

IMPORTANT NOTICE

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

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

Confirmation of Your Representation: This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司) (the “**Issuer**” or the “**Company**”), Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司) (the “**Guarantor**”) and the Joint Lead Managers (as defined in the attached offering circular) (together, the “**Joint Lead Managers**”) that (1) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither the Issuer, the Guarantor, the Joint Lead Managers, the Trustee nor the Agents (each as defined in the Terms and Conditions) nor any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

Restrictions: The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”) solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

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

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

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

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

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

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

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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ZHENGZHOU JIANZHONG CONSTRUCTION AND DEVELOPMENT (GROUP) CO., LTD.

(鄭州建中建設開發(集團)有限責任公司)

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

CNY710,000,000 5.0 per cent. Guaranteed Bonds due 2028

Unconditionally and irrevocably guaranteed by

HENAN ZHONGYU CREDIT PROMOTION CO., LTD.

(河南中豫信用增進有限公司)

Issue Price: 100.0 per cent.

The CNY710,000,000 5.0 per cent. guaranteed bonds due 2028 (the “**Bonds**”) will be issued by Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司) (the “**Issuer**” or the “**Company**”), a company incorporated in the People's Republic of China (the “**PRC**”) with limited liability and unconditionally and irrevocably guaranteed by Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司) (the “**Guarantor**”). The Bonds have the benefit of a deed of guarantee (as amended, restated, replaced and/or supplemented from time to time, the “**Deed of Guarantee**” or the “**Guarantee**”) dated 25 August 2025 made between the Guarantor and the Trustee (for itself and the Bondholders).

The Bonds will bear interest on their outstanding principal amount from and including 25 August 2025 (the “**Issue Date**”) at the rate of 5.0 per cent. per annum, payable semi-annually in arrear on 25 February and 25 August in each year (each an “**Interest Payment Date**”), commencing on 25 February 2026. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 5 of the terms and conditions of the Bonds (the “**Terms and Conditions**”)), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day. All payments of principal, premium (if any) and interest by or on behalf of the Issuer in respect of the Bonds will be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax to the extent described under “*Terms and Conditions of the Bonds – Taxation*”.

Application will be made for the listing of, and permission to deal in, the Bonds on Chongwa (Macao) Financial Asset Exchange Co., Ltd. (the “**MOX**”).

This document is for distribution to professional investors (as defined in 2.1.6 of Company Bond Issuance and Exchange Management Guideline of AMCM) (“**MOX Professional Investors**”) only. Investors should not purchase the Bonds in the primary or secondary markets unless they are MOX Professional Investors and understand the risks involved. The Bonds are only suitable for MOX Professional Investors.

The MOX has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to MOX Professional Investors only have been reproduced in this document. Listing of the Bonds on the MOX is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Company, the Issuer Group (as defined below), the Guarantor, the Guarantor Group (as defined below) or the quality of disclosure in this document.

The MOX takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The requirements in relation to the MOX Professional Investors above and in this document shall be construed as relating to offers and sales of the Bonds in Macau only.

The Bonds will constitute direct, general, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (*Negative Pledge*) of the Terms and Conditions, at all times rank at least equally with all its other present and future direct, general, unsubordinated, unconditional and unsecured obligations.

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. The Guarantor's obligations in that respect are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) of the Terms and Conditions, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer – See “*Risk Factors – Risks Relating to the Bonds and the Guarantee – The PRC government has no payment or other obligations under the Bonds*”.

The Issuer has registered the issuance of the Bonds with the National Development and Reform Commission of the PRC or its local counterpart (including its local counterpart, “**NDRC**”) in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) issued by the NDRC effective from 10 February 2023 (the “**Order 56**”) and any implementation rules as issued by the NDRC from time to time. The Issuer has obtained a certificate from NDRC dated 15 November 2024 evidencing such registration. The Issuer will undertake that it will (i) within ten Registration Business Days (as defined in the Terms and Conditions) after the Issue Date, file or cause to be filed with the NDRC the offering information and the issue details of the Bonds (the “**NDRC Post-issue Filing**”) in accordance with the Order 56 and any implementation rules as issued by the NDRC from time to time, and (ii) within the prescribed timeframes after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.

The Issuer will undertake that it will (i) within the prescribed timeframes after the Issue Date, submit or cause to be submitted an application for the registration of the Bonds with the State Administration of Foreign Exchange of the PRC or its competent local branches (“**SAFE**”) pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》) effective as of 13 May 2013 and as amended on 4 May 2015, and its operating guidelines (《外債登記管理操作指引》) issued by SAFE (the “**SAFE Registration**”), (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record or evidence of filing from SAFE on or before the Registration Deadline (as defined in the Terms and Conditions), (iii) if applicable, as soon as practicable, and in any case as soon as requested or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知》) (the “**Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to any rules issued by SAFE and/or the PBOC and, if applicable, the Circular and any implementation measures promulgated thereunder from time to time.

Unless previously redeemed, or purchased and cancelled as provided in the Terms and Conditions, the Bonds will be redeemed at their principal amount on the Interest Payment Date (as defined in the Terms and Conditions) falling on, or nearest to, 25 August 2028. At any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (as defined in the Terms and Conditions) (which notice shall be irrevocable) and in writing to the Trustee (as defined in the Terms and Conditions) and the Principal Paying Agent (as defined in the Terms and Conditions), the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at their principal amount (together with any accrued and unpaid interest to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 August 2025, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, if the Guarantee were called, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*”. At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together with accrued and unpaid interest to but excluding such Put Settlement Date. See “*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*”.

Investing in the Bonds involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Bonds in the context of their financial condition and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in the Bonds. Investors should consult their own legal and tax advisors as needed before making its investment decision. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds. Investors should consult their own legal and tax advisors as needed before making its investment decision.

For more detailed description of the Bonds, see “*Terms and Conditions of the Bonds*” beginning on page 55.

The Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.

Investing in the Bonds involves risks. See “*Risk Factors*” beginning on page 15 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA) that the Bonds are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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

CSPI Ratings has assigned long-term credit rating of BBB to the Issuer, with stable outlook. Such ratings do not constitute recommendations to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by CSPI Ratings. A suspension, reduction or withdrawal of the ratings assigned to the Bonds or the Issuer may adversely affect the market price of the Bonds.

The Bonds will be represented initially by interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, definitive certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

Guotai Junan International

Ping An Securities (Hong Kong) Company Limited

Joint Lead Managers and Joint Bookrunners

China CITIC Bank International

China Industrial Securities International

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

CITIC Securities

Far East Horizon International

Guolian Securities International

Haitong International

SunRiver International Securities Group Limited

TF International

Offering Circular dated 18 August 2025

NOTICE TO INVESTORS

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

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

To the best of the knowledge and belief of the Issuer and the Guarantor, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries taken as a whole (collectively, the “**Issuer Group**”) and the Bonds which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and the information which, according to the particular nature of the Issuer, the Issuer Group and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Issuer Group and of the rights attaching to the Bonds); (ii) the statements in relation to the Issuer, the Issuer Group and the Bonds contained herein are true and accurate in all material respects and not misleading; (iii) the opinions and intentions with regard to the Issuer and the Issuer Group expressed herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Issuer Group or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, make any statement expressed in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts in relation to the Issuer, the Issuer Group and the Bonds and to verify the accuracy of all such information and statements in relation to the Issuer, the Issuer Group and the Bonds in this Offering Circular; and (vi) this Offering Circular does not include an untrue statement of a material fact in relation to the Issuer, the Issuer Group and the Bonds or omit to state a material fact in relation to the Issuer, the Issuer Group and the Bonds necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading.

The Guarantor confirms, having made all reasonable enquiries, that (i) this Offering Circular contains all information with respect to the Guarantor and its subsidiaries taken as a whole (collectively, the “**Guarantor Group**”) and the Guarantee which is material in the context of the issue and offering of the Bonds (including the information which is required by applicable laws and, according to the particular nature of the Guarantor, the Guarantor Group and the Guarantee, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Guarantor, the Guarantor Group and of the rights attaching to the Guarantee); (ii) the statements contained herein relating to the Guarantor, the Guarantor Group and the Guarantee are in every material particular true and accurate and not misleading; (iii) the opinions and intentions with regard to the Guarantor and the Guarantor Group expressed herein are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Guarantor, the Guarantor Group or the Guarantee the omission of which would, in the context of the giving of the Guarantee, make any statement in this Offering Circular

misleading in any material respect; (v) all reasonable enquiries have been made by the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular; and (vi) this Offering Circular does not include an untrue statement of a material fact in relation to the Guarantor, the Guarantor Group and the Guarantee or omit to state a material fact in relation to the Guarantor, the Guarantor Group and the Guarantee necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds. The distribution of this Offering Circular and the offering the Bonds in certain jurisdiction may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, Guotai Junan Securities (Hong Kong) Limited, Ping An Securities (Hong Kong) Company Limited, China CITIC Bank International Limited, China Industrial Securities International Brokerage Limited, China Zheshang Bank Co., Ltd. (Hong Kong Branch), CLSA Limited, Far East Horizon International Securities Limited, Guolian Securities International Capital Co., Limited, Haitong International Securities Company Limited, SunRiver International Securities Group Limited and TFI Securities and Futures Limited (together, the “**Joint Lead Managers**”) to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, Hong Kong, Singapore, Japan and the People’s Republic of China, and to persons connected therewith. For a description of certain further restriction on offers, sales and resales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

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

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In making an investment decision, investors must rely on their own examination of the Issuer, the Issuer Group, the Guarantor, the Guarantor Group, the Guarantee and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

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

This Offering Circular is provided solely for the purpose of enabling the recipient to consider purchasing the Bonds. The investors or prospective investors should read this Offering Circular carefully before making a decision regarding whether or not to purchase the Bonds. This Offering Circular cannot be used for any other purpose and any information in this Offering Circular cannot be disclosed to any other person.

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

IN CONNECTION WITH THE ISSUE OF THE BONDS, ANY OF THE JOINT LEAD MANAGERS APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGERS”) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGERS) PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT PARTICIPATE IN SUCH STABILISATION IN ANY EVENT, MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE ANY STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE BONDS. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

CSPI Ratings has assigned long-term credit rating of BBB to the Issuer, with stable outlook. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds or the Issuer may adversely affect the market price of the Bonds.

Warning

The contents of this Offering Circular have not been reviewed by any regulatory authority in the PRC, Hong Kong or elsewhere. You are advised to exercise caution in relation to the offering of the Bonds. If you are in any doubt about any of the contents of this Offering Circular, you should obtain independent professional advice.

Industry and Market Data

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, it has not been independently verified by the Issuer and the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Issuer Group, the Guarantor, the Guarantor Group and the terms of the offering and the Bonds, including the merits and risks involved. Where information has been sourced from a third party, each of the Issuer and the Guarantor confirms that this information has been accurately reproduced and that, as far as the Issuer and the Guarantor are aware and are able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information to be inaccurate or misleading.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the **“Issuer”**, **“Company”** and words of similar import are to Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司) itself; all references to the **“Issuer Group”** and words of similar import are to Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司) and its subsidiaries; all references to the **“Guarantor”** are to Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司); all references to the **“Guarantor Group”** and words of similar import are to Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司) and its subsidiaries; all references to the **“PRC”**, **“China”**, **“Mainland”** and **“mainland China”** are to the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan), all references to **“PRC government”** or the **“State”** means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them, all references to the **“United States”** and **“U.S.”** are to the United States of America, all references to **“Hong Kong”** are to the Hong Kong Special Administrative Region of the PRC; all references to **“CNY”**, **“Renminbi”** and **“RMB”** are to the lawful currency of the PRC.

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

- **“GDP”** are to gross domestic product;
- **“Guancheng Hui District Government”** are to the People’s Government of the Guancheng Hui District of Zhengzhou City (鄭州市管城回族區人民政府);
- **“Guancheng Hui District Finance Bureau”** are to the Finance Bureau of the Guancheng Hui District Government (鄭州市管城回族區財政局);
- **“Henan SASAC”** are to the State-owned Assets Supervision and Administration Commission of Henan Province (河南省國有資產監督管理委員會);
- **“Henan Government”** are to the People’s Government of Henan Province (河南省人民政府), including all political subdivisions and instrumentalities thereof, or where the context requires, any of them;
- **“MOF”** are to the Ministry of Finance of the PRC;
- **“NDRC”** are to the National Development and Reform Commission of the PRC or its local counterparts;
- **“PBOC”** are to the People’s Bank of China or its competent local branches;
- the **“PRC government”** are to the central government of the PRC and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;
- **“SAFE”** are to the State Administration of Foreign Exchange or its competent local branches; and
- **“State Council”** are to the State Council of the PRC.

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

PRESENTATION OF FINANCIAL INFORMATION

Financial Information of the Issuer Group

This Offering Circular contains English consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024, which has been extracted from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2023 (“**Issuer’s 2023 Audited Financial Statements**”) and from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2024 (“**Issuer’s 2024 Audited Financial Statements**”, together with the Issuer’s 2023 Audited Financial Statements, the “**Issuer’s Audited Financial Statements**”). The Issuer’s Audited Financial Statements were prepared and presented in accordance with the Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by Henan Righteous Innovation Certified Public Accountants (Special General Partnership) (河南守正創新會計師事務所(特殊普通合伙)) (“**SZCX**”), the Issuer’s independent auditors.

PRC GAAP differs in certain respects from International Financial Reporting Standards (“**IFRS**”). See “*Summary of Certain Differences Between PRC GAAP and IFRS*”.

Starting from 1 January 2023, the Issuer has adopted “Interpretation No. 16 of the Accounting Standards for Business Enterprises” (Cai Kuai [2022] No. 31) (企業會計準則解釋第16號), issued on 30 November 2022, and made retrospective adjustments to certain financial statement figures for the year ended 31 December 2022. See “III. (33) Explanation of accounting policy, accounting estimate changes, and error corrections – (i) Changes of accounting policies” in the notes to the Issuer’s 2023 Audited Financial Statements for further details. Unless specified otherwise, such financial information as at and for the year ended 31 December 2022 used in this Offering Circular derives from the Issuer’s 2023 Audited Financial Statements (which has been restated).

See also “*Risk Factors – General Risks Relating to the Issuer Group’s Business – The Issuer’s Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.*”

Financial Information of the Guarantor Group

The Guarantor’s audited financial reports can be downloaded free of charge from the website at <https://www.chinamoney.org.cn/chinese/index.html>. Such financial statements available in the Chinese language only and are not included in and do not form part of its Offering Circular. The information contained on the website at <https://www.chinamoney.org.cn/chinese/index.html> is subject to change from time to time. No presentation is made by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them and none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them takes any responsibility for any information contained on the website at <https://www.chinamoney.org.cn/chinese/index.html>.

Rounding

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Where information has been presented in thousands or millions of units, amounts may have been rounded up or down, especially when rounding into another currency. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.

FORWARD-LOOKING STATEMENTS

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

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

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Issuer Group and/or the Guarantor Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the competitors of the Issuer Group and/or the Guarantor Group;
- financial condition, performance and business prospects of the Issuer Group and/or the Guarantor Group;
- any changes in the laws, rules and regulation of the PRC government and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Issuer Group and/or the Guarantor Group’s business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Issuer Group and/or the Guarantor Group operates;
- various business opportunities that the Issuer Group and/or the Guarantor Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond control of the Issuer Group and/or the Guarantor Group;
- other risks associated with industries in which the Issuer Group and/or the Guarantor Group operates; and
- other factors, including those discussed in “*Risk Factors*”.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements, which reflect the view of the Issuer’s and the Guarantor’s management only as at the date of this Offering Circular and not a guarantee of future performance. Each of the Issuer and the Guarantor undertakes no obligation to update or revise any forward-looking statements (or release any updates or revisions thereof), whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur in the way the Issuer expected, or at all. All forward-looking statements contained in this Offering Circular are qualified by reference to the cautionary statements set out in this section.

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SUMMARY

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

OVERVIEW

The Issuer is one of the most prominent infrastructure construction platforms in Guancheng Hui District of Zhengzhou City, Henan Province, the PRC. Since its establishment in December 2011, the Issuer is committed to implement the development blueprint of Guancheng Hui District Government to upgrade infrastructure and public facilities, improve quality of urban life with better living environment as well as accelerate regional economic growth. With strong support from its shareholder and after years of business growth, the Issuer Group has established a strong regional presence and played an important role in the development of Zhengzhou City.

Zhengzhou City is the capital city of Henan Province, located in the north-central part of Henan Province, and is an important central city in the central region of China, an important national comprehensive transportation hub, and a core city in the Central Plains Economic Region. Guancheng Hui District is located in the southeast of the main urban area of Zhengzhou City, bordering Zhongmu County in the east, Erqi District in the west, Xinzheng City in the south, and Jinshui District in the north. It is one of the five central urban areas of Zhengzhou and one of the five urban ethnic districts in the PRC. As of the end of 2024, the total area of Guancheng Hui District is 107 square kilometers, with 12 sub-district offices and one provincial-level economic and technological development district, with a permanent population of 834,800. Guancheng Hui District has convenient transportation and strong hub distribution function, with seven rail transit lines running through the whole territory of which four lines have been completed and opened to traffic. There are five vertical and seven horizontal trunk roads in Guancheng Hui District, including Zijingshan Road, Zhongzhou Avenue, Longhai Expressway and South Third Ring Road, and expressway network extends in all directions. Guancheng Hui District is adjacent to Zhengzhou East Railway Station in the east, Zhengzhou Central Station in the west, and Xinzheng Airport in the south. The one-and-a-half-hour “traffic circle” in Guancheng Hui District can cover two-thirds of China’s major cities and three-fifths of the population, forming an integrated transportation network that is externally connected, smooth, convenient and efficient. According to Zhengzhou City Statistics Bureau (鄭州市統計局), for the years ended 31 December 2022, 2023 and 2024, Zhengzhou City recorded a GDP of approximately RMB12,73.6 billion, RMB1,361.8 billion and RMB1,453.2 billion respectively, representing a year-on-year growth of 0.9 per cent., 7.4 per cent. and 5.7 per cent., respectively, for the same periods. In 2024, as published by Guancheng Hui District Government, Guancheng Hui District recorded a GDP of approximately RMB80.5 billion, representing a 4.8 per cent. increase as compared to the previous year.

The unique geographical location of Zhengzhou City and its economic integration with fast-growing economic circles have given rise to opportunities for continuous urbanisation and infrastructure development in the region, which, in turn, drives the growth of the Issuer Group’s business. Over the years, the Issuer Group has developed a diversified business portfolio covering land development, project construction, housing development, trading business as well as other businesses. The Issuer Group’s principal business segments are as follows:

- **Land Development.** As designated by Guancheng Hui District Government, the Issuer Group has undertaken a series of major land development projects within Guancheng Hui District. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the land development was approximately nil, RMB55.9 million and RMB8.3 million, respectively, representing nil, 2.0 per cent. and 0.3 per cent. respectively, of the Issuer Group’s total operating revenue for the same periods.

- **Project Construction.** As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has undertaken a series of major construction projects within Guancheng Hui District as designated by Guancheng Hui District Government, including construction of public infrastructure such as roads, schools and hospitals, and other projects including business parks and office buildings. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the project construction business was approximately RMB434.4 million, RMB255.7 million and RMB56.9 million, respectively, representing 14.5 per cent., 9.3 per cent. and 2.1 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.
- **Housing Development.** Designated by Guancheng Hui District Government, the Issuer Group has undertaken a series of major housing development projects within Guancheng Hui District. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the housing development business was approximately nil, RMB113.5 million and nil, respectively, representing nil, 4.1 per cent. and nil, respectively, of the Issuer Group's total operating revenue for the same periods.
- **Trading Business.** The Issuer Group conducts trading business, which mainly involves the trading of electrolytic copper and zinc ingots. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the trading business was approximately RMB2,047.7 million, RMB2,017.2 million and RMB2,334.7 million, respectively, representing 68.3 per cent., 73.3 per cent. and 88.0 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.
- **Other Businesses.** In addition to the above-mentioned principal businesses, the Issuer Group also engages in other businesses, such as land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from other businesses was approximately RMB514.5 million, RMB308.6 million and RMB253.6 million, respectively, representing 17.2 per cent., 11.2 per cent. and 9.6 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

For the years ended 31 December 2022, 2023 and 2024, total operating revenue generated from the Issuer Group's business operation was approximately RMB2,996.7 million, RMB2,751.0 million and RMB2,653.4 million, respectively. As at 31 December 2022, 2023 and 2024, total assets of the Issuer Group were approximately RMB18.2 billion, RMB26.1 billion and RMB32.2 billion, respectively.

COMPETITIVE STRENGTHS

The Issuer Group believes that the following strengths are important to its success and future development.

