the Company from the adoption of new financial instrument standards

Since 1 January 2018, the Company has adopted the ASBE 22 — Recognition and Measurement of Financial Instruments, ASBE 23 — Transfer of Financial Assets, ASBE 24 — Hedging Accounting and ASBE 37 — Presentation of Financial Instruments revised by the Ministry of Finance in 2017 (the above four items are collectively referred to as the <New Financial Instruments Standards>). For the revised accounting policies, please refer to Note 4.

(2) Impact on the Company from the adoption of the new standards on debt restructuring and exchange of non-monetary assets

The Company has adopted the ASBE 7 — Exchange of Non-monetary Assets from 10 June 2019, and adopted the ASBE 12 — Debt Restructuring from 17 June 2019, both of which were revised by the Ministry of Finance in 2019. The changes of such accounting policies are subject to prospective application approach, and exchange of non-monetary assets and debt restructuring that occur between 1 January 2019 and the execution date of the standards are adjusted in accordance with the standards.

The implementation of the above standards by the Company has no impact on the financial statements during the reporting period.

(3) Impact on the Company from the adoption of the new revenue standard

Since 1 January 2018, the Company has adopted the ASBE 14 — Revenue revised by the Ministry of Finance in 2017. Please see Note 4 for details of the changed accounting policies. Under the New Revenue Standard, the Group adjusted the balance of retained earnings and other related items in the financial statements at the beginning of the year of initial execution of such standard (1 January 2018) based on the cumulative effect of initial adoption of such standard, with no adjustment to the information for the comparable period.

In implementation of the new standards on revenue, the Company makes adjustment only to the cumulative effect of contracts that have yet been completed as at the date of the initial execution; and does not make retrospective adjustment to the changes in the contracts conducted before the beginning of the earliest comparable period or the beginning of 2018, but identifies the fulfilled and outstanding performance obligations, finalizes the transaction prices and allocate transaction prices between the fulfilled and outstanding performance obligations based on the final arrangements for the contractual changes.

(4) Impact on the Company from the adoption of the new leasing standard

Since 1 January 2018, the Company has adopted the ASBE 21 — Leases revised by the Ministry of Finance in 2018. Please see Note 4 for details of the changed accounting policies.

On the first execution date, the Company chose not to re-evaluate whether the previously existing contract is a lease or whether it contains a lease, and applies this method to all contracts consistently, so this standard is only applied to the above-mentioned contracts identified as leases under the original lease standard Provisions for convergence.

The Company's accounting policy for leases of low-value assets is not to recognize right-of-use assets and lease liabilities. According to the connection requirements of the new lease standards, the Company's leases of low-value assets before the date of initial execution will be accounted for from the date of the first execution, and no retrospective adjustments will be made for leases of low-value assets.

2. Changes in accounting estimates

There were no changes in the Company's key accounting estimates during the reporting period.

V. TAXATION

(I) Main Types of Taxes and Corresponding Rates

Tax type	Basis of taxation	Tax rate	Remark
Value-added tax ("VAT")	Domestic sales, provision of processing, repair and replacement services; provision of tangible personal property leasing services	17% before 1 May 2018 16% after 1 May 2018 13% after 1 April 2019	Note 1
	Provision of construction, real property leasing services; sale of real estate; transfer of land use rights	11% before 1 May 2018 10% after 1 May 2018 9% after 1 April 2019	Note 1
	Other taxable sales of services	6%	
	Simple taxation method	5% or 3%	
City maintenance and construction tax	Amount of turnover tax paid	7%	
Education surcharge	Amount of turnover tax payable	3%	
Local education surcharge	Amount of turnover tax payable	2%	
Enterprise income tax	Amount of taxable income	25%, 20%, 15%	
Property tax	Based on 70% of the original value of property (or rental income)	1.2%	

Note 1: In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates (Cai Shui (2018) No. 32) (財政部、稅務總局《關於調整增值稅稅率的通知》(財稅〔2018〕32號)), the tax rates of 17% and 11% applicable to the VAT taxable sales or import of goods of the Company shall be adjusted to 16% and 10% respectively since 1 May 2018.

According to the Announcement on Policies Related to Deepening Value-Added Tax (VAT) Reform (Announcement No. 39 of 2019 by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs (財政部、稅務總局、海關總署《關於深化增值稅改革有關政策的公告》(財政部、稅務總局、海關總署公告2019年第39號)), the tax rates of 16% and 10 % applicable to the VAT taxable sales or import of goods of the Company shall be adjusted to 13% and 9% respectively since 1 April 2019.

Income tax rates of different tax-paying entities:

Name of tax-paying entities	Income tax rate
Jilin Province Chuncheng Heating Company Limited* (吉林省春城熱力股份有限公司)	25%
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	25%
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	25%
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	25%
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	25%, 15%
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱儀錶電氣有限公司)	20%
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	25%
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	25%
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	25%
Jilin Province Hengda New Energy Technology Development Company Limited* (吉林省恒達新能源科技發展有限公司)	25%
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)	20%

(II) Preferential Tax Policies and Basis

1. VAT:

- The Company, Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司) and Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司) were subject to the “Notice on the Renewal of Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heat Supply Enterprises” (Cai Shui [2019] No. 38) (《關於延續供熱企業增值稅房產稅城鎮土地使用稅優惠政策的通知》財稅[2019]38號) issued by the Ministry of Finance and the State Administration of Taxation, which stated that in order to support residents’ heating needs, the policies on VAT, property tax and urban land use tax for heat supply enterprises in the “three north” regions (hereinafter referred to as heat supply enterprises) are as follows: I. Starting from 1 January 2019 to the end of the heating period in 2020, heat supply fee income generated by heat supply enterprises for heat supplied to individual residents (hereinafter collectively referred to as residents) shall be exempted from VAT.
- Pursuant to the “Announcement on Policies Relating to the Deepening of VAT Reform (Ministry of Finance, State Administration of Taxation, General Administration of Customs Announcement No. 39 of 2019) (《關於深化增值稅改革有關政策的公告》(財政部稅務總局海關總署公告2019年第39號)), from 1 April 2019 to 31 December 2021, a taxpayer in the production or life service industry is allowed

to credit the amount of input tax deductible in the current period plus 10% thereof against the amount of taxes payable, and based on the “Notice of the National Bureau of Statistics on the Issuance of the Statistical Classification of Production Service Industry (2019)” (Guo Tong Zi [2019] No. 43) (《國家統計局關於印發〈生產性服務業統計分類(2019)〉的通知》(國統字[2019]43號)), Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司) belongs to the production service industry.

2. Income tax

(1) Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)

It is subject to a corporate income tax rate of 15% according to Rule II of Article XXVIII of the “Enterprise Income Tax Law” (《企業所得稅法》), Article XCIII of the “Regulation on the Implementation of the Enterprise Income Tax Law of the People’s Republic of China”, the “Notice of the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation on Issuing the Administrative Measures for Determination of High and New Tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》(國科發火[2016]32號)), the “Circular of the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on Printing and Issuing of the Guidelines for the Administration of the Recognition of Hi-tech Enterprises” (Guo Ke Fa Huo [2016] No. 195) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理工作指引〉的通知》(國科發火[2016]195號)), and the “Announcement of the State Administration of Taxation on Issues Relating to the Implementation of Preferential Income Tax Policies for High and New Tech Enterprises” (Announcement of the State Administration of Taxation No. 24 of 2017) (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》(國家稅務總局公告2017年第24號)), which stated that High and New Tech Enterprises are subject to corporate income tax at a tax rate of 15%. Since Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司) has obtained a High and New Tech Enterprise Certificate on 2 September 2019, which is valid for three years, it is eligible for the preferential enterprise income tax policy for High and New Tech Enterprises.

(2) Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)

According to Article I of the “Notice of the Ministry of Finance and the State Administration of Taxation on Further Expanding the Scope of Preferential Income Tax Policies for Small Low Profit Enterprises” (Cai Shui [2018] No. 77) (《財政部稅務總局關於進一步擴大小型微利企業所得稅優惠政策範圍的通知》(財稅[2018]77號)), the annual taxable income of a small low-profit enterprise that is less than RMB1 million (inclusive) shall be included in its taxable income at the reduced rate of 50%, with the applicable enterprise income tax rate of 20%. In other words, the effective tax burden of Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司) is 10% in 2018.

According to Article II of the “Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises” (Cai Shui [2019] No. 13) (《財政部稅務總局關於實施小微企業普惠性稅收減免政策的公告》(財稅[2019]13號)), the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. In other words, the effective tax burden of Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司) is 5% in 2019 and 2020.

According to Rule II of Article XXVIII of the “Enterprise Income Tax Law” (《企業所得稅法》), Article XCIII of the “Regulation on the Implementation of the Enterprise Income Tax Law”, the “Notice of the Ministry of Science and Technology, Ministry of Finance and State Administration of Taxation on Issuing the Administrative Measures for

Determination of High and New Tech Enterprises” (Guo Ke Fa Huo [2016] No. 32) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理辦法〉的通知》(國科發火[2016]32號)), the “Circular of the Ministry of Science and Technology, the Ministry of Finance and the State Administration of Taxation on Printing and Issuing of the Guidelines for the Administration of the Recognition of Hi-tech Enterprises” (Guo Ke Fa Huo [2016] No. 195) (《科技部財政部國家稅務總局關於修訂印發〈高新技術企業認定管理工作指引〉的通知》(國科發火[2016]195號)), and the “Announcement of the State Administration of Taxation on Issues Relating to the Implementation of Preferential Income Tax Policies for High and New Tech Enterprises” (Announcement of the State Administration of Taxation No. 24 of 2017) (《國家稅務總局關於實施高新技術企業所得稅優惠政策有關問題的公告》(國家稅務總局公告2017年第24號)), High and New Tech Enterprises are subject to corporate income tax at a tax rate of 15%. Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司) has obtained a High and New Tech Enterprise Certificate on 10 September 2020, which is valid for three years. According to the “Announcement on Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Household” (Announcement of the Ministry of Finance and the State Administration of Taxation No. 12 of 2021) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(財政部、稅務總局公告2021年第12號)) jointly issued by the Ministry of Finance and the State Taxation Administration on 9 April 2021, in respect of the portion of annual taxable income of a small low-profit enterprise that is not more than RMB1 million, the enterprise income tax shall be levied at a further reduced rate of 50% on the basis of preferential policies stipulated in Article II of the Cai Shui [2019] No. 13, the combined income tax rate is 2.5% for January to June 2021. In other words, the effective tax burden of Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司) is 2.5% for January to June 2021.

(3) Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)

According to Article II of the “Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises” (Cai Shui [2019] No. 13) (《財政部稅務總局關於實施小微企業普惠性稅收減免政策的公告》(財稅[2019]13號)), the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. In other words, the effective tax burden of Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司) is 5% in 2020.

According to the “Announcement on Implementation of Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Household” (Announcement of the Ministry of Finance and the State Administration of Taxation No. 12 of 2021) (《關於實施小微企業和個體工商戶所得稅優惠政策的公告》(財政部稅務總局公告2021年第12號)) jointly issued by the Ministry of Finance and the State Taxation Administration on 9 April 2021, in respect of the portion of annual taxable income of a small low-profit enterprise that is not more than RMB1 million, the enterprise income tax shall be levied at a further reduced rate of 50% on the basis of preferential policies stipulated in Article II of the Cai Shui [2019] No. 13, the combined income tax rate is 2.5% for January to June 2021. In other words, the effective tax burden of Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司) is 2.5% for January to June 2021.

3. Other taxes

According to the “Notice on Extension of Preferential Policies on VAT, Property Tax and Urban Land Use Tax for Heat Supply Enterprises” (Cai Shui [2019] No. 38) (《關於延續供熱企業增值稅房產稅城鎮土地使用稅優惠政策的公告》財稅[2019]38號) issued by the Ministry of Finance and the State Administration of Taxation, in order to support heat supply for residents, the policies on VAT, property tax and urban land use tax for heat supply enterprises in the “Three Northern Areas” (hereinafter referred to as heat supply enterprises) were announced as follows: II. from 1 January 2019 to 31 December 2020, for heat supply enterprises that receive heat supply fees for supplying heat to residents, the plant and land used for supplying heat to residents shall be exempted from property tax and urban land

use tax; for other plants and lands of heat supply enterprises, property tax and urban land use tax shall be levied in accordance with the relevant regulations.

VI. NOTES TO KEY ITEMS IN THE COMBINED FINANCIAL STATEMENTS

(The following amounts are in RMB if not otherwise specified)

Remark 1. Monetary Fund

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Cash on hand			157.95	36.73
Bank deposits	165,149,198.06	732,404,368.33	700,816,750.07	358,884,385.42
Other monetary fund			1,000,000.00	
Outstanding interest receivable				
Total	165,149,198.06	732,404,368.33	701,816,908.02	358,884,422.15
Of which: Total amount of overseas funds				

Breakdown of the restricted monetary funds are as follows:

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Time deposit or call deposit for guarantee purpose			1,000,000.00	
Total			1,000,000.00	

Description of other monetary fund:

In 2019, Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司) (the “Yatai Heating”), a subsidiary of the Company, obtained a short-term loan of RMB200.00 million from Bank of China Changchun Dongsheng Sub-branch by pledging RMB1,000,000.00 of bank deposits. Upon repayment of the loan in 2019, the deposit will be released from the pledge.

Remark 2. Held-for-trading Financial Assets

Item	30 June 2021	31 December 2020	31 December 2019
Sub-total of financial assets classified as measured at fair value through profit or loss	50,227,083.33	50,069,375.00	
Of which: bank financial products	50,227,083.33	50,069,375.00	
Total	50,227,083.33	50,069,375.00	

Description of held-for-trading financial assets:

As at 30 June 2021, the Company had a closing balance of RMB50 million in held-for-trading financial assets, including:

- (1) The Industrial Bank Corporate Finance RMB Structured Deposit Product of RMB20 million with a duration of 93 days and a maturity date on 29 July 2021. The product is a principal-protected floating-interest product with a fixed yield of 1.5% plus a floating interest rate between 1.62% and 1.77%, of which interest payment will be made once upon maturity together with the principal. Its fair value was measured at the lowest yield rate at the end of the period.

- (2) The Industrial Bank Corporate Closed-end New Structured Deposit Product of RMB30 million with a duration of 91 days, an interest commencement date on 9 April 2021 and a maturity date on 9 July 2021. The product is a principal-protected floating-interest product with a fixed yield of 1.5% plus a floating interest rate between 3.22% and 3.38%, of which interest payment will be made once upon maturity together with the principal. Its fair value was measured at the lowest yield rate at the end of the period.

As at 31 December 2020, the Company had a closing balance of RMB50 million in held-for-trading financial assets. The product was a CMB product known as “Gold-linked Series Bullish Three-tier 920” (招行產品點金看漲三層920), with a duration of 92 days and a maturity date on 25 February 2021. The product carried a floating interest rate between 1.35% and 3.63%, of which interest payment will be made once upon maturity together with the principal. Its fair value was measured at the lowest yield rate at the end of the period.

Remark 3. Bills Receivable

1. Classification of bills receivable

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Bank acceptance bills		222,510.02		
Commercial acceptance bills				
Total		222,510.02		

2. Classification of ECL on bills receivable

Category	31 December 2020				Carrying amount
	Carrying balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Bills receivable subject to provision for ECL on individual basis					
Bills receivable subject to provision for ECL on portfolio basis	222,510.02				222,510.02
Of which: No risk bank acceptance bills portfolio	222,510.02				222,510.02
Total	222,510.02				222,510.02

3. Bills receivable subject to provision for ECL on portfolio basis

Portfolio name	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
No risk bank acceptance bills portfolio	222,510.02		
Total	222,510.02		

Remark 4. Trade Receivables

1. Disclosure of trade receivables based on ageing

Ageing	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Within 1 year	209,166,762.97	218,040,755.49	306,925,693.44	193,812,917.51
1 to 2 years	31,594,760.14	61,461,066.74	25,475,121.14	19,459,185.34
2 to 3 years	20,139,922.48	7,646,553.25	10,124,340.80	1,818,575.21
3 to 4 years	6,888,453.69	6,957,525.60	1,666,550.45	1,516,976.43
4 to 5 years	5,196,466.68	2,083,921.24	2,599,064.64	1,036,556.84
Over 5 years	14,083,647.19	12,636,419.28	8,657,769.75	6,444,340.64
Sub-total	287,070,013.15	308,826,241.60	355,448,540.22	224,088,551.97
Less: Provision for bad debts	53,746,023.58	49,352,347.44	46,015,247.70	27,816,232.12
Total	233,323,989.57	259,473,894.16	309,433,292.52	196,272,319.85

Note: The unreasonable aging of 4 to 5 years and over 5 years in 2019 was due to the year-on-year adjustment to the opening balance of 2020 for the business combinations involving entities under common control of Yatai Heating.

2. Disclosure based on classification of provision method for bad debts

Category	30 June 2021				Carrying amount
	Carrying balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	287,070,013.15	100.00	53,746,023.58	18.72	233,323,989.57
Of which: Ageing analysis portfolio — Heat supply business	64,431,285.34	22.44	13,280,759.15	20.61	51,150,526.19
Ageing analysis portfolio — Engineering business	188,786,480.56	65.76	29,158,716.36	15.45	159,627,764.20
Ageing analysis portfolio — Basic heating fee	17,359,521.15	6.05	9,248,015.97	53.27	8,111,505.18
Related party portfolio	16,492,726.10	5.75	2,058,532.10	12.48	14,434,194.00
Total	287,070,013.15	100.00	53,746,023.58	18.72	233,323,989.57

Continued:

Category	31 December 2020				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	308,826,241.60	100.00	49,352,347.44	15.98	259,473,894.16
Of which: Ageing analysis portfolio — Heat supply business	44,584,033.37	14.44	9,194,756.04	20.62	35,389,277.33
Ageing analysis portfolio — Engineering business	198,302,302.07	64.21	24,643,837.86	12.43	173,658,464.21
Ageing analysis portfolio — Basic heating fee	15,171,742.72	4.91	7,892,631.74	52.02	7,279,110.98
Related party portfolio	50,768,163.44	16.44	7,621,121.80	15.01	43,147,041.64
Total	308,826,241.60	100.00	49,352,347.44	15.98	259,473,894.16

Continued:

Category	31 December 2019				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	355,448,540.22	100.00	46,015,247.70	12.95	309,433,292.52
Of which: Ageing analysis portfolio — Heat supply business	31,744,946.70	8.93	8,425,946.18	26.54	23,319,000.52
Ageing analysis portfolio — Engineering business	283,897,611.95	79.87	29,371,985.91	10.35	254,525,626.04
Ageing analysis portfolio — Basic heating fee	14,774,768.70	4.16	5,314,186.23	35.97	9,460,582.47
Related party portfolio	25,031,212.87	7.04	2,903,129.38	11.60	22,128,083.49
Total	355,448,540.22	100.00	46,015,247.70	12.95	309,433,292.52

Continued:

Category	31 December 2018				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subject to provision for ECL on individual basis					
Trade receivables subject to provision for ECL on portfolio basis	224,088,551.97	100.00	27,816,232.12	12.41	196,272,319.85
Of which: Ageing analysis portfolio — Heat supply business	26,123,380.19	11.66	5,174,929.42	19.81	20,948,450.77
Ageing analysis portfolio — Engineering business	148,219,121.10	66.14	14,323,074.46	9.66	133,896,046.64
Ageing analysis portfolio — Basic heating fee	8,014,953.28	3.58	4,442,888.52	55.43	3,572,064.76
Related party portfolio	41,731,097.40	18.62	3,875,339.72	9.29	37,855,757.68
Total	224,088,551.97	100.00	27,816,232.12	12.41	196,272,319.85

3. Trade receivables subject to provision for bad debts on portfolio basis

1) Ageing analysis portfolio — Heat supply business

Ageing	30 June 2021		
	Trade receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	48,739,729.81	3,414,320.30	7.01
1 to 2 years	2,860,233.88	549,753.81	19.22
2 to 3 years	3,646,998.61	1,358,754.90	37.26
3 to 4 years	2,049,742.45	1,056,420.73	51.54
4 to 5 years	909,112.54	676,041.36	74.36
Over 5 years	6,225,468.05	6,225,468.05	100.00
Total	64,431,285.34	13,280,759.15	20.61

Continued:

Ageing	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	28,779,979.86	733,142.68	2.55
1 to 2 years	5,541,378.81	899,205.53	16.23
2 to 3 years	2,280,781.08	610,108.18	26.75
3 to 4 years	1,366,780.41	566,393.82	41.44
4 to 5 years	720,551.19	491,343.81	68.19
Over 5 years	5,894,562.02	5,894,562.02	100.00
Total	44,584,033.37	9,194,756.04	20.62

Continued:

Ageing	31 December 2019		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	15,333,357.73	783,797.28	5.11
1 to 2 years	9,900,056.03	2,124,908.29	21.46
2 to 3 years	1,731,649.79	868,488.84	50.15
3 to 4 years	195,181.77	139,270.48	71.35
4 to 5 years	540,959.70	465,739.61	86.10
Over 5 years	4,043,741.68	4,043,741.68	100.00
Total	31,744,946.70	8,425,946.18	26.54

Continued:

Ageing	31 December 2018		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	19,429,602.69	631,245.31	3.25
1 to 2 years	1,950,654.38	346,916.57	17.78
2 to 3 years	659,964.35	293,053.16	44.40
3 to 4 years	391,023.38	273,025.27	69.82
4 to 5 years	427,034.95	365,588.67	85.61
Over 5 years	3,265,100.44	3,265,100.44	100.00
Total	26,123,380.19	5,174,929.42	19.81

2) Ageing analysis portfolio — Engineering business

Ageing	30 June 2021		
	Trade receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	143,597,637.98	8,483,669.27	5.91
1 to 2 years	22,702,670.84	4,303,599.27	18.96
2 to 3 years	13,984,324.57	8,412,144.01	60.15
3 to 4 years	2,919,056.02	2,467,392.61	84.53
4 to 5 years	3,652,021.40	3,561,141.45	97.51
Over 5 years	1,930,769.75	1,930,769.75	100.00
Total	188,786,480.56	29,158,716.36	15.45

Continued:

Ageing	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	162,562,103.11	10,895,553.58	6.70
1 to 2 years	26,784,965.36	5,530,433.47	20.65
2 to 3 years	2,595,082.85	2,164,847.65	83.42
3 to 4 years	4,509,422.30	4,210,615.68	93.37
4 to 5 years	335,000.00	326,659.03	97.51
Over 5 years	1,515,728.45	1,515,728.45	100.00
Total	198,302,302.07	24,643,837.86	12.43

Continued:

Ageing	31 December 2019		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	269,846,990.91	21,908,642.39	8.12
1 to 2 years	5,147,187.64	1,162,268.43	22.58
2 to 3 years	7,052,704.95	4,498,590.70	63.79
3 to 4 years	335,000.00	305,559.87	91.21
4 to 5 years	566,728.45	547,924.52	96.68
Over 5 years	949,000.00	949,000.00	100.00
Total	283,897,611.95	29,371,985.91	10.35

Continued:

Ageing	31 December 2018		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	134,444,738.91	10,458,542.36	7.78
1 to 2 years	11,702,250.95	2,264,814.11	19.35
2 to 3 years	500,535.80	240,926.49	48.13
3 to 4 years	596,728.45	388,882.95	65.17
4 to 5 years	259,866.99	254,908.55	98.09
Over 5 years	715,000.00	715,000.00	100.00
Total	148,219,121.10	14,323,074.46	9.66

3) Ageing analysis portfolio — Basic heating fee

Ageing	30 June 2021		
	Trade receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	4,624,192.49	519,203.87	11.23
1 to 2 years	3,435,927.51	874,805.24	25.46
2 to 3 years	1,017,003.80	446,962.52	43.95
3 to 4 years	1,719,655.22	1,011,548.40	58.82
4 to 5 years	635,332.74	468,086.55	73.68
Over 5 years	5,927,409.39	5,927,409.39	100.00
Total	17,359,521.15	9,248,015.97	53.27

Continued:

Ageing	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	3,753,626.48	429,764.84	11.45
1 to 2 years	2,234,287.41	455,375.01	20.38
2 to 3 years	1,848,007.08	591,005.53	31.98
3 to 4 years	1,081,322.89	518,927.67	47.99
4 to 5 years	1,028,370.05	671,429.88	65.29
Over 5 years	5,226,128.81	5,226,128.81	100.00
Total	15,171,742.72	7,892,631.74	52.02

Continued:

Ageing	31 December 2019		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	4,280,670.62	311,306.76	7.27
1 to 2 years	2,861,338.77	364,180.83	12.73
2 to 3 years	1,339,986.06	236,100.20	17.62
3 to 4 years	1,136,368.68	271,029.57	23.85
4 to 5 years	1,491,376.50	466,540.80	31.28
Over 5 years	3,665,028.07	3,665,028.07	100.00
Total	14,774,768.70	5,314,186.23	35.97

Continued:

Ageing	31 December 2018		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	2,892,428.94	499,999.97	17.29
1 to 2 years	1,121,330.01	420,851.69	37.53
2 to 3 years	658,075.06	358,076.03	54.41
3 to 4 years	529,224.60	382,430.39	72.26
4 to 5 years	349,654.90	317,290.67	90.74
Over 5 years	2,464,239.77	2,464,239.77	100.00
Total	8,014,953.28	4,442,888.52	55.43

4. Details of bad debt provision

Category	1 January 2018	Movement during the current period				31 December 2018
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	8,673,184.47	19,143,047.65				27,816,232.12
Of which: Ageing analysis portfolio — Heat supply business		5,174,929.42				5,174,929.42
Ageing analysis portfolio — Engineering business	8,673,184.47	5,649,889.99				14,323,074.46
Ageing analysis portfolio — Basic heating fee		4,442,888.52				4,442,888.52
Related party portfolio		3,875,339.72				3,875,339.72
Total	8,673,184.47	19,143,047.65				27,816,232.12

Continued:

Category	31 December 2018	Movement during the current period				31 December 2019
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	27,816,232.12	20,580,963.48	2,381,947.90			46,015,247.70
Of which: Ageing analysis portfolio — Heat supply business	5,174,929.42	3,251,016.76				8,425,946.18
Ageing analysis portfolio — Engineering business	14,323,074.46	15,048,911.45				29,371,985.91
Ageing analysis portfolio — Basic heating fee	4,442,888.52	2,276,521.59	1,405,223.88			5,314,186.23
Related party portfolio	3,875,339.72	4,513.68	976,724.02			2,903,129.38
Total	27,816,232.12	20,580,963.48	2,381,947.90			46,015,247.70

Continued:

Category	31 December 2019	Movement during the current period				31 December 2020
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	46,015,247.70	15,149,757.22	420,504.96		11,392,152.52	49,352,347.44
Of which: Ageing analysis portfolio — Heat supply business	8,425,946.18	1,186,990.11	418,180.25			9,194,756.04
Ageing analysis portfolio — Engineering business	29,371,985.91	6,664,004.47			11,392,152.52	24,643,837.86
Ageing analysis portfolio — Basic heating fee	5,314,186.23	2,578,445.51				7,892,631.74
Related party portfolio	2,903,129.38	4,720,317.13	2,324.71			7,621,121.80
Total	46,015,247.70	15,149,757.22	420,504.96		11,392,152.52	49,352,347.44

Continued:

Category	31 December 2020	Movement during the current period				30 June 2021
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	49,352,347.44	10,915,824.49	6,522,148.35			53,746,023.58
Of which: Ageing analysis portfolio — Heat supply business	9,194,756.04	4,369,551.33	283,548.22			13,280,759.15
Ageing analysis portfolio — Engineering business	24,643,837.86	4,685,635.26	170,756.76			29,158,716.36
Ageing analysis portfolio — Basic heating fee	7,892,631.74	1,355,384.23				9,248,015.97
Related party portfolio	7,621,121.80	505,253.67	6,067,843.37			2,058,532.10
Total	49,352,347.44	10,915,824.49	6,522,148.35			53,746,023.58

(1) Trade receivables with significant amounts of bad debt provision reversed or recovered during the reporting period are as follows:

Name	2019		
	Reversal or recovery	Way of reversal or recovery	Remark
Residential users, etc.	1,405,223.88	Recovery in cash	Heating fee of headquarters recovered
Total	1,405,223.88		

Continued:

Name	2020		
	Reversal or recovery	Way of reversal or recovery	Remark
Residential users, etc.	418,180.25	Recovery in cash	Heating fee of headquarters recovered
Total	418,180.25		

Continued:

Name	From January to June 2021		
	Reversal or recovery	Way of reversal or recovery	Remark
Corporate users	6,067,843.37	Recovery in cash	Project payment recovered by Runfeng Installation and Maintenance Service
Total	6,067,843.37		

5. Actual write-off of trade receivables during the reporting period

There was no actual write-off of trade receivables during the reporting period.

6. Particulars of the top five trade receivables at the end of the period

Name	30 June 2021		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
China Railway 9th Bureau Group Co., Ltd.* (中鐵九局集團有限公司)	69,753,975.78	24.30	3,798,636.06
Changchun Yangguang Heat Supply Co., Ltd.* (長春市陽光供熱有限責任公司)	33,613,011.72	11.71	2,626,570.82
Yanji Heating Inc.* (延吉市熱力公司)	27,309,870.43	9.51	1,487,583.58
Jilin Railway Surveying and Design Institute Co., Ltd.* (吉林鐵道勘察設計院有限公司)	13,808,920.00	4.81	8,479,772.40
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	6,851,947.43	2.39	373,785.97
Total	151,337,725.36	52.72	16,766,348.83

Continued:

Name	31 December 2020		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
China Railway 9th Bureau Group Co., Ltd.* (中鐵九局集團有限公司)	110,221,248.55	35.69	8,340,644.61
Yanji Heating Inc.* (延吉市熱力公司)	37,783,150.22	12.23	2,641,821.48
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	24,989,327.10	8.09	4,307,065.14
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	16,293,979.07	5.28	2,488,155.46
Changchun Yangguang Heat Supply Co., Ltd.* (長春市陽光供熱有限責任公司)	15,882,119.24	5.14	1,996,793.09
Total	205,169,824.18	66.43	19,774,479.78

Continued:

Name	31 December 2019		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
China Railway 9th Bureau Group Co., Ltd.* (中鐵九局集團有限公司)	154,306,748.76	43.41	14,838,391.72
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	46,602,972.90	13.11	3,091,693.62
Jilin Railway Surveying and Design Institute Co., Ltd.* (吉林鐵道勘察設計院有限公司)	28,008,920.00	7.88	2,257,100.80
China Construction Third Engineering Bureau Group Co. Ltd.* (中建三局集團有限公司) (tentative estimation)	16,717,815.52	4.70	1,293,284.99
CCCC Road & Bridge Construction Co. Ltd.* (中交路橋建設有限公司)	14,743,491.20	4.15	1,649,385.34
Total	260,379,948.38	73.25	23,129,856.47

Continued:

Name	31 December 2018		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
China Railway 9th Bureau Group Co., Ltd.* (中鐵九局集團有限公司)	95,787,997.80	42.75	7,830,512.91
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	39,466,050.67	17.61	3,693,909.48
China Construction Third Engineering Bureau Group Co. Ltd.* (中建三局集團有限公司)	20,005,418.77	8.93	1,602,535.55
Jilin Railway Surveying and Design Institute Co., Ltd.* (吉林鐵道勘察設計院有限公司)	8,928,000.00	3.98	733,875.81
Jilin Construction Engineering Group Co.,Ltd.* (吉林建工集團有限公司)	2,718,929.19	1.21	526,825.66
Total	166,906,396.43	74.48	14,387,659.41

Remark 5. Trade Receivables Financing

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Bills receivable				
Trade receivables	60,540,245.51	125,254,548.10		
Total	60,540,245.51	125,254,548.10		

1. Increase or decrease of trade receivables financing during the reporting period

As of 30 June 2021, the trade receivables financing of Maintenance Service and Runfeng Installation, the subsidiaries of the Company was mainly for project payment due from China Railway 9th Bureau Group Co., Ltd.* (中鐵九局集團有限公司). Maintenance Service and Runfeng Installation have entered into a Liability Transfer Agreement with Yunlian (Tianjin) Supply Chain Management Co., Ltd* (雲鏈(天津)供應鏈管理有限公司) (as the debtor) through

an electronic platform operated by Zhongqi Yunlian (Beijing) Financial Information Service Co., Ltd.* (中企雲鏈(北京)金融信息服務有限公司) (“Zhongqi Yunlian”), the principal terms of which are set out below:

4.1 The Transferor (i.e., the Company) guarantees that the Subject Liability to be transferred is true, legal and valid and there is no restriction on the transfer of the Subject Liability, and the Subject Liability is not pledged (whether or not the pledge is registered) or subject to other encumbrances; 4.3 The Transferee undertakes that it will voluntarily bear the risk of settlement of the Subject Liability after this Agreement becomes effective and shall not make claims for liabilities from the Transferor or Zhongqi Yunlian or demands for return of the Subject Liability due to failure of full settlement of the Subject Liability. The transfer price is 4.15% of the financing cost plus platform handling fee.

2020:

The amount of transfer by Maintenance Service was RMB30,000,000, the amount of repayment was RMB28,669,300 and the financing cost (including handling fee) was RMB1,330,700; and the amount of transfer by Runfeng Installation was RMB6,288,300, the amount of repayment was RMB6,009,300 and the financing cost (including handling fee) was RMB279,000.

From January to June 2021:

The amount of transfer by Maintenance Service was RMB24,280,000, the amount of repayment was RMB23,393,800 and the financing cost (including handling fee) was RMB886,200; and the amount transferred by Runfeng Installation was RMB142,460,000, the amount of repayment was RMB136,870,500 and the financing cost (including handling fee) was RMB5,589,500.