Well-positioned to capitalise on the geographical advantage of Zhengzhou City and Guancheng Hui District and strong growth potential in the Central Plains Economic Region

Zhengzhou City is the capital city of Henan Province, located in the north-central part of Henan Province, and is an important central city in the central region of China, an important national comprehensive transportation hub, and a core city in the Central Plains Economic Region. Guancheng Hui District is located in the southeast of the main urban area of Zhengzhou City, bordering Zhongmu County in the east, Erqi District in the west, Xinzheng City in the south, and Jinshui District in the north. It is one of the five central urban areas of Zhengzhou and one of the five urban ethnic districts in the PRC. As of the end of 2024, the total area of Guancheng Hui District is 107 square kilometers, with 12 sub-district offices and one provincial-level economic and technological development district, with a permanent population of 834,800. Guancheng Hui District has convenient transportation and strong hub distribution function, with seven rail transit lines running through the whole territory of which four lines have been completed and

opened to traffic. There are five vertical and seven horizontal trunk roads in Guancheng Hui District, including Zijingshan Road, Zhongzhou Avenue, Longhai Expressway and South Third Ring Road, and expressway network extends in all directions. Guancheng Hui District is adjacent to Zhengzhou East Railway Station in the east, Zhengzhou Central Station in the west, and Xinzheng Airport in the south. The one-and-a-half-hour “traffic circle” in Guancheng Hui District can cover two-thirds of China’s major cities and three-fifths of the population, forming an integrated transportation network that is externally connected, smooth, convenient and efficient.

Zhengzhou City’s industrial economy supported by seven leading industries such as automobile and equipment manufacturing industry and electronic information industry has maintained rapid development, and the tertiary industry led by modern logistics industry and financial industry has developed rapidly and has strong economic strength. Guancheng Hui District is the commercial centre of Zhengzhou City, with a well-developed commerce and trade industry, and the service industry accounted for 75.8 per cent. of the three industries. With Asia’s largest garment wholesale base “Yinji Trade City”, the largest food department store wholesale market in the central and western regions “Bairong World Trade Mall”, Asia’s largest bus production base “Yutong Bus” and the largest gold and jewelry trading base in the six central provinces. In recent years, there are 974 major projects landing in Guancheng Hui District, with the total investment reaching RMB270.0 billion and the total number of market entities in the region reaching 130,000. Emerging industries are booming, the digital economy is beginning to take shape, and the industrial structure of Guancheng Hui District continues to be optimised and develop. According to Zhengzhou City Statistics Bureau, for the years ended 31 December 2022, 2023 and 2024, Zhengzhou City recorded a GDP of approximately RMB12,73.6 billion, RMB1,361.8 billion and RMB1,453.2 billion, respectively, representing a year-on-year growth of 0.9 per cent., 7.4 per cent. and 5.7 per cent., respectively, for the same periods. In 2024, as published by Guancheng Hui District Government, Guancheng Hui District recorded a GDP of approximately RMB80.5 billion, representing a 4.8 per cent. increase as compared to the previous year.

As an important government investment and implementation entity of major infrastructure projects in Guancheng Hui District, Zhengzhou City, the Issuer mainly undertakes important tasks in land development, housing development and the construction of infrastructure projects such as roads, schools, hospitals, business parks and office buildings within the region. Over the years, the Issuer Group has established standardised land development, project construction and housing development procedures and comprehensive financial management practices which cover the entire life cycle of a construction project, focusing on quality control and optimising cash position, to ensure the consistent high quality and cost control of its land development, project construction and housing development businesses.

The Issuer Group believes that proven development capabilities, standardised construction and development procedures and comprehensive financial management practices, in addition to strong support from Guancheng Hui District Government, provide it with a competitive advantage over its rivals in Guancheng Hui District, allowing the Issuer Group to further replicate its success and create brand recognition.

The Issuer Group believes that the unique geographical location of Guancheng Hui District and Zhengzhou City, the strong foundation of the manufacturing industry in Guancheng Hui District, their economic integration with fast-growing economic circles and the increasing purchasing power in the region have given rise to opportunities for continuous urbanisation and infrastructure development in the region, which, in turn, is expected to drive the future growth of the Issuer Group.

Close relationship with, and strong support (excluding credit support) from, Guancheng Hui District Government

The manufacturing industry in Guancheng Hui District has a strong foundation and its economy has maintained steady growth in recent years. As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has extensive connections with Guancheng Hui District Government and other entities directly or indirectly controlled by it (together, “**Guancheng Hui District Government and its controlled entities**”). The Issuer Group has been commissioned by Guancheng Hui District Government and its controlled entities to participate in the land development, project construction, housing development and other businesses in the Guancheng Hui District with a vision to implement the development blueprint of Guancheng Hui District Government in this region. The Issuer Group believes that its close relationship with Guancheng Hui District Government and its controlled entities will enable it to remain closely aligned with the social and economic development of Guancheng Hui District, and to benefit from the business opportunities emerging from the local development.

In addition to the abovementioned business opportunities, the Issuer Group has also received strong support from the Guancheng Hui District Government and its controlled entities in the form of, among others, favourable policies, government grants and subsidies, tax incentives, asset transfers and capital injections. See “*Description of the Issuer Group – History and Development*” for more details of asset transfers and capital injections received by the Issuer Group. In particular, for the years ended 31 December 2022, 2023 and 2024, the aggregate amount of government subsidies received by the Issuer Group, which were recognised as “non-operating income” and “other income” by the Issuer Group, amounted to RMB1.1 million, RMB9.2 million and RMB110.3 million, respectively.

The Issuer Group believes that the strong support (excluding credit support) from the Guancheng Hui District Government and its controlled entities greatly enhanced the financial stability, creditworthiness and competitiveness of the Issuer Group, which, in turn, is expected to contribute to the future growth of the Issuer Group.

Diversified financing channels with sound capital structure

The Issuer Group funds its business operations primarily through a variety of financing channels, such as bank loans. Over the years, the Issuer Group has cultivated cooperative relationships with many reputable banks in the PRC including China Development Bank, Hengfeng Bank, Industrial and Commercial Bank of China, Bank of Communications, Zhengzhou Bank and Zhongyuan Bank, etc. As at 31 December 2024, the Issuer Group had total credit facilities of approximately RMB17.1 billion, of which approximately RMB6.5 billion had not been utilised.

Leveraging its excellent reputation and credibility, the Issuer Group has also been actively exploring other financing channels to further diversify its sources of funding. Engaging in direct financing activities in the financial markets has helped lower the Issuer Group’s financing cost and thus improve the efficiency in the utilisation of funds.

In addition, the Issuer Group closely monitors its capital structure and manages the duration of its indebtedness to ensure liquidity and sustainable funding. As at 31 December 2024, the Issuer Group’s total interest-bearing indebtedness primarily comprising short-term loans, interest-bearing current portion of non-current liabilities, interest-bearing other payables, interest-bearing other current liabilities, long-term loans, and interest-bearing long-term payables was approximately RMB12,767.9 million, of which RMB3,975.5 million would become due within 12 months.

The Issuer Group believes that it will continue to have access to sufficient capital to support its business, as an important asset management platform in Guancheng Hui District that facilitates the unified management and operation of state-owned productive assets.

Comprehensive and diversified business portfolio with a balanced revenue structure

The Issuer Group benefits from its diversified income sources and operates within a balanced revenue structure. The Issuer Group cuts across a variety of business sectors, including (i) land development, (ii) project construction, (iii) housing development, (iv) trading business as well as (v) other businesses.

As the Issuer Group's diversified business portfolio covers a broad spectrum of businesses, the Issuer Group is well positioned to address a full spectrum of customer needs and is protected from the effects of potential adverse events affecting the macro economy or a specific business sector. This allows the Issuer Group to optimise its resource allocation, capture profits and growth opportunities and increase the Issuer Group's overall competitiveness. The Issuer Group believes that its diversified business portfolio and sizeable operations enhance its capabilities and continues to prepare the Issuer Group for continuous growth and sustainable development.

Robust corporate governance framework with experienced directors, supervisors and senior management team

The Issuer Group has established a robust corporate governance framework which is in line with the modern corporate governance practice. Its corporate governance framework covers various aspects of the Issuer Group's daily operations, spanning across governance structure and accountability, accounting and financial control, guarantee management, related-party transaction management, construction safety supervision, use of funds management and information disclosure system. The Issuer Group believes that its robust corporate governance framework lays a solid foundation for its future growth.

Moreover, the Issuer Group is supported by personnel with extensive experience in business operation and management. On average, the directors and senior management team of the Issuer Group have over ten years of experience in business management in the industries where the Issuer Group operates. Furthermore, the directors, supervisors and senior management team of the Issuer Group come from a broad range of backgrounds. Their rich experience complements each other's advantages, and their leadership constitutes strong support for the Issuer Group's development. See "*Directors, Supervisors and Senior Management of the Issuer*" for more details.

The Issuer Group believes that experienced directors, supervisors and senior management team have been, and will continue to be, one of the essential attributes in maintaining its steady growth in recent years.

BUSINESS STRATEGIES

The Issuer Group is committed to continuously enhancing its sustainable development capabilities, promoting the economic development of Guancheng Hui District, and taking on its social responsibilities. It aims to not only increase the value of the state-owned assets but also prioritise benefiting people's livelihoods, taking consideration of both economic and social benefits, and strives to play an active role in the industrial upgrading and urban development of Guancheng Hui District. To achieve this goal, the Issuer Group intends to focus on the following business strategies.

Continuing its focus on the development of land development, project construction, housing development and related core businesses, and further diversifying its business portfolio and enhancing synergies among its business segments

As a key entity responsible for the construction and engineering of infrastructure projects and the development and operations of urban resources in Guancheng Hui District, the Issuer Group plans to continue its focus on its core business with a special focus to develop industries with strategic importance and explore industries with market prospectus. The Issuer Group intends to continue to reserve and develop high quality projects and to diversify its business portfolio by expanding into industries that will provide synergies with the Issuer Group's primary businesses. A diversified and integrated business portfolio is expected to enable the Issuer Group to further increase its capabilities to manage and integrate resources and acquire business opportunities in all stages and all aspects of the urban development process in Guancheng Hui District. Supported by the Issuer Group's extensive experience and strong execution ability, the Issuer Group believes it is well positioned to tap into these areas and transform into a comprehensive urban developer with strong market competitiveness.

Further streamlining the Issuer Group's business operations and management procedures

The Issuer Group intends to continue to streamline its business operations by refining its operational procedures to enhance its operational efficiency and improve the quality of its services. The Issuer Group will also develop more systematic and standardised management procedures, in particular, those relating to the implementation of business strategies, business decision-making, risk control and performance assessment, so as to further increase its capability in terms of corporate management and internal control.

In addition, the Issuer Group aims at improving the effectiveness of its project management to further enhance its overall operational efficiency. The Issuer Group plans to improve its profitability through implementing effective cost control, optimising resources management and improving capital efficiency. The Issuer Group will also focus on building up an innovative sales and marketing system and continue to diversify its business portfolio.

Furthermore, the Issuer Group strives to cultivate an inclusive working environment where its employees share their experience and expertise. The Issuer Group will continue to invest in talent management and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantage.

Further strengthening the Issuer Group's existing sources of funding and explore new financing channels

The Issuer Group has traditionally funded its business operations primarily through a variety of financing channels, such as bank loans. Over the years, the Issuer Group has cultivated cooperative relationships with many reputable banks in the PRC including China Development Bank, Hengfeng Bank, Industrial and Commercial Bank of China, Bank of Communications, Zhengzhou Bank and Zhongyuan Bank, etc. Looking forward, the Issuer Group intends to strengthen its existing close and long-lasting relationships with banks and other financial institutions. In the meantime, the Issuer Group plans to actively explore new financing channels, such as issuing debt securities in the international markets, so as to diversify its sources of funding and secure funding on more favourable terms to grow its business in a more cost-effective way and improve the efficiency in the utilisation of funds.

RECENT DEVELOPMENTS

Indebtedness incurred since 31 December 2024

Subsequent to 31 December 2024, the Issuer Group has, in the ordinary course of business, made additional financing arrangements to finance its business development and for general corporate purposes. For example, on 8 April 2025, the Issuer Group issued U.S.\$39,000,000 7.2 per cent. bonds due 2028. For details, please see descriptions under the “*Capitalisation and Indebtedness of the Issuer Group*”.

Financial results of the Issuer as at and for the six months ended 30 June 2025

The Issuer prepared its consolidated financial information as at and for the six months ended 30 June 2025 (the “**June 2025 Financial Information**”) in Chinese only in accordance with PRC GAAP and was not reviewed or audited by the Issuer's independent auditors. The June 2025 Financial Information is not included in and does not form part of this Offering Circular and has not been reviewed or audited. Consequently, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such financial statements or their sufficiency for an assessment of the Issuer's or the Issuer Group's financial condition and results of operations. Potential investors must exercise caution when using such trends to evaluate the Issuer's or the Issuer Group's financial condition and results of operations. Such information should not be taken as an indication of the expected financial condition or results of operations of the Issuer or the Issuer Group for the full financial year ending 31 December 2025. See “*Risk Factors – Risks Relating to the Issuer Group's Business – The Issuer Group prepared and may publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.*”

As at 30 June 2025, the Issuer Group's total assets increased as compared to the balance as at 31 December 2024. As compared to 31 December 2024, the Issuer Group recorded increases in total current liabilities and total non-current liabilities as at 31 December 2024, primarily due to the increase of financing for operational and strategic needs.

For the six months ended 30 June 2025, the Issuer Group recorded a stable increase in its total operating income and non-operating income as compared to the same period in 2024, and the Issuer Group's total operating costs increased correspondingly. The Issuer Group's total operating profit and net profit for the six months ended 30 June 2025 recorded increases compared with the corresponding period in 2024.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER GROUP

The following table sets forth the summary consolidated financial information of the Issuer Group as at and for the periods indicated.

The audited consolidated financial statements as at and for the years ended 31 December 2023 and 2024 (which have been audited by SZCX) have been prepared and presented in Chinese in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. Accordingly, potential investors must exercise caution when using such consolidated financial statements to evaluate the Issuer Group's financial condition and results of operations. For a summary of certain differences, see "Summary of Certain Differences between PRC GAAP and IFRS".

Starting from 1 January 2023, the Issuer has adopted "Interpretation No. 16 of the Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31) (企業會計準則解釋第16號), issued on 30 November 2022, and made retrospective adjustments to certain financial statement figures for the year ended 31 December 2022. See "III. (33) Explanation of accounting policy, accounting estimate changes, and error corrections – (i) Changes of accounting policies" in the notes to the Issuer's 2023 Audited Financial Statements for further details. Unless specified otherwise, such financial information as at and for the year ended 31 December 2022 used in this Offering Circular derives from the Issuer's 2023 Audited Financial Statements (which has been restated). See also "Risk Factors – General Risks Relating to the Issuer Group's Business – The Issuer's Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.".

The selected financial information of the Issuer Group as at and for the years ended 31 December 2022, 2023 and 2024 have been derived from the English translation of such consolidated financial statements (the "Issuer's Translated Financial Statements"). The English translation of such consolidated financial statements, the auditors' reports and the related notes have been included elsewhere in this Offering Circular.

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them has independently verified or checked the accuracy of the Issuer's Translated Financial Statements and can give no assurance that the information contained in the Issuer's Translated Financial Statements is accurate, truthful or complete. Potential purchasers must exercise caution when using such financial information to evaluate the financial condition, results of operations and prospects of the Issuer Group.

The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's Translated Financial Statements included elsewhere in this Offering Circular. Historical results of the Issuer Group are not necessarily indicative of results that may be achieved for any future period.

SUMMARY OF AUDITED CONSOLIDATED BALANCE SHEET OF THE ISSUER GROUP

	As at 31 December		
	2022	2023	2024
	RMB (audited)		
Current assets			
Monetary funds	915,651,219.25	1,090,995,990.49	1,053,532,544.63
Notes receivable	—	—	—
Accounts receivable	705,637,683.04	955,621,090.67	966,726,956.82
Prepayments	553,875,204.75	943,729,647.99	2,496,509,722.92
Other receivables	354,019,429.88	581,408,747.60	1,281,706,616.69
Inventories	11,309,528,611.69	16,040,399,533.41	18,602,031,827.91
Contract assets	—	—	—
Other current assets	30,173,145.59	76,671,170.31	230,347,189.94
Total current assets	13,868,885,294.20	19,688,826,180.47	24,630,854,858.91
Non-current assets			
Long-term receivables	—	—	126,800,926.89
Long-term equity investments	92,728,696.30	92,741,390.85	128,522,740.25
Other equity instruments investments	411,453,190.00	411,453,190.00	441,453,190.00
Investment properties	1,225,864,901.18	1,301,431,700.00	2,151,888,378.22
Fixed assets	165,659,980.91	146,335,673.03	132,611,006.32
Construction in progress	662,147,563.34	1,385,116,420.83	1,491,653,973.81
Right-of-use asset	3,516,142.86	121,536,810.64	112,390,597.80
Intangible assets	23,591,494.18	25,097,908.98	51,653,497.68
Goodwill	—	—	—
Long-term prepaid expenses	2,501,187.96	3,265,749.92	33,753,018.48
Deferred tax assets	9,353,858.74	39,710,707.28	39,108,405.40
Other non-current assets	1,692,547,186.29	2,850,847,785.42	2,835,954,451.95
Total non-current assets	4,289,364,201.76	6,377,537,336.95	7,545,790,186.80
Total assets	18,158,249,495.96	26,066,363,517.42	32,176,645,045.71
Current liabilities			
Short-term borrowings	569,679,000.00	1,138,550,000.00	1,889,470,557.26
Notes payable	20,000,000.00	25,000,000.00	—
Accounts payable	161,929,775.15	462,298,883.75	386,256,343.08
Receipts in advance	—	354,195.79	465,358.29
Contract liabilities	3,330,894,516.77	3,061,420,449.23	3,195,198,236.25
Payroll and employee benefits payable	2,994,549.48	2,539,111.78	2,521,096.92
Taxes payable	62,265,606.56	45,786,309.12	34,097,752.34
Other payables	874,591,417.85	2,929,848,233.17	4,439,024,379.61
Current portion of non-current liabilities	804,414,117.50	1,162,836,882.96	1,950,235,661.07
Other current liabilities	—	—	150,045,351.50
Total current liabilities	5,826,768,983.31	8,828,634,065.80	12,047,314,736.32
Non-current liabilities			
Long-term borrowings	2,025,500,000.00	4,070,215,996.00	5,861,831,996.00
Lease liabilities	2,782,243.87	103,517,622.79	96,080,577.23
Long-term payables	1,500,638,800.37	2,801,057,961.48	2,932,919,250.55
Deferred income	39,692,000.00	40,035,933.78	—
Deferred tax liabilities	85,974,200.29	131,751,000.08	136,070,477.76
Other non-current liabilities	165,757,105.35	83,165,475.57	125,466,673.42
Total non-current liabilities	3,820,344,349.88	7,229,743,989.70	9,152,368,974.96
Total liabilities	9,647,113,333.19	16,058,378,055.50	21,199,683,711.28
Shareholder's equity			
Paid-in capital	1,387,846,000.00	1,387,846,000.00	1,387,846,000.00
Capital reserve	6,972,277,628.62	8,685,296,590.38	9,695,981,076.98
Other comprehensive income	108,534,940.51	131,075,769.81	134,383,110.01
Surplus reserve	22,266,569.06	22,266,569.06	22,266,569.06
Undistributed profits	(88,919,761.05)	(330,983,213.84)	(378,602,540.53)
Non-controlling interests	109,130,785.63	112,483,746.51	115,087,118.91
Total shareholders' equity	8,511,136,162.77	10,007,985,461.92	10,976,961,334.43
Total liabilities and shareholders' equity	18,158,249,495.96	26,066,363,517.42	32,176,645,045.71

SUMMARY OF AUDITED CONSOLIDATED INCOME STATEMENT OF THE ISSUER GROUP

	Year ended 31 December		
	2022	2023	2024
		<i>RMB (audited)</i>	
Total revenue	2,996,651,617.45	2,750,980,123.45	2,653,395,075.52
Total cost of sales	(2,903,835,148.95)	(2,713,974,963.98)	(2,699,642,672.93)
Cost of sales	(2,760,042,745.22)	(2,594,674,727.02)	(2,524,664,805.55)
Taxes and surcharges	(10,677,896.35)	(17,731,268.98)	(21,147,117.77)
Selling expenses	(7,165.05)	(2,519,738.00)	(19,115,519.84)
General and administrative expenses	(70,141,028.42)	(90,039,942.73)	(101,302,176.78)
Research and development (R&D) expenses	—	(3,135,908.53)	(4,579,127.74)
Financial expenses	(62,966,313.91)	(5,873,378.72)	(28,833,925.25)
Interest expense	(67,855,824.43)	(7,365,620.70)	(29,129,320.41)
Interest income	5,212,710.01	1,957,778.84	4,870,997.21
Other income	974,945.00	9,177,471.84	1,322,598.32
Investment income	704,206.71	12,694.55	35,439,520.30
Gains on changes in fair value	12,667,800.00	31,127,517.08	25,980,525.00
Credit impairment gains/(losses)	3,035,200.47	(5,451,838.62)	(6,293,682.24)
Assets impairment losses	—	—	—
Gains/(losses) from disposal of assets	(109,579.08)	3,614,824.96	(65,131.95)
Operating profit	110,089,041.60	75,485,829.28	10,136,232.02
Non-operating income	645,727.78	1,158,023.96	109,286,724.32
Non-operating expenses	(587,961.16)	(1,231,180.93)	(17,516,862.54)
Profit/(loss) before tax	110,146,808.22	75,412,672.31	101,906,093.80
Income tax expense	(39,595,887.03)	(20,788,695.26)	(41,558,783.47)
Net profit/(loss)	70,550,921.19	54,623,977.05	60,347,310.33
Total comprehensive income	70,702,521.65	54,779,749.05	63,654,650.53

SUMMARY OF AUDITED CONSOLIDATED CASH FLOW STATEMENT OF THE ISSUER GROUP

	Year ended 31 December		
	2022	2023	2024
		<i>RMB (audited)</i>	
Net cash flows from operating activities	(3,311,468,470.79)	(3,336,465,693.47)	(2,181,515,269.09)
Net cash flows from investing activities	(775,260,105.24)	(988,630,810.04)	(2,345,010,698.42)
Net cash flows from financing activities	4,648,509,648.87	4,475,440,412.80	4,184,059,562.62
Net increase in cash and cash equivalents	561,781,072.84	150,343,909.29	(342,466,404.89)
Cash and cash equivalents at beginning of year	353,725,053.84	915,506,126.68	1,065,850,035.97
Cash and cash equivalents at end of year	915,506,126.68	1,065,850,035.97	723,383,631.08

THE OFFERING

The following summary contains some basic information about the Bonds and is qualified in its entirety by the remainder of this Offering Circular. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular.