2. Changes in fair value

Category	1 January 2020	Changes during the current period				31 December 2020
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables		14,052,101.30				14,052,101.30
Total		14,052,101.30				14,052,101.30

Continued:

	1 January 2021	Changes during the current period				30 June 2021
		Provision	Recovery or reversal	Write-off	Other changes	
Trade receivables	14,052,101.30		11,310,602.95			2,741,498.35
Total	14,052,101.30		11,310,602.95			2,741,498.35

Remark 6. Prepayments

1. Prepayments by ageing

Ageing	30 June 2021		31 December 2020		31 December 2019		31 December 2018	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	14,715,948.71	89.84	447,901,055.82	99.62	385,248,529.80	100.00	308,799,609.85	100.00
1 to 2 years	110,896.44	0.68	1,709,274.87	0.38				
2 to 3 years	1,553,425.02	9.48	15,600.00					
Over 3 years								
Total	16,380,270.17	100.00	449,625,930.69	100.00	385,248,529.80	100.00	308,799,609.85	100.00

Note: The irrationality in ageing of 2 to 3 years at the end of 2020 was mainly due to the increase in the scope of combination of Xixing Energy, an entity involved in business combinations not under common control by the Company in the current year.

2. Description of reasons for delay in settlement of significant prepayments ageing over 1 year during the reporting period

Name	30 June 2021	Ageing	Reasons for delay in settlement
Shuangyashan Yatai Coal Industry Co., Ltd.* (雙鴨山亞泰煤業有限公司)	1,553,425.02	2 to 3 years	Set-off agreement entered into
Total	1,553,425.02		

3. Particulars of the top five prepayments at the end of the period

Period	Total closing balance of the top five prepayments	Percentage to the closing balance of the prepayments (%)
30 June 2021	12,087,867.65	73.80
31 December 2020	427,615,823.58	95.10
31 December 2019	377,270,911.74	97.93
31 December 2018	305,833,680.96	99.04

Remark 7. Other Receivables

1. Disclosure based on ageing

Ageing	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Within 1 year	1,064,108.03	1,067,424.44	163,928,500.44	42,909,355.40
1 to 2 years	70,882.94	532,606.36	3,258,985.83	615,583.54
2 to 3 years	67,338.33	276,083.00	315,583.54	2,081,570.60
3 to 4 years	270,683.00	175,183.54		2,610,393.57
4 to 5 years	165,583.54		200,000.00	
Over 5 years	1,404,863.20	1,404,863.20	1,204,863.20	
Sub-total	3,043,459.04	3,456,160.54	168,907,933.01	48,216,903.11
Less: Provision for bad debts	1,921,181.78	2,040,315.98	3,304,991.84	4,186,503.56
Total	1,122,277.26	1,415,844.56	165,602,941.17	44,030,399.55

Note: The irrationality in ageing over 5 years in 2019 was mainly due to adjustments to the opening balance of Yatai Heating for 2020, an entity involved in business combinations under common control by the Company in 2020; and the irrationality in ageing 2 to 3 years and 3 to 4 years in 2020 was mainly due to the increase in the scope of combination of Xixing Energy, an entity involved in business combinations not under common control by the Company.

2. Classification by nature of the receivables

Nature of the amount	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Guarantee	299,683.00	325,683.00	2,046,763.49	2,907,264.19
Petty money	548,767.41	679,807.33	611,143.45	576,511.25
Current account payment	1,491,482.20	1,579,341.99	165,971,130.54	41,616,921.77
Other	703,526.43	871,328.22	278,895.53	3,116,205.90
Total	3,043,459.04	3,456,160.54	168,907,933.01	48,216,903.11

3. Disclosure based on three stages of financial asset impairment

Item	30 June 2021		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	1,838,595.84	716,318.58	1,122,277.26
Stage two			
Stage three	1,204,863.20	1,204,863.20	
Total	3,043,459.04	1,921,181.78	1,122,277.26

Continued:

Item	31 December 2020		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	2,251,297.34	835,452.78	1,415,844.56
Stage two			
Stage three	1,204,863.20	1,204,863.20	
Total	3,456,160.54	2,040,315.98	1,415,844.56

Continued:

Item	31 December 2019		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	167,703,069.81	2,100,128.64	165,602,941.17
Stage two			
Stage three	1,204,863.20	1,204,863.20	
Total	168,907,933.01	3,304,991.84	165,602,941.17

Continued:

Item	31 December 2018		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	48,216,903.11	4,186,503.56	44,030,399.55
Stage two			
Stage three			
Total	48,216,903.11	4,186,503.56	44,030,399.55

4. Particulars of provision for bad debts of other receivables

Provision for bad debts	30 June 2021			
	Stage one	Stage two	Stage three	Total
	12-months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	835,452.78		1,204,863.20	2,040,315.98
Opening balance during the current period which:	835,452.78		1,204,863.20	2,040,315.98
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	29,948.50			29,948.50
Reversal in the current period	149,082.70			149,082.70
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	716,318.58		1,204,863.20	1,921,181.78

Continued:

Provision for bad debts	31 December 2020			
	Stage one	Stage two	Stage three	Total
	12-months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	2,100,128.64		1,204,863.20	3,304,991.84
Opening balance during the current period which:	2,100,128.64		1,204,863.20	3,304,991.84
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	693,979.12			693,979.12
Reversal in the current period	1,958,654.98			1,958,654.98
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	835,452.78		1,204,863.20	2,040,315.98

Continued:

Provision for bad debts	31 December 2019			Total
	Stage one	Stage two	Stage three	
	12-months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	4,186,503.56			4,186,503.56
Opening balance during the current period which:	4,186,503.56			4,186,503.56
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	1,965,005.69		1,204,863.20	3,169,868.89
Reversal in the current period	4,051,380.61			4,051,380.61
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	2,100,128.64		1,204,863.20	3,304,991.84

Continued:

Provision for bad debts	31 December 2018			Total
	Stage one	Stage two	Stage three	
	12-months ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	493,956.75			493,956.75
Opening balance during the current period which:	493,956.75			493,956.75
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	3,936,617.27			3,936,617.27
Reversal in the current period	4.86			4.86
Charge-off in the current period	244,065.60			244,065.60
Written-off in the current period				
Other changes				
Closing balance	4,186,503.56			4,186,503.56

5. No other receivables actually written off during the reporting period

6. Particulars of the top five other receivables at the end of the period

Name	Nature of the amount	30 June 2021	Aging	Percentage to the closing balance of other receivables (%)	Closing balance of provision for bad debts
Jilin Sanyi Environmental Boiler Co., Ltd.	Current account payment	1,204,863.20	Over 5 years	39.59	1,204,863.20
Changchun Social Medical Insurance Administration	Social insurance	250,479.02	Within 1 year	8.23	18,917.03
Jilin Lida Furniture Co., Ltd.* (吉林省利達傢俱有限公司)	Current account payment	200,000.00	Over 5 years	6.57	200,000.00
Yu Hao* (于昊)	Petty money	150,000.00	Within 1 year	4.93	11,337.63
Shi Tianlin* (史天林)	Petty money	141,083.00	3 to 4 years	4.64	105,939.22
Total		1,946,425.22		63.96	1,541,057.08

Continued:

Name	Nature of the amount	31 December 2020	Aging	Percentage to the closing balance of other receivables (%)	Closing balance of provision for bad debts
Jilin Sanyi Environmental Boiler Co., Ltd.	Current account payment	1,204,863.20	Over 5 years	34.86	1,204,863.20
Liu Mingchao* (劉明超)	Others	240,000.00	1 to 2 years	6.94	84,432.00
Changchun Social Medical Insurance Administration	Social insurance	208,466.03	Within 1 year	6.03	13,882.23
Jilin Lida Furniture Co., Ltd.* (吉林省利達傢俱有限公司)	Current account payment	200,000.00	Over 5 years	5.79	200,000.00
Frost & Sullivan (Beijing) Co., Ltd.* (弗諾斯特沙利文(北京)諮詢有限公司)	Others	200,000.00	Within 1 year	5.79	14,049.73
Total		2,053,329.23		59.41	1,517,227.16

Continued:

Name	Nature of the amount	31 December 2019	Aging	Percentage to the closing balance of other receivables (%)	Closing balance of provision for bad debts
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Current account payment	163,255,935.09	Within 1 year, 1 to 2 years	96.65	1,959,071.22
Jilin Ruixing Property Service Co., Ltd.* (吉林省瑞星物業服務有限責任公司)	Current account payment	1,520,332.25	1 to 2 years	0.90	47,586.40
Liu Yongnan* (劉勇男)	Current account payment	1,463,570.59	1 to 2 years	0.87	45,809.76
Jilin Sanyi Environmental Boiler Co., Ltd.	Current account payment	1,204,863.20	Over 5 years	0.71	1,204,863.20
Jilin Lida Furniture Co., Ltd.* (吉林省利達傢俱有限公司)	Current account payment	200,000.00	4 to 5 years	0.12	33,000.00
Total		167,644,701.13		99.25	3,290,330.58

Note: the opening balance in 2020 was adjusted due to the combination of Yatai Heating under common control at the end of 2020, leading to an increase in other receivables over 5 years of Changre Group.

Continued:

Name	Nature of the amount	31 December 2018	Aging	Percentage to the closing balance of other receivables (%)	Closing balance of provision for bad debts
Changchun Chungcheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Current account payment	23,086,195.96	Within 1 year	47.88	1,849,204.30
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	Current account payment	12,750,000.00	Within 1 year	26.44	35,481.67
Changchun Runfeng Bathhouse Service Co., Ltd.* (長春市潤鋒洗浴服務有限公司)	Current account payment	4,280,393.57	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years	8.88	2,266,749.69
Jilin Ruixing Property Service Co., Ltd.* (吉林省瑞星物業服務有限責任公司)	Current account payment	1,520,332.25	Within 1 year	3.15	1,355.31
Liu Yongnan* (劉勇男)	Current account payment	1,470,610.59	Within 1 year	3.05	4,117.71
Total		43,107,532.37		89.40	4,156,908.68

Remark 8. Inventories

1. Classification of inventories

Item	30 June 2021			31 December 2020		
	Carrying balance	Provision for decline in value	Carrying amount	Carrying balance	Provision for decline in value	Carrying amount
Raw materials	16,963,363.84	6,221,771.86	10,741,591.98	19,095,199.77	7,806,703.67	11,288,496.10
Inventories	570,642.10		570,642.10	526,040.40		526,040.40
Revolving materials	37,253.89		37,253.89	25,842.01		25,842.01
Total	17,571,259.83	6,221,771.86	11,349,487.97	19,647,082.18	7,806,703.67	11,840,378.51

Continued:

Item	31 December 2019			31 December 2018		
	Carrying balance	Provision for decline in value	Carrying amount	Carrying balance	Provision for decline in value	Carrying amount
Raw materials	35,245,732.31	8,122,664.50	27,123,067.81	16,925,662.46	5,631,326.08	11,294,336.38
Inventories						
Revolving materials	43,334.10		43,334.10	74,657.70		74,657.70
Total	35,289,066.41	8,122,664.50	27,166,401.91	17,000,320.16	5,631,326.08	11,368,994.08

2. Provision for decline in value of inventories

Item	1 January 2018	Increase during the current period		Decrease during the current period			31 December 2018
		Provision	Others	Reversal	Charge-off	Others	
Raw materials		5,631,326.08					5,631,326.08
Inventories							
Revolving materials							
Total		5,631,326.08					5,631,326.08

Continued:

Item	31 December 2018	Increase during the current period		Decrease during the current period			31 December 2019
		Provision	Others	Reversal	Charge-off	Others	
Raw materials	5,631,326.08	2,491,338.42					8,122,664.50
Inventories							
Revolving materials							
Total	5,631,326.08	2,491,338.42					8,122,664.50

Continued:

Item	31 December 2019	Increase during the current period		Decrease during the current period			31 December 2020
		Provision	Others	Reversal	Charge-off	Others	
Raw materials	8,122,664.50				315,960.83		7,806,703.67
Inventories							
Revolving materials							
Total	8,122,664.50				315,960.83		7,806,703.67

Continued:

Item	31 December 2020	Increase during the current period		Decrease during the current period			30 June 2021
		Provision	Others	Reversal	Charge-off	Others	
Raw materials	7,806,703.67			1,584,931.81			6,221,771.86
Inventories							
Revolving materials							
Total	7,806,703.67			1,584,931.81			6,221,771.86

Description on provision for decline in value of inventories:

The net realizable value is determined as the estimated selling price of the relevant raw materials less the estimated expenses to sale and relevant taxes; and the reversal in the current period was due to that the net realizable value of the inventory became higher than its carrying amount as the factors affecting the write-down of the value of the inventory disappeared.

Remark 9. Contract Assets

1. Particulars of contract assets

Item	30 June 2021		
	Carrying balance	Impairment provision	Carrying amount
Quality guarantee deposit	39,305,322.10	1,851,960.80	37,453,361.30
Amounts completed but unsettled	82,963,428.19	14,785,415.89	68,178,012.30
Total	122,268,750.29	16,637,376.69	105,631,373.60

Continued:

Item	31 December 2020		
	Carrying balance	Impairment provision	Carrying amount
Quality guarantee deposit	19,545,949.52	407,986.43	19,137,963.09
Amounts completed but unsettled	230,256,360.41	17,072,694.03	213,183,666.38
Total	249,802,309.93	17,480,680.46	232,321,629.47

Continued:

Item	31 December 2019		
	Carrying balance	Impairment provision	Carrying amount
Quality guarantee deposit	19,029,301.20	472,362.00	18,556,939.20
Amounts completed but unsettled	194,899,994.78	20,842,170.32	174,057,824.46
Total	213,929,295.98	21,314,532.32	192,614,763.66

Continued:

Item	31 December 2018		
	Carrying balance	Impairment provision	Carrying amount
Quality guarantee deposit	15,887,396.46	297,802.43	15,589,594.03
Amounts completed but unsettled	267,446,828.48	28,167,586.53	239,279,241.95
Total	283,334,224.94	28,465,388.96	254,868,835.98

2. Material changes in carrying amount during the reporting period and the reason

Item	Changes from January to June 2021	Reason for movement
China Railway 9th Bureau Group No. 4 Engineering Co., Ltd.* (中鐵九局集團第四工程有限公司)	-61,152,006.73	Settled
China State Construction Railway Investment & Engineering Group Co., LTD	-55,446,165.12	Settled
Road & Bridge International Co., Ltd.	-13,076,236.61	Settled
Tumen Heat Source Construction Project (圖們集中熱源建設項目)	-11,306,862.70	Settled
Total	-140,981,271.16	

Continued:

Item	Changes in 2020	Reason for movement
China State Construction Railway Investment & Engineering Group Co., LTD	81,337,688.64	Additional estimated income
China Railway 9th Bureau Group No. 4 Engineering Co., Ltd.* (中鐵九局集團第四工程有限公司)	50,383,185.43	Additional estimated income
Road & Bridge International Co., Ltd.	16,255,247.15	Additional estimated income
Agricultural and forestry biomass heat supply, peak regulation, heat source construction in Mishazi town, Dehui (德惠市米沙子鎮農林生物質供熱調峰熱源建設)	-12,719,381.44	Settled
Section two of water, electricity, heat supply and property management reconstruction project of Baishishan Forestry Administration (heat supply reconstruction) (白石山林業局三供一業改造項目二標段(供熱改造工程))	11,852,825.34	Additional estimated income
Total	147,109,565.12	

Continued:

Item	Changes in 2019	Reason for movement
China Railway 9th Bureau Group No. 4 Engineering Co., Ltd.* (中鐵九局集團第四工程有限公司)	-55,823,885.80	Settled
Jilin Railway Surveying and Design Institute Co., Ltd.* (吉林鐵道勘察設計院有限公司)	-50,920,920.00	Settled
Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)	-13,467,001.33	Settled
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	-15,638,107.00	Settled
Agricultural and forestry biomass heat supply, peak regulation, heat source construction in Mishazi town, Dehui (德惠市米沙子鎮農林生物質供熱調峰熱源建設)	12,719,381.44	Additional estimated income
Tumen Heat Source Construction Project (圖們集中熱源建設項目)	11,306,862.70	Additional estimated income
Total	-111,823,669.99	

3. Particulars of impairment provision for contract assets during the current period

Item	1 January 2018	Movement during the current period				31 December 2018
		Provision	Reversal	Charge-off or write-off	Other changes	
Quality guarantee deposit		297,802.43				297,802.43
Amounts completed but unsettled		28,167,586.53				28,167,586.53
Total		28,465,388.96				28,465,388.96

Continued:

Item	31 December 2018	Movement during the current period				31 December 2019
		Provision	Reversal	Charge-off or write-off	Other changes	
Quality guarantee deposit	297,802.43	174,559.57				472,362.00
Amounts completed but unsettled	28,167,586.53	827,922.20	8,153,338.41			20,842,170.32
Total	28,465,388.96	1,002,481.77	8,153,338.41			21,314,532.32

Continued:

Item	31 December 2019	Movement during the current period				31 December 2020
		Provision	Reversal	Charge-off or write-off	Other changes	
Quality guarantee deposit	472,362.00		64,375.57			407,986.43
Amounts completed but unsettled	20,842,170.32		3,769,476.29			17,072,694.03
Total	21,314,532.32		3,833,851.86			17,480,680.46

Continued:

Item	31 December 2020	Movement during the current period				30 June 2021
		Provision	Reversal	Charge-off or write-off	Other changes	
Quality guarantee deposit	407,986.43	1,443,974.37				1,851,960.80
Amounts completed but unsettled	17,072,694.03	358,392.87	2,645,671.01			14,785,415.89
Total	17,480,680.46	1,802,367.24	2,645,671.01			16,637,376.69

Remark 10. Other Current Assets**1. List of other current assets**

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
VAT allowance	20,543,285.67	3,618,799.39	3,896,249.31	2,421,102.47
Prepaid income tax, net of eliminations	4,525,919.34			606,269.46
Prepaid land use tax			4,654.20	
Heating expenses		776,785.10	768,368.38	769,202.84
Listing firm service fee				12,098,579.03
Others	353,832.75	150,727.45		25,257.76
Total	25,423,037.76	4,546,311.94	4,669,271.89	15,920,411.56

Remark 11. Long-term Equity Investments

Investee	1 January 2018	Increase/decrease during the current period							31 December 2018	Closing balance of impairment provision
		Increase in investment	Decrease in investment	Investment gains and losses recognised using equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared or profits	Impairment provision		
I. Joint venture										
II. Associate										
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司)		63,556,567.21		1,501,333.23					-2,366,172.81	62,691,727.63
Sub-total		63,556,567.21		1,501,333.23					-2,366,172.81	62,691,727.63
Total		63,556,567.21		1,501,333.23					-2,366,172.81	62,691,727.63

Continued:

Investee	31 December 2018	Increase/decrease during the current period							31 December 2019	Closing balance of impairment provision
		Increase in investment	Decrease in investment	Investment gains and losses recognised using equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared or profits	Impairment provision		
I. Associate										
II. Joint venture										
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司)	62,691,727.63			335,778.74				-2,290,555.59	-3,175,676.71	57,561,274.07
Sub-total	62,691,727.63			335,778.74				-2,290,555.59	-3,175,676.71	57,561,274.07
Total	62,691,727.63			335,778.74				-2,290,555.59	-3,175,676.71	57,561,274.07

Continued:

Investee	31 December 2019	Increase/decrease during the current period							31 December 2020	Closing balance of impairment provision		
		Increase in investment	Decrease in investment	Investment gains and losses recognised using equity method	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared or profits	Impairment provision			Other	
I. Associate												
II. Joint venture												
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能 有限公司)	57,561,274.07	52,000,000.00		1,448,819.21						-2,652,276.42	-108,357,816.86	
Sub-total	57,561,274.07	52,000,000.00		1,448,819.21						-2,652,276.42	-108,357,816.86	
Total	57,561,274.07	52,000,000.00		1,448,819.21						-2,652,276.42	-108,357,816.86	

Description of long-term equity investments:

The Company originally held 50% equity interest in Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司) (the former name of Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)), which was accounted for under the equity method. On 8 June 2020, the Company held an extraordinary board meeting and passed the "Proposal to acquire 50% equity interest in Changchun FAW Sihuan Kinetic Company Limited" (《關於收購長春一汽四環動能有限公司50%股權的議案》). On 8 June 2020, the Company entered into an equity transfer agreement with Changchun FAWSN, pursuant to which Changchun FAWSN has agreed to transfer its 50% equity interest in FAW Sihuan (currently known as Xixing Energy) for RMB52 million. Upon completion of the acquisition, Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司) became a wholly-owned subsidiary of the Company and was consolidated into the combined financial statements of the Company.

Remark 12. Other Non-current Financial Assets

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Subordinated asset-backed securities			52,665,407.00	
Total			52,665,407.00	

Description of other non-current financial assets:

According to the “Dongzheng Ronghui — Debt Asset-backed Special Plan for Yatai Heating” (東證融匯—亞泰熱力供熱公司債權資產支持專項計劃說明書) issued by Dongzheng Ronghui Securities Asset Management Co., Ltd.* (東證融匯證券資產管理有限公司) in August 2016, Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司), a subsidiary of the Company, as a “specified originator”, subscribed for a total of 500,000 subordinated asset-backed securities, representing 5% of all asset-backed securities, in the amount of RMB50,000,000.00. The subordinated asset-backed securities were terminated and fully redeemed in May 2020.

Remark 13. Investment Properties

1. Particulars of investment properties

Item	Buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. 1 January 2018				
2. Increase during the current period	303,021.61			303,021.61
Addition				
Business combination not under common control				
Increase due to other reasons	303,021.61			303,021.61
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2018	303,021.61			303,021.61
II. Accumulated depreciation (amortisation)				
1. 1 January 2018				
2. Increase during the current period	259,625.02			259,625.02
Provision for the period	1,905.12			1,905.12
Business combination not under common control				
Increase due to other reasons	257,719.90			257,719.90
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2018	259,625.02			259,625.02
III. Impairment provision				
1. 1 January 2018				
2. Increase during the current period				
3. Decrease during the current period				
4. 31 December 2018				
IV. Carrying amount				
1. 31 December 2018	43,396.59			43,396.59
2. 1 January 2018				

Continued:

Item	Buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. 31 December 2018	303,021.61			303,021.61
2. Increase during the current period	10,945,585.00			10,945,585.00
Addition				
Business combination not under common control				
Increase due to other reasons	10,945,585.00			10,945,585.00
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2019	11,248,606.61			11,248,606.61
II. Accumulated depreciation (amortisation)				
1. 31 December 2018	259,625.02			259,625.02
2. Increase during the current period	2,762,187.26			2,762,187.26
Provision for the period	2,762,187.26			2,762,187.26
Business combination not under common control				
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2019	3,021,812.28			3,021,812.28
III. Impairment provision				
1. 31 December 2018				
2. Increase during the current period				
3. Decrease during the current period				
4. 31 December 2019				
IV. Carrying amount				
1. 31 December 2019	8,226,794.33			8,226,794.33
2. 31 December 2018	43,396.59			43,396.59

Continued:

Item	Buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. 31 December 2019	11,248,606.61			11,248,606.61
2. Increase during the current period				
3. Decrease during the current period				
4. 31 December 2020	11,248,606.61			11,248,606.61
II. Accumulated depreciation (amortisation)				
1. 31 December 2019	3,021,812.28			3,021,812.28
2. Increase during the current period	356,541.96			356,541.96
Provision for the period	356,541.96			356,541.96
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2020	3,378,354.24			3,378,354.24
III. Impairment provision				
1. 31 December 2019				
2. Increase during the current period				
3. Decrease during the current period				
4. 31 December 2020				
IV. Carrying amount				
1. 31 December 2020	7,870,252.37			7,870,252.37
2. 31 December 2019	8,226,794.33			8,226,794.33

Continued:

Item	Buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. 31 December 2020	11,248,606.61			11,248,606.61
2. Increase during the current period				
3. Decrease during the current period				
4. 30 June 2021	11,248,606.61			11,248,606.61
II. Accumulated depreciation (amortisation)				
1. 31 December 2020	3,378,354.24			3,378,354.24
2. Increase during the current period	178,270.98			178,270.98
Provision for the period	178,270.98			178,270.98
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 30 June 2021	3,556,625.22			3,556,625.22
III. Impairment provision				
1. 31 December 2020				
2. Increase during the current period				
3. Decrease during the current period				
4. 30 June 2021				
IV. Carrying amount				
1. 30 June 2021	7,691,981.39			7,691,981.39
2. 31 December 2020	7,870,252.37			7,870,252.37

Remark 14. Fixed Assets

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Fixed assets	1,035,652,093.06	1,093,225,431.69	1,118,169,104.58	917,428,502.69
Liquidation of fixed assets				
Total	1,035,652,093.06	1,093,225,431.69	1,118,169,104.58	917,428,502.69

Note: The fixed assets in the above table refer to the fixed assets after deducting the liquidation of fixed assets.

(I) Fixed Assets

1. Particulars of fixed assets

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Pipeline network	Office equipment	Total
I. Original carrying amount							
1. 1 January 2018		3,862,327.99	2,728,717.95	1,150,601.43		10,468.38	7,752,115.75
2. Increase during the current period	2,278,498.60	383,435,873.79	11,164,236.84	42,874,567.21	1,383,011,859.35	117,298.04	1,822,882,333.83
Addition		7,568,148.41		3,187,143.57		117,298.04	10,872,590.02
Transfer from construction-in-progress		18,627,990.58		3,080,818.94	10,659,466.70		32,368,276.22
Business combination not under common control							
Other increases	2,278,498.60	357,239,734.80	11,164,236.84	36,606,604.70	1,372,352,392.65		1,779,641,467.59
3. Decrease during the current period		64,000.00	833,298.00				897,298.00
Disposal or retirement		64,000.00	833,298.00				897,298.00
Other decreases							
4. 31 December 2018	2,278,498.60	387,234,201.78	13,059,656.79	44,025,168.64	1,383,011,859.35	127,766.42	1,829,737,151.58
II. Accumulated depreciation	—	—	—	—	—	—	—
1. 1 January 2018		1,168,995.96	1,074,795.40	405,223.34		167.50	2,649,182.20
2. Increase during the current period	1,180,236.22	183,804,802.18	6,670,316.00	18,530,785.62	699,979,127.86	12,815.49	910,178,083.37
Provision for the period	66,574.79	28,232,519.98	1,364,451.39	6,257,141.67	54,429,612.16	12,815.49	90,363,115.48
Business combination not under common control							
Other increases	1,113,661.43	155,572,282.20	5,305,864.61	12,273,643.95	645,549,515.70		819,814,967.89
3. Decrease during the current period		60,800.00	457,816.68				518,616.68
Disposal or retirement		60,800.00	457,816.68				518,616.68
Other decreases							
4. 31 December 2018	1,180,236.22	184,912,998.14	7,287,294.72	18,936,008.96	699,979,127.86	12,982.99	912,308,648.89
III. Impairment provision	—	—	—	—	—	—	—
1. 1 January 2018							
2. Increase during the current period							
Provision for the period							
Business combination not under common control							
3. Decrease during the current period							
Disposal or retirement							
Other decreases							
4. 31 December 2018							
IV. Carrying amount	—	—	—	—	—	—	—
1. 31 December 2018	1,098,262.38	202,321,203.64	5,772,362.07	25,089,159.68	683,032,731.49	114,783.43	917,428,502.69
2. 1 January 2018		2,693,332.03	1,653,922.55	745,378.09		10,300.88	5,102,933.55

Continued:

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Pipeline network	Office equipment	Total
I. Original carrying amount							
1. 31 December 2018	2,278,498.60	387,234,201.78	13,059,656.79	44,025,168.64	1,383,011,859.35	127,766.42	1,829,737,151.58
2. Increase during the current period	22,023,495.69	167,560,124.98	6,144,646.66	6,439,212.84	417,746,691.05	76,430.88	619,990,602.10
Addition		1,698,592.62	580,826.19	2,555,290.36		76,430.88	4,911,140.05
Transfer from construction-in-progress		13,526,231.83		2,725,162.01	22,828,196.05		39,079,589.89
Business combination not under common control							
Other increases	22,023,495.69	152,335,300.53	5,563,820.47	1,158,760.47	394,918,495.00		575,999,872.16
3. Decrease during the current period	13,009,994.86	11,945,805.91	3,025,854.68	195,144.57			28,176,800.02
Disposal or retirement			24,543.00				24,543.00
Other decreases	13,009,994.86	11,945,805.91	3,001,311.68	195,144.57			28,152,257.02
4. 31 December 2019	11,291,999.43	542,848,520.85	16,178,448.77	50,269,236.91	1,800,758,550.40	204,197.30	2,421,550,953.66
II. Accumulated depreciation	—	—	—	—	—	—	—
1. 31 December 2018	1,180,236.22	184,912,998.14	7,287,294.72	18,936,008.96	699,979,127.86	12,982.99	912,308,648.89
2. Increase during the current period	4,696,328.40	117,887,674.68	5,648,846.25	7,679,567.41	267,751,268.17	32,481.98	403,696,166.89
Provision for the period	64,169.28	28,275,676.60	1,262,779.89	6,744,956.15	54,524,185.62	32,481.98	90,904,249.52
Business combination not under common control							
Increase due to other reasons	4,632,159.12	89,611,998.08	4,386,066.36	934,611.26	213,227,082.55		312,791,917.37
3. Decrease during the current period	3,781,204.98	10,852,723.82	2,817,499.57	56.84			17,451,485.21
Disposal or retirement							
Other decreases	3,781,204.98	10,852,723.82	2,817,499.57	56.84			17,451,485.21
4. 31 December 2019	2,095,359.64	291,947,949.00	10,118,641.40	26,615,519.53	967,730,396.03	45,464.97	1,298,553,330.57
III. Impairment provision	—	—	—	—	—	—	—
1. 31 December 2018							
2. Increase during the current period		4,828,518.51					4,828,518.51
Provision for the period		4,828,518.51					4,828,518.51
Business combination not under common control							
3. Decrease during the current period							
Disposal or retirement							
Other decreases							
4. 31 December 2019		4,828,518.51					4,828,518.51
IV. Carrying amount	—	—	—	—	—	—	—
1. 31 December 2019	9,196,639.79	246,072,053.34	6,059,807.37	23,653,717.38	833,028,154.37	158,732.33	1,118,169,104.58
2. 31 December 2018	1,098,262.38	202,321,203.64	5,772,362.07	25,089,159.68	683,032,731.49	114,783.43	917,428,502.69

Continued:

Item	Property and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Pipeline network	Office equipment	Total
I. Original carrying amount							
1. 31 December 2019	11,291,999.43	542,848,520.85	16,178,448.77	50,269,236.91	1,800,758,550.40	204,197.30	2,421,550,953.66
2. Increase during the current period	41,203,893.94	61,981,861.67	2,368,265.47	9,428,321.41	65,881,173.58	1,677,065.87	182,540,581.94
Addition		1,254,398.25	1,045,982.51	4,654,149.56	375,852.70	84,092.75	7,414,475.77
Transfer from construction-in-progress		11,745,401.76		4,774,171.85	29,767,615.83		46,287,189.44
Business combination not under common control	41,203,893.94	48,982,061.66	1,322,282.96		35,737,705.05	1,592,973.12	128,838,916.73
Other increases							
3. Decrease during the current period				68,420.00			68,420.00
Disposal or retirement				68,420.00			68,420.00
Other decreases							
4. 31 December 2020	52,495,893.37	604,830,382.52	18,546,714.24	59,629,138.32	1,866,639,723.98	1,881,263.17	2,604,023,115.60
II. Accumulated depreciation	—	—	—	—	—	—	—
1. 31 December 2019	2,095,359.64	291,947,949.00	10,118,641.40	26,615,519.53	967,730,396.03	45,464.97	1,298,553,330.57
2. Increase during the current period	21,563,405.18	72,337,621.31	2,041,063.31	7,569,266.14	102,283,625.97	1,463,791.90	207,258,773.81
Provision for the period	2,552,219.06	43,603,631.66	1,670,078.68	7,569,266.14	81,925,977.04	119,259.76	137,440,432.34
Business combination not under common control	19,011,186.12	28,733,989.65	370,984.63		20,357,648.93	1,344,532.14	69,818,341.47
Other increases							
3. Decrease during the current period				65,683.20			65,683.20
Disposal or retirement				65,683.20			65,683.20
Other decreases							
4. 31 December 2020	23,658,764.82	364,285,570.31	12,159,704.71	34,119,102.47	1,070,014,022.00	1,509,256.87	1,505,746,421.18
III. Impairment provision	—	—	—	—	—	—	—
1. 31 December 2019		4,828,518.51					4,828,518.51
2. Increase during the current period		222,744.22					222,744.22
Provision for the period		222,744.22					222,744.22
Business combination not under common control							
3. Decrease during the current period							
Disposal or retirement							
Other decreases							
4. 31 December 2020		5,051,262.73					5,051,262.73
IV. Carrying amount	—	—	—	—	—	—	—
1. 31 December 2020	28,837,128.55	235,493,549.48	6,387,009.53	25,510,035.85	796,625,701.98	372,006.30	1,093,225,431.69
2. 31 December 2019	9,196,639.79	246,072,053.34	6,059,807.37	23,653,717.38	833,028,154.37	158,732.33	1,118,169,104.58

Continued:

Item	Property and buildings	Machinery and equipment	Transportation equipment	Electronic equipment	Pipeline network	Office equipment	Total
I. Original carrying amount	—	—	—	—	—	—	—
1. 31 December 2020	52,495,893.37	604,830,382.52	18,546,714.24	59,629,138.32	1,866,639,723.98	1,881,263.17	2,604,023,115.60
2. Increase during the current period		3,714,507.92	94,504.68	467,255.31	7,636,349.08		11,912,616.99
Addition		3,714,507.92	94,504.68	467,255.31	7,636,349.08		11,912,616.99
Transfer from construction-in-progress							
Business combination not under common control							
Other increases							
3. Decrease during the current period		2,126,588.51	144,061.32				2,270,649.83
Disposal or retirement		2,126,588.51	144,061.32				2,270,649.83
Other decreases							
4. 30 June 2021	52,495,893.37	606,418,301.93	18,497,157.60	60,096,393.63	1,874,276,073.06	1,881,263.17	2,613,665,082.76
II. Accumulated depreciation	—	—	—	—	—	—	—
1. 31 December 2020	23,658,764.82	364,285,570.31	12,159,704.71	34,119,102.47	1,070,014,022.00	1,509,256.87	1,505,746,421.18
2. Increase during the current period	1,398,711.87	20,340,364.92	920,259.32	4,462,547.66	41,368,055.45	36,648.29	68,526,587.51
Provision for the period	1,398,711.87	20,340,364.92	920,259.32	4,462,547.66	41,368,055.45	36,648.29	68,526,587.51
Business combination not under common control							
Other increases							
3. Decrease during the current period		1,268,640.26	42,641.46				1,311,281.72
Disposal or retirement		1,268,640.26	42,641.46				1,311,281.72
Other decreases							
4. 30 June 2021	25,057,476.69	383,357,294.97	13,037,322.57	38,581,650.13	1,111,382,077.45	1,545,905.16	1,572,961,726.97
III. Impairment provision	—	—	—	—	—	—	—
1. 31 December 2020		5,051,262.73					5,051,262.73
2. Increase during the current period							
Provision for the period							
Business combination not under common control							
3. Decrease during the current period							
Disposal or retirement							
Other decreases							
4. 30 June 2021		5,051,262.73					5,051,262.73
IV. Carrying amount	—	—	—	—	—	—	—
1. 30 June 2021	27,438,416.68	218,009,744.23	5,459,835.03	21,514,743.50	762,893,995.61	335,358.01	1,035,652,093.06
2. 31 December 2020	28,837,128.55	235,493,549.48	6,387,009.53	25,510,035.85	796,625,701.98	372,006.30	1,093,225,431.69

2. Fixed assets which are temporarily idle: Nil.**3. Fixed assets leased out under operating lease**

Item	Carrying amount as at 30 June 2021	Carrying amount as at 31 December 2020	Carrying amount as at 31 December 2019	Carrying amount as at 31 December 2018
Transportation equipment		26,666.67		
Total		26,666.67		

4. Fixed assets which do not have certificates of title

Item	Carrying amount as at 30 June 2021	Carrying amount as at 31 December 2020	Carrying amount as at 31 December 2019	Carrying amount as at 31 December 2018	Reasons for not having certificates of title
Property and buildings	2,090,844.75	2,702,691.91			The carrying amount of the boiler plant, substation plant and office building of Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司), a subsidiary of the Company, was presented at RMB2,090,844.75 as at 30 June 2021, with no certificate of title; The land on which the building was located had been expropriated by the government and the nature of the land had been changed to become state-owned. As the land on which the building is located could not be processed for property title, the building could not obtain a certificate of title.
Total	2,090,844.75	2,702,691.91			

(II) Liquidation of fixed assets

Nil.