Issuer	Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司).
Guarantor	Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司)
Issue	CNY710,000,000 5.0 per cent. Guaranteed Bonds due 2028.
Issue Price	The Bonds will be issued at 100.0 per cent. of their principal amount.
Form and Denomination	The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.0 per cent. per annum, payable semi-annually in arrear on 25 February and 25 August in each year, commencing on 25 February 2026. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined in Condition 5 (<i>Interest</i>) of the Terms and Conditions), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.
Issue Date	25 August 2025.
Final Redemption	The Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 25 August 2028.
Status of the Bonds	The Bonds will constitute direct, general, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions, at all times rank at least equally with all its other present and future direct, general, unsubordinated, unconditional and unsecured obligations.
Status of the Guarantee	The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (<i>Negative Pledge</i>), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Events of Default	Upon the occurrence of certain events of default, as further described in “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”, the Trustee at its absolute discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (provided in any such case that the Trustee shall have been indemnified and/or secured and/or pre-funded to its satisfaction), give notice in writing to the Issuer that the Bonds are due and payable. Upon any such notice being given to the Issuer, the Bonds shall immediately become due and payable at their principal amount together (if applicable) with any accrued and unpaid interest.
Cross-Default	The Bonds are subject to a cross-default provision in relation to the Issuer and a cross-default provision in relation to the Guarantor as further described in Condition 9(c) (<i>Cross-Default of the Issuer</i>) and Condition 9(d) (<i>Cross-default of the Guarantor</i>) of the Terms and Conditions, respectively.
Taxation	All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC or any political subdivision or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8 (<i>Taxation</i>) of the Terms and Conditions.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 18 August 2025 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding for or on account of any tax, duty, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at the rate in excess of the Applicable Rate, then the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantor, as the case may be) in the circumstances as further described in Condition 8 (*Taxation*) of the Terms and Conditions.

Redemption for Taxation**Reasons**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice in accordance with Condition 16 (*Notices*) of the Terms and Conditions to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with any accrued and unpaid interest to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) of the Terms and Conditions as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 August 2025, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions.

Redemption for Relevant Events .

At any time following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions) at 101 per cent. (in the case of a redemption for a Change of Control Event (as defined in the Terms and Conditions)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions)) of their principal amount, together with accrued and unpaid interest to, but excluding such Put Settlement Date, as further described in Condition 6(c) (*Redemption for Relevant Events*) of the Terms and Conditions.

Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them, the timing for complying with the Registration Conditions (as defined in the Terms and Conditions) and the making of the SAFE Registration (as defined in the Terms and Conditions), the making or submission of the NDRC Post-issue Filing (as defined in the Terms and Conditions) and the related notification to the Trustee and the Bondholders thereof) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds, as further described in Condition 15 (*Further Issues*) of the Terms and Conditions.

Any further bonds forming a single series with the outstanding bonds of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

Clearing System.	The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of the Bonds.
Listing.	Application will be made to MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to MOX Professional Investors only.
Clearance and Settlement	The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 315108560 and the ISIN for the Bonds is XS3151085605.
Trustee	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent	China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司).
Notices.	So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and/or Clearstream or any Alternative Clearing System, notices to the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear and/or Clearstream or any Alternative Clearing System, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Terms and Conditions, and shall be deemed to have been given on the date of delivery to such clearing system.
Governing Law	English law.
Jurisdiction	Exclusive jurisdiction of the Hong Kong courts.
Selling Restrictions	The Bonds and the Guarantee have not been and will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “ <i>Subscription and Sale</i> ”.
Ratings	CSPI Ratings has assigned long-term credit rating of BBB to the Issuer, with stable outlook. Such ratings are not recommendations to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
LEI	83680048V2ET11T91M79.

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Prior to making any decision to invest in the Bonds, investors should carefully consider all of the information contained in this Offering Circular and, in particular, the risks and uncertainties described below. The following describes some of the significant risks that could affect the Issuer Group, the Guarantor Group and the value of the Bonds. Some risks may be unknown to the Issuer and other risks, currently believed to be immaterial, could in fact be material. Any of these could materially and adversely affect the business, financial condition, results of operations or prospects of the Issuer Group, the Guarantor Group or the value of the Bonds. The market price of the Bonds could decline due to any of these risks, and investors may lose part or all of their investment. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer Group and/or the Guarantor Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular. The Issuer Group or the Guarantor Group is affected materially by requirements and restrictions that arise under PRC laws, regulations, judicial interpretations and government policies in nearly all aspects of its business in the PRC.

None of the Issuer, the Guarantor, nor the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them represents that the statements below regarding the risk factors of holding any Bonds and giving the Guarantee are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

GENERAL RISKS RELATING TO THE ISSUER GROUP'S BUSINESS

The Issuer Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Zhengzhou City, in particular Guancheng Hui District, and the PRC.

The Issuer Group's business and assets are highly concentrated in Guancheng Hui District of Zhengzhou City, Henan Province, focusing on land development, project construction, housing development, trading business and other businesses. Therefore, its business, financial condition, results of operations and prospects have been and will continue to be heavily dependent on the level of economic development in Zhengzhou City, in particular Guancheng Hui District, and the PRC in general. The PRC's economy has experienced rapid growth in the past 40 years; however, there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC (國家資料統計局), the annual growth rate of the PRC's GDP slowed down from 7.7 per cent. in 2013 to 5.0 per cent. in 2024. During the same period, the annual growth rate of GDP in Zhengzhou City slowed down from 10.4 per cent. to 5.7 per cent. and the annual growth rate of GDP in the Guancheng Hui District slowed down from 7.1 per cent. to 4.8 per cent. according to Zhengzhou City Statistics Bureau (鄭州市統計局) and Guancheng Hui District Statistics Bureau (管城回族區統計局), respectively. However, it is difficult to predict how economic development in Guancheng Hui District and Zhengzhou City will be affected by such slowdown in the growth of the PRC economy, and there can be no assurance that the policies and measures adopted by the PRC government will be effective in stimulating the recovery of the PRC economy. There is no assurance that the level of economic development in Guancheng Hui District, Zhengzhou City and the PRC will continue to grow at the same rates seen in previous years. Any further slowdown in the economic development in Guancheng Hui District, Zhengzhou City and the PRC may affect their development plans, which may in turn decrease the demand for the Issuer Group's business and adversely affect the Issuer Group's business, financial condition, results of operations and prospects, given that the Issuer Group's business and prospects depend, to a large extent, upon the public spending on urban development and construction in Guancheng Hui District of Zhengzhou City.

The Guancheng Hui District Finance Bureau is the sole shareholder of the Issuer. The Issuer Group is tasked to implement land development, project construction and housing development plans of Guancheng Hui District Government. The Issuer Group's business and prospects are affected by the budget and spending of Guancheng Hui District Government on such projects. There are many factors affecting the amount, timing and priority of the budget and spending of Guancheng Hui District Government on land development, project construction and housing development, such as national and regional policies on relevant industries, as well as fiscal and monetary policies. Government budget and spending is also affected by government revenue, which in turn is affected by the general economic conditions. Any slowdown in the economic growth in the PRC or, in particular, Zhengzhou City or Guancheng Hui District may adversely affect the fiscal condition and revenue of Guancheng Hui District Government, which may in turn cause Guancheng Hui District Government to reduce its budget and spending on land development, project construction and housing development projects. In such case, the Issuer Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC regulations on the administration of local government debt may have a material adverse effect on the Issuer Group's financing and business models.

The PRC government has in recent years issued multiple regulations intended to restrict the ability of local governments to use state-owned enterprises to incur debt that should be directly incurred by government bodies. These regulations include the Opinion of the State Council on Enhancing the Administration of Fiscal Debts of Local Governments (Guo Fa [2014] No. 43) (國務院關於加強地方政府性債務管理的意見(國發[2014]43號)) (“**Circular 43**”) released on 21 September 2014, the Circular on Further Regulating the Debt Financing Activities of Local Governments (Cai Yu [2017] No. 50) (關於進一步規範地方政府舉債融資行為的通知(財預[2017]50號)) (“**Circular 50**”) jointly issued by the MOF, the NDRC, the Ministry of Justice of the PRC, the PBOC, the China Banking Regulatory Commission (subsequently reorganised into the China Banking and Insurance Regulatory Commission) and the China Securities Regulatory Commission on 26 April 2017, the Circular on Firmly Curbing Local Governments' Illegal Financing Activities in the Name of Government Procurement of Services (Cai Yu [2017] No. 87) (關於堅決制止地方以政府購買服務名義違法違規融資的通知(財預[2017]87號)) (“**Circular 87**”) issued by the MOF on 28 May 2017, the Notice on the Investment and Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises (Cai Jin [2018] No. 23) (關於規範金融企業對地方府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) issued by the MOF on 28 March 2018, the Circular of the National Development and Reform Commission and the Ministry of Finance on the Improvement of Market Regulatory Regime and Strict Prevention of Risks Relating to Foreign Debt and Local Government Indebtedness (Fa Gai Wai Zi [2018] No. 706) (國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) (“**Circular 706**”) jointly issued by the NDRC and the MOF on 11 May 2018, the Guiding Opinion on Strengthening the Asset and Liability Constraints of State-Owned Enterprises (中共中央辦公廳、國務院辦公廳《關於加強國有企業資產負債約束的指導意見》) (the “**Joint Opinion**”) jointly issued by the General Office of the Central Committee of the Communist Party of China and the State Council on 13 September 2018, and the Circular on Filing Requirements with respect to Application for Foreign Debt Issuance by Local State-owned Enterprises (Fa Gai Ban Wai Zi [2019] No. 666) (國家發展改革委辦公廳關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) (“**Circular 666**”) issued by the General Office of the NDRC on 6 June 2019 and the Guidelines for Banking and Insurance Institutions to Further Prevent and Defuse the Risks of Implicit Local Government Debt (Yin Bao Jian Fa [2021] No. 15) (銀行保險機構進一步做好地方政府隱性債務風險防範化解工作的指導意見(銀保監發[2021]15號)) issued by the CBIRC (“**Circular 15**”) (together with Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion, Circular 666 and Circular 15, the “**Debt Control Circulars**”).

Circular 50 reaffirmed the Circular 43 policy that local governments are not permitted to use any means other than local government bonds for debt financing and are prohibited from requesting or ordering enterprises to issue debt on behalf of local governments. Circular 87 required that local governments and their departments shall not take advantage of, or fabricate contracts for, government procurement of services in such a manner that conceals an underlying objective of raising funds for construction projects. Circular 23 and Circular 706 established policies for foreign debt issuance, including the prohibition against public assets being included as enterprise assets and restrictions on making disclosure in offering circulars that imply government endorsement on the relevant debt or any association of the enterprise issuer with the government's credit. The Joint Opinion, consistent with Circular 43 and Circular 50, bans local governments from engaging in “disguised” borrowing by using state-owned enterprises to issue corporate debt on their behalf.

The Issuer Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debt. Accordingly, the Issuer Group should rely on the cash flow generated from its operations and external borrowings to finance its operations and to satisfy its liquidity needs. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, none of the Guancheng Hui District Finance Bureau, Guancheng Hui District Government or any other PRC governmental authorities or entities has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer and the obligations of the Issuer. In the event that the Issuer does not fulfil its obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer and its assets, and not any other person, including the Guancheng Hui District Finance Bureau, Guancheng Hui District Government or any other PRC governmental authorities or entities. The Bondholders shall have no recourse to the Guancheng Hui District Finance Bureau, Guancheng Hui District Government or any other PRC governmental authorities or entities in respect of any obligation arising out of or in connection with the Bonds or the transaction documents relating to the Bonds. In addition, the controlling relationships between the Issuer and its sole shareholder, which are under the administration of Guancheng Hui District Government, do not necessarily correlate to, or provide any assurance as to the Issuer and the Issuer Group's financial conditions. The repayment obligations under the Bonds remain the sole obligations of the Issuer.

The PRC government may continue to release new policies or amend existing regulations to control the incurrence of local governmental debt. There is no assurance that the Issuer Group's financing and business model and its indebtedness will not be materially affected by future changes in the regulatory regime concerning the local state-owned enterprises in response to such regulations.

Guancheng Hui District Finance Bureau and Guancheng Hui District Government can exert significant influence over the Issuer Group and may not act in the best interests of the Issuer Group.

The Guancheng Hui District Finance Bureau is the sole shareholder of the Issuer. As the Issuer's sole shareholder, the Guancheng Hui District Finance Bureau participates in and closely monitors the Issuer Group's decision-making process for key projects, reviews the Issuer Group's development strategies and investment plans, and appoints and conducts appraisals on the directors of the Issuer. Because of the involvement of the Guancheng Hui District Finance Bureau in the affairs of the Issuer Group, the Issuer Group may not be able to make decisions or operate its business in the manner that is in its best interests or that aims to maximise its profits.

In addition, Guancheng Hui District Finance Bureau and Guancheng Hui District Government may also exert significant influence on the Issuer Group's major business decisions and strategies, including the scope of their operations, investment decisions and dividend policies. There is no assurance that Guancheng Hui District Finance Bureau and Guancheng Hui District Government would always make decisions in the Issuer Group's best interests or with the aim of maximising the Issuer Group's profits. For example, Guancheng Hui District Finance Bureau and Guancheng Hui District Government may influence the Issuer Group's business and strategies in a manner beneficial to Guancheng Hui District as a whole but not necessarily in the Issuer Group's best interests. Guancheng Hui District Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Issuer Group's business, financial conditions, results of operations and prospects.

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

With the Guancheng Hui District Finance Bureau registered as its sole shareholder, the Issuer, together with its subsidiaries, regularly receives financial support and preferential treatment from the Guancheng Hui District Finance Bureau and Guancheng Hui District Government. Such support may come in various forms, such as favourable policies, government grants and subsidies, tax incentives, asset transfers and capital injections. For the years ended 31 December 2022, 2023 and 2024, the aggregate amount of

government subsidies received by the Issuer Group, which were recognised as “non-operating income” and “other income” by the Issuer Group, amounted to RMB1.1 million, RMB9.2 million and RMB110.3 million respectively. There is no assurance that Guancheng Hui District Finance Bureau and Guancheng Hui District Government will continue to provide support to the Issuer Group or that the existing government support will not be adjusted or terminated, any of which may materially and adversely affect the Issuer Group’s business, financial condition, results of operations and prospects.

In addition, the controlling relationship between the Issuer Group and its sole shareholder, namely the Guancheng Hui District Finance Bureau, which is under the administration of the Guancheng Hui District Government, does not necessarily correlate to, or provide any assurance as to, the Issuer’s and the Issuer Group’s financial conditions. The repayment obligations under the Bonds remain the sole obligations of the Issuer.

Any public assets of the Issuer Group should not be taken into account when the Issuer Group’s business financial condition, results of operations and prospects are assessed.

According to the Circular 706, any public assets such as public schools, public hospitals, public cultural facilities, parks, public squares, office buildings of government departments and public institutions municipal roads, non-toll roads, non-operating water conservancy facilities, no-charge pipe network facilities and other public assets and the usage rights of reserve land (together, “**Public Assets**”) cannot be counted towards the Issuer Group’s assets for the purposes of issuing medium and long-term foreign debts. Certain assets to which the Issuer Group holds title serve public interest. As at 31 December 2024, the Issuer Group’s public interest assets amounted to approximately RMB135 million, representing approximately 0.4 per cent. of the Issuer Group’s total assets as at the same date. Potential investors should note that such amount of the Issuer Group’s public interest assets has not been audited by any auditor and as such potential investors must exercise caution when using or placing any reliance on such amount.

Prospective investors should not take into account the Issuer Group’s public interest assets when assessing the Issuer Group’s business, financial condition, results of operations and prospects as enforcement towards the Issuer Group’s public interest assets may involve uncertainties in the case of fulfilment of the Issuer due to the nature of such assets. The Issuer Group’s public interest assets have not been excluded from the Issuer’s Audited Financial Statements, and potential investors must therefore exercise caution when using such consolidated financial statements to evaluate the Issuer Group’s business, financial condition, results of operations and prospects. In addition, as at the date of the Offering Circular, the Issuer does not have any plan to dispose of the Issuer Group’s public interest assets. For the purposes of preparing the financial statements, the Issuer Group will continue to include all of its assets (including the public interest assets) in the financial statements in accordance with PRC GAAP. Bondholders must exercise caution when evaluating the Issuer Group’s business, financial condition, results of operations and prospects when reviewing the financial statements prepared by the Issuer Group.

Circular 706 further provides that (i) the punishment for enterprises and institutions involved in unlawful financing and guarantee shall be intensified; (ii) such enterprises shall be included in the blacklist of relevant fields and the national credit information sharing platform for publicity; (iii) trans-departmental joint disciplinary actions shall be implemented; (iv) notification shall be made in a timely manner; and (v) relevant liable parties shall be restricted from filing new applications for or participating in the recordation and registration of foreign debts. Given the limited volume of published decisions relating to Circular 706, the interpretation and implementation of Circular 706 involves uncertainties. In addition, there can be no assurance that the PRC government will not impose penalty on the Issuer Group according to Circular 706 or impose additional or stricter laws and regulations relating to foreign debt financing, which may increase the Issuer Group’s financing costs and in turn could materially and adversely affect the Issuer Group’s business, financial condition, results of operations and prospects.

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

The Issuer Group relies on a number of measures such as bank loans and cash flows generated from its operating activities to satisfy a portion of its capital requirements and the Issuer Group has a significant amount of outstanding indebtedness. As at 31 December 2024, the Issuer Group's total interest-bearing indebtedness (primarily comprising short-term loans, interest-bearing current portion of non-current liabilities, interest-bearing other payables, interest-bearing other current liabilities, long-term loans, and interest-bearing long-term payables) amounted to RMB12,767.9 million, representing 39.7 per cent. of the Issuer Group's total assets, of which RMB3,975.5 million would become due within 12 months.

Significant indebtedness may pose negative effects on the liquidity and financial condition of the Issuer Group in the long run. If the Issuer Group cannot obtain sufficient funding in commercially acceptable terms in the future, it may encounter liquidity distress, which may negatively affect the operations of the Issuer Group.

In addition, substantial indebtedness could impact the Issuer Group's business in a number of ways, including:

- requiring the Issuer Group to dedicate part of its operating cash flow to the service of its indebtedness;
- increasing the Issuer Group's finance costs, thus affecting the overall profits of the Issuer Group;
- limiting the Issuer Group's flexibility in planning for or responding to changes in the Issuer Group's business and the industries in which it operates;
- limiting, together with the financial and other restrictive covenants of the Issuer Group's indebtedness, among other things, the Issuer Group's ability to borrow additional funds; and
- increasing the Issuer Group's vulnerability to adverse general economic and industry conditions.

As the Issuer Group relies on a number of measures such as bank loans and cash flows generated from its operating activities to satisfy a portion of its capital requirements, it is subject to relatively high financing cost and repayment pressure of principal and interests. For the years ended 31 December 2022, 2023 and 2024, the Issuer Group's interest expenses amounted to RMB67.9 million, RMB7.4 million and RMB29.1 million, respectively. Such financing cost and repayment pressure may continue to increase in the future. If the Issuer Group cannot make sufficient profits, such high financing costs and repayment pressure may adversely affect the business, financial condition, results of operations and prospects of the Issuer Group.

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

Certain financing contracts entered into by members of the Issuer Group contain operational and financial restrictions on the Issuer Group or, as the case may be, the relevant subsidiary's business that prohibit the borrower from incurring additional indebtedness unless it is able to satisfy certain financial ratios, restrict the borrower from creating security or granting guarantees or prohibit the borrower from changing its business and corporate structure, without the lender's prior consent. The ability of the Issuer or any of its relevant subsidiaries (as borrower) to meet such financial restrictions may be affected by events beyond its control. Such restrictions may also negatively affect the Issuer Group's abilities to respond to changes in market conditions, take advantage of business opportunities the Issuer Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in its business. Any of these factors could materially and adversely affect the Issuer Group's abilities to satisfy its obligations under the Bonds and other debt.

If the Issuer or any of its relevant subsidiaries is unable to comply with the restrictions (including restrictions on future investments) and covenants in its current or future debt obligations and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the holders of the debt could terminate their commitments to the Issuer or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing contracts entered into by the Issuer or its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Issuer or any of its subsidiaries under any of such agreements may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under other debt agreements. If any of these events occurs, there can be no assurance that the Issuer or its subsidiaries will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flows of the Issuer or its subsidiaries would be sufficient to repay in full all of its debts as they become due, or that the Issuer or its subsidiaries would be able to find alternative financing. Even if the Issuer and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer or, as the case may be, its subsidiaries.

The Issuer Group's business, financial condition, results of operations, profitability and prospects are subject to effects of global economic events.

The outlook for the world economy and financial markets is uncertain. Economic conditions in the PRC are sensitive to global economic conditions, and it is impossible to predict how the PRC economy will develop in the future and whether it might slow down due to the global crisis or experience a financial crisis. Unfavourable financial or economic conditions, such as those caused by the global financial and economic crisis in the United States, Europe, Japan, the PRC, Hong Kong and other jurisdictions have had a corresponding effect on Asian financial markets and may continue to do so in the future. These include the withdrawal of the United Kingdom from the European Union (“**Brexit**”) effective on 31 January 2020, with the EU-UK Trade and Cooperation Agreement being agreed on 24 December 2020. In addition, during 2018 and 2019, the U.S. government imposed tariffs on Chinese imports, which then led the PRC to retaliate with tariffs on U.S. imports. Whilst the U.S. government and the PRC government subsequently entered into a “phase one” trade agreement in early 2020, the effect of previously imposed tariffs on the economy of the PRC and the U.S. may result in long-term structural shifts to the economies of both countries. In addition, the military conflict between Russia and Ukraine has resulted in an escalated regional instability, amplified the existing geopolitical tension among Russia and other countries in the region and in the west, as well as adversely affected commodity and other financial markets and the global economic conditions.

The outlook for the world economy and financial markets remains uncertain. The U.S. government has advocated greater restrictions on trade generally and significant increases on tariffs on certain goods imported into the United States, particularly from China, and has recently taken steps toward restricting trade in certain goods. The United States and China have been involved in disputes over trade barriers that have escalated into a trade war between the two countries. Both countries have implemented tariffs and other barriers on certain industries and products from the other, casting uncertainty over tariffs and barrier to entry for products on both sides. There are uncertainties as to when and whether the trade disputes will be resolved and the trade barriers lifted.

Instability in the global economy may materially and adversely affect markets that the Issuer Group operates in, which may lead to a decline in the income of investment, as well as the general demand for the Issuer Group's services and products. In addition, a reduction in liquidity in the global financial markets and in the PRC may negatively affect the Issuer Group's liquidity. Therefore, instability in the global economy may materially and adversely affect the Issuer Group's business, financial condition and results of operations.

The Issuer Group's business may be affected by natural disasters, epidemics and other acts of God.

The Issuer Group's business is subject to general economic and social conditions in the PRC, which may be adversely affected by natural disasters, epidemics and other acts of God which are beyond the Issuer Group's control. The occurrences of epidemics, such as the outbreak of COVID-19, Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A or H1N1) or H7N9 avian flu, depending on their scale, have caused and may continue to cause different degrees of damage to the national and local economies in the PRC.

In particular, the outbreak of COVID-19 caused delays in the resumption of local business in the PRC after the 2020 Chinese New Year holiday and, as the outbreak extended, several countries introduced restrictions on travel to and from China. The COVID-19 has spread all over the world and was declared as a pandemic on 11 March 2020 by the World Health Organisation. Governments of many countries (including the PRC) have declared a state of emergency, closed their borders to international travellers and issued stay-at-home orders with a view to containing the pandemic. See also “– *Risks Relating to the PRC – China has experienced a slowdown in its economic development and the future performance of China's economy is uncertain.*”

In addition, although the PRC government has announced a series of measures easing COVID-19 restrictions since December 2022, the strict administrative actions taken by local governments in the PRC to control the spread of COVID-19 in the past have caused adverse impact on the business of the PRC companies, including the Issuer Group. For example, the Issuer Group's land development, project construction and housing development projects were temporarily suspended during the pandemic. Moreover, supply of raw materials may be adversely affected due to the temporary shut-down of the operations of the Issuer Group's suppliers and the disrupted logistics operations. As a result, the completion of the Issuer Group's projects may be delayed, which might in turn result in substantial increases in the Issuer Group's costs for constructing or developing its projects and/or otherwise adversely affect profitability and cash flows of the Issuer Group. Furthermore, the Issuer Group's operations are highly concentrated in Guancheng Hui District, and any labour shortages, or slowdown in the growth of domestic consumption in Guancheng Hui District, Zhengzhou City or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Issuer Group.

Moreover, China experienced natural disasters such as earthquakes, floods and droughts in the past few years. For example, in May 2008 and April 2010, the PRC experienced earthquakes in Sichuan Province and Qinghai Province, respectively, resulting in the death of tens of thousands of people. In 2010, there were severe droughts in south-western China, resulting in significant economic losses in these areas. Any future occurrence of severe natural disasters in the PRC may adversely affect its economy and in turn the Issuer Group's business.

Failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Issuer Group's business and growth prospects.

The Issuer Group's business requires and will continue to require substantial capital expenditure. For the years ended 31 December 2022, 2023 and 2024, the Issuer Group's cash payments to acquire and construct fixed assets, intangible assets and other long-term assets amounted to RMB208.1 million, RMB992.5 million and RMB2,316.1 million, respectively. The Issuer Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans, other borrowings and equity contributions from its shareholder.

The ability of the Issuer Group to generate sufficient operating cash flow is affected by a number of factors, such as the Issuer Group's ability to manage and implement its business development plans, changes in general market conditions, regulatory environments, governmental policies and competition in the industries where the Issuer Group operates. Any material adverse change in these factors may cause the Issuer Group to experience a capital shortage. For the years ended 31 December 2022, 2023 and 2024, the Issuer Group experienced net cash outflow from operating activities, and there is no assurance whether this will occur again in the future, and whether the Issuer Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. Please also see “– *The Issuer Group has historically experienced net cash outflow from operating activities.*”

Insufficient cash flow generated from the Issuer Group's operating activities will increase the Issuer Group's reliance on external financing. As at 31 December 2024, the Issuer Group had total credit facilities of approximately RMB17.1 billion, of which approximately RMB6.5 billion had not been utilised. The Issuer Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the PRC's economic conditions, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Issuer Group's financial condition. Some of these factors are beyond the Issuer Group's control and there is no assurance that the Issuer Group will be able to raise sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. The Issuer Group may not be able to fund the capital expenditure necessary to implement its business development plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

The Issuer Group has historically experienced net cash outflow from operating activities.

For the years ended 31 December 2022, 2023 and 2024 the Issuer Group recorded net cash outflow from operating activities with the amount of approximately RMB3,311.5 million, RMB3,336.5 million and RMB2,181.5 million, respectively. The Issuer Group's net cash outflow from operating activities was primarily attributable to the capital intensive nature of the Issuer Group's business and the inherent time lag between investment and revenue recognition of various land development, project construction and housing development projects, and its cash expenses demand for its plenty of projects under construction and plan. There is no assurance that the Issuer Group will not record net cash outflows from operating activities again in the future, and any such cash outflow may have a material and adverse effect on the Issuer Group's liquidity, business, financial condition, results of operations and prospects. Consequently, the Issuer Group may rely on external financing to satisfy its working capital and capital expenditure, thus increasing its financial vulnerability, which could adversely affect the Issuer Group's financial condition and results of operations.

Most of the Issuer Group's business is operated in a single geographical region.

Most of the Issuer Group's current and anticipated business is operated in Zhengzhou City, in particular Guancheng Hui District. Any material region-wide adverse event may negatively impact the demand for projects conducted or services provided by the Issuer Group in Guancheng Hui District or Zhengzhou City, which would in turn affect the profitability of the Issuer Group. Such adverse events include, but are not limited to, changes in the economic conditions and regulatory environments, changes in the government's urban development plans and policies, any slowdown in the land development, project construction or housing development sectors, decrease in investor confidence within the region, significant natural disasters and other incidents. Due to the limited geographical coverage of its operations, the Issuer Group may not be able to effectively manage any potential losses arising from these region-wide adverse events, which may materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group faces risks associated with contracting with public bodies.

As an entity engaging in land development, project construction, housing development, trading business and other businesses in Guancheng Hui District, a considerable part of the Issuer Group's business activities is conducted with various governmental authorities and entities in Guancheng Hui District. A large portion of the Issuer Group's cash flow is generated from payments by relevant governmental authorities and entities, such as Guancheng Hui District Finance Bureau and Zhengzhou Guancheng Hui District Housing Security Service Center (鄭州市管城回族區住房保障服務中心). As such, the Issuer Group is exposed to certain inherent risks relating to dealing with public bodies. The local government's ability to satisfy its payment obligations for the projects that the Issuer Group undertakes largely depends on the fiscal revenue of the local government, the policies and regulations promulgated by higher levels of governments as well as other factors which are generally beyond the Issuer Group's control.

Any failure by relevant governmental authorities or entities to fulfil their contractual obligations or any adverse change to their financial or fiscal conditions or policies may require the Issuer Group to change its business plans and could materially affect the Issuer Group's business, financial condition or results of operations. If there is any material disagreement between the Issuer Group and relevant governmental authorities or entities, there is no assurance that the Issuer Group will successfully resolve them in a timely manner, or at all. Any dispute or legal proceeding with or against relevant governmental authorities or entities may last for a long period of time and cost considerable financial and managerial resources, which could materially affect the Issuer Group's business, financial condition or results of operations. Additionally, any of these may severely damage the relationships between the Issuer Group and relevant governmental authorities or entities, which may in turn materially and adversely affect the Issuer Group's business, financial condition or results of operations.

The Issuer Group has a relatively high level of restricted assets.

The Issuer Group's borrowings may be secured. Third-party security rights may limit the Issuer Group's use of the underlying collateral assets and adversely affect its operational efficiency. As at 31 December 2024, the restricted assets of the Issuer Group were RMB9,223.1 million, which represented 28.7 per cent. of the Issuer Group's total assets as at the same date. The Issuer Group's restricted assets consist of monetary funds and inventories. In the event of default, the proceeds from the sales of the restricted assets will be used to pay off these loans prior to other unsecured creditors such as the Bondholders. In addition, the presence of a large amount of restricted assets may also limit the Issuer Group's capacity to obtain future financing on favourable terms, which could result in a material adverse effect on the Issuer Group's business, financial condition and results of operations.

The Issuer Group's operating profits may fluctuate significantly from period to period.

The Issuer Group's operating profits have fluctuated and may continue to fluctuate from period to period as a result of a number of factors, such as general economic conditions, local market conditions and demand, government policies and incentive measures in business areas where the Issuer Group operates, adjustment of the Issuer Group's primary business activities, the Issuer Group's ability to develop and complete projects on time, as well as its accounting policies for revenue recognition. As a result, the Issuer Group's operating profits may fluctuate significantly from time to time. For example, operating profits of the Issuer Group decreased significantly from RMB110.1 million for the year ended 31 December 2022 to RMB75.5 million and RMB10.1 million for the years ended 31 December 2023 and 2024, primarily due to decrease of operating revenue for the same period. The Issuer Group's operating profits for any period may not be directly comparable with other periods and therefore the historical performance of the Issuer Group may not be a useful indicator of its future performance.

The Issuer Group's business operations may be negatively affected by the guarantees it provides to third parties.

The Issuer Group provides guarantees to third parties from time to time during its business operations. If any of the companies benefiting from the guarantees provided by the Issuer Group defaults on the borrowings guaranteed by the Issuer Group, the lender may enforce such guarantees and demand payment from the Issuer Group. In any such case, the Issuer Group's business, financial condition and results of operations may be materially and adversely affected.

The Issuer Group is exposed to risks in relation to the inventories it maintains.

As at 31 December 2022, 2023 and 2024, the Issuer Group's inventories amounted to RMB11,309.5 million, RMB16,040.4 million and RMB18,602.0 million, respectively, representing 62.3 per cent., 61.5 per cent. and 57.8 per cent. of the Issuer Group's total assets, respectively, for the same periods. The Issuer Group's inventories comprise primarily of land development costs and work-in-progress of housing development and project construction. Any decrease in the market demand and the corresponding drop in the sales of properties and projects that the Issuer Group developed or the services that the Issuer Group

provided could cause the Issuer Group's inventories to accumulate and depreciate in value, which may adversely affect the Issuer Group's business, financial condition, results of operations and prospects. In addition, costs for on-going land development, project construction or housing development projects, which are recognised as inventories on the Issuer Group's consolidated balance sheet are illiquid assets and might not be sold for cash in an efficient manner. This may limit the Issuer Group's ability to respond to the changing economic, financial and investment conditions. The Issuer Group's ability to sell these inventories to a large extent relies on the market demand for the properties and projects it develops. These factors may in turn be affected by the controlling measures of the PRC government on urban development and real property investment and the PRC government's macroeconomic and monetary policies, which are beyond the Issuer Group's control. In addition, a high level of inventories not only increases the pressure on the Issuer Group's cash flows, but also causes the Issuer Group to make provisions for impairment of fair value of inventories. Any failure to effectively manage the Issuer Group's inventory level will have a material impact on the Issuer Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding debt, such as the Bonds, which in turn could materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group operates its business through a number of subsidiaries and associated companies, and this business structure exposes the Issuer Group to challenges not faced by companies with a single or small number of business.

The Issuer has a number of subsidiaries and associated companies operating in different industries. Through these subsidiaries and associated companies, the Issuer Group engages in land development, project construction, housing development, trading business and other business operations including land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others. As such, the Issuer Group is exposed to risks associated with conducting multiple business and operating through a large number of subsidiaries and associated companies. For example, the Issuer Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its business to new industries and markets in which it has limited operating experience. It needs to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its business.

In addition, successful operation of the Issuer's subsidiaries and associated companies requires an effective management system. As the Issuer Group continues to grow and expand into various industries, the Issuer Group's operations may become more complex, which would increase the difficulty of implementing its management system.

The Issuer provides direct funding, guarantees and other support to certain of its subsidiaries. If the Issuer's subsidiary defaults on any borrowings lent or guaranteed by the Issuer, the Issuer will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Issuer. The occurrence of either of these events may result in a funding shortage at the Issuer level and may materially and adversely affect the Issuer's ability to provide financial support to its other subsidiaries. If the Issuer's financial or non-financial support ceases or diminishes for any reason, the operations of the relevant subsidiaries may be materially and adversely affected, which in turn may have a material and adverse impact on the Issuer Group's business, financial condition and results of operations. If there is a sudden significant adverse change in the operating and financing environment of its subsidiaries or associated companies in the future, or if some of the subsidiaries or associated companies continue to suffer losses in the future, it will have a significant impact on the asset quality and profitability of the Issuer, which in turn may have a material and adverse impact on the Issuer Group's business, financial condition and results of operations.

The fair value of the Issuer Group's investment properties is likely to fluctuate from time to time.

The Issuer Group's investment properties are stated at their fair value on its consolidated balance sheets as non-current assets as at the end of each reporting period on the basis of valuations by an independent property valuer. The property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions by the independent property valuer. The fair value of the Issuer Group's investment properties could have been higher or lower if the valuer used a different set of bases or assumptions or if the valuation was conducted by other qualified independent professional valuers using a different set of bases and assumptions. In addition, upward revaluation adjustments reflect unrealised capital gains on the Issuer Group's investment properties as at the relevant reporting dates and are not profit generated from the sales or rentals of its investment properties, and do not generate any cash inflow to the Issuer Group until such investment properties are disposed of at similarly revalued amounts. The amount of revaluation adjustments has been, and may continue to be, significantly affected by the prevailing property markets and may fluctuate significantly. There can be no assurance that the Issuer Group will record fair value gains, or that the Issuer Group will not record fair value losses, in the future.

The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations, which are beyond the Issuer Group's control. There can be no assurance that changes in market conditions will continue to create fair value gains on the Issuer Group's investment properties at the historical levels, or at all, or that the fair value of its investment properties will not decrease in the future. If the fair value of the Issuer Group's investment properties declines, its profitability could be materially and adversely affected.

The Issuer Group's business operations are subject to extensive regulation at various levels of government, and any failure to comply with applicable laws, rules and regulations, including obtaining any necessary qualifications, permits or approvals for its operations may adversely affect the Issuer Group.

Certain business activities of the Issuer Group, such as land development, project construction and housing development, are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. It may take considerable time and resources to obtain and maintain all of these approvals and certificates. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting the approvals, licences, permits and certificates necessary for the Issuer Group to conduct its business. As at the date of this Offering Circular, the Issuer Group is in the process of obtaining certain approvals, licences, permits and certificates from the relevant PRC governmental authorities for some of the projects under construction. Failure to obtain in a timely manner or maintain the necessary approvals, licences or permits could result in delay or suspension of the Issuer Group's business operations, and may subject the relevant members of the Issuer Group to regulatory or administrative penalties. There is no assurance that the Issuer Group may be able to obtain all required approvals, licences or permits in a timely manner, or at all, or remain in compliance with relevant laws and regulations at all times. For example, as at the date of this Offering Circular, the Issuer Group has not obtained the certificates of the property ownership rights to the buildings with approximately 108,421.13 square metres and the certificates of the land use rights with approximately 272,763.58 square metres due to the absence of relevant documentation and the complexities of governmental procedures involved in processing assets transferred by the government.

In addition, the PRC governmental authorities may amend existing regulations or promulgate new regulations from time to time. The Issuer Group may encounter problems in obtaining, maintaining or renewing the permits, licences, certificates and government authorisations necessary to conduct its business and may be unable to comply with new laws, regulations or policies. In addition, to ensure the restrictions and conditions of relevant business permits, licences and certificates are fulfilled, governmental authorities also conduct regular and special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities during such investigations or inquiries, the Issuer Group's permits, licences and certificates may be suspended or revoked, and the Issuer Group may become subject to fines or other forms of penalties, which could have a material adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group's results of operations may be susceptible to material fluctuations of interest rates.

Any material fluctuation in the benchmark lending rate may have a material impact on the Issuer Group's interest expenses and payables under its bank loans and in turn affect its results of operations. The PRC government has historically adjusted interest rates from time to time as implementation of the PRC government's economic and monetary policies. Starting August 2019, the National Interbank Funding Centre (全國銀行間同業拆借中心) is authorised by the PBOC to publish loan prime rates (the "LPR") on a monthly basis based on the prime rate offered by a panel of commercial banks, and Chinese banks are required to use the LPR as the reference rate for the pricing of its loans extended after 1 January 2020. As at the date of this Offering Circular, part of the Issuer Group's bank borrowings bear interest at floating interest rates linked to the LPR. Any material fluctuation in the LPR may have a material impact on the Issuer Group's interest expenses under its bank loans and in turn affect its results of operations. Although the Issuer Group's business and financial condition may benefit from the currently low prevailing interest rates in the PRC market, there is no assurance that this low-interest environment will continue.

The Issuer Group may not successfully expand its business and implement its growth strategies.

The Issuer Group has historically been focused on business segments of land development, project construction, housing development and trading business. Over the years, the Issuer Group has diversified its business portfolio to cover businesses of land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others. The Issuer Group may from time to time expand its business to new industries or markets in which it has limited operating experience. Such expansion may require the Issuer Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it may succeed in such new business. The Issuer Group's ability to successfully grow its new business and implement its expansion strategy depends on a variety of factors, including its ability to identify attractive projects, obtain required approvals from relevant regulatory authorities, obtain sufficient capital on acceptable terms in a timely manner and maintain working relationships with various governmental authorities and entities, some of which may be out of the Issuer Group's control. There is no assurance that the Issuer Group will be able to successfully grow its business, implement its expansion strategies, manage or integrate any newly-acquired operations with the Issuer Group's existing operations. Failure by the Issuer Group to develop new business or implement its expansion strategies could have a material adverse effect on its business, financial condition, results of operations and prospects.

Fluctuations in the price of construction materials could adversely affect the Issuer Group's business and financial performance.

The cost of construction materials, such as steel and cement, constitutes a significant portion of the Issuer Group's costs for its land development, project construction, housing development and construction materials sales business. Construction material costs have fluctuated significantly, and may fluctuate significantly in the future. Any increase in the cost of construction materials may result in an increase in the costs for the Issuer Group's land development, project construction, housing development and construction materials sales business, which may pose an adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group's business operations involve inherent industrial risk and occupational hazards.

The Issuer Group's businesses are exposed to inherent industrial risks as its operations involve the operation of heavy machinery and hazardous chemical substances that could lead to industrial accidents and personal injuries.