Remark 15. Construction-in-progress

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Construction-in-progress	20,609,439.93	26,472,742.26		
Construction materials	7,760,402.40	8,039,284.74	9,107,099.15	12,412,226.58
Total	28,369,842.33	34,512,027.00	9,107,099.15	12,412,226.58

Note: The Construction-in-progress in the above table refers to the construction-in-progress after deducting construction materials.

(I) Construction-in-progress

1. Particulars of construction in progress

Item	30 June 2021			31 December 2020		
	Carrying balance	Provision for impairment	Carrying amount	Carrying balance	Provision for impairment	Carrying amount
Xinxingyu heating line (新星宇熱力幹綫)	18,281,113.25		18,281,113.25	16,165,671.68		16,165,671.68
Wanlong Yinhe City heating line (萬龍銀河城熱力幹綫)				6,552,167.96		6,552,167.96
BGH heat exchange station (BGH地塊換熱站)	1,103,662.57		1,103,662.57	1,093,268.23		1,093,268.23
Wanlong Area B heat exchange station (萬龍B區換熱站)				968,808.49		968,808.49
Wanlong Area A heat exchange station (萬龍A區換熱站)				933,995.59		933,995.59
Others	1,224,664.11		1,224,664.11	758,830.31		758,830.31
Total	20,609,439.93		20,609,439.93	26,472,742.26		26,472,742.26

2. Movements in material construction-in-progress during the current reporting period

Name of the construction project	1 January 2018	Increase during the current period	Transferred to fixed assets during the current period	Other decrease during the current period	31 December 2018
Plot no. 52 pipe network project for Jingyue Management Committee (淨月管委會52號地管網工程)		4,214,669.89	4,214,669.89		
Heat supply project for no.3 station in the Second Air Force Flight Academy (空軍二航院3號站供熱工程)		2,589,493.18	2,589,493.18		
Heat exchange station project for XX Forces (XX部隊換熱站工程)		2,174,426.65	2,174,426.65		
Boiler room heat exchange station project for Yongsheng Properties (永盛物業鍋爐房換熱站工程)		2,085,977.21	2,085,977.21		
Thermal boiler room network in Northeast China (東北熱力鍋爐房管網)		1,591,434.63	1,591,434.63		
Smart heating network monitoring system upgrading (phase II) (智慧熱網監控系統改造(二期))		1,753,130.78	1,581,742.34	171,388.44	
Heat supply project for no.1 station in the Second Air Force Flight Academy (空軍二航院1號站供熱工程)		1,570,819.98	1,570,819.98		
Smart heating network monitoring system upgrading (phase III) (智慧熱網監控系統改造(三期))		1,305,350.47	1,305,350.47		
Heat exchange station project for Huafang Property's Zhuangyuan Mansion (華芳地產狀元府換熱站工程)		1,269,283.35	1,269,283.35		
Plot no. 52 heat exchange station project for Jingyue Management Committee (淨月管委會52號地換熱站工程)		1,109,463.78	1,109,463.78		
Total		19,664,049.92	19,492,661.48	171,388.44	

Continued:

Name of the construction project	Budget (RMB0'000)	Percentage of input over budget (%)	Construction progress (%)	Accumulated amount of interest capitalised	Of which: Interest capitalized during the current period	Interest capitalization rate for the period (%)	Source of fund
Plot no. 52 pipe network project for Jingyue Management Committee (淨月管委會52號地管網工程)			100.00				Self-financing
Heat supply project for no.3 station in the Second Air Force Flight Academy (空軍二航院3號站供熱工程)	168.00	100.00	100.00				Self-financing
Heat exchange station project for XX Forces (XX部隊換熱站工程)			100.00				Self-financing
Boiler room heat exchange station project for Yongsheng Properties (永盛物業鍋爐房換熱站工程)			100.00				Self-financing
Thermal boiler room network in Northeast China (東北熱力鍋爐房管網)			100.00				Self-financing
Smart heating network monitoring system upgrading (phase II) (智慧熱網監控系統改造(二期))	204.00	85.94	100.00				Self-financing
Heat supply project for no.1 station in the Second Air Force Flight Academy (空軍二航院1號站供熱工程)	119.00	100.00	100.00				Self-financing
Smart heating network monitoring system upgrading (phase III) (智慧熱網監控系統改造(三期))	500.00	26.11	100.00				Self-financing
Heat exchange station project for Huafang Property's Zhuangyuan Mansion (華芳地產狀元府換熱站工程)	235.70	53.85	100.00				Self-financing
Plot no. 52 heat exchange station project for Jingyue Management Committee (淨月管委會52號地換熱站工程)			100.00				Self-financing
Total	1,226.70						

Continued:

Name of the construction project	31 December 2018	Increase during the current period	Transferred to fixed assets during the current period	Other decrease during the current period	31 December 2019
Pipeline network project for Lanjia Equipment Avenue (蘭家裝備大路管網工程)		4,224,660.84	4,224,660.84		
Heat supply project for School of Aeronautical Fundamentals under Aviation University Air Force (空軍航空大學航空基礎學院供熱工程)		3,720,338.49	3,720,338.49		
Pipeline network project for Boyu Yuelanwan Phase I (寶裕悅蘭灣一期管網工程)		3,217,871.42	3,217,871.42		
Construction of heat supply project for Shengwu Community (生物小區供熱工程建設)		2,878,987.42	2,878,987.42		
Pipeline network project for Aeronautical Fundamentals under Aviation University Air Force (空軍航空大學航空基礎學院管網工程)		1,998,292.96	1,998,292.96		
Addition for smart heating network (phase IV) (secondary side conversion) (智慧熱網四期增補(二次側變頻))		1,858,321.82	1,858,321.82		
Total		17,898,472.95	17,898,472.95		

Continued:

Name of the construction project	Budget (RMB0'000)	Percentage of input over budget (%)	Construction progress (%)	Accumulated amount of interest capitalised	Of which: Interest capitalized during the current period	Interest capitalization rate for the period (%)	Source of fund
Pipeline network project for Lanjia Equipment Avenue (蘭家裝備大路管網工程)	907.00	46.58	100.00				Self-financing
Heat supply project for School of Aeronautical Fundamentals under Aviation University Air Force (空軍航空大學航空基礎學院供熱工程)	950.00	39.16	100.00				Self-financing
Pipeline network project for Boyu Yuelanwan Phase I (寶裕悅蘭灣一期管網工程)	668.00	48.17	100.00				Self-financing
Construction of heat supply project for Shengwu Community (生物小區供熱工程建設)			100.00				Self-financing
Pipeline network project for Aeronautical Fundamentals under Aviation University Air Force (空軍航空大學航空基礎學院管網工程)			100.00				Self-financing
Addition for smart heating network (phase IV) (secondary side conversion) (智慧熱網四期增補(二次側變頻))	600.00	30.97	100.00				Self-financing
Total	3,125.00						

Continued:

Name of the construction project	31 December 2019	Increase during the current period	Transferred to fixed assets during the current period	Other decrease during the current period	31 December 2020
Xinxingyu heating line (新星宇熱力幹綫)		16,165,671.68			16,165,671.68
New branch project at Jiayuan Road (家苑路支綫新建工程)		7,174,731.66	7,174,731.66		
Wanlong Yinhe heating line (萬龍銀河熱力幹綫)		6,552,167.96			6,552,167.96
Pipeline network project for Yueyang Street and Dongdian Yuan section (岳陽街至東電院段管綫工程)		3,352,782.26	3,352,782.26		
Smart control system upgrade project (智能控制系統升級項目)		5,486,476.12	5,486,476.12		
Pipeline network project for No. 2 Cogeneration Plant (phase I main pipeline project for Provincial People's Congress) (熱電二廠一期主幹綫省人大管綫工程)		2,220,163.52	2,220,163.52		
No. 2 Cogeneration Plant (Hongqi Street extension) (熱電二廠紅旗街支綫)		2,207,874.54	2,207,874.54		
Heat supply project for Jilin Province Hongfu Real Estate Development Company Limited* (吉林省弘富房地產開發有限公司供熱工程)		2,127,219.57	2,127,219.57		
Pipeline network project for Changchun Jingyue Investment Holding (Group) Co., Ltd.* (長春淨月投資控股(集團)有限公司管綫工程)		2,033,622.01	2,033,622.01		
DN500 pipeline network project for south line in Erdao District (二道南綫DN500管綫工程)		1,991,134.27	1,991,134.27		
Heat supply project for Baoyu Yuelanwan Phase I (寶裕悅蘭灣一期供熱工程)		1,735,082.00	1,735,082.00		
Pipeline network project for No. 2 Cogeneration Plant (Mudan Street section of phase I main pipeline project no. 2020-1) (熱電二廠管綫工程(一期主幹綫2020-1段管綫工程牡丹街段))		1,403,848.83	1,403,848.83		
Heat supply project for Xinxingyu's Nanxi Mansion Phase I (新星宇南熙府一期供熱工程)		1,338,472.41	1,338,472.41		
Pipeline network project for Changchun Baoxin Real Estate Development Co., Ltd.* (長春市寶新房地產開發有限公司管綫工程)		1,161,925.60	1,161,925.60		
Pipeline network project for Changchun Wanlong Runde Real Estate Development Co., Ltd.* (長春市萬龍潤德房地產開發有限公司管綫工程)		1,156,656.05	1,156,656.05		
Qingyifang Plot BGH heat exchange station(青怡坊BGH地塊換熱站)		1,093,268.23			1,093,268.23
Pipeline network project for Lanxi Academy of Jilin Province Hongfu Real Estate Development Company Limited* (吉林省弘富房地產開發有限公司(蘭溪學府)管綫工程)		1,079,628.96	1,079,628.96		
Heat supply project for Changchun Wanxing Tianyao Real Estate Development Co., Ltd.* (長春市萬星天耀房地產開發有限公司供熱工程)		1,048,491.70	1,048,491.70		
Pipeline network project for Baoyu Yuelanwan Phase II (寶裕悅蘭灣二期管綫工程)		973,345.88	973,345.88		
Wanlong Area B heat exchange station (萬龍B區換熱站)		968,808.49			968,808.49
Wanlong Area A heat exchange station (萬龍A區換熱站)		933,995.59			933,995.59
Total		62,205,367.33	36,491,455.38		25,713,911.95

Continued:

Name of the construction project	Budget (RMB0'000)	Percentage of input over budget (%)	Construction progress (%)	Accumulated amount of interest capitalised	Of which: Interest capitalized during the current period	Interest capitalization rate for the period (%)	Source of fund
Xinxingyu heating line (新星宇熱力幹綫)	3,751.00	43.10	50.00				Self-financing
New branch project at Jiayuan Road (家苑路支綫新建工程)			100.00				Self-financing
Wanlong Yinhe heating line (萬龍銀河熱力幹綫)	763.53	85.81	98.00				Self-financing
Pipeline network project for Yueyang Street and Dongdian Yuan section (岳陽街至東電院段管綫工程)			100.00				Self-financing
Smart control system upgrade project (智能控制系統升級項目)			100.00				Self-financing
Pipeline network project for No. 2 Cogeneration Plant (phase I main pipeline project for Provincial People's Congress) (熱電二廠一期主幹綫省人大管綫工程)			100.00				Self-financing
No. 2 Cogeneration Plant (Hongqi Street extension) (熱電二廠紅旗街支綫)			100.00				Self-financing
Heat supply project for Jilin Province Hongfu Real Estate Development Company Limited* (吉林省弘富房地產開發有限公司供熱工程)			100.00				Self-financing
Pipeline network project for Changchun Jingyue Investment Holding (Group) Co., Ltd.* (長春淨月投資控股(集團)有限公司管綫工程)			100.00				Self-financing
DN500 pipeline network project for south line in Erdao District (二道南綫DN500管綫工程)			100.00				Self-financing
Heat supply project for Baoyu Yuelanwan Phase I (寶裕悅蘭灣一期供熱工程)			100.00				Self-financing
Pipeline network project for No. 2 Cogeneration Plant (Mudan Street section of phase I main pipeline project no. 2020-1) (熱電二廠管綫工程(一期主幹綫2020-1段管綫工程牡丹街段))			100.00				Self-financing
Heat supply project for Xinxingyu's Nanxi Mansion Phase I (新星宇南熙府一期供熱工程)			100.00				Self-financing
Pipeline network project for Changchun Baoxin Real Estate Development Co., Ltd.* (長春市寶新房地產開發有限公司管綫工程)			100.00				Self-financing
Pipeline network project for Changchun Wanlong Runde Real Estate Development Co., Ltd.* (長春市萬龍潤德房地產開發有限公司管綫工程)			100.00				Self-financing
Plot BGH heat exchange station at Qingyifang (青怡坊BGH地塊換熱站)	147.67	74.03	95.00				Self-financing
Pipeline network project for Lanxi Academy of Jilin Province Hongfu Real Estate Development Company Limited* (吉林省弘富房地產開發有限公司(蘭溪學府)管綫工程)			100.00				Self-financing
Heat supply project for Changchun Wanxing Tianyao Real Estate Development Co., Ltd.* (長春市萬星天耀房地產開發有限公司供熱工程)			100.00				Self-financing
Pipeline network project for Baoyu Yuelanwan Phase II (寶裕悅蘭灣二期管綫工程)			100.00				Self-financing
Wanlong Area B heat exchange station (萬龍B區換熱站)	116.00	83.52	95.00				Self-financing
Wanlong Area A heat exchange station (萬龍A區換熱站)	120.00	77.83	95.00				Self-financing
Total	4,898.20						

Continued:

Name of the construction project	31 December 2020	Increase during the current period	Transferred to fixed assets during the current period	Other decrease during the current period	30 June 2021
Xinxingyu heating line (新星宇熱力幹綫)	16,165,671.68	2,115,441.57			18,281,113.25
Wanlong Yinhe heating line (萬龍銀河熱力幹綫)	6,552,167.96		6,552,167.96		
Qingyifang Plot BGH heat exchange station (青怡坊BGH地塊換熱站)	1,093,268.23	10,394.34			1,103,662.57
Wanlong Area B heat exchange station (萬龍B區換熱站)	968,808.49		968,808.49		
Wanlong Area A heat exchange station (萬龍A區換熱站)	933,995.59		933,995.59		
Total	25,713,911.95	2,125,835.91	8,454,972.04		19,384,775.82

Continued:

Name of the construction project	Budget RMB0'000)	Percentage of input over budget (%)	Construction progress (%)	Accumulated amount of interest capitalised	Of which: Interest capitalised during the current period	Interest capitalisation rate for the period (%)	Source of fund
Xinxingyu heating line (新星宇熱力幹綫)	3,751.00	48.74	50.00				Self-financing
Wanlong Yinhe heating line (萬龍銀河熱力幹綫)	763.53	85.81	100.00				Self-financing
Qingyifang Plot BGH heat exchange station (青怡坊BGH地塊換熱站)	147.67	74.74	95.00				Self-financing
Wanlong Area B heat exchange station (萬龍B區換熱站)	116.00	83.52	100.00				Self-financing
Wanlong Area A heat exchange station (萬龍A區換熱站)	120.00	77.83	100.00				Self-financing
Total	4,898.20	—	—				—

3. Impairment provision of construction-in-progress during the current reporting period

Nil.

4. Additional description of Construction-in-progress

Nil.

(II) Construction materials

Item	30 June 2021			31 December 2020		
	Carrying balance	Provision for impairment	Carrying amount	Carrying balance	Provision for impairment	Carrying amount
Materials for construction	12,044,940.39	4,284,537.99	7,760,402.40	11,790,834.20	3,971,185.47	7,819,648.73
Equipment not yet installed	2,401,240.36	2,401,240.36		2,401,240.36	2,401,240.36	
Equipment for construction				219,636.01		219,636.01
Total	14,446,180.75	6,685,778.35	7,760,402.40	14,411,710.57	6,372,425.83	8,039,284.74

Continued:

Item	31 December 2019			31 December 2018		
	Carrying balance	Provision for impairment	Carrying amount	Carrying balance	Provision for impairment	Carrying amount
Materials for construction	12,566,010.79	3,971,185.47	8,594,825.32	14,109,998.58	3,096,878.81	11,013,119.77
Equipment not yet installed	2,693,878.18	2,401,240.36	292,637.82	2,306,315.58	907,208.77	1,399,106.81
Equipment for construction	219,636.01		219,636.01			
Total	15,479,524.98	6,372,425.83	9,107,099.15	16,416,314.16	4,004,087.58	12,412,226.58

Remark 16. Right-of-use Assets

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Total
I. Original carrying amount					
1. 1 January 2018					
2. Increase during the current period	5,367,425.63				5,367,425.63
Lease	5,367,425.63				5,367,425.63
Other increases					
3. Decrease during the current period					
Lease expiry					
4. 31 December 2018	5,367,425.63				5,367,425.63
II. Accumulated depreciation					
1. 1 January 2018					
2. Increase during the current period	643,020.27				643,020.27
Provision for the period	643,020.27				643,020.27
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2018	643,020.27				643,020.27
III. Impairment provision					
1. 1 January 2021					
2. Increase during the current period					
Provision for the period					
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2018					
IV. Carrying amount					
1. 31 December 2018	4,724,405.36				4,724,405.36
2. 1 January 2018					

Continued:

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Total
I. Original carrying amount					
1. 31 December 2018	5,367,425.63				5,367,425.63
2. Increase during the current period					
Lease					
Other increases					
3. Decrease during the current period					
Lease expiry					
4. 31 December 2019	5,367,425.63				5,367,425.63
II. Accumulated depreciation					
1. 31 December 2018	643,020.27				643,020.27
2. Increase during the current period	1,633,260.73				1,633,260.73
Provision for the period	1,633,260.73				1,633,260.73
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2019	2,276,281.00				2,276,281.00
III. Impairment provision					
1. 31 December 2018					
2. Increase during the current period					
Provision for the period					
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2019					
IV. Carrying amount					
1. 31 December 2019	3,091,144.63				3,091,144.63
2. 31 December 2018	4,724,405.36				4,724,405.36

Continued:

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Total
I. Original carrying amount					
1. 31 December 2019	5,367,425.63				5,367,425.63
2. Increase during the current period	1,433,009.04				1,433,009.04
Lease	1,433,009.04				1,433,009.04
Other increases					
3. Decrease during the current period					
Lease expiry					
4. 31 December 2020	6,800,434.67				6,800,434.67
II. Accumulated depreciation					
1. 31 December 2019	2,276,281.00				2,276,281.00
2. Increase during the current period	1,658,518.50				1,658,518.50
Provision for the period	1,658,518.50				1,658,518.50
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2020	3,934,799.50				3,934,799.50
III. Impairment provision					
1. 31 December 2019					
2. Increase during the current period					
Provision for the period					
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 31 December 2020					
IV. Carrying amount					
1. 31 December 2020	2,865,635.17				2,865,635.17
2. 31 December 2019	3,091,144.63				3,091,144.63

Continued:

Item	Property and buildings	Machinery and equipment	Transportation facilities	Electronic equipment	Total
I. Original carrying amount					
1. 31 December 2020	6,800,434.67				6,800,434.67
2. Increase during the current period	13,637.00				13,637.00
Lease	13,637.00				13,637.00
Other increases					
3. Decrease during the current period					
Lease expiry					
4. 30 June 2021	6,814,071.67				6,814,071.67
II. Accumulated depreciation					
1. 31 December 2020	3,934,799.50				3,934,799.50
2. Increase during the current period	687,185.00				687,185.00
Provision for the period	687,185.00				687,185.00
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 30 June 2021	4,621,984.50				4,621,984.50
III. Impairment provision					
1. 31 December 2020					
2. Increase during the current period					
Provision for the period					
Other increases					
3. Decrease during the current period					
Lease expiry					
Other decreases					
4. 30 June 2021					
IV. Carrying amount					
1. 30 June 2021	2,192,087.17				2,192,087.17
2. 31 December 2020	2,865,635.17				2,865,635.17

Remark 17. Intangible Assets

1. Particulars of intangible assets

Item	Land use right	Patent	Software	Total
I. Original carrying amount	—	—	—	—
1. 1 January 2018				
2. Increase during the current period	59,535.00		4,547,287.54	4,606,822.54
Addition			553,457.00	553,457.00
Internal R&D				
Business combination not under common control				
Increase due to other reasons	59,535.00		3,993,830.54	4,053,365.54
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2018	59,535.00		4,547,287.54	4,606,822.54
II. Accumulated amortisation	—	—	—	—
1. 1 January 2018				
2. Increase during the current period	24,747.68		675,565.60	700,313.28
Provision for the period	24,747.68		512,488.25	537,235.93
Business combination not under common control				
Increase due to other reasons			163,077.35	163,077.35
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2018	24,747.68		675,565.60	700,313.28
III. Impairment provision	—	—	—	—
1. 1 January 2018				
2. Increase during the current period				
Provision for the period				
Business combination not under common control				
Increase due to other reasons				
3. Decrease during the current period				
Other transferring out				
4. 31 December 2018				
IV. Carrying amount	—	—	—	—
1. 31 December 2018	34,787.32		3,871,721.94	3,906,509.26
2. 1 January 2018				

Continued:

Item	Land use right	Patent	Software	Total
I. Original carrying amount	—	—	—	—
1. 31 December 2018	59,535.00		4,547,287.54	4,606,822.54
2. Increase during the current period		49,243.69	370,809.25	420,052.94
Addition		49,243.69	370,809.25	420,052.94
Internal R&D				
Business combination not under common control				
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2019	59,535.00	49,243.69	4,918,096.79	5,026,875.48
II. Accumulated amortisation	—	—	—	—
1. 31 December 2018	24,747.68		675,565.60	700,313.28
2. Increase during the current period	1,609.08	3,693.24	537,923.15	543,225.47
Provision for the period	1,609.08	3,693.24	537,923.15	543,225.47
Business combination not under common control				
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2019	26,356.76	3,693.24	1,213,488.75	1,243,538.75
III. Impairment provision	—	—	—	—
1. 31 December 2018				
2. Increase during the current period				
Provision for the period				
Business combination not under common control				
3. Decrease due to other reasons				
Disposal of subsidiary				
Other transferring out				
4. 31 December 2019				
IV. Carrying amount	—	—	—	—
1. 31 December 2019	33,178.24	45,550.45	3,704,608.04	3,783,336.73
2. 31 December 2018	34,787.32		3,871,721.94	3,906,509.26

Continued:

Item	Land use right	Patent	Software	Total
I. Original carrying amount	—	—	—	—
1. 31 December 2019	59,535.00	49,243.69	4,918,096.79	5,026,875.48
2. Increase during the current period			825,715.40	825,715.40
Addition			529,653.12	529,653.12
Internal R&D				
Business combination not under common control			296,062.28	296,062.28
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2020	59,535.00	49,243.69	5,743,812.19	5,852,590.88
II. Accumulated amortisation	—	—	—	—
1. 31 December 2019	26,356.76	3,693.24	1,213,488.75	1,243,538.75
2. Increase during the current period	1,609.08	4,924.32	638,078.28	644,611.68
Provision for the period	1,609.08	4,924.32	550,324.17	556,857.57
Business combination not under common control			87,754.11	87,754.11
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 31 December 2020	27,965.84	8,617.56	1,851,567.03	1,888,150.43
III. Impairment provision	—	—	—	—
1. 31 December 2019				
2. Increase during the current period			1,053.48	1,053.48
Provision for the period			1,053.48	1,053.48
Business combination not under common control				
3. Decrease due to other reasons				
Disposal of subsidiary				
Other transferring out				
4. 31 December 2020			1,053.48	1,053.48
IV. Carrying amount	—	—	—	—
1. 31 December 2020	31,569.16	40,626.13	3,891,191.68	3,963,386.97
2. 31 December 2019	33,178.24	45,550.45	3,704,608.04	3,783,336.73

Continued:

Item	Land use right	Patent	Software	Total
I. Original carrying amount	—	—	—	—
1. 31 December 2020	59,535.00	49,243.69	5,743,812.19	5,852,590.88
2. Increase during the current period		38,415.84	305,575.23	343,991.07
Addition		38,415.84	305,575.23	343,991.07
Internal R&D				
Business combination not under common control				
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 30 June 2021	59,535.00	87,659.53	6,049,387.42	6,196,581.95
II. Accumulated amortisation	—	—	—	—
1. 31 December 2020	27,965.84	8,617.56	1,851,567.03	1,888,150.43
2. Increase during the current period	804.54	4,062.81	305,970.46	310,837.81
Provision for the period	804.54	4,062.81	302,340.46	307,207.81
Business combination not under common control			3,630.00	3,630.00
Increase due to other reasons				
3. Decrease during the current period				
Disposal				
Decrease due to other reasons				
4. 30 June 2021	28,770.38	12,680.37	2,157,537.49	2,198,988.24
III. Impairment provision	—	—	—	—
1. 31 December 2020			1,053.48	1,053.48
2. Increase during the current period				
Provision for the period				
Business combination not under common control				
3. Decrease due to other reasons			1,053.48	1,053.48
Disposal of subsidiary				
Other transferring out			1,053.48	1,053.48
4. 30 June 2021				
IV. Carrying amount	—	—	—	—
1. 30 June 2021	30,764.62	74,979.16	3,891,849.93	3,997,593.71
2. 31 December 2020	31,569.16	40,626.13	3,891,191.68	3,963,386.97

2. There were no land use rights which have no certificates of title as of 30 June 2021

Remark 18. Goodwill

1. Original carrying amount of goodwill

Name of investee or item which generated goodwill	31 December 2019	Increase during the current period		Decrease during the current period		31 December 2020
		Generated from business combination		Disposal		
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	167,112,355.37					167,112,355.37
Total	167,112,355.37					167,112,355.37

Continued:

Name of investee or item which generated goodwill	31 December 2020	Increase during the current period		Decrease during the current period		30 June 2021
		Generated from business combination		Disposal		
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	167,112,355.37					167,112,355.37
Total	167,112,355.37					167,112,355.37

Note: In December 2019, goodwill of RMB167,112,355.37 was formed from the combination of Yatai Heating, which was not a combination under common control, by Changchun Heating (Group) Co., Ltd. (長春市熱力(集團)有限責任公司), the parent company of our Company. In December 2020, the Company entered into an equity transfer agreement with Changchun Heating Group for the acquisition of 100% equity interest in Yatai Heating. The Company and Yatai Heating are controlled by Changchun Heating Group before and after the combination and such control is not transitory, therefore, the combination of Yatai Heating by the Company represents a business combination under common control. The increase in the number of subsidiaries or businesses under common control are treated as if the reporting entity of the group formed after the combination had been subsisting as one entity from the time the ultimate controlling party began to exercise control. In preparing the combined statement of financial position, the opening balance of the combined statement of financial position should be adjusted so that goodwill arising from business combinations not under common control exists from the beginning of the current reporting period.

2. Information about the asset group or portfolio of asset groups in which goodwill is located

Item	Composition of the asset group or portfolio of asset groups	Recoverable amount of the asset group in which goodwill is located	Method of determination	Whether the asset group or portfolio of asset groups is consistent with the asset group or portfolio of asset groups recognised at the date of purchase and at goodwill impairment testing in previous year
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	Fixed assets, intangible assets and intact goodwill associated with operation	RMB309,858.6 thousand	The recoverable amount of the asset group is estimated based on the higher of its fair value less costs of disposal and the present value of the estimated future cash flows of the asset	Yes

3. The impairment testing for goodwill, key parameters and method of recognizing impairment loss of goodwill:

The key assumptions in applying the discounted future cash flow method by the Company:

Name of investee or item which generated goodwill	30 June 2021			31 December 2020		
	Growth rate (%)	Gross profit margin (%)	Discount rate (%)	Growth rate (%)	Gross profit margin (%)	Discount rate (%)
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	1.01	13.15	14.76	1.07	13.56	14.66

The weighted average growth rate used by the management does not exceed the long-term average growth rate of products within the industry in which the Company operates. The management determines the budgeted gross margin based on historical experience and forecasts of market developments and uses a pre-tax rate that reflects the specific risks of the relevant asset group and portfolio of asset groups as the discount rate. The above assumptions are used to analyse the recoverable amount of the portfolio of asset groups.