The Issuer Group from time to time reviews its internal guidance and implements new measures to enhance the awareness of employee safety. However, there can be no assurance that accidents will not occur in the future. There can be no assurance, however, that material workplace accidents will not occur in the future despite its safety policies and measures. Even if such accidents were not caused by its fault or negligence, such accidents may still cause the Issuer Group to incur substantial costs and damage to its reputation. Damage to the Issuer Group's reputation as a result of workplace accidents, whether or not its fault, may cause it to lose future business, which may materially and adversely affect its business and results of operations.

The Issuer Group may be liable for loss of life and property damages, medical expenses, medical leave payments and fines and penalties for violation of applicable PRC laws and regulations if any material industrial accident happens. The Issuer Group may also experience interruptions in its operations and may be required to change the manner in which it operates as a result of governmental investigations or the implementation of safety measures due to accidents. Any of the foregoing could adversely affect the business operation and results of operations of the Issuer Group's business.

Delays or defaults in payments to the Issuer Group may affect its working capital and cash flow.

The payments for the Issuer Group's land development, project construction and housing development projects are usually made in instalments over a period of time after completion of projects and the determination of the final settlement amount. However, the Issuer Group incurs costs, such as labour costs, from the commencement of projects, and thus bears the risk of prepaying costs and expenditures for each project it undertakes. As such, any delay or default in the payments to the Issuer Group may increase the Issuer Group's liquidity pressure, which will in turn increase its financial vulnerability and adversely affect its financial condition and results of operations. As at the date of this Offering Circular, the Issuer Group has not experienced any significant delay in payments by the local governmental authorities, entities or other counterparties in relation to its land development, project construction and housing development. However, there is no assurance that all payments will continue to be made in a timely manner, or that no events of default will occur in the future.

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

The Issuer Group engages third-party contractors in its operating activities, such as project construction and housing development. The Issuer Group generally selects independent contractors through public bidding and tendering processes. However, there is no assurance that the services rendered by any of the contractors selected by the Issuer Group or subcontractors selected by the Issuer Group's contractors will always satisfy the Issuer Group's quality and safety standards. If the performance of any contractor or subcontractor does not satisfy the Issuer Group's quality and safety standards, the Issuer Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the costs and progress of its projects. In addition, the Issuer Group may be requested on short notice to undertake additional construction or development projects, and there may be a shortage of contractors that can satisfy the Issuer Group's quality requirements under such short notices. Any of these factors could have a material adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group's land development business is exposed to certain risks associated with resettlement of local residents.

Some of the Issuer Group's land development projects involve resettlement of local residents. The Issuer Group develops and provides substitute properties in some cases to relocated residents as compensation for their resettlement. If any resident or business is dissatisfied with the compensation or the substitute properties and refuses to relocate, the local government may seek to resolve the dispute through negotiation to reach a mutually acceptable relocation compensation arrangement, or apply to the relevant land authority for its determination on whether the relocation compensation and relocation timetable are in compliance with PRC laws and regulations. The relevant land authority will, upon application by the local government, make a decision as to the proper relocation compensation and timetable. There is no assurance that the resettlement of local residents or business will proceed smoothly or that an agreement will be reached. Any delays in such resettlement process may result in delays in the Issuer Group's development schedules and/or increases in the Issuer Group's development costs, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Issuer Group’s project construction and housing development businesses may be dependent on the performance of the property market.

The Issuer Group developed certain residential apartments, business parks, offices and their ancillary facilities in Guancheng Hui District. The Issuer Group’s housing development and project construction businesses may be dependent on the performance of the property market in the PRC, and in Guancheng Hui District in particular. The property market in the PRC may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, investors’ confidence, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. In particular, the PRC property market is affected by the recent slowdown in China’s economic growth. There have been increasing concerns over the sustainability of the property market growth in China. Factors such as decrease in available funds and investors’ confidence may influence demand for the properties the Issuer Group developed. Any downturn in the property market in the PRC generally or in Guancheng Hui District may materially and adversely affect the Issuer Group’s business, financial condition, results of operations and prospects.

The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this sector. See “– *The PRC government may adopt measures aimed at slowing down growth in the real estate sector*”. There can be no assurance that such measures will not have a negative impact on the Issuer Group’s business or that the demand for new properties in regions where the Issuer Group has or will have operations will continue to grow in the future.

The Issuer Group may face delays and cost overruns with the construction projects, which may adversely affect its results of operations.

There are a number of risks associated with the Issuer Group’s land development, project construction and housing development businesses with respect to their construction, financing and operation. Such projects typically require substantial capital expenditures during the construction phase and can take a substantial period of time to complete. The time taken and the costs involved in completing these projects can be adversely affected by many factors, including shortages of materials, equipment and labour, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with contractors or sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances, many of which are out of the Issuer Group’s control. Any of these could give rise to delays in the completion of the Issuer Group’s projects. The Issuer Group’s costs involved in such projects are also affected by costs of labour and raw materials, which are often beyond the Issuer Group’s control. In addition, the Issuer Group may also be required to take extra precautionary safety and health measures and thus incur additional costs for the construction and development of its projects. Under such circumstances, the Issuer Group may be required to make additional investment, incur additional expenditures, or experience reduced efficiency and receive lowered financial returns, which may in turn materially and adversely affect the Issuer Group’s business, financial condition, results of operations and prospects.

The PRC government may impose fines or penalties on the Issuer Group or revoke the land use rights with respect to idle land held by the Issuer Group.

Under applicable PRC laws and regulations, if the Issuer Group does not commence land development, project construction or housing development for more than one year after the date specified in the relevant land use rights grant contract, or the Issuer Group commences development on an area which is less than one-third of the area granted, or the capital invested in the development is less than one-fourth of the total investment approved for the development and the development is suspended for more than one year without governmental approval, the PRC government may impose an idle land fee equal to 20 per cent. of the land premium or allocation fees. The PRC government may revoke the land use rights certificate without compensation if the Issuer Group does not commence development for more than two years after the date specified in the relevant land use rights grant contract without compelling causes. The State

Council issued the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) which states, among other things, that the Ministry of Land and Resources of the PRC (“MLR”) which has been revoked due to institutional adjustments but relevant regulations issued by MLR are still in effect and other authorities are required to research and commence the drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, MLR issued the Notice on Restricting the Administration of Construction Land and Promoting the Utilisation of Approved Land (國土資源部關於嚴格建設用地管理促進批而未用土地利用的通知) on 11 August 2009 which reiterates its policy on idle land. Idle Land Disposal Measures (閒置土地處置辦法) became effective on 28 April 1999 and was amended on 1 July 2012, providing the procedures for disposal of idle land. Any fines or penalties imposed, or any cancellation of land use rights with respect to idle lands may materially and adversely affect the Issuer Group’s business, financial condition and results of operations. As at the date of this Offering Circular, the Issuer Group did not possess any land for which it had not commenced development within the time stipulated in the relevant land use rights grant contracts. However, the Issuer Group may have idle land issue in the future and the imposition of fines and penalties in relation to any idle land could have a material and adverse effect on the Issuer Group’s business, financial condition, results of operations and prospects.

The Issuer Group is exposed to fluctuations in commodity prices.

Operating revenue generated from the Issuer Group’s trading business and construction materials sales businesses are affected by changes in commodity prices, which are in turn affected by a number of factors beyond the Issuer Group’s control, including the supply and demand for commodities, speculative activities by market participants, global political and economic conditions, related industry cycles, and production costs in major producing countries. Fluctuations in the price of materials traded by the Issuer Group could materially impact the performance and profitability of the Issuer Group’s trading business and construction materials sales businesses.

A significant downturn in the price of commodities generally results in a decline in the Issuer Group’s profitability during such a period and could potentially result in a devaluation of inventories and impairments. Although the impact of a downturn in commodity prices has relatively limited influence on the Issuer Group’s trading business and construction materials sales businesses, as the Issuer Group principally operates in a “demand-driven” business model, it could have greater influence on the Issuer Group’s future business. If the Issuer Group does not engage in meaningful hedging against declines in commodity prices, its business and results of operations could also be impacted by volatility in commodity prices.

The trading industry is very competitive and the Issuer Group may have difficulty in effectively competing with other trading companies.

The trading industry is characterised by strong competition. The Issuer Group faces intense competition with other trading companies with greater diversification across different commodity groups and global geographical presence and scale. These competitors are generally in a better position in regard to operating scale, profitability, resources, distribution networks, import and export permits for commodities traded by the Issuer Group and completeness of the industrial chain, while the Issuer Group mainly focuses on a narrower commodity group and geographic area. Furthermore, these competitors may, in the future, use their resources to broaden into all of the markets in which the Issuer Group operates and therefore compete further against the Issuer Group. These competitors may also expand and diversify their commodity sourcing, processing or marketing operations, or engage in pricing or other financial or operational practices that could increase competitive pressure on the Issuer Group across each of the commodities it has trading in. The Issuer Group also faces increasing competition from domestic and international competitors. Increased competition may result in losses of market share for the Issuer Group and could materially adversely affect its business, financial condition, results of operations and prospects.

The PRC government may adopt measures aimed at slowing down growth in the real estate sector.

Since 2005, the PRC government has from time to time introduced various measures to curtail real estate speculation in response to concerns over, among other things, the increase in property investments and real estate price and the overheating of the real estate market. For example, according to the Notice of the General Office of the State Council on Issues Relating to Further Improving the Control of the Real Estate Market (國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知) dated 26 January 2011, the Notice of the General Office of the State Council on Further Improving the Regulation and Control of the Real Estate Market (國務院辦公廳關於繼續做好房地產市場調控工作的通知) dated 26 February 2013 and the Notice of the Ministry of Housing and Urban-Rural Development on Issues Relating to Further Improving the Regulation and Control over the Real Estate Market (住房城鄉建設部關於進一步做好房地產市場調控工作有關問題的通知) dated 19 May 2018, the PRC government firmly restrained speculative demands and strengthened market supervision to better control the overheating of the PRC real estate development market. Such measures may limit property developers' access to capital resources, reduce market demand for their properties and increase their operating costs in complying with these measures. There is no assurance that the PRC government will not adopt additional and more stringent measures to further dampen the growth of the real estate sector, which could slow down the real estate development in the PRC. This may have a material adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group's housing development business is subject to claims under statutory quality warranties.

Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) promulgated by the State Council on 20 July 1998 and further amended on 8 January 2011, 19 March 2018, 24 March 2019, 27 March 2020 and 29 November 2020, and Regulations for the Administration of Sale of Commodity Building (商品房銷售管理辦法) promulgated on 4 April 2001 and became effective on 1 June 2001, all property developers in the PRC must provide certain quality warranties for the properties they sell. The Issuer Group is required to provide these warranties to the purchasers of the properties it develops and sells. If a significant number of claims were brought against the Issuer Group under its warranties, the Issuer Group could incur significant expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm its reputation, and materially adversely affect its housing development business and related financial condition and results of operations.

The Issuer Group is exposed to risks in relation to work safety and occurrences of accidents.

There are inherent risks of work injuries or accidents occurring in the course of the Issuer Group's business operations due to the nature of the services being performed, particularly in the business of land development, project construction and housing development as the Issuer Group's employees may be required to work in dangerous environments. The Issuer Group's employees may be required to undertake certain tasks including, but not limited to the following: (i) working at height or on slippery surfaces or in the dark; (ii) operation of electrical appliances in undertaking minor maintenance works; (iii) lifting heavy objects; (iv) working in new and unfamiliar environments; (v) defending and protecting individuals against aggressors; (vi) handling disputes amongst residents or tenants in the properties and parking lots the Issuer Group manages and/or operates; and (vii) maintaining order in crowded events.

The Issuer Group may be involved in major accidents or incidents in the course of its operations, particularly if reported by the media, which may adversely affect the Issuer Group's reputation and its client's perception of the quality of its services. The Issuer Group cannot ensure that any incidents or accidents, which could result in property damage, personal injury or even death to the third parties including residents and aggressors, property owners or the Issuer Group's employees, will not occur in the future. Accidents resulting in personal injury or loss or damage to property may also arise if the Issuer Group's employees fail to follow its work safety measures and procedures. However, accidents may occur in the ordinary course of the Issuer Group's business. The Issuer Group cannot ensure that its employees

will fully comply with the safety measures and plans it implements during their execution of the above tasks or any other tasks. In such events, the Issuer Group may be held liable for the losses or be subject to prosecution. The Issuer Group may also be exposed to claims of negligent or reckless behaviour on the part of its employees. The Issuer Group may also experience interruptions to its business operations and may be required by government authorities to change the manner in which it operates following any incidents or accidents. Any of the foregoing could materially and adversely affect the Issuer Group's reputation, business, financial position and results of operations.

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

The Issuer Group currently holds several properties that it develops for rental purposes. Properties for lease are relatively illiquid compared to other types of investments such as publicly traded equity securities. As a result, the Issuer Group's ability to promptly sell one or more of its properties for lease in response to changing economic, financial and investment conditions is limited. The property market is affected by many factors that are beyond the Issuer Group's control, including general economic conditions, the availability of mortgage financing and the level of interest rates, and the Issuer Group cannot accurately determine the market price of its properties for lease nor is it able to predict whether it will be able to sell any of its properties for lease at the price or on the terms set by it, or whether any price or other terms offered by a prospective purchaser would be acceptable to the Issuer Group. In addition, properties for lease may not be readily convertible for alternative uses without substantial capital expenditure if the original function of such properties became unprofitable due to competition, age, decreased demand or other factors.

Similarly, for certain properties for lease to be sold, substantial capital expenditure may be required to correct defects or make improvements to the property due to factors, such as change in building regulations or as a result of age, compounding the effort and time required. These factors and any others that would impede the Issuer Group's ability to respond to adverse changes in the performance of its properties for lease could materially and adversely affect the Issuer Group's business, financial condition and results of operations.

The Issuer Group may not be able to generate adequate returns on its properties held for lease and retain quality tenants.

Property leasing is subject to various degrees of risk. The lease returns available from property leasing business depend, to a large extent, on the amount of capital appreciation generated, revenue earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for lease also depends to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of properties for lease will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The Issuer Group's operating revenue derived from property leasing may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants and the costs resulting from periodic maintenance, repair and re-letting.

The Issuer Group's commercial operation also competes for tenants with other properties based on, among other things, location, quality, maintenance, property management, rent levels and other lease terms. The Issuer Group cannot ensure that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which competes with the Issuer Group's would increase the competition for tenants and as a result the Issuer Group may have to reduce rent or incur additional costs to make its properties more attractive. If the Issuer Group is not able to retain its existing tenants or attract new tenants to replace those that leave or to lease its new properties, the Issuer Group's rental occupancy rates may decline and thus materially and adversely affect its business, financial condition and results of operations.

Any failure to maintain an effective quality control system could have an adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group relies on its quality control systems to ensure the safety and quality of its projects. Therefore, it needs to maintain an effective quality control system. The effectiveness of the Issuer Group's quality control system depends significantly on a number of factors, including a timely update of the quality control system to suit the ever-changing business needs, the availability of related training programmes as well as its ability to ensure that the Issuer Group's and the contractors' employees adhere to its quality control policies and guidelines. There is no assurance that the quality of the Issuer Group's projects will always meet the required standard. Any failure or deterioration of the Issuer Group's quality control systems could result in defects in its projects, which in turn may subject the Issuer Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, could cause the Issuer Group to incur significant costs, harm its business reputation and result in significant disruption to its operations. Furthermore, if any of such claims are ultimately successful, the Issuer Group could be required to pay substantial monetary damages or penalties. Although the Issuer Group believes that its quality control systems have functioned properly, there is no assurance that failures in its quality control systems will not occur in the future, and any such failure could have an adverse effect on the Issuer Group's business, financial condition, results of operations and prospects.

Labour shortages, labour disputes or increases in labour costs of any third-party contractors engaged for the Issuer Group's projects as well as implementation of PRC employment regulations could materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

A large portion of the Issuer Group's business is labour intensive. The Issuer Group engages third-party contractors in its operating activities, such as land development, project construction and housing development. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Issuer Group or the contractors participating in the Issuer Group's projects. The PRC Labour Contract Law (中華人民共和國勞動合同法) became effective on 1 January 2008 and was amended on 28 December 2012 and became effective on 1 July 2013. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the average monthly wage of the employee 12 months before the termination of the employment contract multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law.

In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to fifteen days, depending on the length of the employees' working experience. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived.

Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Issuer Group decides to significantly change or decrease the Issuer Group's workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Issuer Group desires.

As such, labour shortages, labour disputes or increases in labour costs of the Issuer Group or third-party contractors could directly or indirectly prevent or hinder the construction progress, and, if not resolved in a timely manner, could lead to delays in completing the Issuer Group's projects which could materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

The insurance coverage of the Issuer Group may not adequately protect it against all operational risks or any potential liabilities or losses.

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

- operating limitations imposed by environmental or other regulatory requirements;
- defective quality of the properties it develops;
- work-related personal injuries;
- on-site production accidents;
- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- credit risks relating to the performance of customers or other contractual third parties;
- disruption in the global capital markets and the economy in general;
- loss on investments;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

The Issuer Group maintains limited insurance policies, but usually requires contractors for its construction projects to maintain the insurance coverage for the projects, which the Issuer Group believes to be consistent with the industry and business practice in the PRC. However, some of the above-mentioned operational risks may not be covered by the insurance policies maintained by the contractors of the Issuer Group, and, even if covered, claims under these insurance policies may not be honoured fully or on time, or the insurance coverage may not be sufficient to cover the costs incurred in the Issuer Group's operations related to the above-mentioned operational risks. There are also certain types of losses (such as from wars, acts of terrorism or acts of God, business interruption, property risks and third party (public) liability) that generally are not insured because they are either uninsurable by nature or not economically insurable. To the extent that the Issuer Group suffers loss or damage that is not covered by insurance or exceeds the limit of the insurance coverage, the Issuer Group's results of operations and cash flow may be materially and adversely affected.

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

The Issuer Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Issuer Group's licences or permits to conduct its business. Given the volume and complexity of these regulations, compliance may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. There is no assurance that the Issuer Group will be able to comply with all applicable requirements or obtain these approvals and permits on a timely basis, if at all. As at the date of this Offering Circular, the Issuer Group has not experienced any significant non-compliance with applicable environmental, safety and health regulations or requirements. In addition, PRC laws and regulations are constantly evolving. There is no assurance that the PRC government will not impose additional or stricter laws or regulations, which may increase compliance costs of the Issuer Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Issuer Group's business, financial condition and results of operations.

The Issuer Group's success depends on the continuing service of its management team and qualified employees and any failure to attract and retain competent personnel may adversely affect the Issuer Group's business.

The success of the Issuer Group's business has been, and will continue to be, heavily dependent upon the continuing service of the Issuer's directors, supervisors and senior management. If the Issuer loses the services of any of its key executives and cannot replace them in a timely manner, the Issuer Group's business may be materially and adversely affected.

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

The Issuer Group may not effectively implement risk management and internal control policies and procedures to manage its financial risks.

Financial risks are inherent in the Issuer Group's business. Although policies and procedures are in place to identify and report on a timely basis the liquidity, interest rate and credit risks arising from the activities of its business, there is no assurance that these systems and procedures will prevent any loss that affects the Issuer Group's financial conditions. In addition, many of the Issuer Group's current financial risk management systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the Issuer Group's risk management systems and the information generated therefrom depends on, *inter alia*, the configuration and design of the systems, the built-in system control features and the internal control measures surrounding them. Any failure of internal control could have a material adverse effect on the Issuer Group's business, results of operations, financial conditions and prospects.

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

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

- hiding unauthorised or unsuccessful activities, resulting in unknown and unmanaged risks or losses;
- intentionally concealing material facts, or failing to perform necessary due diligence procedures designed to identify potential risks, which are material to the Issuer Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;

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

The Issuer Group's internal control procedures are designed to monitor its operations but may be unable to identify all incidents of non-compliance or suspicious transactions in a timely manner, if at all.

Furthermore, it is not always possible to detect and prevent fraud and other misconduct, and the precautions the Issuer Group takes to prevent and detect such activities may not be effective. There is no assurance that fraud or other misconduct will not occur in the future. If such fraud or other misconduct does occur, it may cause negative publicity as a result and have a material adverse effect on its reputation, business, financial condition, results of operations and prospects.

The Issuer Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.

The Issuer Group may from time to time be involved in disputes with various parties involved in its business, including contractors, tenants, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage the Issuer Group's reputation, increase the Issuer Group's costs of operations and divert the Issuer Group's management's attention from daily business operations.

In addition, where regulatory bodies or governmental authorities disagree with the Issuer Group's conduct in respect of its operations, the Issuer Group may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to its projects. There is no assurance that the Issuer Group will not be so involved in any major legal or other proceedings in the future, which may subject the Issuer Group to significant liabilities and materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects.

The Issuer Group prepared and may publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.

The Issuer Group may issue corporate bonds and private placement bonds in the domestic capital markets in the PRC for the Issuer Group's capital needs. According to applicable PRC securities regulations on debt capital markets, the Issuer Group needs to publish its half year and annual financial information to satisfy its continuing disclosure obligations relating to its bonds in the domestic capital markets. So long as any bond remains outstanding, the Issuer Group is obligated by the terms of the bonds, among others, to provide holders of the bonds with its audited consolidated financial statements and certain unaudited and unreviewed semi-annual consolidated financial statements. The periodic financial information published by the Issuer Group in the PRC is normally derived from the Issuer Group's management accounts which have not been audited or reviewed by independent auditors, and such financial information may change if it is subject to an audit or a review. As such, the financial information published by the Issuer Group in the PRC does not provide the same quality of information associated with any audited or

reviewed information. Such published financial information does not form part of this Offering Circular and should not be referred to or relied upon by potential investors. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Issuer Group's accounting policies and/or applicable laws and regulations affecting the Issuer Group's financial reporting or to reflect the subsequent comments given by the independent auditors during the course of such auditors' audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Issuer Group's management accounts published in the PRC and the audited consolidated financial statements disclosed elsewhere in this Offering Circular. The Issuer Group is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore potential investors should not place any reliance on any such financial information.

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

The historical financial information of the Issuer Group included in this Offering Circular is not indicative of its future financial results. This financial information is not intended to represent or predict the results of operations of any future periods. The Issuer Group's future results of operations may change materially if its future growth does not follow the historical trends for various reasons, including factors beyond its control, such as changes in economic environment, PRC environmental rules and regulations and the competitive landscape of the industries in which the Issuer Group operates its business. Furthermore, the future results of operations of the Issuer Group may also fluctuate or change materially due to changes in the Issuer Group's business model and/or the accounting treatments applied thereto. In addition, there is no assurance that the Issuer Group will not record an operating loss in the future, which may have an adverse effect on the Issuer's ability to satisfy its obligations under the Bonds.

The Issuer's Audited Financial Statements have been prepared and presented in accordance with PRC GAAP, which is different from IFRS in certain respects.

The Issuer's Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP is substantially in line with IFRS, except for certain modifications which reflect the PRC's unique circumstances and environment. See "*Summary of Certain Differences between PRC GAAP and IFRS*" for details. Each investor should consult its own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

In addition, the Issuer Group's current independent auditor, SZCX, is a registered member of the Chinese Institute of Certified Public Accountants. Although the Issuer Group's auditor has significant audit experience in the PRC, it has limited international capital markets experience. Prospective investors should consider this factor prior to making any investment decision.

Investors should not place any reliance on the financial information which is unreviewed or unaudited and shall not place undue reliance on the discussion of material financial trends in relation to the Issuer Group's unaudited and unreviewed financial information.

This Offering Circular contains certain discussion of material financial information as at and for the three months ended 31 March 2025 and certain material trends in the Issuer Group's financial results. Such unaudited and unreviewed financial information has not been audited or reviewed by an independent auditor. Such financial information and the discussion of material financial trends in relation to such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. Potential investors must exercise caution when considering such material financial information and trends and evaluating the Issuer Group's financial conditions and results of operations.

There has been increased scrutiny of PRC public accountants, and there can be no assurance that there will not be negative news about the Issuer Group's independent auditors.

In recent years, as part of an effort to improve effective regulatory oversight, PRC regulators have increased their examinations of PRC public accountants. As a result, auditors in the PRC have been subject to more frequent examinations by regulatory authorities such as China Securities Regulatory Commission (“CSRC”). The CSRC’s investigations are mainly focused on the independence of the auditors, the appropriateness of the implementation of accounting standards, the adequacy of professional skepticism in the audit process and the reasonableness of the judgment made by the auditors.

The Issuer Group’s current independent auditor, SZCX, is a registered accounting firm in the PRC supervised by the PRC courts and other relevant PRC regulatory agencies, including the MOF and CSRC. As at the date of this Offering Circular, it has not received any warning letters from the CSRC or its local branches in relation to its audit services.

As at the date of this Offering Circular, SZCX is not aware of any fact or event which causes it to believe that individual auditors who participated in the audit of the Issuer’s Audited Financial Statements are or would become subject to any censure, investigation or other similar legal or regulatory proceedings. However, there can be no assurance that there will not be new investigations against the Issuer Group’s independent auditors, and there is uncertainty over the results or impact of any such investigations. Any administrative measures and/or warnings may adversely affect investors’ confidence in companies and financial statements audited by SZCX. Furthermore, there can be no assurance that there would be no additional negative news about its independent auditors and that negative news about its auditors would not have a material and adverse effect on the Issuer Group.

Public corporate disclosure about the Issuer may be limited.

As the Issuer’s equity securities are not listed on any stock exchange, there may be less information about it publicly available than is regularly made available by listed companies.

RISKS RELATING TO THE PRC

The Issuer Group’s business, prospects, financial condition and results of operations could be adversely affected by the slowdown in the PRC economy.

Substantially all of the Issuer Group’s operations and assets are based in the PRC and substantially all of the Issuer Group’s operating income is derived from its operating activities in the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Issuer Group’s business, prospects, financial condition and results of operations.

The economy of the PRC experienced rapid growth in the past 40 years. A recent slowdown in the growth of the PRC’s GDP beginning in the second half of 2013 has raised concerns that the historical rapid growth of the PRC economy may not be sustainable. According to the National Bureau of Statistics of the PRC, the annual growth rate of China’s GDP decreased from 7.3 per cent. for 2014 to 2.3 per cent. for 2020. In 2020, China’s GDP shrank by 3.5 per cent. year-on-year, as a result of the outbreak of the COVID-19 pandemic and large-scale quarantine and shutdown measures implemented by the PRC government. Despite an increase in the annual growth rate of China’s GDP in 2021 to 8.1 per cent. on a year-on-year basis compared to 2.3 per cent. in 2020, the Chinese economy still seen its lowest annual rate of expansion since the year 1976 (if 2020 is excluded), 3 per cent., in 2022. The full recovery of PRC economic growth still remains uncertain. In May 2017, Moody’s downgraded the sovereign credit rating of the PRC from Aa3 to A1 and in December 2023, it changed its outlook to “stable” from “negative”, reflecting Moody’s expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor’s downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC. There can be no assurance the economy of the PRC will maintain sustainable growth.

The future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the United States and the European Union. For example, the United Kingdom's exit from the European Union and the China-U.S. trade friction have brought uncertainty to the economic conditions of the world, including but not limited to increased foreign exchange volatility and a possible economic recession involving more countries and areas. In addition, COVID-19 and the Russo-Ukrainian conflict have led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time. If economic conditions in the key markets of the Issuer Group and the Guarantor Group remain uncertain and deteriorate further, the Issuer Group and the Guarantor Group may experience a material impact on its business, operating results and financial condition. Therefore, there exists continued uncertainty for the overall prospects for the global and the PRC economies this year and beyond.

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

Economic, political and social conditions in the PRC and government policies could affect the Issuer Group's and the Guarantor Group's business and prospects.

The PRC economy differs from the economies of developed countries in many respects, including, among other things, level of government involvement, level of economic development, growth rate, foreign exchange controls and resource allocation. For the past few decades, the PRC government has implemented various economic reform measures to utilise market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating certain industries and the economy through numerous policy measures. The Issuer Group and the Guarantor Group cannot predict whether changes in the nation's economic, political or social conditions or in any laws, regulations and policies will adversely affect its business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures. This refining and adjustment process may not necessarily have a positive effect on the Issuer Group's and the Guarantor Group's operations and business development.

The Issuer Group's and the Guarantor Group's business, financial condition and results of operations may be adversely affected by:

- changes in PRC political, economic and social conditions;
- changes in policies of the PRC government, including changes in policies in relation to the Issuer Group's and the Guarantor Group's business segments;
- changes in laws and regulations or the interpretation of laws and regulations;
- measures that may be introduced to control inflation or deflation;
- changes in the rate or method of taxation;
- the imposition of additional restrictions on currency conversion and remittances abroad; and
- a reduction in tariff protection and other import restrictions.

If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Issuer Group's and the Guarantor Group's business, results of operations and financial condition could be materially and adversely affected.

The operations of the Issuer Group and the Guarantor Group may be affected by inflation and deflation within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. Increasing inflation rates were caused by many factors beyond the Issuer Group's and the Guarantor Group's control, such as rising production and labour costs, high lending levels, changes in national and foreign governmental policies and regulations as well as movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. If inflation rates rise beyond the Issuer Group's and the Guarantor Group's expectations, the Issuer Group and the Guarantor Group may be unable to increase the price of its services and products in amounts that are sufficient to cover their increasing operating costs. Further inflationary pressures within the PRC may have a material adverse effect on the Issuer Group's and the Guarantor Group's business, financial condition or results of operations. Meanwhile, concerns have also arisen over deflationary pressures in the PRC as a result of weak domestic demand and a slowing economy. Inflation rates within the PRC have been on a downward trend in the past ten years. A prolonged period of deflation may result in falling profits, closure of plants and shrinking employment and incomes by companies and individuals, any of which could adversely affect the Issuer Group's and the Guarantor Group's business, financial condition or results of operations.

It may be difficult to effect service of process upon, or to enforce against, the Issuer or its directors or members of its senior management who reside in the PRC in connection with judgments obtained in non-PRC courts.

Substantially all of the Issuer Group's assets and the Issuer Group's members are located in the PRC. In addition, substantially all of the assets of the Issuer's directors and the members of its senior management may be located within the PRC. Therefore, it may not be possible for investors to effect service of process upon the Issuer or its directors or members of its senior management inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition of judgment made by courts of most other jurisdictions.

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排) (the **"Choice of Court Arrangement"**), which took effect on 1 August 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a "choice of court" agreement in writing may apply for recognition and enforcement of the judgment in the PRC.

Similarly, a party with a final court judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a "choice of court" agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A "choice of court" agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Choice of Court Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for resolving the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in the PRC if the parties in dispute do not enter into a "choice of court" agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against the Issuer or its directors or members of its senior management in the PRC and/or seek recognition and enforcement for foreign judgments in the PRC. On 18 January 2019, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the **"2019 Arrangement"**), which seeks to establish a bilateral legal mechanism with greater clarity and certainty for recognition and enforcement of judgments in a wider range of civil and commercial matters between the courts of Hong

Kong and the PRC. The 2019 Arrangement took effect on 29 January 2024. The Choice of Court Arrangement shall be terminated, except for “choice of court” agreements in writing made between parties before the commencement of the 2019 Arrangement, in which case the Choice of Court Arrangement shall continue to apply. However, the recognition and enforcement of judgments rendered by a Hong Kong court in the PRC are subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement. There can be no assurance that investors can successfully effect service of process against the Issuer, or its directors or members of their senior management in the PRC and/or to seek recognition and enforcement for judgments rendered by a Hong Kong court in the PRC.

Notwithstanding the foregoing, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the 2019 Arrangement. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders’ ability to initiate a claim outside of Hong Kong will be limited.

Government control of currency conversion and fluctuations in the exchange rate between RMB and other currencies could negatively affect the Issuer Group’s financial condition, operations and the Issuer Group’s ability to pay dividends.

Substantially all of the Issuer Group’s revenue is denominated and settled in RMB. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade related transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are satisfied. However, approval from SAFE or its local counterpart is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Since a significant amount of the Issuer Group’s future cash flow from operations will be denominated in RMB, any existing and future restrictions on currency exchange may limit the Issuer Group’s ability to purchase goods and services outside China or fund the Issuer Group’s business activities that are conducted in foreign currencies. This could also affect the ability of the Issuer Group’s subsidiaries in the PRC to obtain foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Issuer Group. The exchange rate of the RMB against other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC’s and international political and economic conditions. Any future exchange rate volatility relating to RMB may give rise to uncertainties in the value of the Issuer Group’s net assets, earnings and dividends. An appreciation of RMB may result in increased competition from foreign competitors; a devaluation of RMB may adversely affect the value of the Issuer Group’s net assets earnings and dividends in foreign currency terms. Moreover, to the extent that the Issuer Group needs to convert the net proceeds from the issuance of the Bonds and future financing into the RMB for the Issuer Group’s operations, appreciation of the RMB against the relevant foreign currencies would have an adverse effect on the RMB amount the Issuer Group would receive from the conversion.

The enforcement of the Labor Contract Law of the PRC, or the PRC Labor Contract Law, and other labor-related regulations in the PRC may increase the Issuer Group's and the Guarantor Group's labor costs, impose limitations on the Issuer Group's and the Guarantor Group's labor practices and adversely affect the Issuer Group's and the Guarantor Group's business and results of operations.

On 29 June 2007, the Standing Committee of the National People's Congress of China enacted the PRC Labor Contract Law, which became effective on 1 January 2008, and amended the same on 28 December 2012, the amendments being effective on 1 July 2013. The PRC Labor Contract Law introduces specific provisions related to fixed-term employment contracts, part-time employment, probation, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining, which together represent enhanced enforcement of labor laws and regulations. According to the PRC Labor Contract Law, an employer is obliged to sign an unfixed-term labor contract with any employee who has worked for the employer for 10 consecutive years. Further, if an employee requests or agrees to renew a fixed-term labor contract that has already been entered into twice consecutively, the resulting contract must have an unfixed term, with certain exceptions. The employer must pay economic compensation to an employee where a labor contract is terminated or expires in accordance with the PRC Labor Contract Law, except for certain situations which are specifically regulated. In the event the Issuer Group and the Guarantor Group decide to significantly change or decrease its workforce, the Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Issuer Group and the Guarantor Group desire. Further, if there is a labour shortage or a significant increase in labour costs, the Issuer Group's and the Guarantor Group's business operation costs are likely to increase. In such circumstances, the profit margin may decrease and the financial results may be adversely affected. In addition, the government has issued various labor-related regulations to further protect the rights of employees. According to such laws and regulations, employees are entitled to annual leave ranging from five to 15 days and are able to be compensated for any untaken annual leave days in the amount of three times their daily salary, subject to certain exceptions.

In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from five to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. As a result of the PRC Labour Contract Law and the Regulations on Paid Annual Leave for Employees, the Issuer Group's and the Guarantor Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Issuer Group and the Guarantor Group decide to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Issuer Group and the Guarantor Group desire, which could result in an adverse impact on the Issuer Group's and the Guarantor Group's business, financial condition and results of operations.

Furthermore, the PRC Labor Contract Law also imposes stringent requirements on labor dispatch. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of its total number of employees to be decided by the Ministry of Human Resources and Social Security and the dispatched contract workers can only engage in temporary, auxiliary or substitute work. According to the Interim Provisions on Labor Dispatch promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, which took effect on 1 March 2014, the number of dispatched contract workers hired by an employer shall not exceed 10 per cent. of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions on Labor Dispatch further requires the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below 10 per cent. of the total number of its employees within the specified time limit, and an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10 per cent. of the total number of its employees.

The Issuer Group and the Guarantor Group may dispatch or hire dispatched contract workers under labor dispatch and outsourcing arrangements with third parties from time to time, and may be required to reduce the number of contract workers which it dispatches or hires if it exceeds the limitation as required by applicable PRC laws. In the event that it decides to change its employment or labor practices, the PRC Labor Contract Law and other labor-related regulation may also limit the ability to effect those changes in a manner that the Issuer Group and the Guarantor Group believe to be cost-effective. In addition, due to the uncertainties as to the interpretation and implementation of these laws and regulations, the Issuer Group's and the Guarantor Group's employment practices may not be at all times deemed in compliance with the laws and regulations. If it becomes subject to severe penalties or incur significant liabilities in connection with labor disputes or investigations, its business and financial conditions may be adversely affected.

RISKS RELATING TO THE BONDS AND THE GUARANTEE

Any failure to complete the relevant filings under the Order 56 and the relevant registration under SAFE within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the Bondholders.

On 5 January 2023, the NDRC issued the Order 56, which came into effect on 10 February 2023. On 9 February 2023, the NDRC published the frequently asked questions on the Order 56 and its responses (the "FAQs"), which provided further clarifications on the practical implications of certain provisions in the Order 56. In accordance with the NDRC Administrative Measures, the Issuer has obtained the NDRC pre-issuance registration certification on 15 November 2024 which remains in full force and effect as at the date of this Offering Circular, and that the Issuer shall comply with the provisions relating to foreign debt risk management and interim and ex-post supervision under the Order 56.

For any enterprise failing to comply with filing and reporting requirements under the Order 56, the NDRC will order such enterprise to take rectification actions within a prescribed time limit; and if the circumstances are severe or the enterprise fails to take rectification action within the prescribed time limit, give a warning to the relevant enterprise and its principal liable person. Furthermore, conducts in violation of the Order 56 committed by enterprises will be publicised on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統). As new regulation, the Order 56 will be subject to a certain degree of uncertainty as well as executive and policy discretion by the NDRC. It remains unclear what impact non-compliance will have on the Bonds.

The Issuer undertakes to file or cause to be filed with the NDRC the particulars in relation to the Bonds within the relevant timeframes after the Issue Date in accordance with the NDRC Administrative Measures. However, potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

In accordance with the Administrative Measures for Foreign Debt Registration (外債登記管理辦法) (the "Foreign Debt Registration Measures"), the Operation Guidelines for Administration of Foreign Debt Registration (外債登記管理操作指引) promulgated together with the Foreign Debt Registration Measures, the Circular of the PBOC on Matters Concerning the Macro Prudential Management of Full-Covered Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) and Foreign Exchange Guideline on Capital Account (2024 Version) (資本項目外匯業務指引(2024版)), the Issuer shall complete the SAFE Registration in respect of the issue of the Bonds within the prescribed time frame after the Issue Date with the local branch of SAFE in accordance with laws and regulations. Pursuant to article 27(5) of the Foreign Debt Registration Measures, a failure to comply with registration requirements may result in a warning and fine as set forth under article 48 of the Foreign Exchange Administrative Regulations (外匯管理條例) promulgated by the State Council in 2008. However, pursuant to article 40 of the Foreign Debt Administration Provisional Rules (外債管理暫行辦法) promulgated by MOF, the NDRC and SAFE, a failure by a domestic entity to register a foreign debt contract will render the contract not legally binding and unenforceable. Before such registration of the Bonds is completed, it may be

difficult for Bondholders to recover amounts due from the Issuer, and the Issuer may not be able to remit the proceeds of the offering into the PRC or remit money out of the PRC in order to meet its payment obligations under the Bonds. Under the Terms and Conditions, the Issuer has undertaken to use its best endeavours, and it intends, to complete the registration of the Bonds with SAFE within 90 Registration Business Days after the Issue Date. In the unlikely event that having exercised its best endeavours, the Issuer is unable to complete such registration within the abovementioned time period, investors will have the right to require the Issuer to redeem their holding of Bonds. However, notwithstanding such right, if the Issuer is unable to complete the registration with the local branch of SAFE, the Issuer may have difficulty in remitting funds offshore to service payments in respect of the Bonds and investors may encounter difficulties in enforcing judgments obtained in the Hong Kong courts with respect to the Bonds and the Trust Deed in the PRC. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

The PRC government has no payment or other obligations under the Bonds.

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Trust Deed or the Agency Agreement or the Deed of Guarantee in lieu of the Issuer or the Guarantor. This position has been reinforced by the Notice of the Ministry of Finance on Issues concerning Regulating the Investment and Financing Behaviours of Financial Enterprises for Local Governments and State-owned Enterprises (財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知(財金[2018]23號)) (“**Circular 23**”) promulgated on 28 March 2018 and taking effect on the same day, the Circular of the National Development and Reform Commission and the Ministry of Finance on Improving the Market Restraint Mechanism and Taking Strict Precautions against Foreign Debt Risks and Local Debt Risks (國家發展改革委、財務部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知(發改外資[2018]706號)) jointly issued by the NDRC and the Ministry of Finance of the PRC on 11 May 2018 and taking effect on the same day and the Notice on the Requirements relating to the Foreign Debt Issuance Filings and Registrations Application of local State-Owned Enterprises (關於對地方國有企業發行外債申請備案登記有關要求的通知(發改辦外資[2019]666號)) issued by the NDRC on 6 June 2019 and took effect on the same day which emphasised that local state-owned enterprises shall bear the responsibility for the repayment of foreign debt as independent legal persons, and local governments and their departments shall not pay the foreign debt of local state-owned enterprises directly or by committing to the payment of the foreign debt with financial funds, nor shall they provide guarantees for the issuance of foreign debt by local state-owned enterprises.

The PRC government, specifically Guancheng Hui District Finance Bureau as the ultimate shareholder of the Issuer, and the Henan SASAC which indirectly controls the Guarantor, only has limited liability in the form of its equity contribution in the Issuer and the Guarantor. As such, the PRC government does not have any payment or other obligations under the Bonds, the Trust Deed or the Agency Agreement or the Deed of Guarantee. The Bonds are solely to be repaid by the Issuer (failing whom, the Guarantor) as an obligor under the relevant transaction documents and as an independent legal person. In addition, any ownership or control by the PRC government (including but not limited to the Guancheng Hui District Finance Bureau and the Henan SASAC) does not necessarily correlate to, or provide any assurance as to, the Issuer’s and the Guarantor’s financial condition. If the Issuer or the Guarantor does not fulfil its obligations under the Bonds, the Bondholders will only have recourse against the Issuer or the Guarantor and not the PRC government.

Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Issuer Group, the Guarantor, and the Guarantor Group and base any perceived credit risk associated with an investment in the Bonds only on the Issuer Group’s and the Guarantor Group’s own financial information reflected in its financial statements.

The Bonds and the Guarantee are unsecured obligations.

As the Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, the repayment of the Bonds and payment under the Guarantee may be compromised if:

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

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

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

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

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

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

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

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. Although an application has been made to MOX for the listing of, and permission to deal in, the Bonds, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. If such a market was to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price, depending on many factors, including prevailing interest rates, the Issuer's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to, or exempt from, registration under the Securities Act.

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

The Terms and Conditions and the other transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. As compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the Bondholders' ability to initiate a claim outside of Hong Kong will be limited.

In relation to claims made against the Issuer or the Guarantor, under the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned", judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if, among other things, the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area.

One or more initial investors are expected to subscribe for a material proportion of the aggregate principal amount of the Bonds.

One or more initial investors are expected to subscribe for a material proportion of the aggregate principal amount of the Bonds. Any holder of a significant portion of or majority of the aggregate principal amount of the Bonds may be able to exercise certain rights and powers on its own, which will be binding on all holders of the Bonds and control the outcome of votes on such matters. Any holder of a significant percentage of the Bonds, even if less than a majority, will be able to exercise certain rights and powers and will have significant influence on matters voted on by Bondholders. Additionally, the existence of any such significant Bondholder may reduce the liquidity of the Bonds in the secondary trading market. If any such Bondholder sells a material amount of the aggregate principal amount of the Bonds at any one time, it may materially and adversely affect the trading price of the Bonds.

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

At any time following the occurrence of a Relevant Event (as defined in the Terms and Conditions), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of that Bondholder's Bonds at their principal amount, together in each case with accrued interest. If such an event were to occur or at maturity of the Bonds, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Issuer would have sufficient liquidity at such time to make the required redemption of the Bonds. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem the relevant Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Issuer Group's other indebtedness.

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

The Bonds and the Guarantee will be structurally subordinated to any debt and other liabilities and commitments, including trade payables and lease obligations, of the Issuer's and the Guarantor's existing or future subsidiaries or other downward affiliates in which the Issuer or the Guarantor's owns equity interests, whether or not secured. The Bonds will not be guaranteed by any of the Issuer's and the Guarantor's subsidiaries or affiliates, and the Issuer may not have direct access to the assets of such subsidiaries or affiliates unless these assets are transferred by dividends or otherwise to the Issuer. The ability of such subsidiaries or affiliates to pay dividends or otherwise transfer assets to the Issuer is subject to various restrictions under applicable laws. The Issuer's and the Guarantor's subsidiaries or affiliates will be separate legal entities that have no obligation to pay any amounts due under the Bonds and the Guarantee or make any funds available therefore, whether by dividends, loans or other payments. The Issuer's and the Guarantor's right to receive assets of any of the Issuer's or the Guarantor's (as the case may be) subsidiaries or affiliates, respectively, upon that subsidiary's or affiliate's liquidation or reorganisation will be effectively subordinated to the claim of that subsidiary's or affiliate's creditors (except to the extent that the Issuer or the Guarantor (as the case may be) is creditor of that subsidiary). Consequently, the Bonds and the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any subsidiaries or other downward affiliates that the Issuer or the Guarantor may in the future acquire or establish.

The Bonds and the Guarantee are the Issuer's and the Guarantor's unsecured obligations, and they will (i) rank at least equally in right of payment with all the Issuer's and the Guarantor's other present and future unsecured and unsubordinated obligations; (ii) be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations; and (iii) be senior to all of the Issuer's and the Guarantor's present and future subordinated obligations, subject in all cases to exceptions as may be provided by applicable legislation. As a result, claims of secured lenders, whether senior or junior, with respect to assets securing their loans will be prior with respect to those assets. In the event of the Issuer's and the Guarantor's bankruptcy, insolvency, liquidation, reorganisation, dissolution or other winding up, or upon any acceleration of the Bonds, these assets will be available to pay obligations on the Bonds and the Guarantee (as the case may be) only after all other debt secured by these assets has been repaid in full. Any remaining assets will be available to the Bondholders rateably with all of the Issuer's and the Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are insufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

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

The Issuer and the Guarantor are incorporated under the laws of the PRC. Any bankruptcy proceeding relating to the Issuer and the Guarantor would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the Bondholders are familiar.

Restrictions and covenants in the debt agreements of the Issuer or any other member of the Issuer Group may limit the Issuer Group's ability to incur additional indebtedness and restrict its future operations, and failure to comply with these restrictive covenants may result in a default under the terms of these agreements, or the Bonds, which could cause repayment of the debt of the Issuer to be accelerated.

Certain financing contracts entered into by members of the Issuer Group may contain operational and financial restrictions that prohibit the Issuer Group's or, as the case may be, the relevant subsidiary's, business operations or financing activities, that restrict the relevant borrower from incurring additional indebtedness, creating security or granting guarantees or changing their business and corporate structure and declaring or paying dividends unless it is able to satisfy certain requirements, including but not limited to meeting certain financial ratios or obtaining the relevant lender's prior consent. The ability of the Issuer Group to meet such requirements may be affected by events beyond its control, and the Issuer Group may not be in compliance with such restrictions from time to time. Such restrictions may also negatively affect the Issuer Group's ability to respond to changes in market conditions in time, pursue the business opportunities the Issuer Group believes to be desirable, obtain future financing, fund capital expenditures, or withstand a continuing or future downturn in the Issuer Group's business. Any of these factors could materially and adversely affect the ability of the Issuer and other members of the Issuer Group to satisfy its obligations under the Bonds and/or other debt, as the case may be.

If the Issuer is unable to comply with the restrictions and covenants in the Bonds, or current or future debt obligations and other agreements (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of the debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under its other debt agreements, including the Bonds. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay all of the Issuer's indebtedness in full, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the Issuer.

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

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

The Terms and Conditions also provide that the Trustee may (but is not obliged to) agree, without the consent of the Bondholders, to (i) any modification of the Bonds, any of the Terms and Conditions or any of the provisions of the Trust Deed, Agency Agreement or the Deed of Guarantee that is in its opinion of

a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law or with any rule or procedure of the relevant clearing system; and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of the Bonds, any of the Terms and Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer and the Guarantor to the Bondholders as soon as practicable.

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

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

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

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

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their accountholders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Issuer, the Guarantor, the Trustee or the Agents or any of their respective directors, officers, agents, employees, affiliates, representatives or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

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

Ratings of the Bonds or the Issuer may not reflect all risks and may be downgraded or withdrawn at any time, which may adversely affect the value of the Bonds.

CSPI Ratings has assigned long-term credit rating of BBB to the Issuer, with stable outlook. One or more independent credit rating agencies may assign credit ratings to an issue of the Bonds or the Issuer. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer to perform their respective obligations under the Bonds and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Bonds or the Issuer will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Issuer is not obligated to inform holders of the Bonds of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Bonds or the Issuer at any time may materially and adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

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

Under the Enterprise Income Tax Law of the PRC (the “**EIT Law**”) which took effect on 1 January 2008 and was revised on 29 December 2018 and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. There remains uncertainty as to whether the gains realised on the transfer of the Bonds by non-resident enterprise Bondholders would be treated as income derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders of the Bonds who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply, respectively, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the “**Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

In addition, pursuant to the EIT Law, the Individual Income Tax Law of the PRC (the “**IIT Law**”) which took effect on 30 June 2011 and was amended on 31 August 2018, and the implementation rules relating to the EIT Law and IIT Law, respectively, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustments by virtue of the applicable treaty. As Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore be subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any).

On 23 March 2016, the MOF and the State Administration of Taxation of the PRC issued the Circular of Full Implementation of Replacing Business Tax with Value-Added Tax Reform (關於全面推開營業稅改徵增值稅試點的通知) (Caishui [2016] No. 36) (“**Circular 36**”), which introduced a new value-added tax (“**VAT**”) from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide financial services within the PRC. The Issuer will be obliged to withhold VAT of 6 per cent. for payments of interest and certain other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. The interpretation and enforcement of Circular 36 as well as other laws and regulations pertaining to VAT remain unclear and involve uncertainties.

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

Stamp duties may also be imposed during the issuance and transfer of the Bonds.

There are uncertainties regarding the interpretation and application of current and future PRC taxation related laws and regulations and there can be no assurance that the relevant PRC regulatory authorities will not change its view on the relevance and applicability of such laws and regulations to the issuance of the Bonds by the Issuer, the purchase of the Bonds by the investors upon issuance and/or subsequent transfers of the Bonds.

According to the Stamp Duty Law of the PRC (中華人民共和國印花稅法) promulgated by the Standing Committee of the National People’s Congress on 10 June 2021 and implemented on 1 July 2022 (the “**Stamp Duty Law**”), enterprises or individuals which make taxable instruments and conduct securities transactions within the territory of the PRC shall be obliged to pay relevant stamp duties in accordance with the provisions therein. Enterprises and individuals which make taxable instruments outside the territory of the PRC to be used within the territory of the PRC shall also pay stamp duty in accordance with the provisions therein. Pursuant to the Stamp Duty Law, taxable instruments shall include the contracts, property transfer documents and business account books listed in the Schedule of Stamp Duty Items and Tax Rates (印花稅稅目稅率表) attached thereto, which provide the stamp duty items and rates. Where a taxable contract or property transfer document does not specify the amount, the stamp duty basis shall be determined based on the actual settlement amount.

According to the Stamp Duty Law, the parties shall be obliged to pay stamp duties for the sale, inheritance, gift, exchange or division of instruments of transfer of property rights, including instruments of transfer of land use rights, ownership of buildings and other structures, equity, exclusive right of use of trademarks, patents and proprietary technology usage rights.

According to Stamp Duty Law, a loan contract shall be deemed as a taxable instrument. While PRC laws may consider Bonds to be a type of loan contracts, pursuant to the Schedule of Stamp Duty Items and Tax Rates (印花稅稅目稅率表) attached to the Stamp Duty Law, a loan contract shall refer to that signed between banking financial institutions, or other financial institutions established upon approval of the banking regulatory authority of the State Council and borrowers (excluding inter-bank borrowing). The Specific Provisions on the Applicability of Loan Contracts by the State Administration of Taxation ((1988) Guoshuidi Zidi No. 30) (國家稅務局關於對借款合同貼花問題的具體規定((1988)國稅地字第030號))) (“**Specific Provisions**”) provides loan contracts include those for working capital or mortgages.

However, given that the Stamp Duty Law has been revised and has taken effect recently, there can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated specifying that the Bonds or similar debt instrument shall be treated (for purposes of stamp duty obligations) in the same way as loan contracts entered between banks or other financial institutions and borrowers, or otherwise as taxable instruments in the PRC. In that event, both the borrower and lender (i.e. the Issuer and the investor purchasing the Bonds, respectively) at the time of the issuance of the Bonds, and the transferor and transferee (i.e. the investors transferring the Bonds) at the time of transfer of the

Bonds in the secondary market would be subject to PRC stamp duty of 0.005 per cent. of the amount borrowed, or any other rate applicable at the time of the issuance or transfer of the Bonds in question (or such higher rate if local governments impose additional requirements). There can be no assurance that PRC laws will not be revised or there will not be further rules or regulations promulgated deeming the Bonds or similar debt instrument as instruments of transfer of property rights for purposes of stamp duty obligations, and according to the Stamp Duty Law, instruments of transfer of property rights, including instruments of transfer of equity, shall be subject to stamp duty of 0.05 per cent. of the stated value, and to be paid by the parties who initiated the contract.

Investors should further consult their own legal and tax advisers in relation to their PRC stamp duty obligations and liabilities in relation to any purchase or transfer of the Bonds.

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

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued to the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions), as further described in Condition 6(b) (Redemption for Taxation Reasons) of the Terms and Conditions.

If the Issuer redeems the Bonds prior to their maturity dates, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

The Issuer may issue additional securities or raise additional capital in the future.

The Issuer may, from time to time, and without the consent of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects save for the date of issue, the first payment of interest on them and the timing for compliance with the making or submission of the SAFE Registration and the NDRC Post-Issue Filing (see “*Terms and Conditions of the Bonds – Further Issues*”) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds.

Changes in market interest rates may adversely affect the value of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

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

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

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

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

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

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

RISKS RELATING TO RENMINBI-DENOMINATED BONDS

Renminbi is not freely convertible and there are restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Bonds.

Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite significant reduction in control by it in recent years over trade transactions involving the import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi into and out of the PRC for settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from or completing specific registrations or filing with the relevant authorities on a case-by-case basis and subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being adjusted from time to time to match the policies of the PRC government.

Although the Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016, and the PBOC and the Ministry of Commerce of the PRC have implemented policies for further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies, there is no assurance that the PRC government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that any regulatory restrictions inhibit the ability of the Issuer or the Guarantor to repatriate funds outside the PRC to meet its obligations under the Bonds, the Issuer or the Guarantor will need to source Renminbi offshore to finance such obligations under the relevant Bonds, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

In addition, holders of beneficial interests in Bonds may be required to provide certifications and other information (including Renminbi account information) in order to allow such holder to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

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

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the PBOC has entered into agreements on the clearing of Renminbi business (the “**Settlement Arrangements**”) with financial institutions (each, a “**Renminbi Clearing Bank**”) in a number of financial centres and cities, including but not limited to Hong Kong, London, Frankfurt and Singapore, has established the Cross-Border Inter-Bank Payments System (CIPS) to facilitate cross-border Renminbi settlement and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions (the “**Settlement Arrangements**”), the current size of Renminbi-denominated financial assets outside the PRC remains limited.

There are restrictions imposed by the PBOC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC, although the PBOC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from the PBOC to square open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, where the participating banks cannot source sufficient Renminbi through the above channels, the participating banks will need to source Renminbi from the offshore market to square such open positions.

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

Remittance of proceeds into or outside of the PRC in Renminbi may be difficult.

In the event that the Issuer decides to remit some or all of the proceeds into the PRC in Renminbi, its ability to do so will be subject to obtaining all necessary approvals from, and/or registration or filing with, the relevant PRC government authorities. However, there can be no assurance that the necessary approvals from, and/or registration or filing with, the relevant PRC government authorities will be obtained at all or, if obtained, they will not be revoked or amended in the future.

In the event that the Issuer does remit some or all of the proceeds into the PRC in Renminbi and the Issuer or the Guarantor subsequently is not able to repatriate funds outside the PRC in Renminbi, the Issuer or the Guarantor will need to source Renminbi outside the PRC to finance its respective obligations under the Bonds, and their ability to do so will be subject to the overall availability of Renminbi outside the PRC.

Investment in the Bonds is subject to exchange rate risks.

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as other factors. The Issuer and the Guarantor will make all payments of interest and principal with respect to the Bonds in Renminbi unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in the Bonds entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of Renminbi against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. Accordingly, the value of the investment made by a holder of the Bonds in that foreign currency will decline.

Payments with respect to the Bonds may be made only in the manner designated in the Bonds.

All payments to investors in respect of the Bonds will be made solely (i) for so long as the Bonds are represented by global certificates or global notes held with the common depositary for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of such alternative clearing system, (ii) for so long as the Bonds are represented by global certificates lodged with a sub-custodian for the Hong Kong Monetary Authority as operator of the CMU, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Bonds are in definitive form, by transfer to a Renminbi account maintained by or on behalf of the holder with a bank in Hong Kong in accordance with prevailing rules and regulations. Neither the Issuer nor the Guarantor is required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

There may be PRC tax consequences with respect to investment in the Bonds.

In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situation as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of the holder's investment in the Bonds may be materially and adversely affected if the holder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Bonds.

Investment in the Bonds is subject to interest rate risks.

The value of Renminbi payments under Bonds may be susceptible to interest rate fluctuations occurring within and outside the PRC, including PRC Renminbi repo rates and/or the Shanghai inter-bank offered rate. The PRC government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

The Bonds may carry a fixed interest rate. Consequently, the trading price of such Notes will vary with the fluctuations in the Renminbi interest rates. If holders of Bonds propose to sell their Notes before their maturity, they may receive an offer lower than the amount they have invested.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and other than the words in italics, are the terms and conditions of the Bonds (as defined below) which will appear on the reverse of each definitive certificate evidencing the Bonds.

The issue of the CNY710,000,000 5.0 per cent. guaranteed bonds due 2028 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and to be consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司) (the “**Issuer**”) passed on 17 March 2024 and a resolution of the sole shareholder of the Issuer passed on 29 July 2024. The Bonds have the benefit of a deed of guarantee (as amended, restated, replaced and/or supplemented from time to time, the “**Deed of Guarantee**”) dated 25 August 2025 (the “**Issue Date**”) made between the Guarantor (as defined below) and the Trustee (for itself and the Bondholders). The giving of the Guarantee (as defined below) was authorised by an approval letter of the Guarantor dated 31 July 2025. The Bonds are constituted by a trust deed (as amended, restated, replaced and/or supplemented from time to time, the “**Trust Deed**”) dated 25 August 2025 (the “**Issue Date**”) between the Issuer, Henan Zhongyu Credit Promotion Co., Ltd. (河南中豫信用增進有限公司) (the “**Guarantor**”) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) (the “**Trustee**”, which expression shall include its successor(s) and all persons for the time being the trustee or trustees under the Trust Deed) as trustee for itself and the holders of the Bonds. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bonds are the subject of an agency agreement (as amended, restated, replaced and/or supplemented from time to time, the “**Agency Agreement**”) dated the Issue Date relating to the Bonds entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司) as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (the “**Registrar**”, which expression shall include any successor registrar appointed from time to time in connection with the Bonds), as transfer agent (the “**Transfer Agent**”, which expression shall include any successor transfer agent appointed from time to time in connection with the Bonds) and any other agents named therein.

For so long as any Bond is outstanding, copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available (i) for inspection at all reasonable times during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) by the Bondholders (as defined in Condition 1 below) at the principal office of the Trustee (being at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong) and at the specified office for the time being of the Principal Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent and (ii) electronically from the Principal Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent. In these Conditions, “**Paying Agents**” means any paying agent appointed from time to time under the Agency Agreement with respect to the Bonds and includes the Principal Paying Agent, and “**Agents**” means the Principal Paying Agent, other Paying Agents, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

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

1 FORM, SPECIFIED DENOMINATION AND TITLE

- (a) **Form and denomination:** The Bonds will be issued in registered form in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (each a “**Specified Denomination**”).

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

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

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

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). These Conditions are modified by certain provisions contained in the Global Certificate while any of the Bonds are represented by the Global Certificate. See “**Summary of Provisions Relating to the Bonds in Global Form**”.*

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

2 TRANSFERS OF BONDS

- (a) **Register:** The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and in accordance with the provisions of the Agency Agreement, on which shall be entered the names and addresses of the Bondholders and the particulars of the Bonds held by them and of all transfers of the Bonds.
- (b) **Transfer:** Subject to the Agency Agreement and this Condition 2(b) and Condition 2(c), a Bond may be transferred (in whole or in part but in any case in a Specified Denomination) upon surrender of the Certificate representing such Bond to be transferred and by depositing the form of transfer in the form as from time to time specified by, and obtainable from, the Transfer Agent duly completed and signed, at the specified office of the Registrar or any Transfer Agent and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. A Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a holder are being transferred) the principal amount of the balance of the Bonds not transferred are Specified Denominations. In the case of a transfer of part only of a holding of Bonds represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of the Bonds to a person who is already a holder of the Bonds, a new Certificate evidencing the enlarged holding shall only be issued against surrender of the Certificate evidencing the existing holding.

No transfer of title to a Bond will be valid unless and until entered on the Register.

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

- (c) **Delivery of New Certificates:** Each new Certificate to be issued upon transfer of any Bonds pursuant to Condition 2(b) shall be made available for delivery within seven business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent, of a duly completed and signed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery of such form of transfer and surrender of Certificate shall have been made or, at the option of the Bondholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Bondholder entitled to the new Certificate to such address as may be so specified, unless such Bondholder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “**business day**” means a day, other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).
- (d) **Transfer Free of Charge:** Transfer of the Bonds shall be effected without charge to the relevant Bondholder by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the relevant Bondholder of any and all tax, duty, assessment or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof), (ii) the Registrar or the Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the Transfer Agent being satisfied that the regulations concerning transfer and registration of Bonds have been complied with.
- (e) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal (or premium) in respect of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)), or (iv) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Condition 6(b).
- (f) **Regulations:** All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds (the “**Regulations**”), the initial form of which is scheduled to the Agency Agreement. The Regulations may be changed from time to time by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current Regulations will be made available for inspection at the specified office of the Registrar at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time), from Monday to Friday (other than public holidays)) by the Registrar to any Bondholder upon prior written request and proof of holding and identity satisfactory to the Registrar.

3 STATUS

(a) Status of the Bonds

The Bonds constitute direct, general, unsubordinated, unconditional and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all its other present and future direct, general, unsubordinated, unconditional and unsecured obligations.