Remark 19. Long-term Deferred Expenditures

Item	1 January 2018	Increase during the current period	Amortisation during the current period	Decrease during the current period	31 December 2018
Property improvement		20,220,228.44	6,867,247.39		13,352,981.05
Maintenance fee					
Total		20,220,228.44	6,867,247.39		13,352,981.05

Continued:

Item	31 December 2018	Increase during the current period	Amortisation during the current period	Decrease during the current period	31 December 2019
Property improvement	13,352,981.05		4,578,164.92		8,774,816.13
Maintenance fee					
Total	13,352,981.05		4,578,164.92		8,774,816.13

Continued:

Item	31 December 2019	Increase during the current period	Amortisation during the current period	Decrease during the current period	31 December 2020
Property improvement	8,774,816.13		5,449,537.00		3,325,279.13
Maintenance fee		3,491,571.12	1,362,759.20		2,128,811.92
Others		836,518.44	218,222.20		618,296.24
Total	8,774,816.13	4,328,089.56	7,030,518.40		6,072,387.29

Continued:

Item	31 December 2020	Increase during the current period	Amortisation during the current period	Decrease during the current period	30 June 2021
Property improvement	3,325,279.13		1,813,788.62		1,511,490.51
Maintenance fee	2,128,811.92		637,379.60		1,491,432.32
Others	618,296.24		109,111.10		509,185.14
Total	6,072,387.29		2,560,279.32		3,512,107.97

Remark 20. Deferred Income Tax Assets and Deferred Income Tax Liabilities

1. Deferred income tax assets before offsetting

Item	30 June 2021		31 December 2020	
	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference
Impairment provision for assets	24,449,804.62	99,455,290.15	23,960,874.70	91,300,854.32
Unrealised profit of internal transactions	2,509,493.71	17,366,689.07	2,605,003.36	17,366,689.07
Deductible loss	843,219.27	3,372,877.10	467,225.59	1,868,902.36
Salaries payable	6,927,500.00	27,710,000.00	6,927,500.00	27,710,000.00
Asset-related government grants	9,376,161.53	37,504,646.14	10,348,186.59	41,392,746.37
Total	44,106,179.13	185,409,502.46	44,308,790.24	179,639,192.12

Continued:

Item	31 December 2019		31 December 2018	
	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference
Impairment provision for assets	20,419,330.18	81,294,362.74	17,525,376.41	67,300,426.46
Unrealised profit of internal transactions	771,664.86	5,144,432.40	323,962.32	2,159,748.80
Deductible loss	77,321.68	309,286.72		
Salaries payable	2,451,948.70	9,807,794.79	3,302,720.93	13,210,883.70
Asset-related government grants	4,349,512.12	17,398,048.50	2,070,499.06	8,281,996.25
Total	28,069,777.54	113,953,925.15	23,222,558.72	90,953,055.21

2. Deferred income tax liabilities before offsetting

Item	30 June 2021		31 December 2020	
	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference
Increase in valuation for business combination not under common control	18,169,306.14	72,677,224.56	19,192,390.48	76,769,561.92
Increase in valuation for business combination under common control	35,142,210.58	140,568,842.28	38,411,137.85	153,644,551.40
Total	53,311,516.72	213,246,066.84	57,603,528.33	230,414,113.32

Continued:

Item	31 December 2019		31 December 2018	
	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference
Increase in valuation for business combination not under common control				
Increase in valuation for business combination under common control	27,654,471.97	110,617,887.88		
Total	27,654,471.97	110,617,887.88		

3. Breakdown of deductible temporary difference of unrecognised deferred income tax assets

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Deductible loss		528,921.72		
Total		528,921.72		

4. Deductible losses on unrecognised deferred income tax assets that will expire in the following years

Year	30 June 2021	31 December 2020	31 December 2019	31 December 2018	Remark
2021					
2022					
2023					
2024					
2025		528,921.72			
Total		528,921.72			

Remark 21. Other Non-current Assets

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Software prepayment	207,300.00			
Total	207,300.00			

Remark 22. Short-term Borrowings

1. Classification of short-term borrowings

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Credit borrowings	2,617,862.53		10,714,622.35	10,000,000.00
Secured borrowings				2,000,000.00
Total	2,617,862.53		10,714,622.35	12,000,000.00

Remark 23. Trade Payables

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Payable for materials	104,110,206.33	304,207,233.21	317,933,757.55	253,901,211.02
Payable for equipment leasing fee	23,455,943.35	43,003,337.69	40,372,642.84	19,638,971.21
Others	5,989,004.71	17,318,356.11	9,262,192.94	233,955.33
Total	133,555,154.39	364,528,927.01	367,568,593.33	273,774,137.56

1. Material trade payables aged over one year

Name	Balance at 30 June 2021	Reasons for outstanding or not carried forward
Jilin Province Baiyao Construction Company Limited* (吉林省百耀建築有限公司)	5,097,462.28	No settlement was made yet
Jilin Province Jinlong Pipe Company Company Limited* (吉林省金龍管業有限公司)	4,900,000.00	No settlement was made yet
Changchun Dingxin Boiler Manufacturing Company Limited* (長春市鼎新鍋爐製造有限責任公司)	2,776,400.00	No settlement was made yet
Changchun Yude Pipe Industry Company Limited* (長春禹德管業有限責任公司)	2,170,679.42	No settlement was made yet
Jilin Province Kehua Insulation and Anti-corrosion Company Limited* (吉林省科化保溫防腐有限公司)	1,402,074.94	No settlement was made yet
Jilin Province Smart Equipment Company Limited* (吉林省智能裝備有限責任公司)	1,555,867.08	No settlement was made yet
Jilin Province Rixin Clean Heating Technology Company Limited* (吉林省日新清潔供熱技術有限公司)	1,430,000.00	No settlement was made yet
Jilin Province Huaxin Electrical Equipment Company Limited* (吉林省華信電力設備有限公司)	2,304,418.15	No settlement was made yet
Hebei Gongda Koya Energy Technology Company Limited* (河北工大科雅能源科技股份有限公司)	2,591,612.05	No settlement was made yet
Jilin Province Teng Yi Construction Engineering Company Limited* (吉林省騰逸建築工程有限公司)	883,104.53	No settlement was made yet
Jilin Province Zongheng Steel Pipe Manufacturing Company Limited* (吉林省縱橫鋼管製造有限公司)	2,513,870.73	No settlement was made yet
Beijing Kamufu Technology Company Limited* (北京市卡姆福科技有限公司)	1,520,550.06	No settlement was made yet
Jilin Yatai Construction Engineering Company Limited* (吉林亞泰建築工程有限公司)	1,571,924.37	No settlement was made yet
Jilin Tongxin Pipe Industry Company Limited* (吉林同鑫管業有限公司)	250,000.00	No settlement was made yet
Jilin Province Hengtong Insulation Material Company Limited* (吉林省恒通保溫材料有限公司)	1,603,876.60	No settlement was made yet

Continued:

Name	Balance at 30 June 2021	Reasons for outstanding or not carried forward
Beijing Yutian Boxin Technology Company Limited Changchun Branch* (北京宇田博信科技有限公司長春分公司)	1,134,129.99	No settlement was made yet
Jilin Province Tianyue Environmental Equipment Company Limited* (吉林省天越環保設備有限公司)	1,417,180.00	No settlement was made yet
Jilin Province Lianda Construction Engineering Company Limited* (吉林省聯達建築工程有限公司)	1,097,404.00	No settlement was made yet
Shenyang Xincheng Environmental Technology Company Limited* (瀋陽信成環境技術有限公司)	1,065,874.77	No settlement was made yet
Jilin Province Dexiang Technology Development Company Limited* (吉林省德祥科技發展有限公司)	2,150,815.04	No settlement was made yet
Total	39,437,244.01	

Continued:

Name	Balance at 31 December 2020	Reasons for outstanding or not carried forward
Changchun City Lihuawei Economic and Trade Company Limited* (長春市利華維經貿有限公司)	1,918,980.23	No settlement was made yet
Changchun Mingtai hardware electromechanical Company Limited* (長春市明泰五金機電有限公司)	1,561,230.19	No settlement was made yet
Jilin Province Huaxin Electrical Equipment Company Limited* (吉林省華信電力設備有限公司)	2,329,049.11	No settlement was made yet
Jilin Province Jinlong Pipe Company Limited* (吉林省金龍管業有限公司)	4,900,000.00	No settlement was made yet
Jilin Province Hengtong Insulation Material Company Limited* (吉林省恒通保溫材料有限公司)	4,876,155.83	No settlement was made yet
Hebei Gongda Koya Energy Technology Company Limited* (河北工大科雅能源科技股份有限公司)	4,385,095.15	No settlement was made yet
Changchun Dingxin Boiler Manufacturing Company Limited* (長春市鼎新鍋爐製造有限責任公司)	4,096,400.00	No settlement was made yet
Beijing Kamufu Technology Company Limited* (北京市卡姆福科技有限公司)	3,426,390.77	No settlement was made yet
Harbin Heilongjiang University Electronic Engineering Company Limited* (哈爾濱市黑龍江大學電子工程有限責任公司)	3,581,266.15	No settlement was made yet
Changchun City Liwang Construction Engineering Company Limited* (長春市利旺建築工程有限公司)	281,370.00	No settlement was made yet
Jilin Province Dexiang Technology Development Company Limited* (吉林省德祥科技發展有限公司)	386,214.90	No settlement was made yet
Jilin Province Tianyue Environmental Equipment Company Limited* (吉林省天越環保設備有限公司)	2,053,600.00	No settlement was made yet
Jilin Province Mingyuan Road and Bridge Engineering Company Limited* (吉林省明遠路橋工程有限公司)	1,098,741.76	No settlement was made yet
Jilin Province Kehua Insulation and Anti-corrosion Company Limited* (吉林省科化保溫防腐有限公司)	2,838,314.27	No settlement was made yet

Continued:

Name	Balance at 31 December 2020	Reasons for outstanding or not carried forward
Jilin Province Rixin Clean Heating Technology Company Limited* (吉林省日新清潔供熱技術有限公司)	2,430,000.00	No settlement was made yet
Jiutai East Lake Fengzhi Cheng material Agency* (九台區東湖鋒之誠物資經銷處)	1,620,000.00	No settlement was made yet
Changchun Yude Pipe Industry Company Limited* (長春禹德管業有限責任公司)	1,213,000.00	No settlement was made yet
Jilin Province Zongheng Steel Pipe Manufacturing Company Limited* (吉林省縱橫鋼管製造有限公司)	2,255,112.05	No settlement was made yet
Jilin Yatai Construction Engineering Company Limited* (吉林亞泰建築工程有限公司)	1,553,425.02	No settlement was made yet
Jilin Province Smart Equipment Company Limited* (吉林省智能裝備有限責任公司)	2,155,867.08	No settlement was made yet
Wafangdian Yongning Machinery Factory* (瓦房店市永寧機械廠)	1,529,659.00	No settlement was made yet
Changchun Zhanyu Steel Distribution Company Limited* (長春市展宇鋼材經銷有限公司)	329,111.37	No settlement was made yet
Jilin Province Kehua Insulation and Anti-corrosion Company Limited* (吉林省科化保溫防腐有限公司)	2,838,314.27	No settlement was made yet
Beijing Yutian Boxin Technology Company Limited Changchun Branch* (北京宇田博信科技有限公司長春分公司)	1,134,129.99	No settlement was made yet
Total	54,791,427.14	

Continued:

Name	Balance as at 31 December 2019	Reasons for outstanding or not carried forward
Jilin Province Hengtong Insulation Material Company Limited* (吉林省恒通保溫材料有限公司)	4,585,339.84	No settlement was made yet
Hebei Gongda Koya Energy Technology Company Limited* (河北工大科雅能源科技股份有限公司)	5,287,619.22	No settlement was made yet
Jilin Province Jinlong Pipe Company Limited* (吉林省金龍管業有限公司)	4,900,000.00	No settlement was made yet
Harbin Heilongjiang University Electronic Engineering Company Limited* (哈爾濱市黑龍江大學電子工程有限責任公司)	4,199,363.15	No settlement was made yet
Jilin Province Kehua Insulation and Anti-corrosion Company Limited* (吉林省科化保溫防腐有限公司)	2,892,340.73	No settlement was made yet
Jilin Province Rixin Clean Heating Technology Company Limited* (吉林省日新清潔供熱技術有限公司)	1,980,000.00	No settlement was made yet
Hebei Jufeng Huachun Insulation Material Company Limited* (河北聚豐華春保溫材料有限公司)	690,551.59	No settlement was made yet
Jiutai East Lake Fengzhi Cheng material Agency* (九台區東湖鋒之誠物資經銷處)	1,620,000.00	No settlement was made yet
Jilin Province Teng Yi Construction Engineering Company Limited* (吉林省騰逸建築工程有限公司)	1,076,162.46	No settlement was made yet

Continued:

Name	Balance as at 31 December 2019	Reasons for outstanding or not carried forward
Jilin Province Zongheng Steel Pipe Manufacturing Company Limited* (吉林省縱橫鋼管製造有限公司)	1,567,384.08	No settlement was made yet
Beijing Yutian Boxin Technology Company Limited Changchun Branch* (北京宇田博信科技有限公司長春分公司)	1,518,692.99	No settlement was made yet
Shenyang Xincheng Environmental Technology Company Limited* (瀋陽信成環境技術有限公司)	498,652.04	No settlement was made yet
Tongyu County Xinglongshan Town Hongwu Construction Engineering Team* (通榆縣興隆山鎮洪武建築工程隊)	1,373,450.24	No settlement was made yet
Jilin Tongxin Pipe Industry Company Limited* (吉林同鑫管業有限公司)	1,290,000.00	No settlement was made yet
Jilin Aoqi Machinery and Electric Group Company Limited* (吉林澳奇機電集團有限公司)	980,000.00	No settlement was made yet
Total	34,459,556.34	

Continued:

Name	Balance as at 31 December 2018	Reasons for outstanding or not carried forward
Jilin Province Jinlong Pipe Company Limited* (吉林省金龍管業有限公司)	4,900,000.00	No settlement was made yet
Siping Donglei Heating Equipment Manufacturing Company Limited* (四平市東雷供熱設備製造有限公司)	685,537.00	No settlement was made yet
Kuan Cheng District Xikui material Agency* (寬城區喜奎物資經銷處)	1,089,825.00	No settlement was made yet
Total	6,675,362.00	

Remark 24. Advances

1. Particulars of advances

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Rental received in advance		26,666.67	877,828.76	
Other				
Total		26,666.67	877,828.76	

Remark 25. Contract Liabilities

1. Particulars of liabilities

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Heat supply	558,946,561.26	1,442,788,294.31	1,353,073,310.59	1,107,087,842.27
Construction, maintenance and design services	23,862,292.29	10,209,369.10	11,389,630.45	3,077,213.78
Total	582,808,853.55	1,452,997,663.41	1,364,462,941.04	1,110,165,056.05

2. Amount of significant change in the book value of the contract liabilities in the current period

Item	Amount of changed from January to June 2021	Causes of the change
Heat supply business	-858,847,380.19	Fulfilmet of the performance obligation
Pipeline connection business	-24,994,352.86	Fulfilmet of the performance obligation
Engineering business	2,190,825.68	Additional business contracts
Total	-881,650,907.37	

Continued:

Item	Amount of change in 2020	Causes of the change
Heat supply business	44,253,269.21	Combination of Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司) not under common control
Pipeline connection business	15,791,682.74	
Pipeline connection business	-21,634,413.08	Fulfilmet of the performance obligation
Heat supply business	102,101,830.93	Additional heat supply contract
Heat supply business	-52,129,233.16	Fulfilmet of the performance obligation
Total	88,383,136.64	

Continued:

Item	Amount of change in 2019	Causes of the change
Heat supply business	215,737,454.63	Combination of a subsidiary, Yatai Heating, under common control
Pipeline connection business	-32,618,198.68	Fulfilmet of the performance obligation
Heat supply business	64,198,059.45	Additional heat supply contract
Total	247,317,315.40	

Remark 26. Salaries Payable

1. List of salaries payable

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Short-term salaries	12,645,652.24	270,618,142.86	177,291,579.84	105,972,215.26
Post-employment benefits — defined contribution plan		18,296,003.07	18,296,003.07	
Termination benefits				
Other benefits mature within 1 year				
Total	12,645,652.24	288,914,145.93	195,587,582.91	105,972,215.26

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Short-term salaries	105,972,215.26	360,846,450.04	310,843,711.92	155,974,953.38
Post-employment benefits — defined contribution plan		25,119,981.95	25,119,981.95	
Termination benefits				
Other benefits mature within 1 year				
Total	105,972,215.26	385,966,431.99	335,963,693.87	155,974,953.38

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Short-term salaries	155,974,953.38	383,217,125.92	364,013,007.91	175,179,071.39
Post-employment benefits — defined contribution plan		19,449,616.52	19,071,163.04	378,453.48
Termination benefits				
Other benefits mature within 1 year				
Total	155,974,953.38	402,666,742.44	383,084,170.95	175,557,524.87

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Short-term salaries	175,179,071.39	98,697,304.05	221,845,442.03	52,030,933.41
Post-employment benefits — defined contribution plan	378,453.48	13,150,177.83	11,364,132.23	2,164,499.08
Termination benefits				
Other benefits mature within 1 year				
Total	175,557,524.87	111,847,481.88	233,209,574.26	54,195,432.49

2. List of short-term salaries

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Wages, bonuses, allowances and subsidies	12,348,832.74	233,514,793.08	142,657,339.08	103,206,286.74
Employee welfare		13,001,739.46	13,001,739.46	
Social insurance		10,591,769.85	8,579,944.56	2,011,825.29
Of which: Medical insurance		8,835,952.21	6,824,126.92	2,011,825.29
Work injury insurance		645,386.81	645,386.81	
Maternity insurance		573,123.09	573,123.09	
Other		537,307.74	537,307.74	
Housing provident fund		11,047,519.00	11,046,902.00	617.00
Union fund and staff education fund	296,819.50	2,462,321.47	2,005,654.74	753,486.23
Other short-term salaries				
Total	12,645,652.24	270,618,142.86	177,291,579.84	105,972,215.26

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Wages, bonuses, allowances and subsidies	103,206,286.74	318,973,396.68	268,303,618.73	153,876,064.69
Employee welfare		6,421,308.67	6,421,217.38	91.29
Social insurance	2,011,825.29	12,615,553.65	13,283,133.00	1,344,245.94
Of which: Medical insurance	2,011,825.29	10,527,503.72	11,195,083.07	1,344,245.94
Work injury insurance		645,256.36	645,256.36	
Maternity insurance		916,805.59	916,805.59	
Other		525,987.98	525,987.98	
Housing provident fund	617.00	17,235,154.00	17,233,464.00	2,307.00
Union fund and staff education fund	753,486.23	5,601,037.04	5,602,278.81	752,244.46
Other short-term salaries				
Total	105,972,215.26	360,846,450.04	310,843,711.92	155,974,953.38

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Wages, bonuses, allowances and subsidies	153,876,064.69	343,660,495.53	324,650,891.49	172,885,668.73
Employee welfare	91.29	6,897,066.66	6,897,157.95	
Social insurance	1,344,245.94	11,493,699.45	11,680,677.25	1,157,268.14
Of which: Medical insurance	1,344,245.94	10,815,109.72	11,002,087.52	1,157,268.14
Work injury insurance		571,403.24	571,403.24	
Maternity insurance		56,125.12	56,125.12	
Other		51,061.37	51,061.37	
Housing provident fund	2,307.00	17,714,003.00	17,658,418.00	57,892.00
Union fund and staff education fund	752,244.46	3,451,861.28	3,125,863.22	1,078,242.52
Other short-term salaries				
Total	155,974,953.38	383,217,125.92	364,013,007.91	175,179,071.39

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Wages, bonuses, allowances and subsidies	172,885,668.73	78,644,816.14	200,003,353.03	51,527,131.84
Employee welfare		2,676,228.20	2,676,228.20	
Social insurance	1,157,268.14	6,470,702.23	7,564,246.07	63,724.30
Of which: Medical insurance	1,157,268.14	5,761,382.57	6,854,926.43	63,724.28
Work injury insurance		358,269.14	358,269.12	0.02
Maternity insurance				
Other		351,050.52	351,050.52	
Housing provident fund	57,892.00	9,539,313.00	9,469,887.00	127,318.00
Union fund and staff education fund	1,078,242.52	1,366,244.48	2,131,727.73	312,759.27
Other short-term salaries				
Total	175,179,071.39	98,697,304.05	221,845,442.03	52,030,933.41

3. Particulars of defined contribution plan

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Basic pension contribution		17,676,297.70	17,676,297.70	
Unemployment insurance		619,705.37	619,705.37	
Enterprise annuity contributions				
Total		18,296,003.07	18,296,003.07	

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Basic pension contribution		24,144,543.22	24,144,543.22	
Unemployment insurance		975,438.73	975,438.73	
Enterprise annuity contributions				
Total		25,119,981.95	25,119,981.95	

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Basic pension contribution		18,636,468.30	18,273,878.22	362,590.08
Unemployment insurance		813,148.22	797,284.82	15,863.40
Enterprise annuity contributions				
Total		19,449,616.52	19,071,163.04	378,453.48

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Basic pension contribution	362,590.08	12,601,687.60	10,887,810.52	2,076,467.16
Unemployment insurance	15,863.40	548,490.23	476,321.71	88,031.92
Enterprise annuity contributions				
Total	378,453.48	13,150,177.83	11,364,132.23	2,164,499.08

Remark 27. Tax Payable

Tax item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
VAT	5,543,018.34	27,702,592.87	18,844,605.95	20,264,605.25
Enterprise income tax	30,314,092.78	43,259,271.41	39,527,343.29	38,931,152.55
Individual income tax	53,132.59	260,548.88	251,291.95	239,290.96
City maintenance and construction tax	940,708.14	1,851,904.95	1,136,938.16	1,374,034.90
Education surcharge	667,621.08	1,327,139.55	806,153.65	981,947.11
Other	805,277.35	733,882.34	1,607,784.20	847,566.52
Total	38,323,850.28	75,135,340.00	62,174,117.20	62,638,597.29

Remark 28. Other Payables

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Interest payable				352,328.77
Dividends payable	46,868,090.00			
Other payables	26,215,636.71	151,527,222.02	35,586,293.29	37,024,298.68
Total	73,083,726.71	151,527,222.02	35,586,293.29	37,376,627.45

Note: Other payables in the above table represent other payables after deducting interest payable and dividends payable.

(I) Interest payable

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Interest of long-term borrowings with instalment payments and principal due upon maturity				311,232.88
Interest payable on short-term borrowings				41,095.89
Total				352,328.77

(II) Dividends payable

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018	Reason for unpayment over 1 year
Ordinary shares dividends	46,868,090.00				
Total	46,868,090.00				

(III) Other payables

1. Other payables by nature of the payments

Nature of the amount	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Quality guarantee deposit	15,996.00	15,996.00	126,974.09	
Deposit and guarantee	564,797.24	540,297.24	1,201,088.88	789,914.00
Current account payment	17,742,389.24	16,597,568.16	16,076,451.70	23,059,423.51
Rental fee			184,307.03	290,175.76
Insurance	948,509.81	803,143.30	768,289.73	516,311.23
Utilities	5,936,790.56	11,109,248.19	11,457,991.99	9,519,113.56
Payments for the acquisition		118,376,300.00		
IPO service fees		2,183,439.96	5,511,697.61	2,734,989.62
Other	1,007,153.86	1,901,229.17	259,492.26	114,371.00
Total	26,215,636.71	151,527,222.02	35,586,293.29	37,024,298.68

2. Material other payables aged over one year

Name	30 June 2021	Reasons for outstanding or not carried forward
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	17,700,402.66	Unsettlement
Total	17,700,402.66	

Continued:

Name	31 December 2020	Reasons for outstanding or not carried forward
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	17,653,590.60	Unsettlement
Total	17,653,590.60	

Continued:

Name	31 December 2019	Reasons for outstanding or not carried forward
Changchun Light Rail Property Development Co., Ltd.* (長春市輕軌房地產開發有限公司)	2,175,421.00	Unsettlement
Total	2,175,421.00	

Remark 29. Non-current Liabilities Due within One Year

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Long-term borrowings due within one year				96,000,000.00
Lease liability due within one year	1,187,577.61	1,209,451.00	1,598,434.84	1,417,597.29
Other long-term liability due within one year			617,117.29	
Total	1,187,577.61	1,209,451.00	2,215,552.13	97,417,597.29

Remark 30. Other Current Liabilities

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Sales tax to be transferred	279.62	1,414,928.68	—	—
Other				
Total	279.62	1,414,928.68		

Remark 31. Lease Liabilities

Remaining lease term	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Within 1 year	1,187,577.61	1,130,914.66	1,825,890.75	1,417,606.07
1-2 years	1,096,545.59	1,199,694.19	733,944.97	1,687,512.14
2-3 years	292,188.80	833,657.62	699,694.18	900,305.82
3-4 years				896,969.68
4-5 years				
Over 5 years				
Subtotal of total lease payment	2,576,312.00	3,164,266.47	3,259,529.90	4,902,393.71
Less: Unrecognized finance charge	64,933.55	115,981.73	128,093.67	280,394.23
Subtotal of present value of lease payment	2,511,378.45	3,048,284.74	3,131,436.23	4,621,999.48
Less: Lease liabilities due within one year	1,187,577.61	1,209,451.00	1,598,434.84	1,417,597.29
Total	1,323,800.84	1,838,833.74	1,533,001.39	3,204,402.19

Remark 32. Long-term Payables

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Long-term payables			46,707,119.29	
Special payables	2,775,074.00	2,775,074.00	5,372,373.00	
Total	2,775,074.00	2,775,074.00	52,079,492.29	

Note: The long-term payables in the above table represent long-term payables after deducting special payables.

(I) Long-term payables

1. Classification of long-term payables

Nature of the amount	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Asset securitisation financing			46,707,119.29	
Less: Long-term payables due within one year				
Total			46,707,119.29	

2. Description of long-term payables

Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司), a subsidiary of the Company, (hereinafter “Yatai Heating”) financed RMB1,000.00 million through asset securitisation by transferring the right to heating fees from 2016 to 2021 in accordance with the requirements of the relevant contract signed for the asset securitisation. The long-term payables incurred for the operation were apportioned using the effective interest rate method for its finance costs and long-term payables in each accounting period. As of May 2020, the asset securitisation plan had terminated.

(II) Special payables

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019	Reason of occurrence
Heating construction		5,797,763.00	2,793,600.00	3,004,163.00	Acquisition due to business combination not under common control
Pipeline network reconstruction		2,368,210.00		2,368,210.00	Acquisition due to business combination not under common control
Total		8,165,973.00	2,793,600.00	5,372,373.00	

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020	Reason of occurrence
Heating construction	3,004,163.00		2,597,299.00	406,864.00	
Pipeline network reconstruction	2,368,210.00			2,368,210.00	
Total	5,372,373.00		2,597,299.00	2,775,074.00	

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021	Reason of occurrence
Heating construction	406,864.00			406,864.00	
Pipeline network reconstruction	2,368,210.00			2,368,210.00	
Total	2,775,074.00			2,775,074.00	

Description of special payables:

Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司), a subsidiary of the Company, recognizes special payables in accordance with the transfer and appropriation document of Changchun Municipal Government Offices Administration.

Remark 33. Long-term Salaries Payable

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Post-employment benefits — defined contribution plan	25,164,416.86	25,690,000.00	19,340,475.72	10,570,831.89
Long-term termination benefits	2,020,000.00	2,020,000.00	2,580,010.00	
Less: Undiscounted long-term salaries payable due within one year				
Total	27,184,416.86	27,710,000.00	21,920,485.72	10,570,831.89

1. Defined contribution plan

(1) Movements in present value of obligation of defined contribution plan

Item	During the six months ended 30 June 2021	2020	2019	2018
I. Opening balance	27,710,000.00	21,920,485.72	10,570,832.89	10,790,218.00
II. Defined contribution costs included in profit or loss for the period	-235,775.52	10,640,697.49	10,396,292.30	418,859.79
1. Service costs for the period		2,450,201.78	736,637.00	534,168.00
2. Prior service costs		2,260,000.00	12,809,524.39	
3. Settlement gain (loss is presented by “-” sign)	-235,775.52	5,350,495.71	-3,972,727.40	-573,078.21
4. Net interest		580,000.00	822,858.31	457,770.00
III. Defined contribution costs included in other comprehensive income		-3,882,103.21	2,264,431.01	-361,184.90
1. Actuarial gain (loss is presented by “-” sign)		-3,882,103.21	2,264,431.01	-361,184.90
2. Adjustment based on experience				
IV. Other movements	-289,807.62	-969,080.00	-1,311,070.48	-277,061.00
1. Consideration paid upon settlement	-289,807.62	-119,070.00	-650,481.00	-277,061.00
2. Benefits paid		-850,010.00	-660,589.48	
V. Closing balance	27,184,416.86	27,710,000.00	21,920,485.72	10,570,831.89

(2) Net liabilities (net assets) of the defined contribution plan

Item	During the six months ended 30 June 2021	2020	2019	2018
I. Opening balance	27,710,000.00	21,920,485.72	10,570,832.89	10,790,218.00
II. Defined contribution costs included in profit or loss for the period	-235,775.52	10,640,697.49	10,396,292.30	418,859.79
III. Defined contribution costs included in other comprehensive income		-3,882,103.21	2,264,431.01	-361,184.90
IV. Other movements	-289,807.62	-969,080.00	-1,311,070.48	-277,061.00
V. Closing balance	27,184,416.86	27,710,000.00	21,920,485.72	10,570,831.89

(3) Description of the defined contribution plan

In accordance with the Company's policy, the Company is required to pay heating subsidies to retirees and the Company is obliged to continue to pay relevant wages and expenses to employees who retired early.

(4) Material actuarial assumptions on the present value of the defined benefits obligation and results of the sensitivity analysis

Material actuarial assumptions	30 June 2021	31 December 2020	31 December 2019	31 December 2018	Assumed change (%)	Effect on the present value of the defined contribution plan as of 30 June 2021	
						Assume impact increase	Assume impact decrease
Discount rate (%) — Post-employment benefits	3.75	3.75	3.50	3.50			
Discount rate (%) — Resignation benefits	2.75	2.75	2.75	2.75			
Mortality rate (%)	0.00	0.00	0.00	0.00			
Annual turnover rate (%)	1.00	1.00	1.00	1.00			
Expected growth rate of corporate contributions to social insurance and housing fund (%)	8.00	8.00	8.00	8.00			
Expected growth rate of medical benefits (%)	6.00	6.00	6.00	6.00			

Remark 34. Estimated Liabilities

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018	Reason of occurrence
Unsettled litigation	350,000.00	350,000.00			
Total	350,000.00	350,000.00			

Description of estimated liabilities:

This unsettled litigation involves Jilin Province Yizhan Construction & Decoration Limited Company* (吉林省藝展建築裝飾有限公司) filing a lawsuit against Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司), a subsidiary of the Company, over design fees for a construction contract, the court is not currently in session and has not ruled on the case due to flaws in the main evidence of the counterparty. Provision for estimated liabilities was made in full for the subject claim amount.

Remark 35. Deferred Income

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018	Reason of occurrence
Asset-related government grants		24,818,582.21	1,492,914.74	23,325,667.47	Refer to Table 1
Income-related government grants					
Total		24,818,582.21	1,492,914.74	23,325,667.47	

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019	Reason of occurrence
Asset-related government grants	23,325,667.47	23,347,520.97	2,446,920.45	44,226,267.99	Refer to Table 1
Income-related government grants		487,500.00		487,500.00	Refer to Table 1
Total	23,325,667.47	23,835,020.97	2,446,920.45	44,713,767.99	

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020	Reason of occurrence
Asset-related government grants	44,226,267.99	13,840,521.21	5,047,478.52	53,019,310.68	Refer to Table 1
Income-related government grants	487,500.00	6,272,898.00	6,760,398.00		Refer to Table 1
Total	44,713,767.99	20,113,419.21	11,807,876.52	53,019,310.68	

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021	Reason of occurrence
Asset-related government grants	53,019,310.68		2,207,631.82	50,811,678.86	Refer to Table 1
Income-related government grants					
Total	53,019,310.68		2,207,631.82	50,811,678.86	

1. Deferred income in relation to government grants

Liability item	1 January 2018	Grants increased during the current period	Included in non-operating income during the current period	Included in other income during the current period	Elimination of cost charges during the current period	Add: other changes	31 December 2018	Asset related/ Income related
Small boiler grants		22,325,457.21		1,295,164.74			21,030,292.47	Asset-related
Southeastern Power Plant		1,453,125.00		93,750.00			1,359,375.00	Asset-related
Electric heating subsidy		1,040,000.00		104,000.00			936,000.00	Asset-related
Total		24,818,582.21		1,492,914.74			23,325,667.47	

Continued:

Liability item	31 December 2018	Grants increased during the current period	Included in non-operating income during the current period	Included in other income during the current period	Elimination of cost charges during the current period	Add: other changes (note)	31 December 2019	Asset related/ Income related
Small boiler grants	21,030,292.47	11,562,972.70		2,249,170.45			30,344,094.72	Asset-related
Southeastern Power Plant	1,359,375.00			93,750.00			1,265,625.00	Asset-related
Electric heating subsidy	936,000.00			104,000.00			832,000.00	Asset-related
Small boiler network consolidation and conversion project						11,755,381.60	11,755,381.60	Asset-related
Environmental subsidies						487,500.00	487,500.00	Income related
New 72WM boiler project of Fuhao						29,166.67	29,166.67	Asset-related
Total	23,325,667.47	11,562,972.70		2,446,920.45		12,272,048.27	44,713,767.99	

Continued:

Liability item	31 December 2019	Grants increased during the current period	Included in non-operating income during the current period	Included in other income during the current period	Elimination of cost charges during the current period	Add: other changes (note)	31 December 2020	Asset related/ Income related
Small boiler grants	30,344,094.72	13,840,521.21		2,439,774.45			41,744,841.48	Asset-related
Southeastern Power Plant	1,265,625.00			93,750.00			1,171,875.00	Asset-related
Electric heating subsidy	832,000.00			104,000.00			728,000.00	Asset-related
Small boiler network consolidation and conversion project	11,755,381.60			2,380,787.40			9,374,594.20	Asset-related
Environmental subsidies	487,500.00			487,500.00				Income related
New 72WM boiler project of Fuhao	29,166.67			29,166.67				Asset-related
Job stabilization subsidy		6,272,898.00		6,272,898.00				Income related
Total	44,713,767.99	20,113,419.21		11,807,876.52			53,019,310.68	

Continued:

Liability item	31 December 2020	Grants increased during the current period	Included in non-operating income during the current period	Included in other income during the current period	Elimination of cost charges during the current period	Add: other changes (note)	30 June 2021	Asset related/ Income related
Small boiler grants	41,744,841.48			1,675,712.76			40,069,128.72	Asset-related
Southeastern Power Plant	1,171,875.00			46,875.00			1,125,000.00	Asset-related
Electric heating subsidy	728,000.00			52,000.00			676,000.00	Asset-related
Small boiler network consolidation and conversion project	9,374,594.20			433,044.06			8,941,550.14	Asset-related
Total	53,019,310.68			2,207,631.82			50,811,678.86	

Note: Among other changes, in terms of the government subsidy at the beginning of 2020 for Yatai Heating under the common control through business combination, the year-over-year total increased by RMB12,272,048.27 as of December 31, 2020.

Remark 36. Other non-current liabilities

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Sales tax to be transferred	3,655,636.59	4,320,186.99		
Total	3,655,636.59	4,320,186.99		

Remark 37. Share Capital

Item	1 January 2018	Increase(+)/Decrease(-) during the current period					31 December 2018
		Issuance of new shares	Bonus share	Transfer from reserve	Other	Sub-total	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)		325,500,000.00				325,500,000.00	325,500,000.00
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司)		24,500,000.00				24,500,000.00	24,500,000.00
Total		350,000,000.00				350,000,000.00	350,000,000.00

Continued:

Item	31 December 2018	Increase(+)/Decrease(-) during the current period					31 December 2019
		Issuance of new shares	Bonus share	Transfer from reserve	Other	Sub-total	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團 有限公司)	325,500,000.00						325,500,000.00
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投 資運營(集團)有限公司)	24,500,000.00						24,500,000.00
Overseas public shareholders (H Shares Listing in Hong Kong)		116,700,000.00				116,700,000.00	116,700,000.00
Total	350,000,000.00	116,700,000.00				116,700,000.00	466,700,000.00

Continued:

Item	31 December 2019	Increase(+)/Decrease(-) during the current period					31 December 2020
		Issuance of new shares	Bonus share	Transfer from reserve	Other	Sub-total	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團 有限公司)	325,500,000.00						325,500,000.00
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投 資運營(集團)有限公司)	24,500,000.00						24,500,000.00
Overseas public shareholders (H Shares Listing in Hong Kong)	116,700,000.00						116,700,000.00
Total	466,700,000.00						466,700,000.00

Continued:

Item	31 December 2020	Increase(+)/Decrease(-) during the current period					30 June 2021
		Issuance of new shares	Bonus share	Transfer from reserve	Other	Sub-total	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	325,500,000.00						325,500,000.00
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司)	24,500,000.00						24,500,000.00
Overseas public shareholders (H Shares Listing in Hong Kong)	116,700,000.00						116,700,000.00
Total	466,700,000.00						466,700,000.00

Description of movements of share capital:

The Company became a joint stock limited liability company on 30 May 2018 and pursuant to the approval of SASAC Changchun, the equity of the Company amounted to RMB400,000,000.00 was converted into share capital as used in a joint stock limited liability company of RMB350,000,000.00 and capital reserve of RMB50,000,000.00. The registered capital of the Company after the conversion was RMB350,000,000.00, divided into 350,000,000 ordinary shares of RMB1.00 each.

On 24 October 2019, the Company issued a total of 116,700,000 H shares to Hong Kong and overseas investors at a price of HK\$2.35 per H share via initial public offering.

Remark 38. Capital Reserve

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Capital premium (Share premium)		346,236,600.00	296,236,600.00	50,000,000.00
Other capital reserves				
Total		346,236,600.00	296,236,600.00	50,000,000.00

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Capital premium (Share premium)	50,000,000.00	351,651,963.45	2,290,555.59	399,361,407.86
Other capital reserves				
Total	50,000,000.00	351,651,963.45	2,290,555.59	399,361,407.86

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Capital premium (Share premium)	399,361,407.86		330,991,065.35	68,370,342.51
Other capital reserves				
Total	399,361,407.86		330,991,065.35	68,370,342.51

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Capital premium (Share premium)	68,370,342.51			68,370,342.51
Other capital reserves				
Total	68,370,342.51			68,370,342.51

Description of capital reserve:

1. For 2018

- (1) On 12 April 2018, according to the “Approval relating to the issues on the partial transfer of assets of Changchun Heating Power (Group) Company Limited to Jilin Province Chuncheng Heating Limited Liability Company at nil consideration” (Chang Guo Zi [2018] No.108) (《長春市國資委關於同意長春市熱力(集團)有限責任公司部分資產及股權無償劃轉至吉林省春城熱力有限責任公司的批覆》(長國資[2018]108號) issued by the SASAC Changchun, Changchun Heating Power (Group) Company Limited has transferred partial assets and equity to the Company at nil consideration and the cut-off date of the transfer was 31 December 2017. The Company transferred the net assets in accordance with such approval to increase the capital reserve (Share premium) by RMB346,236,600.00.
- (2) The Company became a joint stock limited liability company on 30 May 2018. Pursuant to the approval of SASAC Changchun, the Company transfer RMB296,236,600.00 to share capital from capital reserve (share premium) subject to the first resolution the general meeting of the Company.

2. For 2019

- (1) On 24 October 2019, the Company issued a total of 116,700,000 H shares to Hong Kong and overseas investors at a price of HK\$2.35 per H share via initial public offering. The gross proceeds raised amounted to RMB247,972,329.00, and the actual net proceeds raised amounted to RMB204,190,026.86 after deducting underwriting fees of RMB43,782,302.14. Subsequent to the completion of the above transaction, the Company’s registered capital increased by RMB116,700,000.00, and the difference between the actual net proceeds raised and the increased registered capital of RMB87,490,026.86 was credited to the capital reserve (share premium).
- (2) The Company accounted for the other equity movements of the joint venture, Xixing Energy Company under the equity method, and reduced the capital reserve by RMB2,290,555.59.

- (3) As described in Note VII(2), the Company completed the acquisition of Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司) on 31 December 2020. Subsequent to the completion of such transaction, the Company held 100% of the equity interests of Changchun Yatai Heating Co., Ltd.. The consideration for such acquisition was the payment of RMB318,376,300 in cash to Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司). The difference between the purchase consideration and the share of carrying amount of the ownership interest in Changchun Yatai Heating Co., Ltd. entitled on the trading day in the combined financial statements of the Company is adjusted in capital reserve. The capital reserve (share premium) at the beginning of 2020 was increased by RMB264,161,936.59.

3. For 2020

- (1) On 31 December 2020, the enterprise under the same control merged with Yatai Heating, and the capital reserve of RMB264,161,936.59 adjusted year-on-year at the beginning of the year was reduced this year. Meanwhile, the reversal of retained earnings reduced the capital reserve by RMB13,802,557.49. The adjusted fair value of Yatai Heating reduced the Capital reserve by RMB18,569,867.45.
- (2) At an individual entity level, the Company's share of carrying amount in the ownership interest of the combined party (Yatai Heating) in the combined financial statements of the ultimate controlling party (Changchun Heating Group) is recognised as initial investment cost of long-term equity investments. The difference between the initial investment cost of long-term equity investments and the cash paid, the non-cash assets transferred and the carrying amount of the debt assumed, is reduced in capital reserve (share premium) by RMB34,456,703.82.

Remark 39. Other Comprehensive Income

Item	1 January 2018	Incurred during the current period						31 December 2018
		Amount before income tax during the current period	Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholder after tax	Less: Changes arising from the remeasurement of defined benefit plans carried forward	
I. Other comprehensive income that will not be reclassified to profit or loss		-361,184.90		-90,296.23				-270,888.67
I. Changes arising from the remeasurement of defined benefit plans		-361,184.90		-90,296.23				-270,888.67
II. Other comprehensive income that will be reclassified to profit or loss								
Total other comprehensive income		-361,184.90		-90,296.23				-270,888.67

Continued:

Item	1 January 2019	Incurred during the current period								31 December 2019		
		Amount before income tax during the current period	Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Transfer to financial assets measured at amortized cost during the period that previously included in other comprehensive income	Less: Transfer to relevant assets or liabilities from hedging reserves	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholder after tax	Less: Changes arising from the remeasurement of defined benefit plans carried forward		Less: Transfer to retained earnings during the period that previously included in other comprehensive income	
I. Other comprehensive income that will not be reclassified to profit or loss	-270,888.67	2,264,431.01				566,107.75						1,427,434.59
I. Changes arising from the remeasurement of defined benefit plans	-270,888.67	2,264,431.01				566,107.75						1,427,434.59
II. Other comprehensive income that will be reclassified to profit or loss												
Total other comprehensive income	-270,888.67	2,264,431.01				566,107.75						1,427,434.59

Continued:

Item	31 December 2019	Incurred during the current period								31 December 2020
		Amount before income tax during the current period	Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Transfer to financial assets measured at amortized cost during the period that previously included in other comprehensive income	Less: Transfer to relevant assets or liabilities from hedging reserves	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholder after tax	Less: Changes arising from the remeasurement of defined benefit plans carried forward	
I. Other comprehensive income that will not be reclassified to profit or loss	1,427,434.59					-800,525.80			2,522,103.21	-294,142.82
I. Changes arising from the remeasurement of defined benefit plans	1,427,434.59					-800,525.80			2,522,103.21	-294,142.82
II. Other comprehensive income that will be reclassified to profit or loss										
Total other comprehensive income	1,427,434.59					-800,525.80			2,522,103.21	-294,142.82

Continued:

Item	31 December 2020	Incurred during the current period								30 June 2021
		Amount before income tax during the current period	Less: Transfer to profit or loss during the period that previously included in other comprehensive income	Less: Transfer to financial assets measured at amortized cost during the period that previously included in other comprehensive income	Less: Transfer to relevant assets or liabilities from hedging reserves	Less: Income tax expenses	Attributable to the parent company after tax	Attributable to minority shareholder after tax	Less: Changes arising from the remeasurement of defined benefit plans carried forward	
I. Other comprehensive income that will not be reclassified to profit or loss	-294,142.82									-294,142.82
I. Changes arising from the remeasurement of defined benefit plans	-294,142.82									-294,142.82
II. Other comprehensive income that will be reclassified to profit or loss										
Total other comprehensive income	-294,142.82									-294,142.82

Remark 40. Special Reserve

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Safety production fee		8,418,924.55		8,418,924.55
Total		8,418,924.55		8,418,924.55

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Safety production fee	8,418,924.55	12,616,702.78	11,273,078.26	9,762,549.07
Total	8,418,924.55	12,616,702.78	11,273,078.26	9,762,549.07

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Safety production fee	9,762,549.07	12,279,959.20	9,281,424.56	12,761,083.71
Total	9,762,549.07	12,279,959.20	9,281,424.56	12,761,083.71

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Safety production fee	12,761,083.71	2,253,343.21		15,014,426.92
Total	12,761,083.71	2,253,343.21		15,014,426.92

Description of special reserve:

Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司) and Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司), subsidiaries of the Company appropriated safety production fee at 2% of the revenue from construction for the prior year.

Remark 41. Surplus Reserve

Item	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018
Statutory surplus reserve		8,875,263.55		8,875,263.55
Total		8,875,263.55		8,875,263.55

Continued:

Item	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019
Statutory surplus reserve	8,875,263.55	10,668,216.88		19,543,480.43
Total	8,875,263.55	10,668,216.88		19,543,480.43

Continued:

Item	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020
Statutory surplus reserve	19,543,480.43	11,176,317.48		30,719,797.91
Total	19,543,480.43	11,176,317.48		30,719,797.91

Continued:

Item	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021
Statutory surplus reserve	30,719,797.91			30,719,797.91
Total	30,719,797.91			30,719,797.91

Remark 42. Undistributed Profits

Item	January — June 2021	2020	2019	2018
Undistributed profits at the end of the previous period	278,833,318.17	198,842,225.71	74,458,869.02	
Retroactive adjustment amount				
Undistributed profits before at the end of the period	278,833,318.17	198,842,225.71	74,458,869.02	
Add: Net profit attributable to owners' equity of the parent company during the current period	125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Less: Withdrawal of statutory surplus reserve		11,176,317.48	10,668,216.88	8,875,263.55
Dividend payable on ordinary shares (note)	48,070,100.00	79,339,000.00		
Other profit appropriation				4,615,172.60
Add: Surplus reserves for making up losses				
Other internal transfer of owners' equity				
Undistributed profits at the end of the period	356,293,217.79	278,833,318.17	198,842,225.71	74,458,869.02

Note: Pursuant to the resolution in relation to dividend distribution at the general meeting in May 2020, a cash dividend of RMB1.7 (tax inclusive) per 10 shares will be paid to all shareholders based on the total share capital of 466,700,000 shares as at 31 December 2019 with a total dividend payment of RMB79,339,000 as at the ex-dividend date of 7 July 2020.

Pursuant to the resolution in relation to dividend distribution at the general meeting in May 2021, a cash dividend of RMB1.03 (tax inclusive) per 10 shares will be paid to all shareholders based on the total share capital of 466,700,000 shares as at 31 December 2020 with a total dividend payment of RMB48,070,100 as at the ex-dividend date of 9 July 2021.

Remark 43. Operating Income and Operating Costs

1. Operating Income and Operating Costs

Item	January — June 2021		2020	
	Income	Cost	Income	Cost
Principal operating business	873,832,309.08	670,605,246.16	1,888,341,930.20	1,583,507,408.22
Other businesses	5,088,304.69	3,009,359.29	8,645,919.77	5,999,690.47

Continued:

Item	2019		2018	
	Income	Cost	Income	Cost
Principal operating business	1,559,897,671.88	1,270,668,022.97	1,439,259,502.10	1,208,137,016.11
Other businesses	1,479,119.16	1,083,468.23	899,282.70	768,453.12

2. Revenue from contracts

Contract category	January — June 2021		
	Heat supply business	Construction, maintenance and design services business	Total
1. Product type	837,488,663.71	41,431,950.06	878,920,613.77
Heat supply	789,133,129.46		789,133,129.46
Pipeline connection fee	35,582,831.49		35,582,831.49
Heat transmission	12,772,702.76		12,772,702.76
Engineering construction		14,226,634.25	14,226,634.25
Engineering maintenance		12,278,901.75	12,278,901.75
Design services		3,333,424.69	3,333,424.69
Others		11,592,989.37	11,592,989.37
2. Region of operation	837,488,663.71	41,431,950.06	878,920,613.77
Northeast region	837,488,663.71	41,431,950.06	878,920,613.77
3. Type of market or customer	837,488,663.71	41,431,950.06	878,920,613.77
Company	300,687,572.69	41,422,516.12	342,110,088.81
Resident	536,801,091.02	9,433.94	536,810,524.96
4. Contract category	837,488,663.71	41,431,950.06	878,920,613.77
Sales	791,016,869.51	5,247,297.41	796,264,166.92
Service	46,471,794.20	36,184,652.65	82,656,446.85
5. Date of transfer of goods	837,488,663.71	41,431,950.06	878,920,613.77
At a point in time	43,218,324.37	10,543,072.45	53,761,396.82
Over time	794,270,339.34	30,888,877.61	825,159,216.95
6. By contract term	837,488,663.71	41,431,950.06	878,920,613.77
Within 1 year	800,219,061.58	11,592,989.37	811,812,050.95
Over 1 year	37,269,602.13	29,838,960.69	67,108,562.82
7. By sales channel	837,488,663.71	41,431,950.06	878,920,613.77
Central heating	837,488,663.71		837,488,663.71
Others		41,431,950.06	41,431,950.06
Total	837,488,663.71	41,431,950.06	878,920,613.77

Continued:

Contract category	2020		
	Heat supply business	Construction, maintenance and design services business	Total
1. Product type	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Heat supply	1,340,571,887.23		1,340,571,887.23
Pipeline connection fee	65,703,941.18		65,703,941.18
Heat transmission	14,705,026.81		14,705,026.81
Engineering construction		247,422,418.70	247,422,418.70
Engineering maintenance		201,194,577.11	201,194,577.11
Design services		17,820,504.60	17,820,504.60
Others		9,569,494.34	9,569,494.34
2. Region of operation	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Northeast region	1,420,980,855.22	476,006,994.75	1,896,987,849.97
3. Type of market or customer	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Company	516,086,775.36	476,006,994.75	992,093,770.11
Resident	904,894,079.86		904,894,079.86
4. type of contracts	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Sales	1,399,879,611.38	1,098,601.51	1,400,978,212.89
Service	21,101,243.84	474,908,393.24	496,009,637.08
5. Date of transfer of goods	1,420,980,855.22	476,006,994.75	1,896,987,849.97
At a point in time	35,867,446.23	17,745,222.40	53,612,668.63
Over time	1,385,113,408.99	458,261,772.35	1,843,375,181.34
6. By contract term	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Within 1 year	1,399,879,611.38	17,745,222.40	1,417,624,833.78
Over 1 year	21,101,243.84	458,261,772.35	479,363,016.19
7. By sales channel	1,420,980,855.22	476,006,994.75	1,896,987,849.97
Central heating	1,420,980,855.22		1,420,980,855.22
Others		476,006,994.75	476,006,994.75
Total	1,420,980,855.22	476,006,994.75	1,896,987,849.97

Continued:

Contract category	2019		
	Heat supply business	Construction, maintenance and design services business	Total
1. Product type	963,063,699.18	598,313,091.86	1,561,376,791.04
Heat supply	893,366,820.88		893,366,820.88
Pipeline connection fee	54,232,508.85		54,232,508.85
Heat transmission	15,464,369.45		15,464,369.45
Engineering construction		353,902,512.30	353,902,512.30
Engineering maintenance		232,551,240.99	232,551,240.99
Design services		9,704,271.89	9,704,271.89
Others		2,155,066.68	2,155,066.68
2. Region of operation	963,063,699.18	598,313,091.86	1,561,376,791.04
Northeast region	963,063,699.18	598,313,091.86	1,561,376,791.04
3. Type of market or customer	963,063,699.18	598,313,091.86	1,561,376,791.04
Company	368,458,137.85	598,131,287.57	966,589,425.42
Resident	594,605,561.33	181,804.29	594,787,365.62
4. type of contracts	963,063,699.18	598,313,091.86	1,561,376,791.04
Sales	942,907,807.13	4,491,764.54	947,399,571.67
Service	20,155,892.05	593,821,327.32	613,977,219.37
5. Date of transfer of goods	963,063,699.18	598,313,091.86	1,561,376,791.04
At a point in time		4,453,164.54	4,453,164.54
Over time	963,063,699.18	593,859,927.32	1,556,923,626.50
6. By contract term	963,063,699.18	598,313,091.86	1,561,376,791.04
Within 1 year	908,831,190.33	4,491,764.54	913,322,954.87
Over 1 year	54,232,508.85	593,821,327.32	648,053,836.17
7. By sales channel	963,063,699.18	598,313,091.86	1,561,376,791.04
Central heating	963,063,699.18		963,063,699.18
Others		598,313,091.86	598,313,091.86
Total	963,063,699.18	598,313,091.86	1,561,376,791.04

Continued:

Contract category	2018		
	Heat supply business	Construction, maintenance and design services business	Total
1. Product type	939,521,279.88	500,637,504.92	1,440,158,784.80
Heat supply	875,398,408.04		875,398,408.04
Pipeline connection fee	51,522,052.94		51,522,052.94
Heat transmission	12,600,818.90		12,600,818.90
Engineering construction		300,238,088.76	300,238,088.76
Engineering maintenance		183,093,422.06	183,093,422.06
Design services		16,051,448.64	16,051,448.64
Others		1,254,545.46	1,254,545.46
2. Region of operation	939,521,279.88	500,637,504.92	1,440,158,784.80
Northeast region	939,521,279.88	500,637,504.92	1,440,158,784.80
3. Type of market or customer	939,521,279.88	500,637,504.92	1,440,158,784.80
Company	354,539,951.15	500,382,959.46	854,922,910.61
Resident	584,981,328.73	254,545.46	585,235,874.19
4. Contract category	939,521,279.88	500,637,504.92	1,440,158,784.80
Sales	938,004,909.32	4,435,971.08	942,440,880.40
Service	1,516,370.56	496,201,533.84	497,717,904.40
5. Date of transfer of goods	939,521,279.88	500,637,504.92	1,440,158,784.80
At a point in time			
Over time	939,521,279.88	500,637,504.92	1,440,158,784.80
6. By contract term	939,521,279.88	500,637,504.92	1,440,158,784.80
Within 1 year	938,004,909.32	4,435,971.08	942,440,880.40
Over 1 year	1,516,370.56	496,201,533.84	497,717,904.40
7. By sales channel	939,521,279.88	500,637,504.92	1,440,158,784.80
Central heating	939,521,279.88		939,521,279.88
Others		500,637,504.92	500,637,504.92
Total	939,521,279.88	500,637,504.92	1,440,158,784.80

Remark 44. Taxes and Surcharges

Item	January — June 2021	2020	2019	2018
City maintenance and construction tax	785,576.25	1,872,772.78	1,527,085.43	1,574,778.30
Education surcharge	565,224.50	1,291,790.23	1,027,157.98	1,045,370.10
Local education surcharge	3,725.00	75,857.97	63,552.63	79,438.12
Property tax	112,038.34	383,597.21	30,608.22	163,961.69
Land use tax	36,079.52	165,853.70	19,725.98	155,537.67
Vehicle and vessel tax	1,936.80	8,493.60	8,493.60	6,273.60
Stamp duty	193,119.04	960,056.13	885,641.20	923,498.12
Environmental protection tax	148,736.44	488,085.29		
Others	29,125.63	470,077.10	376,248.54	1,360,235.94
Total	1,875,561.52	5,716,584.01	3,938,513.58	5,309,093.54

Remark 45. Selling Expenses

Item	January — June 2021	2020	2019	2018
Advertisement and promotion expenses	392,395.68	1,491,837.06	2,864,419.36	117,788.79
Service charges	532,000.00	297,000.00		
Total	924,395.68	1,788,837.06	2,864,419.36	117,788.79

Remark 46. Administrative expenses

Item	January — June 2021	2020	2019	2018
Entertainment expense	159,158.19	132,201.80	139,576.98	571,351.35
Employee remuneration	29,311,097.49	69,889,659.93	55,980,234.77	43,691,994.72
Maintenance fee	2,449,602.31	5,619,497.60	6,855,875.56	5,196,971.30
Taxes	57,315.99	143,557.78	73,638.04	151,862.26
Depreciation of fixed assets	2,793,125.33	5,091,723.80	3,752,227.49	3,340,484.90
Amortisation of intangible assets	305,875.57	680,517.46	538,507.37	496,035.86
Technology transfer and services	494,346.40	882,135.89	18,546.00	5,000.00
Insurance	4,230,532.94	7,288,538.26	6,723,815.35	7,659,293.06
Rental fee	354,542.70	509,498.38	674,586.93	642,479.34
Material consumed	16,393.57	4,781,352.79	19,978.58	
Office expenses	2,698,382.88	8,333,316.89	4,969,248.05	2,600,552.23
Travel expenses	348,855.49	623,197.60	1,467,737.51	619,453.55
Intermediary agency fees	971,944.29	4,894,028.74	4,666,522.15	742,494.73
Advisory fees	272,249.99	1,549,206.89	558,092.28	1,088,006.69
Litigation fees	68,345.73			
Property management fee		165,061.01	183,141.68	126,622.70
Party building expenses	205,578.44	468,582.19	261,371.71	341,500.24
Disabled security fund	672,098.44	1,339,989.19	1,609,699.38	
Utility	73,338.43	287,852.16	261,152.56	319,936.42
Labour protection expenses	162,476.43	693,411.59	650,810.37	27,033.68
Flood prevention surcharge	247,016.56	669,991.99	725,328.47	2,411,763.41
Security and maintenance costs	3,730.97	48,226.02	220,403.33	60,114.40
Vehicle running costs	400,286.16	1,382,364.16	1,342,814.55	1,450,536.87
Low-value consumables	140,153.62	339,145.24	135,292.66	176,259.86
Heating expenses	252,211.83	597,752.88	552,281.16	517,856.52
Others	1,143,918.98	4,077,542.84	8,691,617.41	4,389,249.36
Total	47,832,578.73	120,488,353.08	101,072,500.34	76,626,853.45

Remark 47. Research and Development Expenses

Item	January — June 2021	2020	2019	2018
Wages and salaries	632,093.05	6,051,826.60	1,878,594.25	711,519.95
R&D materials cost	4,941.60	271,832.83		
Depreciation expenses	769.26	44,556.62	12,817.83	2,346.58
Design fees			47,169.81	
Amortisation of intangible assets	278.76	9,002.64	4,718.10	
Outsourcing research and development expenses	250,000.00	326,980.04	252,427.18	
Others	10,000.00	94,732.69	192,854.21	
Total	898,082.67	6,798,931.42	2,388,581.38	713,866.53

Remark 48. Financial Costs

Item	January — June 2021	2020	2019	2018
Interest expenses	6,462,803.20	9,828,562.97	4,729,460.81	11,305,277.75
Less: interest income	7,489,977.44	11,948,501.80	8,489,274.70	7,492,765.51
Exchange gain and loss	7,397.88	-2,482,699.81	2,301,201.98	0.00
Bank handling fee	352,701.88	182,925.54	57,329.39	57,191.78
Others		275,283.34	52,328.25	27,509.18
Total	-667,074.48	-4,144,429.76	-1,348,954.27	3,897,213.20

Remark 49. Other Income

1. Breakdown of other income

Sources of other income	January — June 2021	2020	2019	2018
Government grants	3,099,989.45	23,238,129.80	16,896,556.75	11,590,857.12
Others	94,274.50	89,769.39	21,418.96	
Total	3,194,263.95	23,327,899.19	16,917,975.71	11,590,857.12

2. Government grants included in other income

Item	January — June 2021	2020	2019	2018	Asset-related/ Income-related
Grants for obsolescence of small boiler	240,000.00	4,786,961.29	14,450,366.53	10,097,942.38	Income-related
Job stabilization subsidy		6,485,950.16			Income-related
Subsidies for the pandemic		4,404,547.82			Income-related
Boiler improvement	433,044.06	2,897,454.07			Asset-related
High-tech Enterprise subsidy in Nanguan District (Little Giant (小巨人))	400,000.00				Income-related
Social insurance (epidemic exemption)	32,357.63	1,793,291.01			Income-related
General boiler in Nanguan District	199,224.26	398,448.52	398,448.52	198,678.48	Asset-related
Boiler room of YongSheng Property (永聖物業) in Luyuan District	185,830.51	30,971.75			Asset-related
Biological boiler in Luyuan District	157,694.48	26,282.41			Asset-related
Boiler of XXX military units in Luyuan District	153,739.24	25,623.21			Asset-related
Boiler of Ruixing Property (瑞興物業) Erdao District	135,952.73	271,905.46	249,246.67		Asset-related
Tian's Courtyard (田家大院)	132,913.42	265,826.84	199,370.14		Asset-related
Special subsidy for the Southeastern Power Plant	122,171.67	244,343.33	244,343.33	93,750.00	Asset-related
Special grants for science and technology innovation	110,000.00				Income-related
Boiler room of Chang chun University of Chinese Medicine	75,431.23	150,862.46	150,862.46	150,449.17	Asset-related
Boiler room of Yanhongreli at Qingpu road (炎紅熱力青浦路鍋爐房)	67,328.39	134,656.79	134,656.79	67,143.95	Asset-related
Chaoyang Campus of Jilin University	60,245.46	120,490.92	120,490.92	116,148.59	Asset-related
Boiler room in Shuyou Community (輸油小區鍋爐房)	52,669.11	105,338.22	105,338.22	105,049.64	Asset-related
Electric heating subsidy	52,000.00	104,000.00	104,000.00	104,000.00	Asset-related
Grants for being determined as a National High and New Tech Enterprise	80,000.00	200,000.00			Income-related
Heat supply incentive funds		32,401.00			Income-related
Others	409,387.26	758,774.54	739,433.17	657,694.91	Asset/Income-related
Total	3,099,989.45	23,238,129.80	16,896,556.75	11,590,857.12	

Remark 50. Investment Income

1. Breakdown of investment income

Item	January to June 2021	2020	2019	2018
Income from long-term equity investments accounted for under the equity method		1,448,819.21	335,778.74	1,501,333.23
Investment income received from the disposal of financial assets at fair value through profit or loss (Note)		1,350,384.85		
Income from re-measurement of equity at fair value after obtaining control		4,840,552.65		
Investment income from financial assets held-for-trading during the holding period	296,104.45			
Others				226,726.29
Total	296,104.45	7,639,756.71	335,778.74	1,728,059.52

Note: (1) According to the “Debt Asset-backed Special Plan for Heat Supply Contracts” (《供熱合同債券資產支持專項計劃》) and the “Asset-backed Securities Subscription Agreement” (《資產支持證券認購協議》) entered into by Dongzheng Ronghui Securities Asset Management Co., Ltd. and Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司), a subsidiary of the Company, Yatai Heating shall pledge the contractual right to heating fees to Dongzheng Ronghui Securities Asset Management Co., Ltd., whereby Dongzheng Ronghui Securities Asset Management Co., Ltd. shall issue financial product under the special plan for financing purposes. The subordinated interests in the special plan product shall be repurchased by the originator, i.e. Yatai Heating, with a principal amount of RMB50.00 million and no fixed yield. After payment of various fees and repayment of the senior class’ principal and interests, the remaining gains and losses shall be borne by the subordinated interests held by the Company. In 2020, the asset securitisation business was early terminated and after repayment of the senior class’ principal and interest, the gain on the subordinated securities was RMB526,514.92. (2) A subsidiary Xixing Energy received investment income of RMB823,869.93 from acquisition of financial products.

Remark 51. Gain on Changes in Fair Value

Item	January to June 2021	2020	2019	2018
Held-for-trading financial assets	227,083.33	69,375.00		
Total	227,083.33	69,375.00		

Remark 52. Credit Impairment Loss

Item	January to June 2021	2020	2019	2018
Bad debt loss	1,897,855.41	-6,277,334.90	-13,135,870.72	-3,198,330.56
Total	1,897,855.41	-6,277,334.90	-13,135,870.72	-3,198,330.56

Remark 53. Impairment Loss on Assets

Item	January to June 2021	2020	2019	2018
Impairment loss on contract assets	5,236,603.83	-5,118,748.90	7,150,856.64	-35,458,795.20
Loss on decline in value of inventories	1,584,931.81		-2,491,338.42	-400,329.46
Impairment loss on fixed assets		-222,744.22	-4,828,518.51	
Impairment loss on construction materials	-532,988.53		-2,368,338.25	
Total	6,288,547.11	-5,341,493.12	-2,537,338.54	-35,859,124.66

Remark 54. Non-operating Income

Item	January to June 2021	2020	2019	2018
Business combination not under common control		9,198,369.51		
Government grants not related to ordinary activities	4,000,000.00	1,002,030.00	100,000.00	
Income from damages for breach of contract	13,231.82	1,660,743.03	100,000.00	
Overdue payment	47,777.25	76,604.89	514,030.06	1,348,743.14
Others	46,343.51	214,309.05	158,959.37	295,125.05
Total	4,107,352.58	12,152,056.48	872,989.43	1,643,868.19

1. Amounts included in non-recurring gains and losses in each period

Item	January to June 2021	2020	2019	2018
Business combination not under common control		9,198,369.51		
Government grants not related to ordinary activities	4,000,000.00	1,002,030.00	100,000.00	
Income from damages for breach of contract	13,231.82	1,660,743.03	100,000.00	
Overdue payment	47,777.25	76,604.89	514,030.06	1,348,743.14
Others	46,343.51	214,309.05	158,959.37	295,125.05
Total	4,107,352.58	12,152,056.48	872,989.43	1,643,868.19

2. Government grants included in profit or loss of the current period

Item	January to June 2021	2020	2019	2018	Related to assets/ incomes
2020 special government funding	4,000,000.00	1,000,000.00			Related to incomes
Funding support from the Ministry of Commerce for the Second International Import Expo		2,030.00			Related to incomes
Special grants for science and technology innovation in Jilin Province (Provincial Little Giant (省小巨人))			100,000.00		Related to incomes
Total	4,000,000.00	1,002,030.00	100,000.00		

Remark 55. Non-operating Expenses

Item	January to June 2021	2020	2019	2018
External donation			52,300.89	
Loss on destruction and scrapping of non-current assets		2,736.80	2,920.88	11,641.94
Default payments	196,439.14	403,225.12	33,636.11	331,773.08
Other	16,534.28	354,219.86	59,293.70	13,802.26
Total	212,973.42	760,181.78	148,151.58	357,217.28

Amounts included in non-recurring gains and losses in each period are as follow:

Item	January to June 2021	2020	2019	2018
External donation			52,300.89	
Loss on destruction and scrapping of non-current assets		2,736.80	2,920.88	11,641.94
Default payments	196,439.14	403,225.12	33,636.11	331,773.08
Other	16,534.28	354,219.86	59,293.70	13,802.26
Total	212,973.42	760,181.78	148,151.58	357,217.28

Remark 56. Income Tax Expenses

1. Table of income tax expenses

Item	January to June 2021	2020	2019	2018
Income tax expenses for the current period	48,800,098.49	61,197,466.89	52,184,022.70	44,889,044.62
Deferred income tax expenses	-4,089,400.50	-24,061,323.78	-4,219,973.78	-12,701,737.40
Total	44,710,697.99	37,136,143.11	47,964,048.92	32,187,307.22

2. Reconciliation between accounting profit and income tax expenses

Item	January to June 2021	2020	2019	2018
Total profit	170,240,697.61	207,642,553.05	183,015,622.49	120,136,612.39
Income tax expenses calculated at statutory/applicable tax rates	42,560,174.40	51,910,638.26	45,753,905.62	30,034,153.10
Effect of different tax rates applied by subsidiaries	-426,957.69	-1,218,632.55	-178,014.64	-653,268.29
Effect of adjustments to income tax on prior periods	47,990.51	-232,420.38	-1,350,279.90	425,808.71
Effect of non-taxable income	-144,832.38	-14,000,625.03	-525,525.24	-103,861.69
Effect of non-deductible costs, expenses and losses	2,674,323.15	544,952.38	4,263,963.08	2,484,475.39
Effect of deductible loss on utilisation of deferred income tax assets not recognised in the previous period				
Effect of deductible temporary difference or deductible loss on deferred income tax assets not recognised in the current period		132,230.43		
Other				
Income tax expenses	44,710,697.99	37,136,143.11	47,964,048.92	32,187,307.22

Remark 57. Notes to Statement of Cash Flows

1. Cash received relating to other operating activities

Item	January to June 2021	2020	2019	2018
Current account payment	110,145,759.16	677,515,561.09	365,339,388.39	268,603,415.68
Interest income	7,585,314.46	11,491,647.70	8,178,152.05	5,260,286.80
Government grants	3,210,000.00	25,707,469.65	26,112,609.00	18,758,185.00
Petty money	1,010,755.00	2,018,433.06	428,853.05	590,915.23
Collecting premiums	1,018,569.25	495,149.29	984,652.46	517,740.50
Guarantee payment for the tender	100,800.00	1,247,890.25	1,032,071.58	5,745,392.20
Deposits	309,300.00	17,000.00		150,000.00
Rental fees	180,000.00	226,666.67	180,000.00	308,000.00
Other	3,750,093.54	1,499,111.55	4,127,763.88	4,153,994.87
Total	127,310,591.41	720,218,929.26	406,383,490.41	304,087,930.28

2. Cash paid relating to other operating activities

Item	January to June 2021	2020	2019	2018
Office expenses	1,363,416.14	1,839,722.22	1,685,411.41	1,471,087.03
Travel expenses	428,432.56	732,896.96	1,855,653.92	800,204.26
Labour costs	950,698.10	99,369.18	219,778.00	364,715.00
Handling fee	75,975.75	104,924.23	47,018.61	41,118.89
Utilities	4,250.88	285,896.93	89,642.83	42,836.34
Current account payment	132,407,557.47	340,822,831.92	92,528,994.08	45,372,168.89
Maintenance expenses	202,858.00	37,921.60	37,076.80	161,495.78
Promotion costs	330,720.00	1,277,553.35	403,520.00	45,678.00
Deposit and guarantee	437,352.44	2,373,756.89	581,800.00	12,895,733.53
Research and development expenses		2,768,000.00	765,000.00	423,000.00
Entertainment expenses	136,871.98	101,857.73	112,559.00	84,817.16
Transportation	650,036.54	1,309,565.56	1,323,348.00	363,650.00
Consulting service fee	7,252,708.57	17,011,553.38	30,114,143.14	14,002,888.15
Rental fee	686,797.44	1,580,183.17	940,994.71	8,118,948.55
Other	2,756,279.38	9,878,509.11	7,322,228.25	6,497,489.71
Total	147,683,955.25	380,224,542.23	138,027,168.75	90,685,831.29

3. Cash received relating to other investing activities

Item	January to June 2021	2020	2019	2018
Net cash paid to acquire a subsidiary during the year		13,979,764.46	876,835.78	
Total		13,979,764.46	876,835.78	

4. Cash received relating to other financing activities

Item	January to June 2021	2020	2019	2018
Jilin Baoyu Real Estate Development Co., Ltd.* (吉林寶裕房地產開發有限責任公司)		1,268,625.00		
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)			5,000,000.00	20,410,000.00
Jilin Chengji Labor Service Co., Ltd.* (吉林省成基勞務有限公司)		553,334.76		
Panshi Zhucheng Seamless steel Pipe Co., Ltd.* (磐石鑄誠無縫鋼管有限公司)			216,558.91	
Dongzheng Ronghui Securities Asset Management Co., Ltd. — gains from asset securitisation		884,055.75		
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)				10,000,000.00
Total		2,706,015.51	5,216,558.91	30,410,000.00

5. Cash paid relating to other financing activities

Item	January to June 2021	2020	2019	2018
Principal and interest on lease liabilities	35,719.20	936,706.67	1,196,375.82	733,666.67
Repayment of current account payment				26,000,000.00
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)				7,000,000.00
Total	35,719.20	936,706.67	1,196,375.82	33,733,666.67

Remark 58. Supplementary Information for Statement of Cash Flows

1. Supplementary information for statement of cash flows

Item	January to June 2021	2020	2019	2018
1. Reconciliation of net profit to cash flow of operating activities				
Net profit	125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Add: Credit impairment loss	-1,897,855.41	6,277,334.90	13,135,870.72	3,198,330.56
Impairment provision for assets	-6,288,547.11	5,341,493.12	2,537,338.54	35,859,124.66
Depreciation of fixed assets, fuel and gas assets and productive biological assets	68,704,858.49	137,796,974.30	93,666,436.78	90,365,020.60
Depreciation of right-of-use assets	687,185.00	1,658,518.50	1,633,260.73	643,020.27
Amortisation of intangible assets	307,207.81	556,857.57	543,225.47	537,235.93
Amortisation of long-term deferred expenditures	2,560,279.32	7,030,518.40	4,578,164.92	6,867,247.39
Loss on scrapped fixed assets (presented by a “-” sign for gain)		2,736.80	2,920.88	37,906.55
Loss on change in fair value (presented by a “-” sign for gain)	-227,083.33	-69,375.00		
Financial costs (presented by a “-” sign for gain)	6,462,803.20	9,828,562.97	4,729,460.81	11,305,277.75
Investment loss (presented by a “-” sign for gain)	-296,104.45	-7,639,756.71	-335,778.74	-1,728,059.52
Decrease in deferred income tax assets (presented by a “-” sign for increase)	202,611.11	-16,239,012.70	-4,847,218.82	-23,222,558.72
Increase in deferred income tax liabilities (presented by a “-” sign for increase)	-4,292,011.61	29,949,056.36	27,654,471.97	
Decrease in inventories (presented by a “-” sign for increase)	490,890.54	15,326,023.40	-15,797,407.83	-11,368,994.08
Decrease of operating receivables (presented by a “-” sign for increase)	651,742,539.01	-15,192,319.83	-248,928,361.92	-803,971,165.23
Increase of operating payables (presented by a “-” sign for decrease)	-1,224,430,773.36	70,731,829.30	254,450,445.90	488,144,233.57
Other				
Net cash flows from operating activities	-380,744,001.17	415,865,851.32	268,074,402.98	-115,384,075.10

Item	January to June 2021	2020	2019	2018
2. Significant investing and financing activities that do not involve cash receipts and payments:				
Conversion of debt into capital				
Convertible corporate bonds due within one year				
Fixed assets acquired under finance lease				
3. Net movement in cash and cash equivalents:				
Cash at the end of the period	165,149,198.06	732,404,368.33	700,816,908.02	358,884,422.15
Less: cash at the beginning of period	732,404,368.33	700,816,908.02	358,884,422.15	94,003,309.91
Add: cash equivalents at end of the period				
Less: cash equivalents at beginning of the period				
Net increase in cash and cash equivalents	-567,255,170.27	31,587,460.31	341,932,485.87	264,881,112.24

2. The composition of cash and cash equivalents

Item	January to June 2021	2020	2019	2018
I. Cash	165,149,198.06	732,404,368.33	700,816,908.02	358,884,422.15
Of which: Cash on hand			157.95	36.73
Bank deposit available for payment at any time	165,149,198.06	732,404,368.33	700,816,750.07	358,884,385.42
Other monetary funds available for payment at any time				
II. Cash equivalents				
Of which: Bond investment due in three months				
III. Cash and cash equivalents at the end of the period	165,149,198.06	732,404,368.33	700,816,908.02	358,884,422.15
Of which: Restricted cash and cash equivalents used by the parent or subsidiaries within the group				

Remark 59. Assets with restricted ownership or rights-of-use

Item	30 June 2021	31 December 2020	31 December 2019	31 December 2018	Reasons of restriction
Monetary funds			1,000,000.00		Pledge
Total			1,000,000.00		

Additional description:

In 2019, Yatai Heating, a subsidiary of the Company, is pledged with bank deposit of RMB1,000,000.00 to obtain short-term borrowings of RMB200 million from Changchun Dongsheng Branch, Bank of China. The deposit was released from pledge after the loan was repaid in 2019.

VII. CHANGE OF THE SCOPE OF COMBINATION

(I) Business Combination not under Common Control

1. Business combination not under common control during the current period

Name of acquiree	Point in time of acquiring the equity interests	Cost of acquiring the equity interests	Percentage of the equity interests acquired (%)	Form of acquisition of equity interests	Acquisition date	Basis of determination at the date of acquisition	Income of the acquiree from the date of acquisition to the end of the period	Net profit of the acquiree from the date of acquisition to the end of the period
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	2020-6-11	RMB52.00 million	50	Cash	2020-6-11	Obtain control	45,053,211.29	RMB57.7670 million
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)	2021-3-18	RMB0.00 million	60		2021-3-18	Obtain control	0	RMB0.00 million

Other Descriptions:

(1) Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)

On 12 April 2018, Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) (“Changchun Heating Group”) convened a board meeting and entered into an agreement to transfer state-owned assets at nil consideration. Pursuant to Changreji Dongjuezi [2018] No. 13 “Resolution of the Board of Directors of Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司) on the Transfer of Certain Assets to Jilin Province Chuncheng Heating Limited Liability Company* (吉林省春城熱力有限責任公司) and Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司) at nil consideration” (《長春市熱力(集團)有限責任公司董事會關於部分資產無償劃轉給吉林省春城熱力有限責任公司和吉林省長熱物業有限公司的決議》), Changchun Heating Group transferred its 50% equity interest in a joint venture Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司) (now known as Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司), the same below), to Jilin Province Chuncheng Heating Limited Liability Company* (吉林省春城熱力有限責任公司).

On 8 June 2020, Changchun FAWSN Group Co., Ltd.* (長春一汽富晟集團有限公司) entered into an equity transfer agreement with the Company, pursuant to which Changchun FAWSN Group Co., Ltd.* (長春一汽富晟集團有限公司) transferred 50% equity interest in Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司) held by it to the Company at a price of RMB52.00 million.

(2) Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)

On 8 February 2021, Beijing Zhongkehua Assets Appraisal Co., Ltd. issued an asset appraisal report titled “Zhongkehua Pingbaozi (2021) No. 002”, in which the appraised value of the entire equity interest in Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司) (“Northeast Heating”) as of 31 January 2021, the valuation date, was RMB0.00 million. On 22 February 2021, the Company considered and approved the “Resolution on the Proposed Acquisition of Part of the Equity Interest in Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)” (《關於擬收購吉林省東北供熱有限公司部分股權的議案》) at the 23rd interim meeting of the first session of the Board and agreed to acquire 60% equity interest of Northeast Heating.

On 23 February 2021, Xu Wenbo (許文博) and Zhang Longyue (張瀧月), former shareholders of Northeast Heating, entered into an equity transfer agreement with the Company, pursuant to which Xu Wenbo (許文博) and Zhang Longyue (張瀧月) transferred 40% and 20% equity interest of Northeast Heating held by them to the Company, respectively. As the paid-up registered capital of Northeast Heating was RMB0 and the carrying amount of the net assets of Northeast Heating was RMB0 as of signing the agreement, the equity transfer price was RMB0. On 16 March 2021, the general meeting of Northeast Heating resolved to approve the above transfer. On 18 March 2021, Northeast Heating completed the change of industry and commerce registration procedures for the equity transfer. The Company and Jilin Nuclear Energy Investment Co., Ltd. (吉林省核能投資有限公司) held 60% and 40% equity interest of Northeast Heating, respectively. Northeast Heating became a majority-owned subsidiary of the Company.

As of 30 June 2021, Northeast Heating has not carried out actual business operation.

2. Cost of combination and goodwill

Cost of combination	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)
Cash	52,000,000.00
Fair value of non-cash assets	
Fair value of debt issued or assumed	
Fair value of equity securities issued	
Fair value of contingent consideration	
Fair value of equity interests held prior to the acquisition date as at the date of acquisition	61,198,369.51
Other	
Total cost of combination	113,198,369.51
Less: Fair value of the share of identifiable net assets acquired	122,396,739.02
Goodwill/cost of combination less than fair value of the share of identifiable net assets acquired	-9,198,369.51

(1) Description of the determination of the fair value of cost of combination, contingent consideration and its movements

The fair value of the non-cash assets in the combination consideration was determined by a valuation from Beijing Huaya Zhengxin Assets Appraisal Co., Ltd using the asset-based approach.

3. Identifiable assets and liabilities of the acquiree at the date of acquisition

Item	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	
	Fair value at the date of acquisition	Carrying amount at the date of acquisition
Monetary fund	65,979,764.46	65,979,764.46
Trade receivables	12,450,830.46	12,450,830.46
Inventory	3,892,191.33	3,892,191.33
Other current assets	1,452,188.63	1,452,188.63
Fixed assets	57,791,736.00	36,825,737.32
Intangible assets	194,690.11	122,090.11
Long-term deferred expenditures	3,666,013.96	3,666,013.96
Deferred income tax assets	220,915.86	220,915.86
Less: Borrowings		
Trade payables	2,725,198.82	2,725,198.82
Tax payable	140,349.92	140,349.92
Deferred income tax liabilities	20,386,043.05	
Deferred income		60,505,573.52
Net assets	122,396,739.02	61,238,609.87
Less: Minority interests		
Net assets acquired	122,396,739.02	61,238,609.87

(1) Method of determination for the fair value of identifiable assets and liabilities

The fair value of the identifiable assets and liabilities of the party being combined was estimated based on the fair value assessment of the assets and liabilities of Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司) as assessed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd using the asset-based approach.

(2) Contingent liabilities of the acquiree assumed in the business combination

The Company adopted valuation techniques to determine the fair value of the assets and liabilities of Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司) at the date of acquisition. The valuation methods for the major assets and their key assumptions are set out below:

The valuation method for buildings is the replacement cost method, using the following key assumptions: residue ratio: 44%-100%

4. Gain or loss arising from remeasurement of equity interests held prior to the date of acquisition at fair value

Name of acquiree	Carrying amount of the equity interests originally held prior to the acquisition date as at the date of acquisition	Fair value of the equity interests originally held prior to the acquisition date as at the date of acquisition	Gain or loss arising from the remeasurement of equity interests originally held prior to the acquisition date at fair value	Method of determination and major assumptions for the fair value of the equity interests originally held prior to the acquisition date as at the date of acquisition	Amount of equity interests originally held prior to the acquisition date transferred from other comprehensive income to investment income
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	56,357,816.86	61,198,369.51	4,840,552.65	Asset-based approach, transaction and open market assumptions	
Total	56,357,816.86	61,198,369.51	4,840,552.65		

(II) Business Combination under Common Control

1. Business combination under common control during the reporting period

Name of acquiree	Proportion of interest acquired in the business combination (%)	Date of combination	Income of the party being combined from the beginning of the period of combination to the date of combination	Net profit of the party being combined from the beginning of the period of combination to the date of combination	Income of the party being combined for the comparative period	Net profit of the party being combined for the comparative period	Remark
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	100	2020-12-31	408,982,033.39	13,522,650.99	404,081,666.98	-79,226,932.09	

(1) Description of the basis on which the transaction constitutes a business combination under common control and the basis for determining the date of combination

On 31 December 2020, the Company entered into an equity transfer agreement with Changchun Heating Group for the acquisition of 100% equity interest in Yatai Heating. The equity transfer price amounted to RMB318,376,300.

The Company and Yatai Heating are controlled by Changchun Heating Group before and after the combination and such control is not transitory, therefore, the combination of Yatai Heating by the Company represents a business combination under common control and the actual controlling party of which is Changchun Heating Group.

As such, the Company retrospectively adjusted the opening balance of the financial statements for 2020 and the relevant financial statements for the corresponding period of the previous year in accordance with the relevant requirements for business combinations under common control. According to the requirements of “ASBE No. 20 — Business Combination”, for business combinations involving entities under common control, save for the adjustments made as a result of different accounting policies, the assets and liabilities obtained in a business combination by the acquirer from the acquiree shall be measured at the acquiree’s carrying amounts as stated in the combined financial

statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the costs for the combination and the carrying amount of the net assets obtained in the combination shall be adjusted to capital reserve (share premium), and if the balance of capital reserve is insufficient, any excess difference shall be adjusted to retained earnings. In preparing the combined financial statements for the period of combination, adjustments shall be made to the opening balance of the combined statement of financial position and to the relevant items in the comparative statements, as if the reporting entity after combination has been in existence from the point when the control by the ultimate controlling party has commenced. In preparing the comparative financial statements, the relevant assets and liabilities of the acquiree shall be combined, while the increase in net assets as a result of the combination shall be adjusted in the comparative financial statements against the capital reserve (share premium) under owners' equity.

2. Cost of combination

Cost of combination	Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)
Cash	318,376,300.00
Carrying amount of non-cash assets	
Carrying amount of debt issued or assumed	
Par value of equity securities issued	
Contingent consideration	
Total cost of combination	318,376,300.00

3. The carrying amounts of the assets and liabilities of the party being combined at the date of combination

	Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	
	Date of combination	At the end of the previous period
Monetary fund	231,092,425.07	1,876,835.78
Trade receivables	72,427,121.57	258,629,571.81
Inventory	298,568.16	18,822,373.61
Other current assets		4,654.20
Other non-current financial assets		52,665,407.00
Investment property	7,830,666.02	8,185,302.86
Fixed assets	215,676,428.77	406,660,887.51
Intangible assets	188,097.35	13,230,488.00
Deferred income tax assets	588,408.24	3,254,322.06
Construction-in-progress	532,988.53	532,988.53
Less: Borrowings		
Trade payables	369,962,324.08	446,505,414.77
Salaries payable	7,239,451.08	73,099.63
Deferred income tax liabilities	22,930,468.85	38,025,090.73
Deferred income	11,695,218.89	22,395,381.60
Net assets	116,807,240.81	256,863,844.63
Less: Minority interests		
Net assets acquired	116,807,240.81	256,863,844.63

VIII. INTERESTS IN OTHER ENTITIES

(I) Interests in Subsidiaries

1. Composition of the Group

Name of subsidiary	Principal place of operation	Place of registration	Nature of business	Shareholding percentage (%)		Form of acquisition
				Direct	Indirect	
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	Changchun, Jilin	Changchun, Jilin	Maintenance service, installation, repair and maintenance of heating facilities	100		Business combination under common control
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	Changchun, Jilin	Changchun, Jilin	Heat construction works and maintenance works	100		Business combination under common control
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	Changchun, Jilin	Changchun, Jilin	Production of electricity and heat and heat supply network transmission services	100		Business combination under common control
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	Changchun, Jilin	Changchun, Jilin	Engineering design	100		Business combination under common control
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀表有限公司)	Changchun, Jilin	Changchun, Jilin	Apparatus manufacturing and sales	100		Business combination under common control
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	Changchun, Jilin	Changchun, Jilin	Application of biomass energy	100		Establishment
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	Changchun, Jilin	Changchun, Jilin	Production, supply and sale of heat	100		Business combination under common control
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	Changchun, Jilin	Changchun, Jilin	Production, supply and sale of heat	100		Business combination not under common control
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)	Changchun, Jilin	Changchun, Jilin	Supply of electricity	100		Business combination not under common control
Jilin Province Hengda New Energy Technology Development Company Limited* (吉林省恒達新能源科技發展有限公司)	Changchun, Jilin	Changchun, Jilin	Supply of heat, supply of hot water, supply of electricity	100		Business combination not under common control
Jilin Chuncheng Clean Energy Company Limited* (吉林省春城清潔能源有限責任公司)	Changchun, Jilin	Changchun, Jilin	Application of biomass energy	100		Establishment
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)	Changchun, Jilin	Changchun, Jilin	Provision of heat service	60		Business combination not under common control

(II) Interests in Joint Arrangements or Associates

1. Material joint ventures or associates

Name of joint ventures or associates	Principal place of operation	Place of registration	Nature of business	Shareholding percentage (%)		Accounting method
				Direct	Indirect	
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	Changchun, Jilin	Changchun, Jilin	Production and supply of electricity and heat	50		Equity method

2. Major financial information of the material joint venture

Item	As at 31 December 2019/year ended 2019	
	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	
Current Assets	130,291,457.82	
Of which: Cash and cash equivalents	82,218,461.96	
Non-current assets	61,796,577.41	
Total assets	192,088,035.23	
Current liabilities	48,004,587.53	
Non-current liabilities	28,802,114.57	
Total liabilities	76,806,702.10	
Minority interests		
Equity attributable to shareholders of the parent company	115,281,333.13	
Share of net assets calculated by shareholding proportion	57,640,666.57	
Adjustments		
— Goodwill		
— Unrealised profit on internal transactions		
— Other	-79,392.50	
Carrying amount of equity investments in joint ventures	57,561,274.07	
Fair value of equity investments for which publicly quoted prices exist		
Operating income	79,823,891.01	
Financial costs	-133,374.24	
Income tax expense	747,915.75	
Net profit	671,557.48	
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	671,557.48	
Dividend received from joint ventures during the current period	3,175,676.71	

Continued:

Item	As at 31 December 2018/year ended 2018
	Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)
Current Assets	133,131,926.29
Of which: Cash and cash equivalents	103,264,396.92
Non-current assets	67,789,683.79
Total assets	200,921,610.08
Current liabilities	56,920,950.51
Non-current liabilities	18,544,911.60
Total liabilities	75,465,862.11
Minority interests	
Equity attributable to shareholders of the parent company	125,455,747.97
Share of net assets calculated by shareholding proportion	62,727,873.99
Adjustments	
— Goodwill	
— Unrealised profit on internal transactions	
— Other	-36,146.36
Carrying amount of equity investments in joint ventures	62,691,727.63
Fair value of equity investments for which publicly quoted prices exist	
Operating income	87,343,822.48
Financial costs	-2,747,663.20
Income tax expense	666,039.55
Net profit	3,008,620.22
Net profit from discontinued operations	
Other comprehensive income	
Total comprehensive income	3,008,620.22
Dividend received from joint ventures during the current period	2,366,172.81

IX. DISCLOSURE OF RISKS IN RELATION TO FINANCIAL INSTRUMENTS

The Company's main financial instruments include monetary funds, equity investments, trade receivables, trade payables, etc. The Company may be exposed to all kinds of financial instruments risks in its operating activities, mainly include credit risks, liquidity risks and market risks. The risks in relation to those financial instruments and the risk management policies adopted by the Company to mitigate these risks are set out below:

The Board is responsible for planning and establishing the risk management structure for the Company, and developing risk management policies and the related guidelines across the Company, and supervising the performance of risk management measures. The Company has developed risk management policies to identify and analyze risks exposed to the Company. These risk management policies have clear regulations over specific risks, covering various aspects of market risk, credit risk and liquidity risk. The Company will evaluate the market environment and changes of the Company's operating activities on a regular basis to decide whether to update the risk management policies and systems. The risk management of the Company is carried out by the Risk Management Committee based on the policies as approved by the Board. Risk Management Committee identifies, evaluates and mitigates related risks by working closely with other business divisions of the Company. Internal Audit Department of the Company will review the risk

management control and process regularly, and submit the review results to Audit Committee of the Company. The Company spreads the risks of financial instruments through appropriate diversified investment and business portfolio, and mitigates the risk of focusing on any single industry, specific regions or counterparties by way of formulating the corresponding policies for risk management.

(I) Credit Risk

Credit risk refers to the risk of financial losses to the Company as a result of the failure of performance of contractual obligations by the counterparties. The management has developed proper credit policies and continuously monitors credit risk exposures.

The Company has adopted the policy of transacting with creditworthy counterparties only. In addition, the Company evaluates the credit qualification of customers and sets up corresponding credit term based on the financial status of customers, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Company monitors the balances and recovery of bills and trade receivables on a continual basis. As for bad credit customers, the Company will use the written reminders, shorten the credit term or cancel the credit term to ensure that the Company is free from material credit losses. In addition, the Company reviews the recovery of financial assets on each balance sheet date to ensure adequate expected credit loss provision is made for relevant financial assets.

The Company's other financial assets include monetary funds and other receivables. The credit risk relating to these financial assets arises from the default of counterparties, but the maximum exposure to credit risk is the carrying amount of each financial asset in the balance sheet.

The monetary funds held by the Company are mainly deposited with financial institutions such as state-owned banks and other large and medium-sized commercial banks. The management believes that these commercial banks have a higher reputation and assets, so there is no major credit risk and the Company would not have any significant losses caused by the default by these institutions. The Company's policy is to control the amount deposited with these famous financial institutions based on their market reputation, operating size and financial background, to limit the credit risk amount of any single financial institution.

As a part of its credit risk asset management, the Company assesses the impairment loss of trade receivables and other receivables based on aging. Trade receivables and other receivables of the Company involve a large number of customers and the ageing information can reflect the solvency and bad debt risk of these customers for trade receivables and other receivables. The Company calculates the historical actual bad debt rate for different ageing periods based on historical data, and takes into account the current and future forecast economic conditions, such as national GDP growth rate, total infrastructure investment, national monetary policy and other forward-looking information to adjust expected loss rate.

The carrying amount and expected credit impairment loss of related assets at the end of the reporting period are as follows:

Aging	30 June 2021	Impairment provision
Bills receivable		
Trade receivables financing	63,281,743.86	2,741,498.35
Trade receivables	287,070,013.15	53,746,023.58
Other receivables	3,043,459.04	1,921,181.78
Total	353,395,216.05	58,408,703.71

The main customers of the Company are enterprises and residents operating and living in the respective heat service area and have reliable and good reputation. As such, the Company is of the view that these customers do not have material credit risk. There is no material credit concentration risk as the Company has a broad customer base.

(II) Liquidity Risk

Liquidity risk refers to the risk of fund shortage when the Company performs its obligation by cash payment or settlement through other financial assets. The Company's member entities are responsible for their respective cash flow projections. The Company entered into a credit line banking facilities agreement with its principal banks to provide support for the Company's obligations related to commercial bills. As of 30 June 2021, the Company had bank credit facilities from various domestic banks amounting to RMB500 million, of which RMB102.62 million was utilised.

The heat supply income from the Company's principal business is a one-off fee collected prior to the provision of service and the Company has sufficient cash flow and no risk of shortage of funds.

(III) Market Risk

1. Interest rate risk

The interest rate risk of the Company mainly associates with bank borrowings, etc. Floating rate financial liabilities expose the Company to cash flow interest rate risk, while fixed rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the comparative proportion of fixed rate contracts and floating rate contracts based on the then market conditions. As at 30 June 2021, the interest-bearing debts of the Company were mainly floating rate borrowings contacts denominated in RMB, which totalled RMB2,617,862.53.

Risks related to changes in cash flow of financial instruments due to interest rates' fluctuations mainly involve floating rate bank borrowings, and the Company's policy is to maintain the floating interest rates of these borrowings, so as to eliminate fair value risks arising from changes in interest rate.

2. Price risk

The main raw material heat source for the heating service provided by the Company is priced by the market; the heating fee charged is mainly priced by the government. The government implements policy regulation on the heating price and the Company itself does not have pricing rights. Policy pricing brings certain operational risks to our operations.

X. FAIR VALUE

(I) Financial Instruments Measured at Fair Value

The Company presents the carrying amount of the financial asset instruments measured at fair value at the end of each reporting period at three levels of fair value. When the fair value is generally classified into three levels, it is based on the lowest level among the three levels of the important inputs used in the fair value measurement. The three levels are defined as follows:

Level 1: unadjusted quotations for identical assets or liabilities that can be obtained on the measurement date in an active market;

Level 2: inputs other than Level 1 inputs that are directly or indirectly observable for underlying assets or liabilities;

Level 2 inputs include: 1) quotations for similar assets or liabilities in an active market; 2) quotations for identical or similar assets or liabilities in an inactive market; 3) observable inputs other than quotations, including observable interest rate and yield curves, implied volatility and credit spreads during normal quotations interval; 4) market-proven inputs, etc.

Level 3: unobservable input of underlying assets or liabilities.

(II) Fair Value Measurement

1. Continuing fair value measurement

Item	Fair value as at 30 June 2021			
	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets		50,227,083.33		50,227,083.33
Trade receivables financing			60,540,245.51	60,540,245.51
Total assets		50,227,083.33	60,540,245.51	110,767,328.84

Continued:

Item	Fair value as at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets		50,069,375.00		50,069,375.00
Trade receivables financing			125,254,548.10	125,254,548.10
Total assets		50,069,375.00	125,254,548.10	175,323,923.10

(III) Basis for Determining the Market Value of Continuing and Non-continuing Level 1 Fair Value Measurement Items

Unadjusted quotations for identical assets or liabilities that can be obtained on the measurement date in an active market.

(IV) Continuing and Non-continuing Level 2 Fair Value Measurement Items, the Valuation Techniques Adopted and the Qualitative and Quantitative Information of Important Parameters

Inputs other than Level 1 inputs that are directly or indirectly observable for underlying assets or liabilities.

(V) Continuing and Non-continuing Level 3 Fair Value Measurement Items, the Valuation Techniques Adopted and the Qualitative and Quantitative Information of Important Parameters

For continuing and non-continuing level 3 fair value measurement items, the valuation techniques adopted and the qualitative and quantitative information of important parameters of unlisted investments in equity instruments, the Company considers using a combination of investment cost approach, market multiplier approach and net asset approach to estimate the fair value at the end of the period.

(VI) Continuing Fair Value Measurement Items, Transfers between Levels that Occurred during the Reporting Period, Reasons for the Transfer, and the Policy for Determining the Point in Time of the Transfer

There were no transfers between levels in the above continuing fair value measurement items of the Company during the year.

(VII) Changes in Valuation Techniques that Occurred during the Current Period and Reasons for the Change

There were no changes in valuation techniques used to measure fair value of the Company's financial instruments during the year.

(VIII) Fair Value of Financial Assets and Financial Liabilities Not Measured at Fair Value

Our financial assets and liabilities not measured at fair value mainly included: trade receivables, short-term borrowings, trade payables and non-current liabilities due within one year.

The difference between the book value and fair value of the above financial assets and liabilities not measured at fair value was immaterial.

XI. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(I) General Information of the Parent Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB0'000)	Percentage of shareholding in the Company (%)	Percentage of voting right in the Company (%)
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司) (previously known as Changchun Heating Power (Group) Company Limited* (長春市熱力(集團)有限責任公司))	No. 998 Nanhu Road, Nanguan District, Changchun City	Heat production service	36,100	69.75	69.75

The ultimate controlling party of the Company is SASAC Changchun.

(II) For details of the subsidiaries of the Company, please refer to Note VIII (I) Interests in Subsidiaries.

(III) Particulars of Joint Ventures and Associates of the Company

For details of the material joint ventures or associates of the Company, please refer to Note VIII (II) Interests in Joint Arrangements or Associates.

(IV) Particulars of Other Related Parties

Name of other related parties	Relationship between other related parties and the Company
LIU Changchun	Chairman and non-executive Director
YANG Zhongshi	Vice chairman, executive Director and general manager
SHI Mingjun	Executive Director and deputy general manager
XU Chungang	Executive Director, deputy general manager and financial controller
LI Yeji	Executive Director
FU Yachen	Independent non-executive Director
POON Pok Man	Independent non-executive Director
WAN Tao	Board secretary and joint company secretary
LEE Chung Shing	Joint company secretary
WANG Yuguo	Independent non-executive Director
QIU Jianhua	Chairman of the supervisory committee
WANG Fenghua	Chairman of the supervisory committee
ZHANG Wei	Supervisor
WANG Xuejing	Supervisor
LI Xiaoling	Employee-representative Supervisor
SUN Lirong	Director of parent company
LI Xuefei	Director of parent company
WANG Fenghua	Director of parent company
QIU Jianhua	Director of parent company
LIU Yanan	Director of parent company
YU Ying	Director of parent company
ZHOU Lijuan	Supervisor of parent company
DONG Jinyu	Supervisor of parent company
GUO Hongfeng	Supervisor of parent company
LIU Yanling	Supervisor of parent company
NIU Li	Chief Supervisor of parent company
Close family members of Directors, Supervisors and senior management	
Jilin Province Heating Group Co., Ltd.* (吉林省熱力集團有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Meihekou Public Utilities Co., Ltd.* (吉林省熱力集團梅河口市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Huinan Public Utilities Co., Ltd.* (吉林省熱力集團輝南縣公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Liaoyuan Public Utilities Co., Ltd.* (吉林省熱力集團遼源市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Baicheng Public Utilities Co., Ltd.* (吉林省熱力集團白城市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Da'an Public Utilities Co., Ltd.* (吉林省熱力集團大安市公用事業有限公司)	Entity controlled by the same parent company

Note: 1. WANG Fenghua ceased to be the chairman of the supervisory committee of the Company with effect from 28 May 2021;
2. WANG Xuejing ceased to be the supervisor of the Company with effect from 30 December 2020;
3. QIU Jianhua was appointed as the chairman of the supervisory committee of the Company with effect from 28 May 2021.

Name of other related parties	Relationship between other related parties and the Company
Jilin Province Heating Group Tonghua Public Utilities Co., Ltd.* (吉林省熱力集團通化市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Fusong Public Utilities Co., Ltd.* (吉林省熱力集團撫松縣公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Baishan Public Utilities Co., Ltd.* (吉林省熱力集團白山市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Jilin Public Utilities Co., Ltd.* (吉林省熱力集團吉林市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Heating Group Panshi Public Utilities Co., Ltd.* (吉林省熱力集團磐石市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Chuncheng Security Guarding and Escorting Co., Ltd.* (吉林省春城保安守護押運有限公司)	Entity controlled by the same parent company
Changre (Yanbianzhou) Public Utilities Group Co., Ltd.* (長熱(延邊州)公用事業集團有限公司)	Entity controlled by the same parent company
Jilin Heating Group Yanji Public Utilities Co., Ltd.* (吉熱集團延吉市公用事業有限公司)	Entity controlled by the same parent company
Jilin Heating Group Tumen Public Utilities Co., Ltd.* (吉熱集團圖們市公用事業有限公司)	Entity controlled by the same parent company
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)	Entity controlled by the same parent company
Changchun Runfeng Bathhouse Service Co., Ltd.* (長春市潤鋒洗浴服務有限公司)	Entity controlled by the same parent company
Changchun Runfeng Gardening and Greening Co., Ltd.* (長春市潤鋒園林綠化有限公司)	Entity controlled by the same parent company
Changre Group Jilin Changtie Public Utilities Co., Ltd.* (長熱集團吉林長鐵公用事業有限公司)	Entity controlled by the same parent company
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	Entity controlled by the same parent company
Changchun Heating Group High and New Tech Heating Co., Ltd.* (長春市熱力集團高新熱力有限公司)	Entity controlled by the same parent company
Inner Mongolia Changre Heating Co., Ltd.* (內蒙古長熱熱力有限公司)	Entity controlled by the same parent company
Inner Mongolia Chuncheng Heating Service Co., Ltd.* (內蒙古春城熱力服務有限公司)	Entity controlled by the same parent company
Changre Group Linjiang Heat Supply Co., Ltd.* (長熱集團臨江市供熱有限公司)	Entity controlled by the same parent company
Jilin Province Manjiang Heating Company Limited* (吉林省漫江熱力有限責任公司)	Entity controlled by the same parent company
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)	Entity controlled by the same parent company
Jilin Province Chuncheng Media Co., Ltd.* (吉林省春城傳媒有限公司)	Entity controlled by the same parent company
Changchun Heating Group Heating Equipment Manufacturing Co., Ltd.* (長春市熱力集團供熱設備製造有限責任公司)	Entity controlled by the same parent company
Jilin Province Smart Equipment Company Limited* (吉林省智能裝備有限責任公司)	Associate of parent company

Name of other related parties	Relationship between other related parties and the Company
Jilin Province Xinda Investment Management Co., Ltd. (吉林省新達投資管理有限公司)	Associate of parent company
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)	Associate of parent company
Datang Changre Jilin Heating Company Limited* (大唐長熱吉林熱力有限公司)	Associate of parent company
Changchun SDIC Small Loan Co., Ltd.* (長春市國投小額貸款股份有限公司)	Shareholding company of parent company
Changchun Longtai Heating Property Co., Ltd.* (長春龍泰供熱物業有限責任公司)	Shareholding company of parent company
Sunshine 100 China Holdings Ltd.	Legal persons or other organizations holding more than 5% of the Shares
Changchun State-owned Capital Investment Operation (Group) Co., Ltd.* (長春市國有資本投資運營(集團)有限公司)	Legal persons or other organizations holding more than 5% of the Shares
Changchun Site Heating Consulting Co., Ltd.* (長春市思特供熱諮詢有限公司)	WANG Fenghua held shares until 2018
Dehui Jixin Agriculture and Animal Husbandry Farm* (德惠市吉鑫農牧飼養場)	ZHOU Lijuan held the Shares until 2018
Beijing Erlizhuang Eweixian Catering Co., Ltd.* (北京二里莊鵝為先餐飲有限公司)	ZHOU Lijuan held the Shares until 2020
Changchun Shengxinji Economic and Trade Co., Ltd.* (長春市盛鑫吉經貿有限公司)	ZHOU Lijuan held the Shares until 2020
Dalian Longhua Weiye Technology Co., Ltd.* (大連龍華偉業科技有限公司)	ZHOU Lijuan holds the Shares so far
Changchun Limin Smoking Cessation Consulting Service Center* (長春市利民戒煙諮詢服務中心)	GUO Hongfeng holds the Shares so far
Jilin Province Zhonghong Economic and Trade Co., Ltd.* (吉林省中宏經貿有限公司)	YU Ying held the Shares until 2019
Jilin Chuncheng Investment Co., Ltd.* (吉林省春城投資有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Changchun Chengtou Water Environmental Protection Construction Investment Co., Ltd.* (長春城投水務環保建設投資有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Changchun Outong Trading Co., Ltd.* (長春歐通商貿股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Changchun Urban Investment Smart Urban Construction Technology Co., Ltd.* (長春城投智慧城建科技有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Changchun Urban Investment Cultural and Creative Industry Development Co., Ltd.* (長春城投文創產業發展有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Changchun Urban Investment Ecological Environmental Protection Construction Investment Co., Ltd.* (長春城投生態環保建設投資有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Jilin Ruike Hans Electric Co., Ltd.* (吉林瑞科漢斯電氣股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Shanghai Milkground Food Tech Co., Ltd.* (上海妙可藍多食品科技股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions

Name of other related parties	Relationship between other related parties and the Company
Jilin Nong'an Rural Commercial Bank Co., Ltd.* (吉林農安農村商業銀行股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Qiming Information Technology Co., Ltd.* (啟明信息技術股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Dongzheng Ronghui Securities Asset Management Co., Ltd.* (東證融匯證券資產管理有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Orient Fund Management Co., Ltd.* (東方基金管理股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Northeast Securities Co., Ltd.* (東北證券股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Bohai Futures Co., Ltd.* (渤海期貨股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Jilin Electric Power Co., Ltd.* (吉林電力股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Jilin Expressway Company Limited* (吉林高速公路股份有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Erdao District Fenghua Sanitary Ware Distribution Office* (二道區峰華衛浴經銷處)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Jilin Province Changre Intelligent Service Industry Fund Partnership (Limited Partnership)* (吉林省長熱智能服務業基金合夥企業(有限合夥))	Shareholding company of parent company
Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions
Asia Energy Logistics Group Limited (亞洲能源物流集團有限公司)	Company that has Directors, Supervisors and senior management of the Company and parent company serving the same positions

(V) Related Party Transactions

1. For the subsidiaries which are controlled by the Company and combined into the combined financial statements, the transactions amongst themselves and that between the Company and them have been eliminated.

2. Related transactions in relation to purchase of goods and receipt of services

Related party	Description of the related party transaction	January to June 2021	2020	2019	2018
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)	Provision of services				53,877.17
Datang Changre Jilin Heating Company Limited* (大唐長熱吉林熱力有限公司)	Purchase of goods	6,311,369.32	9,993,935.79		
Jilin Province Smart Equipment Company Limited* (吉林省智能裝備有限責任公司)	Purchase of goods			3,823,337.90	6,326,839.81
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Purchase of goods	33,366,271.41	22,795,544.95		
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)	Purchase of goods	4,287,383.18	20,267,644.51	17,529,247.35	16,882,711.94
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)	Purchase of goods			1,033,988.65	1,253,422.41
Jilin Electric Power Co., Ltd. Changchun Thermoelectricity Branch* (吉林電力股份有限公司長春熱電分公司)	Purchase of goods	80,495,503.69	143,601,359.40	143,002,903.50	76,077,172.17
Total		124,460,527.60	196,658,484.65	165,389,477.40	100,594,023.50

3. Related transactions in relation to sale of goods and provision of services

Related party	Description of the related party transaction	January to June 2021	2020	2019	2018
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Purchase of goods	2,555,779.92	7,583,118.10	19,785,086.29	40,612,917.69
Jilin Province Heating Group Co. Ltd.* (吉林省熱力集團有限公司)	Purchase of goods				8,189,194.88
Jilin Province Heating Group Jilin Public Utilities Co., Ltd.* (吉林省熱力集團吉林市公用事業有限公司)	Purchase of goods	1,703,035.88	1,807,347.05		
Jilin Province Heating Group Panshi Public Utilities Co., Ltd.* (吉林省熱力集團磐石市公用事業有限公司)	Purchase of goods	546,731.67	150,111.86		
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	Purchase of goods	742,360.00	5,791,488.00		
Inner Mongolia Chuncheng Heating Service Co., Ltd.* (內蒙古春城熱力服務有限公司)	Purchase of goods		42,413.86		
Jilin Heating Group Tumen Public Utilities Co., Ltd.* (吉熱集團圖們市公用事業有限公司)	Purchase of goods, provision of services	9,023,854.85	16,288,349.35	15,080,800.33	
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)	Purchase of goods			1,395,644.08	46,260.00
Changre Group Jilin Changtie Public Utilities Co., Ltd.* (長熱集團吉林長鐵公用事業有限公司)	Purchase of goods	884,708.00	1,417,216.38	1,607,974.05	1,145,454.55
Inner Mongolia Changre Heating Co., Ltd.* (內蒙古長熱熱力有限公司)	Purchase of goods				5,594.83
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	Purchase of goods				7,629.31
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	Purchase of goods			77,452.83	1,193,272.90
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)	Purchase of goods			787,425.60	
Changchun Longtai Heating Properties Co., Ltd.* (長春龍泰供熱物業有限責任公司)	Purchase of goods	2,414,651.42	5,035,182.12	3,311,285.37	3,413,916.71
Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)	Purchase of goods	47,948.87	3,103,988.51	19,898,148.72	50,110,836.38
Subtotal of related natural persons		26,841.21	51,132.87	54,406.01	49,423.01
Total		17,945,911.82	41,270,348.10	61,998,223.28	104,774,500.26

4. Particulars of leasing with related party**(1) The Company as the lessee**

Name of the lessor	Type of leased assets	Rental fee recognized during January to June 2021	Rental fee recognized during 2020	Rental fee recognized during 2019	Rental fee recognized during 2018
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Property, boilers	759,799.89	1,669,742.76	367,891.57	7,544,176.63
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)	Property		547,706.40	341,284.40	
Total		759,799.89	2,217,449.16	709,175.97	7,544,176.63

5. Borrowings and lendings between related parties

Related party	Amount	Commencing date	Expiry date	Note
Borrowings:				
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	25,000,000.00	2018-1-1	2019-9-14	
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	2,000,000.00	2018-8-16	2019-8-16	
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	5,000,000.00	2018-7-2	2019-4-9	
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	5,000,000.00	2018-12-7	2019-1-23	
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)	78,000,000.00	2018-1-1	2018-3-30	In 2017, RMB78 million was borrowed; RMB2 million was repaid during this period
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)	76,000,000.00	2018-3-30	2018-4-28	RMB5 million was repaid during this period
Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司)	71,000,000.00	2018-4-29	2018-12-31	
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	71,000,000.00	2019-1-1	2019-6-10	RMB6 million was repaid during this period
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	65,000,000.00	2019-6-11	2019-6-14	RMB3 million was repaid during this period
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	62,000,000.00	2019-6-15	2019-6-18	RMB15 million was repaid during this period
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	47,000,000.00	2019-6-19	2019-6-20	RMB20 million was repaid during this period
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	27,000,000.00	2019-6-21	2019-6-21	RMB17 million was repaid during this period
Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司)	10,000,000.00	2019-6-22	2019-6-24	RMB10 million was repaid during this period
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	60,000,000.00	2018-1-1	2018-03-30	
Lendings:				
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	524,312,938.81	2019-12-31	2020-12-30	Yatai Heating made 25 installments of sweeping amounted to RMB524,312,938.81; Changre Group made 45 installments of repayment amounted to RMB524,312,938.81.
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	37,500,000.00	2018-03-30	2018-09-29	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	5,000,000.00	2018-04-23	2018-08-31	

Note: From 2018 to 2019, Runfeng Installation Co., Ltd and Maintenance Service Co., Ltd, both are subsidiaries of the Company, made borrowings from Jilin Province Xinda Investment Management Co., Ltd.* (吉林省新達投資管理有限公司) and Changchun Xinda Construction Project Management Co., Ltd.* (長春市新達建設項目管理有限公司), and the total interest expenses in 2018 and 2019 were RMB9,931,616.43 and RMB4,111,013.69, respectively.

6. Asset transfer and debt restructuring of related parties

Related party	Description of the related party transaction	January to June 2021	2020	2019	2018
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	Purchase 100% equity of Yatai Heating		318,376,300.00		
Total			318,376,300.00		

7. Remuneration of key management

Item	January to June 2021	2020	2019	2018
Remuneration of key management	1,770,605.94	2,898,855.43	2,600,739.90	3,061,671.00

8. Amounts due from/to related party

(1) Trade receivables

Related party	30 June 2021		31 December 2020		31 December 2019		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	3,159,230.10	496,543.40	16,293,979.07	2,488,155.46	11,454,079.15	1,444,307.32	39,466,050.67	3,693,909.48
Changre Group Jilin Changtie Public Utilities Co., Ltd.* (長熱集團吉林長鐵公用事業有限公司)					19,761.47	1,533.49	80,854.55	6,476.45
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	6,851,947.43	373,785.97	24,989,327.10	4,307,065.14				
Jilin Province Heating Group Jilin Public Utilities Co., Ltd.* (吉林省熱力集團吉林市公用事業有限公司)	2,408,542.14	315,282.54	2,526,413.74	122,155.33				
Jilin Province Heating Group Panshi Public Utilities Co., Ltd.* (吉林省熱力集團磐石市公用事業有限公司)	1,016,957.43	192,031.78	568,777.03	61,043.77				
Jilin Province Heating Group Co., Ltd.* (吉林省熱力集團有限公司)							1,121,622.98	89,842.00
Jilin Heating Group Tumen Public Utilities Co., Ltd.* (吉熱集團圖們市公用事業有限公司)	2,060,959.00	112,322.27	5,394,576.50	350,108.01				
Changchun Investment and Construction (Group) Co., Ltd.* (長春城建設投資(集團)有限公司)	90.00	54.14	90.00	18.58	12,757,905.09	1,369,928.57	229,050.00	18,346.90
Changchun Longtai Heating Properties Co., Ltd.* (長春龍泰供熱物業有限責任公司)	995,000.00	568,512.00	995,000.00	292,575.50	800,000.00	87,360.00	300,000.00	24,030.00
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)							533,519.20	42,734.89

(2) Other receivables

Related party	30 June 2021		31 December 2020		31 December 2019		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Inner Mongolia Chuncheng Heating Service Co., Ltd.* (內蒙古春城熱力服務有限公司)	2,176.00	542.04	2,176.00	152.76				
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	10,000.00	755.00	94,280.79	9,672.25	163,255,935.09	1,959,071.22	23,086,195.96	1,849,204.30
Changchun Runfeng Bathhouse Service Co., Ltd.* (長春市潤鋒洗浴服務有限公司)							4,280,393.57	2,266,749.69
Jilin Province Heating Group Jilin Public Utilities Co., Ltd.* (吉林省熱力集團吉林市公用事業有限公司)	15,000.00	9,450.00	15,000.00	12,600.00				

(3) Prepayments

Related party	30 June 2021		31 December 2020		31 December 2019		31 December 2018	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
Datang Changre Jilin Heating Company Limited* (大唐長熱吉林熱力有限公司)			7,534,110.00					
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)			1,699,080.00					
Inner Mongolia Chuncheng Heating Service Co., Ltd.* (內蒙古春城熱力服務有限公司)							800,000.00	
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)							26,938.59	
Jilin Electric Power Co., Ltd. Changchun Thermoelectricity Branch* (吉林電力股份有限公司長春熱電分公司)			105,557,023.75		89,308,432.53		99,993,947.99	
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)							121,212.12	

(4) Contract assets

Related party	30 June 2021		31 December 2020		31 December 2019		31 December 2018	
	Carrying amount	Provision for impairment	Carrying amount	Provision for impairment	Carrying amount	Provision for impairment	Carrying amount	Provision for impairment
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	3,259,510.28	336,889.53	1,120,294.31	72,707.09	18,031,459.17	2,304,052.55	4,727,840.38	378,700.00
Changchun Qinggui Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	2,503,968.90	136,466.31	15,842,700.12	1,028,191.24				
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)							50,886.00	4,075.97
Jilin Province Heating Group Co. Ltd.* (吉林省熱力集團有限公司)							7,910,752.50	633,651.28
Changchun Investment and Construction (Group) Co., Ltd.* (長春城投建設投資(集團)有限公司)			5,220,091.45	566,690.01	18,121,474.15	3,855,839.49	34,579,856.58	6,329,975.19
Jilin Heating Group Tumen Public Utilities Co., Ltd.* (吉熱集團圖們市公用事業有限公司)	6,326,359.00	991,801.14	2,394,576.50	155,408.01	1,110,362.84	85,942.08		

(5) Trade payables

Related party	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Jilin Province New Model Pipes Company Limited* (吉林省新型管業有限責任公司)	4,039,546.93	18,267,947.82	12,016,553.10	15,736,035.97
Jilin Province Smart Equipment Company Limited* (吉林省智能裝備有限責任公司)	655,867.08	2,155,867.08	5,200,146.69	6,169,162.53
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	116,250.00			818,023.42
Jilin Province Hengxin Electricity Co. Ltd.* (吉林省恒信售電有限公司)			1,073,747.00	1,453,970.00
Jilin Province Changre Properties Co., Ltd.* (吉林省長熱物業有限公司)			341,284.40	

(6) Other payables

Related party	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Jilin Province Heating Smart Equipment Company Limited* (吉林省熱力智能裝備有限公司)			1,359.66	1,359.66
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	17,700,402.66	136,029,890.60	1,148,402.15	22,961,410.60
Jilin Province Heating Group Co. Ltd.* (吉林省熱力集團有限公司)	52,804.41	52,804.41	52,804.41	

(7) Contract liabilities

Name of Related Parties	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Jilin Heating Group Tumen Public Utilities Co., Ltd.* (吉熱集團圖們市公用事業有限公司)		5,640,633.78	7,938,006.74	
Changchun Light Rail Heat Supply Co., Ltd.* (長春市輕軌供熱有限公司)	371,180.39	599,693.79		
Changchun Longtai Heating Properties Co., Ltd.* (長春龍泰供熱物業有限責任公司)		19,554,471.19	7,215,973.58	22,000,000.00
Changre Group Jilin Changtie Public Utilities Co., Ltd.* (長熱集團吉林長鐵公用事業有限公司)	478,499.17	327,063.48		
Changchun Chuncheng Investment Development Group Company Limited* (長春市春城投資發展集團有限公司)	14,213,007.40			

XII. COMMITMENT AND CONTINGENCY

(I) Significant commitment

1. Signed foreign investment contracts that have not been performed or not fully performed and related financial expenditures

Project Name	The total amount of the contract	Amount paid	Amount outstanding	Estimated investment time
Xinxingyu heating line	37,510,000.00	18,877,098.90	18,632,901.10	23 September 2020 - 23 September 2021

Except the commitments mentioned above, the Company has no other significant commitments that should be disclosed but were not disclosed as of 30 June 2021.

(II) Significant Contingency as at the Balance Sheet Date

As at 30 June 2021, the Company had no significant contingency to be disclosed.

XIII. EVENTS AFTER BALANCE SHEET DATE

(I) Significant Non-adjusting Event

Nil.

(II) Particulars of Profit Distribution

According to the resolution on dividend distribution at the general meeting of shareholders in May 2021, the Company distributed a cash dividend of RMB1.03 (tax included) per 10 shares to all shareholders based on the total share capital of 466,700,000 shares as of 31 December 2020, with a full dividend payment of RMB48,070,100. The ex-dividend date is 9 July 2021.

(III) Description of Other Events Subsequent to the Balance Sheet Date

Nil.

XIV. NOTES ON OTHER SIGNIFICANT EVENTS

(I) Major accounting errors in prior periods

1. Year 2018

- (1) The Company made up for the provision for impairment of the trade receivables and the contract assets for the unconsolidated related parties, reduced the trade receivables by RMB3,875,339.72 and the contract assets by RMB7,346,402.44, and accordingly adjusted the credit impairment loss and the impairment loss on assets.
- (2) The calculation of income tax expenses of the subsidiary Runfeng Construction in 2018 was incorrect, and the tax payable and the income tax expenses should be increased by RMB700,523.16, respectively.

2. Year 2019

- (1) The subsidiary Changchun Yatai Heating Co., Ltd. (hereinafter referred to as Yatai Heating). As of the end of 2020, the Company consolidated Yatai Heating, a fellow subsidiary under the common control of the Company's parent company, Changchun Chuncheng Investment Development Group Company Limited and adjusted the opening balance of 2020 as required by the Standards. On 31 May 2020, Yatai Heating transferred, free of charge, the tangible assets such as land assets, buildings, boiler and equipment and inventories that are related to coal-fired furnaces, as well as debts and liabilities associated with them, to Changchun Chuncheng Investment Development Group Company Limited. At the same time, the amount of assets minus liabilities was regarded as the contribution reduction from Changchun Chuncheng Investment Development Group Company Limited to Changchun Yatai Heating Co., Ltd. The non-aforsaid stripped-off assets (business) was not deemed stripped off to Changre Group in early 2020 when making year-on-year adjustments to the opening balance in the Annual Report 2020. The current statement is adjusted for the value of the related assets. The fair value of fixed assets at the end of 2019 was reduced by RMB154,153,704.53, the fair value of intangible assets was reduced by RMB13,230,488.00, the inventory was reduced by RMB760,673.62, other receivables were reduced by RMB17,670.00, the deferred income tax assets were reduced by RMB2,627,077.02, the trade payable was reduced by RMB604,731.00, the deferred income tax liabilities were reduced by RMB10,370,618.76, and the capital reserve was reduced by RMB159,814,263.41.
- (2) The Company made up for the provision for impairment of the trade receivables and the contract assets from the unconsolidated related parties, reduced the trade receivables by RMB2,903,129.38 and the contract assets by RMB6,245,834.12; the provision for impairment of the related parties outside the adjustment and consolidation affected a current income tax of RMB1,945,579.42.

3. Year 2020

- (1) In the current period, the deferred income tax assets resulting from the difference in the transfer of deferred income recognized by the Company in 2020 was adjusted, resulting in a reduction of the deferred income tax assets at the end of 2020 by RMB2,649,107.28 and an increase of the income tax expense in 2020 by RMB2,649,107.28.
- (2) The applicable income tax rate was adjusted from 15% to 25% because the R&D expenses of the subsidiary Yatai Heating did not meet the relevant high-tech enterprise identification standards in 2020. In 2020: the operating costs were reduced by RMB418,163.36, and the income tax expenses were increased by RMB1,689,893.48. The deferred income tax assets were increased by RMB585,961.93, the tax payable was increased by RMB4,546,797.00, the deferred income tax liabilities were increased by RMB15,480,669.00, and the capital reserve was reduced by RMB18,169,773.95.

The subsidiary Yatai Heating adjusted and recognized RMB6,401,304.72 of unrecognized deferred income tax assets, of which, RMB3,477,500.00 recognized for long-term employee compensation payable, and RMB2,923,804.72 was recognized for government subsidies such as boiler renovation. At the same time, the income tax expense was reduced by RMB6,401,304.72.

- (3) The Company made up for the provision for impairment of the trade receivables and the contract assets from the unconsolidated related parties, reduced the trade receivables by RMB7,621,121.80 and the contract assets by RMB1,822,996.55, and accordingly adjusted the credit impairment loss and the impairment loss on assets.

(II) Segment information

1. The Basis for Determining Reportable Segments and Accounting Policies

The Company determines operating segments based on its internal organizational structure, management requirements, and internal reporting system. The operating segment of the Company refers to the components that simultaneously meet the following conditions:

- (1) The component is capable of generating revenue and incurring expenses in the ordinary course of its activities;
- (2) The management is able to regularly evaluate the operating results of the component to decide on the allocation of resources to it and evaluate its performance;
- (3) The accounting information such as the financial conditions, operating results, and cash flow of the component can be obtained.

The Company determines the reportable segments based on the operating segments, and the operating segments that meet one of the following conditions are determined as the reportable segments:

- (1) The segment revenue of the operating segment accounts for 10% or more of the total segment revenue;
- (2) The absolute amount of the segment profit (loss) of the segment accounts for 10% or more of the greater of the aggregate profit of all profitable segments or the absolute amount of the total amount of losses of all loss-making segments.

When the aggregate amount of revenue from external transactions of operating segments that are reportable segments determined under the above accounting policies does not reach 75% of total consolidated revenue, the number of reportable segments is increased, and other operating segments not accounted for as reportable segments are included in the scope of the reportable segments under the following provisions until the proportion reaches 75%:

- (1) Identify the operating segment for which the management believes disclosure of information about that operating segment would be useful to users of accounting information as a reportable segment;
- (2) Consolidate the operating segment with one or more other operating segments with similar economic characteristics that meet the conditions for consolidation of operating segments as one reportable segment.

The inter-segment transfer prices are determined with reference to market prices, and the assets used in common with each segment and related expenses are allocated among the different segments in proportion to their revenues.

2. Factors considered by the Company for determination of the reporting segment and the types of products and services of the reporting segment

The reporting segments of the Company are business units that provide different products and services. Since various businesses require different technologies and market strategies, the Company independently manages the production and operation activities of each reporting segments and evaluates its operation results, so as to determine to allocate resources to it and evaluate its performance.

The Company has two reporting segments: Heat supply segment and construction, maintenance and design services segment. The heat supply segment is engaged in the provision of heat supply and pipelines network transmission services; The construction, maintenance and design services segment is engaged in the provision of engineering construction, maintenance and design services.

3. Financial Information of Reporting Segments

Presented in RMB

Items	30 June 2021/From January 2021 to June 2021			
	Heat supply segment	Construction, maintenance and design services segment	Offset	Total
1. Operating income	853,648,716.40	42,927,573.89	-17,655,676.52	878,920,613.77
Of which: External transactions income	842,785,332.51	41,614,494.23	-5,479,212.97	878,920,613.77
Income between segments' transactions	10,863,383.89	1,313,079.66	-12,176,463.55	
2. Operating expenses	652,979,772.85	36,828,212.50	-13,393,422.70	676,414,562.65
Of which: Depreciation expenses and Amortisation expenses	68,142,850.56	3,877,845.23		72,020,695.79
3. Investment income from associates and joint ventures				
4. Credit impairment loss	-5,643,503.25	7,541,358.66		1,897,855.41
5. Impairment loss on assets	1,051,943.28	5,236,603.83		6,288,547.11
6. Total assets	2,265,156,641.95	465,767,038.23	-768,935,176.82	1,961,988,503.36
7. Total liabilities	1,099,375,229.70	289,835,762.86	-364,026,131.51	1,025,184,861.05
8. Other significant non-cash items				

Continued:

Items	31 December 2020/Year 2020			
	Heat supply segment	Construction, maintenance and design services segment	Offset	Total
1. Operating income	1,455,477,916.60	523,698,245.11	-82,188,311.74	1,896,987,849.97
Of which: External transactions income	1,434,019,128.43	522,200,152.86	-59,231,431.32	1,896,987,849.97
Income between segments' transactions	21,458,788.17	1,498,092.25	-22,956,880.42	
2. Operating expenses	1,232,465,178.95	439,399,289.65	-74,851,948.84	1,597,012,519.76
Of which: Depreciation expenses and Amortisation expenses	143,984,019.13	2,501,849.64		146,485,868.77
3. Investment income from associates and joint ventures	1,448,819.21			1,448,819.21
4. Credit impairment loss	-845,406.81	-5,431,928.09		-6,277,334.90
5. Impairment loss on assets	-222,744.22	-5,118,748.90		-5,341,493.12
6. Total assets	3,181,406,034.91	783,723,453.21	-738,024,431.24	3,227,105,056.88
7. Total liabilities	2,099,508,892.80	631,098,236.37	-360,592,471.77	2,370,014,657.40
8. Other significant non-cash items				

Continued:

Items	31 December 2019/Year 2019			
	Heat supply segment	Construction, maintenance and design services segment	Offset	Total
1. Operating income	979,626,560.37	645,325,749.04	-63,575,518.37	1,561,376,791.04
Of which: External transactions income	965,592,028.25	643,123,277.89	-47,338,515.10	1,561,376,791.04
Income between segments' transactions	14,034,532.12	2,202,471.15	-16,237,003.27	
2. Operating expenses	778,219,075.80	561,385,567.41	-61,050,219.07	1,278,554,424.14
Of which: Depreciation expenses and Amortisation expenses	90,580,003.30	9,309,342.37		99,889,345.67
3. Investment income from associates and joint ventures	335,778.74			335,778.74
4. Credit impairment loss	-1,265,645.50	-11,870,225.22		-13,135,870.72
5. Impairment loss on assets	-4,859,676.67	2,322,338.13		-2,537,338.54
6. Total assets	2,894,588,043.40	642,455,939.28	-293,930,764.18	3,243,113,218.50
7. Total liabilities	1,939,051,901.89	522,399,440.00	-313,975,221.05	2,147,476,120.84
8. Other significant non-cash items				

Continued:

Items	31 December 2018/Year 2018			
	Heat supply segment	Construction, maintenance and design services segment	Offset	Total
1. Operating income	1,208,880,778.10	549,888,641.83	-318,610,635.13	1,440,158,784.80
Of which: External transactions income	940,275,825.34	539,698,399.07	-39,815,439.61	1,440,158,784.80
Income between segments' transactions	268,604,952.76	10,190,242.76	-278,795,195.52	-
2. Operating expenses	1,058,916,796.02	472,592,506.51	-317,176,950.97	1,214,332,351.56
Of which: Depreciation expenses and Amortisation expenses	89,814,106.25	8,598,417.94		98,412,524.19
3. Investment income from associates and joint ventures	1,501,333.23			1,501,333.23
4. Credit impairment loss	300,319.26	-3,498,649.82		-3,198,330.56
5. Impairment loss on assets	-400,329.46	-35,458,795.20		-35,859,124.66
6. Total assets	1,930,261,632.61	560,045,232.18	-262,379,563.89	2,227,927,300.90
7. Total liabilities	1,383,498,592.81	484,744,285.24	-131,797,745.60	1,736,445,132.45
8. Other significant non-cash items				

The accounting policies of each operating segment of the Company are the same as those described in “SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES”.

(III) Other significant transactions and events that have impact on investor decisions

Nil.

XV. REMARKS TO THE MAJOR ITEMS OF THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Remark 1. Trade Receivables

1. Disclosure of trade receivables based on ageing

Ageing	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Within 1 year	91,065,904.02	28,954,335.81	19,179,512.15	28,209,652.27
1 to 2 years	5,706,457.14	4,212,985.70	13,025,150.52	3,071,984.39
2 to 3 years	5,335,892.25	3,502,482.41	2,571,380.42	1,318,039.41
3 to 4 years	3,433,602.12	2,161,833.67	660,652.74	920,247.98
4 to 5 years	1,270,580.13	1,176,440.01	703,117.63	776,689.85
Over 5 years	8,456,575.69	7,840,662.74	5,737,321.18	5,729,340.64
Sub-total	115,269,011.35	47,848,740.34	41,877,134.64	40,025,954.54
Less: Provision for bad debts	17,504,610.32	12,229,886.31	10,763,362.04	9,617,817.94
Total	97,764,401.03	35,618,854.03	31,113,772.60	30,408,136.60

2. Disclosure based on classification of provision method for bad debts

Category	30 June 2021				Carrying amount
	Carrying balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subjected to provision for ECL on individual basis					
Trade receivables subjected to provision for ECL on portfolio basis	115,269,011.35	100.00	17,504,610.32	15.19	97,764,401.03
Of which: Ageing analysis portfolio — Heat supply business	59,874,848.70	51.94	11,826,864.84	19.75	48,047,983.86
Ageing analysis portfolio — Basic heating fee	11,770,681.80	10.22	5,677,745.48	48.24	6,092,936.32
Related party portfolio	43,623,480.85	37.84			43,623,480.85
Total	115,269,011.35	100.00	17,504,610.32	15.19	97,764,401.03

Continued:

Category	31 December 2020				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subjected to provision for ECL on individual basis					
Trade receivables subjected to provision for ECL on portfolio basis	47,848,740.34	100.00	12,229,886.31	25.56	35,618,854.03
Of which: Ageing analysis portfolio — Heat supply business	35,411,329.12	74.01	7,457,313.51	21.06	27,954,015.61
Ageing analysis portfolio — Basic heating fee	10,091,992.73	21.09	4,772,572.80	47.29	5,319,419.93
Related party portfolio	2,345,418.49	4.90			2,345,418.49
Total	47,848,740.34	100.00	12,229,886.31	25.56	35,618,854.03

Continued:

Category	31 December 2019				
	Carrying balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subjected to provision for ECL on individual basis					
Trade receivables subjected to provision for ECL on portfolio basis	41,877,134.64	100.00	10,763,362.04	25.70	31,113,772.60
Of which: Ageing analysis portfolio — Heat supply business	30,336,272.92	72.44	7,725,697.40	25.47	22,610,575.52
Ageing analysis portfolio — Basic heating fee	9,178,776.56	21.92	3,037,664.64	33.09	6,141,111.92
Related party portfolio	2,362,085.16	5.64			2,362,085.16
Total	41,877,134.64	100.00	10,763,362.04	25.70	31,113,772.60

Continued:

Category	31 December 2018				Carrying amount
	Carrying balance		Provision for bad debts		
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Trade receivables subjected to provision for ECL on individual basis					
Trade receivables subjected to provision for ECL on portfolio basis	40,025,954.54	100.00	9,617,817.94	24.03	30,408,136.60
Of which: Ageing analysis portfolio — Heat supply business	26,123,380.19	65.27	5,174,929.42	19.81	20,948,450.77
Ageing analysis portfolio — Basic heating fee	8,014,953.28	20.02	4,442,888.52	55.43	3,572,064.76
Related party portfolio	5,887,621.07	14.71			5,887,621.07
Total	40,025,954.54	100.00	9,617,817.94	24.03	30,408,136.60

3. Trade receivables subjected to provision for ECL on portfolio basis

1) Ageing analysis portfolio — Heat supply business

Ageing	30 June 2021		
	Trade receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	46,305,617.77	3,243,757.47	7.01
1 to 2 years	2,039,729.81	392,052.28	19.22
2 to 3 years	3,407,436.03	1,269,494.75	37.26
3 to 4 years	2,008,529.36	1,035,179.81	51.54
4 to 5 years	886,039.13	658,883.93	74.36
Over 5 years	5,227,496.60	5,227,496.60	100.00
Total	59,874,848.70	11,826,864.84	19.75

Continued:

Ageing	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	23,879,611.69	625,645.81	2.62
1 to 2 years	2,575,528.22	365,209.90	14.18
2 to 3 years	2,024,195.19	541,472.21	26.75
3 to 4 years	1,341,163.00	555,777.95	41.44
4 to 5 years	696,709.77	475,086.39	68.19
Over 5 years	4,894,121.25	4,894,121.25	100.00
Total	35,411,329.12	7,457,313.51	21.06

Continued:

Ageing	31 December 2019		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	14,679,067.51	750,351.84	5.11
1 to 2 years	9,846,178.66	2,113,344.27	21.46
2 to 3 years	1,702,793.64	854,016.37	50.15
3 to 4 years	186,348.90	132,967.85	71.35
4 to 5 years	337,054.09	290,186.95	86.10
Over 5 years	3,584,830.12	3,584,830.12	100.00
Total	30,336,272.92	7,725,697.40	25.47

Continued:

Ageing	31 December 2018		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	19,429,602.69	631,245.31	3.25
1 to 2 years	1,950,654.38	346,916.57	17.78
2 to 3 years	659,964.35	293,053.16	44.40
3 to 4 years	391,023.38	273,025.27	69.82
4 to 5 years	427,034.95	365,588.67	85.61
Over 5 years	3,265,100.44	3,265,100.44	100.00
Total	26,123,380.19	5,174,929.42	19.81

2) Ageing analysis portfolio — Basic heating fee

Ageing	30 June 2021		
	Trade receivables	Provision for bad debts	Proportion of provision (%)
Within 1 year	3,490,557.22	391,917.20	11.23
1 to 2 years	2,647,095.33	673,964.61	25.46
2 to 3 years	594,336.40	261,204.62	43.95
3 to 4 years	1,425,072.76	838,266.91	58.82
4 to 5 years	384,541.00	283,313.05	73.68
Over 5 years	3,229,079.09	3,229,079.09	100.00
Total	11,770,681.80	5,677,745.48	48.24

Continued:

Ageing	31 December 2020		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	2,729,305.63	312,505.51	11.45
1 to 2 years	1,637,457.48	333,713.83	20.38
2 to 3 years	1,478,287.22	472,756.25	31.98
3 to 4 years	820,670.67	393,839.85	47.99
4 to 5 years	479,730.24	313,215.87	65.29
Over 5 years	2,946,541.49	2,946,541.49	100.00
Total	10,091,992.73	4,772,572.80	47.29

Continued:

Ageing	31 December 2019		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	3,157,991.48	229,661.23	7.27
1 to 2 years	2,159,339.86	274,832.95	12.73
2 to 3 years	868,586.78	153,041.53	17.62
3 to 4 years	474,303.84	113,123.82	23.85
4 to 5 years	366,063.55	114,514.06	31.28
Over 5 years	2,152,491.05	2,152,491.05	100.00
Total	9,178,776.56	3,037,664.64	33.09

Continued:

Ageing	31 December 2018		
	Carrying balance	Provision for bad debts	Proportion of provision (%)
Within 1 year	2,892,428.94	499,999.97	17.29
1 to 2 years	1,121,330.01	420,851.69	37.53
2 to 3 years	658,075.06	358,076.03	54.41
3 to 4 years	529,224.60	382,430.39	72.26
4 to 5 years	349,654.90	317,290.67	90.74
Over 5 years	2,464,239.77	2,464,239.77	100.00
Total	8,014,953.28	4,442,888.52	55.43

4. Provision, recovery or reversal for bad debts during the reporting period

Category	1 January 2018	Movement during the current period				31 December 2018
		Provision	Recovery or reversal	Written-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis		9,617,817.94				9,617,817.94
Of which: Ageing analysis portfolio — Heat supply business		5,174,929.42				5,174,929.42
Ageing analysis portfolio — Basic heating fee		4,442,888.52				4,442,888.52
Total		9,617,817.94				9,617,817.94

Continued:

Category	31 December 2018	Movement during the current period				31 December 2019
		Provision	Recovery or reversal	Written-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	9,617,817.94	2,550,767.98	1,405,223.88			10,763,362.04
Of which: Ageing analysis portfolio — Heat supply business	5,174,929.42	2,550,767.98				7,725,697.40
Ageing analysis portfolio — Basic heating fee	4,442,888.52		1,405,223.88			3,037,664.64
Total	9,617,817.94	2,550,767.98	1,405,223.88			10,763,362.04

Continued:

Category	31 December 2019	Movement during the current period				31 December 2020
		Provision	Recovery or reversal	Written-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	10,763,362.04	1,734,908.16	268,383.89			12,229,886.31
Of which: Ageing analysis portfolio — Heat supply business	7,725,697.40		268,383.89			7,457,313.51
Ageing analysis portfolio — Basic heating fee	3,037,664.64	1,734,908.16				4,772,572.80
Total	10,763,362.04	1,734,908.16	268,383.89			12,229,886.31

Continued:

Category	31 December 2020	Movement during the current period				30 June 2021
		Provision	Recovery or reversal	Written-off	Other changes	
Trade receivables subjected to provision for ECL on individual basis						
Trade receivables subjected to provision for ECL on portfolio basis	12,229,886.31	5,274,724.01				17,504,610.32
Of which: Ageing analysis portfolio — Heat supply business	7,457,313.51	4,369,551.33				11,826,864.84
Ageing analysis portfolio — Basic heating fee	4,772,572.80	905,172.68				5,677,745.48
Total	12,229,886.31	5,274,724.01				17,504,610.32

- (1) During the reporting period, the significant receivables of provision for bad debts reversed or recovered are as follows:

Name	2020	
	The amount reversed or recovered	way of reversal or recovery
Resident users, etc.	268,383.89	Recovery in cash
Total	268,383.89	

Continued:

Name	2019	
	The amount reversed or recovered	way of reversal or recovery
Resident users, etc.	1,405,223.88	Recovery in cash
Total	1,405,223.88	

5. No accounts receivable actually written off during the reporting period

6. Particulars of the top five trade receivables at the end of the period

Name	30 June 2021		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
Changchun Yatai Heating Power Co., Ltd.* (長春亞泰熱力有限責任公司)	41,169,729.05	35.72	
Changchun Sunshine Heating Co., Ltd.* (長春市陽光供熱有限責任公司)	33,286,734.82	28.88	2,430,301.90
Changchun Rongfeng Real Estate Development Co., Ltd.* (長春榮豐房地產開發有限公司)	3,613,209.75	3.13	504,842.26
Changchun Longtai Heating Property Co., Ltd.* (長春市龍泰供熱物業有限責任公司)	2,027,683.22	1.76	148,043.43
Changchun Shengying Real Estate Development Co., Ltd.* (長春市勝贏房地產開發有限公司)	1,558,338.96	1.35	217,733.10
Total	81,655,695.80	70.84	3,300,920.69

Continued:

Name	31 December 2020		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
Changchun Sunshine Heating Co., Ltd.* (長春市陽光供熱有限責任公司)	14,555,842.34	30.42	1,907,658.73
Jilin Ruixing Property Service Co., Ltd.* (吉林省瑞星物業服務有限責任公司)	1,520,332.25	3.18	53,602.40
Jilin Province New Model Pipes Co., Ltd.	1,229,036.24	2.57	91,766.11
Jilin Zheshang Business Management Co., Ltd.* (吉林省浙商商業管理有限公司)	1,155,787.77	2.42	260,241.42
Changchun Rongfeng Real Estate Development Co., Ltd.* (長春榮豐房地產開發有限公司)	1,075,173.39	2.25	37,907.42
Total	19,536,171.99	40.84	2,351,176.08

Continued:

Name	31 December 2019		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
Jilin Tongxin Heating Group Co.,Ltd * (吉林同鑫熱力集團股份有限公司)	5,082,329.67	12.14	279,236.03
Changchun Longtai Heating Property Co., Ltd.* (長春市龍泰供熱物業有限責任公司)	2,992,319.92	7.15	164,405.62
Changchun Shengying Real Estate Development Co., Ltd.* (長春市勝贏房地產開發有限公司)	1,571,471.49	3.75	138,602.48
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	1,325,786.49	3.17	
Jilin Zheshang Business Management Co., Ltd.* (吉林省浙商商業管理有限公司)	974,826.62	2.33	136,143.56
Total	11,946,734.19	28.54	718,387.69

Continued:

Name	31 December 2018		
	Closing balance	Percentage to the closing balance of trade receivables (%)	Provision for bad debts made
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	4,200,588.77	10.49	
Aviation University Air Force * (中國人民解放軍空軍航空大學)	3,931,569.38	9.82	163,573.53
Changchun Vanke Property Management Service Co., Ltd.* (長春萬科物業服務有限公司)	1,567,790.66	3.92	65,228.17
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	1,019,632.00	2.55	
Changchun Shengying Real Estate Development Co., Ltd.* (長春市勝贏房地產開發有限公司)	1,010,907.15	2.53	42,058.94
Total	11,730,487.96	29.31	270,860.64

Remark 2. Other Receivables

1. Disclosure of trade receivables based on ageing

Ageing	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Within 1 year	30,139,621.22	143,799,789.23	41,395,653.97	53,130,638.50
1 to 2 years	66,441,605.07	1,002,264.89	45,267,208.46	
2 to 3 years	847,396.86	9,080,414.61		
3 to 4 years	9,080,414.61			
4 to 5 years				
Over 5 years				
Sub-total	106,509,037.76	153,882,468.73	86,662,862.43	53,130,638.50
Less: Provision for bad debts	53,318.04	72,745.26	48,781.58	85,628.62
Total	106,455,719.72	153,809,723.47	86,614,080.85	53,045,009.88

2. Classification by nature of the receivables

Nature of the amount	30 June 2021	31 December 2020	31 December 2019	31 December 2018
Current account payment	106,309,273.68	153,633,868.73	86,365,588.48	52,821,717.04
Petty money	199,764.08	248,600.00	180,000.00	100,000.00
Guarantee			75,755.20	
Other			41,518.75	208,921.46
Total	106,509,037.76	153,882,468.73	86,662,862.43	53,130,638.50

3. Disclosure based on three stages of financial asset impairment

Item	30 June 2021		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	106,509,037.76	53,318.04	106,455,719.72
Stage two			
Stage three			
Total	106,509,037.76	53,318.04	106,455,719.72

Continued:

Item	31 December 2020		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	153,882,468.73	72,745.26	153,809,723.47
Stage two			
Stage three			
Total	153,882,468.73	72,745.26	153,809,723.47

Continued:

Item	31 December 2019		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	86,662,862.43	48,781.58	86,614,080.85
Stage two			
Stage three			
Total	86,662,862.43	48,781.58	86,614,080.85

Continued:

Item	31 December 2018		
	Carrying balance	Provision for bad debts	Carrying amount
Stage one	53,130,638.50	85,628.62	53,045,009.88
Stage two			
Stage three			
Total	53,130,638.50	85,628.62	53,045,009.88

4. Particulars of provision for bad debts of other receivables

Provision for bad debts	30 June 2021			
	Stage one	Stage two	Stage three	Total
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	72,745.26			72,745.26
Opening balance during the current period which	72,745.26			72,745.26
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period				
Reversal in the current period	19,427.22			19,427.22
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	53,318.04			53,318.04

Continued:

Provision for bad debts	31 December 2020			Total
	Stage one	Stage two	Stage three	
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	48,781.58			48,781.58
Opening balance during the current period which	48,781.58			48,781.58
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	23,963.68			23,963.68
Reversal in the current period				
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	72,745.26			72,745.26

Continued:

Provision for bad debts	31 December 2019			Total
	Stage one	Stage two	Stage three	
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance	85,628.62			85,628.62
Opening balance during the current period which	85,628.62			85,628.62
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period				
Reversal in the current period	36,847.04			36,847.04
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	48,781.58			48,781.58

Continued:

Provision for bad debts	31 December 2018			Total
	Stage one	Stage two	Stage three	
	12-month ECL	Lifetime ECL (not credit impaired)	Lifetime ECL (credit impaired)	
Opening balance				
Opening balance during the current period which				
— transferred to stage two				
— transferred to stage three				
— reversed to stage two				
— reversed to stage one				
Provision in the current period	85,628.62			85,628.62
Reversal in the current period				
Charge-off in the current period				
Written-off in the current period				
Other changes				
Closing balance	85,628.62			85,628.62

5. There was no other receivables actually written-off during the reporting period

6. Particulars of the top five other receivables at the end of the period

Name	Nature of the amount	30 June 2021	Ageing	Percentage to the closing balance of other receivables (%)	Closing balance Provision for bad debts
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	Borrowings	60,000,000.00	1 to 2 years	56.33	
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	Current account payment	36,370,829.07	1 to 2 years	34.15	
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	Current account payment	9,109,178.94	2 to 4 years	8.55	
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)	Current account payment	766,294.20	2 to 4 years	0.72	
Yue Chenhao* (岳晨昊)	Petty money	88,217.92	1 to 3 years	0.08	30,814.29
Total	—	106,334,520.13	—	99.83	30,814.29

Continued:

Name	Nature of the amount	31 December 2020	Ageing	Percentage to the closing balance of other receivables (%)	Closing balance Provision for bad debts
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	Borrowings	77,000,000.00	Within 1 year	50.04	
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	Current account payment	66,370,829.07	Within 1 year	43.13	
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	Current account payment	9,109,178.94	1 to 3 years	5.92	
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)	Current account payment	766,294.20	1 to 3 years	0.50	
Yue Chenhao* (岳晨昊)	Petty money	180,000.00	Within 1 year; 1 to 2 years	0.12	29,199.72
Total	—	153,426,302.21	—	99.71	29,199.72

Continued:

Name	Nature of the amount	31 December 2019	Ageing	Percentage to the closing balance of other receivables (%)	Closing balance Provision for bad debts
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	Borrowings	32,000,000.00	Within 1 year; 1 to 2 years	36.92	
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	Current account payment	26,370,829.07	Within 1 year; 1 to 2 years	30.43	
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	Current account payment	16,557,901.11	Within 1 year; 1 to 2 years	19.11	
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	Current account payment	9,109,178.94	Within 1 year; 1 to 2 years	10.51	
Jilin Ruixing Property Service Co., Ltd.* (吉林省瑞星物業服務有限責任公司)	Heating fee	1,520,332.25	1 to 2 years	1.75	47,586.40
Total	—	85,558,241.37	—	98.72	47,586.40

Continued:

Name	Nature of the amount	31 December 2018	Ageing	Percentage to the closing balance of other receivables (%)	Closing balance Provision for bad debts
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	Current account payment	17,951,960.50	Within 1 year	33.79	
Changchun City Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程有限責任公司)	Borrowings	12,959,363.08	Within 1 year	24.39	
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	Current account payment	8,564,103.38	Within 1 year	16.12	
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	Current account payment	7,376,166.32	Within 1 year	13.88	
Jilin Ruixing Property Service Co., Ltd.* (吉林省瑞星物業服務有限責任公司)	Heating fee	1,520,332.25	Within 1 year	2.86	1,355.31
Total	—	48,371,925.53	—	91.04	1,355.31

Remark 3. Long-term equity investments

Item	30 June 2021			31 December 2020		
	Carrying balance	Impairment provision	Carrying amount	Carrying balance	Impairment provision	Carrying amount
Investments in subsidiaries	560,309,527.07		560,309,527.07	536,809,527.07		536,809,527.07
Investments in associates and joint ventures						
Total	560,309,527.07		560,309,527.07	536,809,527.07		536,809,527.07

Continued:

Item	31 December 2019			31 December 2018		
	Carrying balance	Impairment provision	Carrying amount	Carrying balance	Impairment provision	Carrying amount
Investments in subsidiaries	144,532,114.03		144,532,114.03	129,532,114.03		129,532,114.03
Investments in associates and joint ventures	57,561,274.07		57,561,274.07	62,691,727.63		62,691,727.63
Total	202,093,388.10		202,093,388.10	192,223,841.66		192,223,841.66

1. Investments in subsidiaries

Investee	Initial investment cost	1 January 2018	Increase during the current period	Decrease during the current period	31 December 2018	Impairment provision during the current period	Closing balance of impairment provision
Changchun City Runfeng Construction and Installation Engineering Company Limited * (長春市潤鋒建築安裝工程責任有限公司)	44,539,689.70		44,539,689.70		44,539,689.70		
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	16,059,516.45		16,059,516.45		16,059,516.45		
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	59,097,018.99		59,097,018.99		59,097,018.99		
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)	4,022,639.18		4,022,639.18		4,022,639.18		
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	5,813,249.71		5,813,249.71		5,813,249.71		
Total	129,532,114.03		129,532,114.03		129,532,114.03		

Continued:

Investee	Initial investment cost	31 December 2018	Increase during the current period	Decrease during the current period	31 December 2019	Impairment provision during the current period	Closing balance of impairment provision
Changchun City Runfeng Construction and Installation Engineering Co., Ltd.* (長春市潤鋒建築安裝工程責任有限公司)	44,539,689.70	44,539,689.70			44,539,689.70		
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	16,059,516.45	16,059,516.45			16,059,516.45		
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	59,097,018.99	59,097,018.99			59,097,018.99		
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)		4,022,639.18			4,022,639.18		
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)			15,000,000.00		15,000,000.00		
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	5,813,249.71	5,813,249.71			5,813,249.71		
Total	125,509,474.85	129,532,114.03	15,000,000.00		144,532,114.03		

Continued:

Investee	Initial investment cost	31 December 2019	Increase during the current period	Decrease during the current period	31 December 2020	Impairment provision during the current period	Closing Balance of impairment provision
Changchun Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程責任有限公司)	44,539,689.70	44,539,689.70			44,539,689.70		
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	16,059,516.45	16,059,516.45			16,059,516.45		
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	59,097,018.99	59,097,018.99			59,097,018.99		
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)	4,022,639.18	4,022,639.18			4,022,639.18		
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	15,000,000.00	15,000,000.00			15,000,000.00		
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	5,813,249.71	5,813,249.71			5,813,249.71		
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	57,561,274.07		108,357,816.86		108,357,816.86		
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	283,919,596.18		283,919,596.18		283,919,596.18		
Total	486,012,984.28	144,532,114.03	392,277,413.04		536,809,527.07		

Continued:

Investee	Initial investment cost	31 December 2020	Increase during the current period	Decrease during the current period	30 June 2021	Impairment provision during the current period	Closing balance of impairment provision
Changchun Runfeng Construction Installation Engineering Company Limited* (長春市潤鋒建築安裝工程責任有限公司)	44,539,689.70	44,539,689.70			44,539,689.70		
Jilin Province Changre Maintenance Service Company Limited* (吉林省長熱維修實業有限公司)	16,059,516.45	16,059,516.45			16,059,516.45		
Jilin Province Changre Pipelines Transmission Company Limited* (吉林省長熱管網輸送有限公司)	59,097,018.99	59,097,018.99			59,097,018.99		
Jilin Province Changre Electrical Apparatus Company Limited* (吉林省長熱電氣儀錶有限公司)	4,022,639.18	4,022,639.18			4,022,639.18		
Jilin Province Chuncheng Biomass Power Co., Ltd.* (吉林省春城生物質能源有限公司)	15,000,000.00	15,000,000.00			15,000,000.00		
Jilin Province Heating Engineering Design and Research Company Limited* (吉林省熱力工程設計研究有限責任公司)	5,813,249.71	5,813,249.71			5,813,249.71		
Jilin Province Xixing Energy Limited* (吉林省西興能源有限公司)	57,561,274.07	108,357,816.86			108,357,816.86		
Changchun Yatai Heating Co., Ltd.* (長春亞泰熱力有限責任公司)	283,919,596.18	283,919,596.18			283,919,596.18		
Jilin Province Northeast Heating Co., Ltd.* (吉林省東北供熱有限公司)							
Jilin Chuncheng Clean Energy Company Limited* (吉林省春城清潔能源有限責任公司)	2,000,000.00		23,500,000.00		23,500,000.00		
Total	488,012,984.28	536,809,527.07	23,500,000.00		560,309,527.07		

2. Investments in Associates and Joint Ventures

Investee	1 January 2018	Increase/decrease during the current period						31 December 2018	Closing balance of impairment provision
		Increase in investments	Decrease in investments	Gain or loss on investments recognised under the equity method	Other comprehensive income adjustment	Other equity movements	Cash dividend or profit declared		
I. Associate									
II. Joint venture									
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司)		63,556,567.21		1,501,333.23		2,366,172.81	62,691,727.63		
Sub-total		63,556,567.21		1,501,333.23		2,366,172.81	62,691,727.63		
Total		63,556,567.21		1,501,333.23		2,366,172.81	62,691,727.63		

Continued:

Investee	31 December 2018	Increase/decrease during the current period						31 December 2019	Closing balance of impairment provision
		Increase in investments	Decrease in investments	Gain or loss on investments recognised under the equity method	Other comprehensive income adjustment	Other equity movements	Cash dividend or profit declared		
I. Associate									
II. Joint venture									
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司)	62,691,727.63			335,778.74		-2,290,555.59	3,175,676.71	57,561,274.07	
Sub-total	62,691,727.63			335,778.74		-2,290,555.59	3,175,676.71	57,561,274.07	
Total	62,691,727.63			335,778.74		-2,290,555.59	3,175,676.71	57,561,274.07	

Continued:

Investee	31 December 2019	Increase/decrease during the current period							31 December 2020	Closing balance of impairment provision
		Increase in investments	Decrease in investments	Gain or loss on investments recognised under the equity method	Other comprehensive income adjustment	Other equity movements	Cash dividend or profit declared	Impairment provision		
I. Associate										
II. Joint venture										
Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司)	57,561,274.07	52,000,000.00		1,448,819.21			-2,652,276.42		-108,357,816.86	
Sub-total	57,561,274.07	52,000,000.00		1,448,819.21			-2,652,276.42		-108,357,816.86	
Total	57,561,274.07	52,000,000.00		1,448,819.21			-2,652,276.42		-108,357,816.86	

3. Description of long-term equity investments:

The Company originally held 50% equity interest in Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司), which was accounted for under the equity method. On 8 June 2020, the Company held an extraordinary board meeting and passed the “Proposal to acquire 50% equity interest in Changchun FAW Sihuan Kinetic Company Limited” (《關於收購長春一汽四環動能有限公司50%股權的議案》). On 8 June 2020, the Company entered into an equity transfer agreement with Changchun FAWSN, pursuant to which Changchun FAWSN has agreed to transfer its 50% equity interest in FAW Sihuan (currently known as Xixing Energy) for RMB52 million. Upon completion of the acquisition, Changchun FAW Sihuan Kinetic Company Limited* (長春一汽四環動能有限公司) became a wholly-owned subsidiary of the Company and was consolidated into the combined financial statements of the Company.

Remark 4. Operating Income and Operating Costs

1. Operating Income and Operating Costs

Item	January to June 2021		2020	
	Income	Cost	Income	Cost
Principal operating business	564,300,867.50	399,978,385.62	986,502,956.79	793,622,475.10
Other businesses	101,177.04	952.56	189,755.35	1,905.12

Continued:

Item	2019		2018	
	Income	Cost	Income	Cost
Principal operating business	964,236,961.57	768,077,488.64	939,521,279.89	786,424,254.75
Other businesses	1,355,066.68	1,175,167.51	754,545.46	419,416.36

2. Revenue from Contract

Contract category	January to June 2021		
	Heat supply business	Other businesses	Total
I. Type of goods	564,300,867.50	101,177.04	564,402,044.54
Heat supply	522,699,571.61		522,699,571.61
Pipeline network construction	28,828,593.13		28,828,593.13
Pipeline transmission	12,772,702.76		12,772,702.76
Other		101,177.04	101,177.04
II. By Business area	564,300,867.50	101,177.04	564,402,044.54
Northeast region	564,300,867.50	101,177.04	564,402,044.54
III. Type of market or user	564,300,867.50	101,177.04	564,402,044.54
Enterprise user	219,118,541.80	91,743.10	219,210,284.90
Residential user	345,182,325.70	9,433.94	345,191,759.64
IV. Type of contract	564,300,867.50	101,177.04	564,402,044.54
Supply and sales contract	522,699,571.61	9,433.94	522,709,005.55
Service contract	41,601,295.89	91,743.10	41,693,038.99
V. By time of transfer of goods	564,300,867.50	101,177.04	564,402,044.54
Transfer at a certain point in time		9,433.94	9,433.94
Transfer within a certain period of time	564,300,867.50	91,743.10	564,392,610.60
VI. By contract term	564,300,867.50	101,177.04	564,402,044.54
Within 1 year	535,472,274.37	101,177.04	535,573,451.41
Over 1 years	28,828,593.13		28,828,593.13
VII. By marketing channel	564,300,867.50	101,177.04	564,402,044.54
Centralized heating	564,300,867.50		564,300,867.50
Others		101,177.04	101,177.04
Total	564,300,867.50	101,177.04	564,402,044.54

Continued:

Contract category	2020		
	Heat supply business	Other businesses	Total
I. Type of goods	986,502,956.79	189,755.35	986,692,712.14
Heat supply	909,309,363.14		909,309,363.14
Pipeline network construction	55,767,939.04		55,767,939.04
Pipeline transmission	21,425,654.61		21,425,654.61
Others		189,755.35	189,755.35
II. By business area	986,502,956.79	189,755.35	986,692,712.14
Northeast region	986,502,956.79	189,755.35	986,692,712.14
III. Type of market or user	986,502,956.79	189,755.35	986,692,712.14
Enterprise user	383,751,402.67	189,755.35	383,941,158.02
Residential user	602,751,554.12		602,751,554.12
IV. Type of contract	986,502,956.79	189,755.35	986,692,712.14
Supply and sales contract	986,502,956.79		986,502,956.79
Service contract		189,755.35	189,755.35
V. By time of transfer of goods	986,502,956.79	189,755.35	986,692,712.14
Transfer at a certain point in time			
Transfer within a certain period of time	986,502,956.79	189,755.35	986,692,712.14
VI. By contract term	986,502,956.79	189,755.35	986,692,712.14
Within 1 year	930,735,017.75	189,755.35	930,924,773.10
Over 1 years	55,767,939.04		55,767,939.04
VII. By marketing channel	986,502,956.79	189,755.35	986,692,712.14
Centralized heating	986,502,956.79		986,502,956.79
Others		189,755.35	189,755.35
Total	986,502,956.79	189,755.35	986,692,712.14

Continued:

Contract category	2019		
	Heat supply business	Other businesses	Total
I. Type of goods	964,236,961.57	1,355,066.68	965,592,028.25
Heat supply	894,540,083.27		894,540,083.27
Pipeline network construction	54,232,508.85		54,232,508.85
Pipeline transmission	15,464,369.45		15,464,369.45
Others		1,355,066.68	1,355,066.68
II. By business area	964,236,961.57	1,355,066.68	965,592,028.25
Northeast region	964,236,961.57	1,355,066.68	965,592,028.25
III. Type of market or user	964,236,961.57	1,355,066.68	965,592,028.25
Enterprise user	369,631,400.24	1,173,262.39	370,804,662.63
Residential user	59,4605,561.33	181,804.29	594,787,365.62
IV. Type of contract	964,236,961.57	1,355,066.68	965,592,028.25
Supply and sales contract	964,236,961.57		964,236,961.57
Service contract		1,355,066.68	1,355,066.68
V. By time of transfer of goods	964,236,961.57	1,355,066.68	965,592,028.25
Transfer at a certain point in time		1,173,262.39	1,173,262.39
Transfer within a certain period of time	964,236,961.57	181,804.29	964,418,765.86
VI. By contract term	964,236,961.57	1,355,066.68	965,592,028.25
Within 1 year	910,004,452.72	1,355,066.68	911,359,519.40
Over 1 years	54,232,508.85		54,232,508.85
VII. By marketing channel	964,236,961.57	1,355,066.68	965,592,028.25
Centralized heating	964,236,961.57		964,236,961.57
Others		1,355,066.68	1,355,066.68
Total	964,236,961.57	1,355,066.68	965,592,028.25

Continued:

Contract category	2018		
	Heat supply business	Other businesses	Total
I. Type of goods	939,521,279.89	754,545.46	940,275,825.35
Heat supply	875,398,408.04		875,398,408.04
Pipeline network construction	51,522,052.94		51,522,052.94
Pipeline transmission	12,600,818.91		12,600,818.91
Others		754,545.46	754,545.46
II. By business area	939,521,279.89	754,545.46	940,275,825.35
Northeast region	939,521,279.89	754,545.46	940,275,825.35
III. Type of market or user	939,521,279.89	754,545.46	940,275,825.35
Enterprise user	354,539,951.14	500,000.00	355,039,951.14
Residential user	584,981,328.75	254,545.46	585,235,874.21
IV. Type of contract	939,521,279.89	754,545.46	940,275,825.35
Supply and sales contract	939,521,279.89		939,521,279.89
Service contract		754,545.46	754,545.46
V. By time of transfer of goods	939,521,279.89	754,545.46	940,275,825.35
Transfer at a certain point in time			
Transfer within a certain period of time	939,521,279.89	754,545.46	940,275,825.35
VI. By contract term	939,521,279.89	754,545.46	940,275,825.35
Within 1 year	887,999,226.95	754,545.46	888,753,772.41
Over 1 years	51,522,052.94		51,522,052.94
VII. By marketing channel	939,521,279.89	754,545.46	940,275,825.35
Centralized heating	939,521,279.89		939,521,279.89
Others		754,545.46	754,545.46
Total	939,521,279.89	754,545.46	940,275,825.35

Remark 5. Investment Income

1. Breakdown of investment income

Item	January to June 2021	2020	2019	2018
Income from long-term equity investments accounted for under the equity method		1,448,819.21	335,778.74	1,501,333.23
Investment income for the period of holding trading financial assets	296,104.45			
Total	296,104.45	1,448,819.21	335,778.74	1,501,333.23

XVI. SUPPLEMENTAL INFORMATION

(I) Breakdown of Non-recurring Profit or Loss

Item	January to June 2021	2020	2019	2018
Gain or loss on disposal of non-current assets				
Tax rebates and exemptions that were approved by surpassing authority or without official approval documents	32,357.63	6,197,838.83		
Government grants included in profit or loss for the period (save for those that were closely related to the business of the Company and were granted on a qualitative or quantitative basis in accordance with the national standard)	3,161,906.32	17,130,060.36	16,917,975.71	11,590,857.12
Fees charged to non-financial enterprises for the use of state funds included in profit or loss for the period				
Gain arising from the acquisition of subsidiaries, associates and joint ventures where the cost of investment is less than the fair value of the identifiable net assets of the investee at the time the investment is acquired		14,038,922.16		
Gain or loss on exchange of non-monetary assets				
Gain or loss on entrusted investment or management of assets				
Provision for impairment of assets due to force majeure events, such as natural disasters				
Gain or loss on debt restructuring				
Corporate restructuring costs, such as expenses for relocating employees, reorganisation costs, etc.				
Gain or loss in excess of fair value arising from transactions where the transaction price is obviously unfair				
Net profit or loss for the period of a subsidiary arising from business combination under common control from the beginning of the period to the date of combination		13,522,650.99		
Gain or loss arising from contingencies not related to the Company's normal business operations				
Gain or loss on changes in fair value of financial assets held-for-trading and financial liabilities held-for-trading, and investment gains on disposal of financial assets held-for-trading, financial liabilities held-for-trading, debt investments and other debt investments, save for those arising from effective hedging activities that were related to the Company's normal business operations	523,187.78	1,419,759.85		
Reversal of provision for impairment of receivables separately tested for impairment				
Gain or loss from external entrusted loans				
Gain or loss arising from changes in the fair value of investment properties subsequently measured using the fair value model				
Effect on profit or loss for the period by a one-off adjustment to profit or loss for the period as required by tax, accounting and other laws and regulations				
Custody fee income from trustee operations				
Non-operating income and expenses other than those mentioned above	3,894,379.16	2,193,505.19	724,837.85	1,286,650.91
Other items of profit or loss that meet the definition of non-recurring profit or loss				
Less: Impact of income tax	-26,405.21	297,868.80	156,209.46	321,662.73
Impact of minority interests (after tax)				
Total	7,638,236.10	54,204,868.58	17,486,604.10	12,555,845.30

(II) Return on Net assets and Earnings per Share

Profit during the reporting period	January to June 2021		
	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	14.36	0.27	0.27
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	13.51	0.25	0.25

Continued:

Profit during the reporting period	2020		
	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	22.09	0.37	0.37
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	15.07	0.25	0.25

Continued:

Profit during the reporting period	2019		
	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	13.14	0.37	0.37
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	11.44	0.32	0.32

Continued:

Profit during the reporting period	2018		
	Weighted average return rate on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	26.60	0.43	0.43
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	22.80	0.37	0.37

(III) Reconciliation of Accounting Under Domestic and Overseas Accounting Standards

1. Discrepancies between net profit and net assets in the financial report disclosed under IAS and under PRC GAAP

Area	Net profit			
	January to June 2021	2020	2019	2018
Under PRC GAAP	125,529,999.62	170,506,409.94	135,051,573.57	87,949,305.17
Adjustments to items and amounts under IAS:				
Operating costs			-1,343,624.52	-3,803,751.95
Investment income				
Operating profit			1,343,624.52	3,803,751.95
Under IAS	125,529,999.62	170,506,409.94	136,395,198.09	91,753,057.12

Continued:

Area	Net assets			
	January to June 2021	31 December 2020	31 December 2019	31 December 2018
Under PRC GAAP	936,803,642.31	857,090,399.48	1,095,637,097.66	491,482,168.45
Adjustments to items and amounts under IAS:				
Long-term equity investments				
Other receivables				
Undistributed profits				
Under IAS	936,803,642.31	857,090,399.48	1,095,637,097.66	491,482,168.45

2. Description of the Reconciliation of Accounting Under Domestic and Overseas Accounting Standards

(1) 2018

Different standard for the special reserves allowance. In 2018, the Company transfer a special reserve-production safety expenses of RMB3,803,751.95 from profit distribution in accordance with the provisions of International Accounting Standards, which is different from that of PRC GAAP, which stipulates that production safety expenses shall be expensed under operating costs.

(2) 2019

Different standard for the special reserves allowance. In 2019, the Company transfer a special reserve-production safety expenses of RMB1,343,624.52 from profit distribution in accordance with the provisions of International Accounting Standards, which is different from that of PRC GAAP, which stipulates that production safety expenses shall be expensed under operating costs.