(b) Status of the Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. The Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 COVENANTS

- (a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Subsidiaries will, create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (ii) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed).
- (b) **Notification to NDRC:** The Issuer undertakes that it will, (i) within ten Registration Business Days after the Issue Date, file or cause to be filed with the NDRC the offering information and the issue details of the Bonds (the "**NDRC Post-issue Filing**") in accordance with the Administrative Measures for the Review and Registration of Medium-and Long-Term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (the "**Order 56**") issued by the NDRC effective from 10 February 2023 and any implementation rules as issued by the NDRC from time to time; and (ii) within the prescribed timeframes after the Issue Date, file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the Order 56 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time and comply with all applicable PRC laws and regulations (including laws and regulations as issued by the NDRC from time to time) in connection therewith.
- (c) **Undertakings relating to SAFE Registration:** The Issuer undertakes that it will (i) within the prescribed timeframes after the Issue Date, submit or cause to be submitted an application for the registration of the Bonds with SAFE pursuant to the Administrative Measures for Foreign Debt Registration (《外債登記管理辦法》), effective as of 13 May 2013 and as amended on 4 May 2015, and its operating guidelines (《外債登記管理操作指引》) issued by SAFE (the "**SAFE Registration**"), (ii) use its best endeavours to complete the SAFE Registration and obtain a registration record or evidence of filing from SAFE on or before the Registration Deadline, (iii) if applicable, as soon as practicable, and in any case as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Circular of the People's Bank of China on Implementing Overall Macro Prudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知》) (the "**Circular**") and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including but not limited to any rules issued by SAFE and/or the PBOC and, if applicable, the Circular and any implementation measures promulgated thereunder from time to time.

- (d) **Notification of Completion of the NDRC Post-issue Filing and the SAFE Registration:** The Issuer shall, on or before the Registration Deadline and within ten (10) Registration Business Days after the later of: (i) submission of the NDRC Post-issue Filing and (ii) receipt of the registration record from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with (A) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer confirming the completion of the NDRC Post-issue Filing and the SAFE Registration; and (B) copies of the relevant documents evidencing the NDRC Post-issue Filing (if any) and the SAFE Registration and any other document evidencing the completion of filing confirmed by the NDRC and the SAFE (if any), certified in English by an Authorised Signatory of the Issuer as being a true and complete copy of the original (the items specified in (A) and (B) together, the “**Filing Documents**”). In addition, the Issuer shall within ten Registration Business Days after the Filing Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16) confirming the completion of the NDRC Post-issue Filing and the SAFE Registration.

The Trustee may rely conclusively without investigation on the Filing Documents and shall have no obligation or duty to monitor, assist with or ensure the NDRC Post-issue Filing is made with the NDRC or the SAFE Registration is completed or to verify the accuracy, content, completeness, validity and/or genuineness of any documents in relation to or in connection with the NDRC Post-issue Filing, the SAFE Registration and/or the Filing Documents or any translation thereof or to procure that any document in relation to or in connection with the NDRC Post-issue Filing, the SAFE Registration and/or the Filing Documents or any document not in English is translated into English or to verify the accuracy of any English translation thereof of any such documents (if any) or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and the SAFE Registration, and shall not be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

- (e) **Financial Statements – Issuer:** So long as any Bond remains outstanding, the Issuer will furnish the Trustee with:
- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of any written request therefor by the Trustee and at the time of provision of the Issuer Audited Financial Reports; and
 - (ii) one copy of the Issuer Audited Financial Reports (audited by a nationally recognised firm of independent accountants) within 180 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally recognised firm of independent accountants, or (y) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to the Issuer, the Guarantor, any Bondholder or any other person); and
 - (iii) one copy of the Issuer Unaudited Semi-Annual Financial Reports prepared on a basis consistent with the Issuer Audited Financial Reports within 120 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (x) a nationally recognised firm of independent accountants, or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Issuer certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to any Bondholder, the Issuer, the Guarantor or any other person).

- (f) **Financial Statements – Guarantor:** So long as any Bond remains outstanding, the Guarantor will furnish the Trustee with:
- (i) a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) within 14 days of any written request therefor by the Trustee and at the time of provision of the Guarantor Audited Financial Reports;
 - (ii) one copy of the Guarantor Audited Financial Reports (audited by a nationally recognised firm of independent accountants) within 180 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally recognised firm of independent accountants, or (y) a professional translation service provider and checked and confirmed by a nationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to the Issuer, the Guarantor, any Bondholder or any other person);
 - (iii) one copy of the Guarantor Unaudited Semi-Annual Financial Reports prepared on a basis consistent with the Guarantor Audited Financial Reports within 120 days of the end of each Relevant Period, and if such statements shall be in the Chinese language, together with an English translation of the same and translated by (x) a nationally recognised firm of independent accountants, or (y) a professional translation service provider and checked by a nationally recognised firm of independent accountants, together in each case with a certificate in English signed by an Authorised Signatory of the Guarantor certifying that such translation is complete and accurate (and the Trustee shall be entitled to assume that each such English translation is a complete and accurate translation of the original, and may rely conclusively without liability to any Bondholder, the Guarantor, the Issuer or any other person).

The Trustee shall not be required to review the Issuer Audited Financial Reports, the Issuer Unaudited Semi-Annual Financial Reports, the Guarantor Audited Financial Reports, the Guarantor Unaudited Semi-Annual Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4 and, if the same shall not be in the English language, shall not be required to request or obtain an English translation of the same or to investigate or verify the accuracy of any translation of any Issuer Audited Financial Reports, Issuer Unaudited Semi-Annual Financial Reports, Guarantor Audited Financial Reports, Guarantor Unaudited Semi-Annual Financial Reports or any other financial report furnished or delivered to it as contemplated in this Condition 4, and the Trustee shall not be liable to any Bondholder or any other person for not doing so.

The Trustee shall be entitled to assume that any translation provided to it is complete and accurate in all respects and the Trustee is entitled to rely conclusively and without investigation or verification on such translation and shall not be liable to the Bondholders, the Issuer, the Guarantor or any other person for doing so. The Trustee shall be entitled to rely conclusively upon each Compliance Certificate given as contemplated in these Conditions and in the Trust Deed and shall not be liable to the Issuer, the Guarantor, any Bondholder or any other person for so relying.

(g) **Definitions:** In these Conditions:

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

- (i) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) or Relevant Event (as defined in Condition 6) had occurred since the Certification Date of the last such certificate or (if none) the date of the Trust Deed or, if such an event had occurred, giving details of it; and
- (ii) the Issuer or the Guarantor (as the case may be) has complied with all its covenants and obligations under the Trust Deed, the Deed of Guarantee (as the case may be) and the Bonds or, if any non-compliance had occurred, giving details of it;

“Guarantor Audited Financial Reports” means, for a Relevant Period, the annual audited consolidated financial statements of the Guarantor together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with the applicable PRC GAAP;

“Guarantor Unaudited Semi-Annual Financial Reports” means, for a Relevant Period, the unaudited consolidated financial statements of the Guarantor together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes (if any) attached to or intended to be read with any of them;

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

“Issuer Audited Financial Reports” means, for a Relevant Period, the annual audited consolidated financial statements of the Issuer together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them, prepared in accordance with the applicable PRC GAAP;

“Issuer Unaudited Semi-Annual Financial Reports” means, for a Relevant Period, the unaudited consolidated financial statements of the Issuer together with any statements, reports (including any directors’ and auditors’ reports, if any) and notes (if any) attached to or intended to be read with any of them;

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

“PBOC” means the People’s Bank of China or its competent local branches;

“PRC” means the People’s Republic of China, and for the purpose of these Conditions only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“PRC GAAP” means the Accounting Standards for Business Enterprises in China issued by the Ministry of Finance of the PRC from time to time;

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

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

“Relevant Indebtedness” means any present or future indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by any bond, note, debenture, loan stock certificate or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which for the avoidance of doubt does not include bilateral loans, syndicated loans or club deal loans or any transferable loan facility or agreement including any draw-down of any existing credit line or facility);

“Relevant Period” means (i) in relation to the Issuer Audited Financial Reports or the Guarantor Audited Financial Reports, each period of 12 months ending on the last day of the Issuer’s or the Guarantor’s respective financial year (being as at the Issue Date, 31 December of that financial year); (ii) in relation to the Issuer Unaudited Semi-Annual Financial Reports or the Guarantor Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the first half of the Issuer’s or the Guarantor’s respective financial year (being as at the Issue Date, 30 June of that financial year);

“SAFE” means the State Administration of Foreign Exchange of the PRC or its competent local branches; and

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

5 INTEREST

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.0 per cent. per annum, payable semi-annually in arrear on 25 February and 25 August in each year (each an **“Interest Payment Date”**), commencing on 25 February 2026. If any Interest Payment Date would otherwise fall on a day which is not a business day (as defined below in this Condition 5), it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month in which event it shall be brought forward to the immediately preceding business day.

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

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

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, be equal to the product of the rate of interest specified above, the Calculation Amount and the actual number of days in the Interest Period (or such other period) divided by 365, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

In this Condition 5, the expression “**business day**” means a day (other than a Saturday, Sunday or public holiday) upon which commercial banks are generally open for business and settlement of Renminbi payments in Hong Kong.

6 REDEMPTION AND PURCHASE

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled as provided in this Condition 6, the Bonds will be redeemed at their principal amount on the Interest Payment Date falling on, or nearest to, 25 August 2028. The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.
- (b) **Redemption for Taxation Reasons:** The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice in accordance with Condition 16 to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, which should specify the date for redemption and the method by which payment shall be made to the Bondholders at their principal amount (together with any accrued and unpaid interest to but excluding the date fixed for redemption), if the Issuer (or, if the Guarantee were called, the Guarantor) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 18 August 2025, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the provision of any notice of redemption pursuant to this Condition 6(b), the Issuer (or, if the Guarantee were called, the Guarantor) shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory of the Issuer (or of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or, if the Guarantee were called, the Guarantor) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments, and the Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion (without further investigation or query and without liability to the Issuer, the Guarantor, the Bondholders or any other person) as sufficient evidence of the satisfaction of the conditions precedent set out in (i) and (ii) above of this Condition 6(b), in which event the same shall be conclusive and binding on the Bondholders, and the Trustee shall be protected and have no liability to the Issuer, the Guarantor, any Bondholder or any other person for so accepting and relying on such certificate or opinion.

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

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

The **“Put Settlement Date”** shall be the 14th day or, if such day is not a Payment Business Day (as defined in Condition 7(f)), the next following Payment Business Day, after the expiry of such period of 30 days as referred to above.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer (or, if the Guarantee were called, the Guarantor) shall redeem the Bonds which are the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

Not later than 14 days (in the case of a Change of Control Event) or five days (in the case of a No Registration Event) following the first day on which the Issuer becomes aware of a Relevant Event, the Issuer shall give notice to the Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing, which notice shall specify:

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

In these Conditions:

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

- (i) Finance Bureau of the Guancheng Hui District Government (鄭州市管城回族區財政局), the People’s Government of the Guancheng Hui District of Zhengzhou City (鄭州市管城回族區人民政府), the People’s Government of Zhengzhou City (鄭州市人民政府), the People’s Government of Henan Province (河南省人民政府), National Social Security Fund of the PRC, the central government and any other person directly or indirectly Controlled by the government of the PRC (together, the **“PRC Government Persons”**), together cease to directly or indirectly hold or own 90 per cent. of the issued share capital of the Issuer; or

- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person or persons, except where such person(s) (in the case of an asset sale or transfer) or the surviving entity (in the case of a consolidation or merger) is/are directly or indirectly 100 per cent. held or owned by the PRC Government Persons;

“**Control**” means (where applicable), with respect to a person, either (i) or (ii) is satisfied: (i) the ownership, acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the right to appoint and/or remove at least a majority of the members of the relevant person’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise; the term “**Controlled**” has meanings correlative to the foregoing;

a “**No Registration Event**” occurs when the Registration Conditions are not satisfied on or before the Registration Deadline;

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

“**Registration Conditions**” means the receipt by the Trustee of the Filing Documents relating to SAFE Registration in accordance with Condition 4(d); and

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

- (i) there is a No Registration Event; or
- (ii) there is a Change of Control Event.

So long as the Bonds are represented by the Global Certificate, a right of a holder to redemption of the Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules and procedures of the relevant clearing systems.

- (d) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date, in such place and in such manner as specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b) and any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail. Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 6 has occurred or for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so.
- (e) **Purchase:** The Issuer, the Guarantor or their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries, shall not entitle the Bondholder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

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

7 PAYMENTS

(a) **Method of Payment:**

- (i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii).
- (ii) Payment of any amount on each Bond shall be paid on the due date for such payment to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Bond shall be made in Renminbi by wire transfer to the registered account of the relevant Bondholder. For the purposes of this Condition 7(a)(ii), a Bondholder’s “**registered account**” means the Renminbi account maintained by or on behalf of it with a bank in Hong Kong that processes payments in Renminbi, details of which appear on the Register at the close of business on the Record Date.
- (iii) If the amount of principal upon surrender of the relevant Certificate being paid is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest or premium (if any) being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest or premium (if any) so paid.

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

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

- (c) **Payment Initiation:** Where payment is to be made by wire transfer to a registered account in Renminbi, payment instructions (for value on the due date or, if that date is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal and premium (if any) where the relevant Certificate, as applicable, has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on or following which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar, the Transfer Agent, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer and the Guarantor (or, as provided in the Trust Deed, the Trustee) and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer and the Guarantor reserve the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar, any Transfer Agent or any of the other Agents and to appoint additional or other agents in accordance with the Agency Agreement, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent and (iv) such other agents as may be required by any other stock exchange on which the Bonds may be listed, in each case as approved in writing by the Trustee.

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

- (e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date for a payment is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so), or if a wire transfer made in accordance with Condition 7(a) arrives in the registered account of the Bondholder after the due date for payment.
- (f) **Non-Payment Business Day:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 7, “**Payment Business Day**” means a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong, the place in which the specified place of the Principal Paying Agent is located and (if surrender of the relevant Certificate is required) in the relevant place of presentation.

8 TAXATION

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

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at a rate up to and including the aggregate rate applicable on 18 August 2025 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding for or on account of any tax, duty, assessment or governmental charge of whatever nature imposed, levied, collected, withheld or assessed by or within the PRC at the rate in excess of the Applicable Rate, then the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond (or the Guarantee, as the case may be):

- (a) **Other Connection:** to a Bondholder (or to a third party on behalf of a Bondholder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond or where withholding or deduction could be avoided by the Bondholder making a declaration of non-residence or other similar claim for exemption to the appropriate authority; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is surrendered or presented (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the Bondholder of it would have been entitled to such Additional Tax Amounts on presenting or surrendering, as the case may be, the Certificate representing such Bond for payment on the last day of such period of 30 days.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the PRC, references in these Conditions to the PRC shall be construed as references to the PRC and/or such other jurisdiction.

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

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

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in this Condition 8, or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and neither the Trustee nor any Agent shall be responsible or liable for (A) determining whether the Issuer, the Guarantor, any Bondholder or any other person is liable to pay any tax, duty, charge, assessment, governmental charge, withholding or other payment referred to in this Condition 8; (B) determining the sufficiency or insufficiency of any amounts so paid; or (C) any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such taxes, duties, charges, assessments, governmental charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such taxes, duties, charges, assessments, governmental charges, withholding or other payment imposed by or in any jurisdiction, including without limitation any notice or information to the Trustee or any Agent or any person that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, assessment, governmental charge, withholding or other payment imposed by or in any jurisdiction.

9 EVENTS OF DEFAULT

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

- (a) **Non-Payment:** there has been a failure to pay the principal of, premium (if any) or any interest on any of the Bonds when due and payable, and in the case of a failure to pay interest, such failure continues for a period of 14 days; or
- (b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under or in respect of the Bonds, the Trust Deed or the Deed of Guarantee (other than where such default gives rise to a right of redemption pursuant to Condition 6(c)) which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, and such default is not remedied within 30 days after notice in writing of such default shall have been given to the Issuer or the Guarantor (as the case may be) by the Trustee; or
- (c) **Cross-Default of the Issuer:** (1) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (2) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (3) the Issuer or any of its Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds CNY200 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the Renminbi as quoted by any leading bank on the day on which this Condition 9(c) operates); or
- (d) **Cross-Default of the Guarantor:** (1) any other present or future indebtedness of the Guarantor or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (2) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (3) the Guarantor or any of its Subsidiaries fails to pay when due or, as the case may be, within any originally applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(d) have occurred equals or exceeds CNY200 million or its equivalent (on the basis of the middle spot rate for the relevant currency against the Renminbi as quoted by any leading bank on the day on which this Condition 9(d) operates); or
- (e) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and is not discharged or stayed within 30 days; or

- (f) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in respect of all or a material part of the assets of the Issuer or the Guarantor or the relevant Principal Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 30 days; or
- (g) **Insolvency:** the Issuer, the Guarantor or any of their respective Principal Subsidiaries is (or is, or could be, deemed by law or a court of competent jurisdiction to which it is subject to be) insolvent or bankrupt or unable to pay its debts as and when such debts fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of a material part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or
- (h) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except (A) for the purpose of and followed by a voluntary solvent winding-up or voluntary dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Principal Subsidiary, (x) whereby a material part of the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor and/or another of their respective Subsidiaries in any combination, or (y) a disposal of or by a Principal Subsidiary on an arm's length basis where the consideration from such disposal shall be transferred to or otherwise vested in the Issuer, the Guarantor or any of their respective Subsidiaries or (z) on a solvent winding-up basis; or
- (i) **Nationalisation:** (1) any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or (2) the Issuer, the Guarantor or any of their respective Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (j) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (1) to enable each of the Issuer and the Guarantor lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (2) to ensure that those obligations are legally binding and enforceable and (3) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (k) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed and/or the Deed of Guarantee; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to paragraphs (e) to (i) of this Condition 9.

In this Condition 9:

“Principal Subsidiary” means any Subsidiary of the Issuer or the Guarantor:

- (A) whose operating income or (in the case of a Subsidiary which itself has Subsidiaries) consolidated operating income, as shown by its latest audited income statement, is at least five per cent. of the consolidated operating income of the Issuer or the Guarantor, as the case may be, as shown by the latest audited consolidated income statement of the Issuer or the Guarantor, as the case may be, including, for the avoidance of doubt, the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries' share of operating income of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (B) whose net profit or (in the case of a Subsidiary which itself has Subsidiaries) consolidated net profit, as shown by its latest audited income statement is at least five per cent. of the consolidated net profit of the Issuer or the Guarantor, as the case may be, as shown by the latest audited consolidated income statement of the Issuer or the Guarantor, as the case may be, including, for the avoidance of doubt, the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries' share of profits of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (C) whose total assets or (in the case of a Subsidiary which itself has Subsidiaries) consolidated total assets, as shown by its latest audited balance sheet are at least five per cent. of the consolidated total assets of the Issuer or the Guarantor, as the case may be, as shown by the latest audited consolidated balance sheet of the Issuer or the Guarantor, as the case may be, including, for the avoidance of doubt, the investment of the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the Issuer or the Guarantor, as the case may be, and after adjustment for minority interests; or
- (D) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith cease to be a Principal Subsidiary at the date on which the first audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor, as the case may be, prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (A), (B) or (C) above of this definition;

provided that, in relation to paragraphs (A), (B) and (C) above of this definition:

- (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer or the Guarantor, as the case may be, relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor, as the case may be, for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor, as the case may be, for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor, as the case may be, adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (ii) if at any relevant time in relation to the Issuer or the Guarantor, as the case may be, or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, operating income, net profit or total assets of the Issuer or the Guarantor, as the case may be, and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer or the Guarantor, as the case may be;

- (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its operating income, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer or the Guarantor, as the case may be; and
- (iv) if the accounts of any Subsidiary are not consolidated with those of the Issuer or the Guarantor, as the case may be (other than the case described in proviso (A) above), then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the most recent consolidated accounts (audited or otherwise) of the Issuer or the Guarantor, as the case may be.

A certificate in English (substantially in the form scheduled to the Trust Deed) signed by any Authorised Signatory of the Issuer or the Guarantor (as the case may be) addressed to the Trustee, accompanied with relevant audited accounts (consolidated, if appropriate) or, as the case may be, the pro forma accounts (consolidated, if appropriate), that in its opinion (making such adjustments (if any) as it shall deem appropriate) a Subsidiary is or is not or was or was not at any particular time or during any particular period a Principal Subsidiary shall be conclusive and binding on the Issuer, the Guarantor, the Trustee and the Bondholders, and the Trustee shall be entitled to rely conclusively upon such certificate without further investigation or query and without liability to the Issuer, the Guarantor, the Bondholders or any other person.

10 PRESCRIPTION

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

11 REPLACEMENT OF CERTIFICATES

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

12 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of the Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Deed of Guarantee and/or the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by the Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing the Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes the modification or abrogation of certain of the provisions in these Conditions and certain of the provisions of the Trust Deed, including consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest

on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or release the Deed of Guarantee (other than as provided in Condition 12(b)), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on the Bondholders, whether or not they were present and/or voted at the meeting at which such resolution was passed.

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

- (b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law or with any rule or procedure of the relevant clearing system, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of the Bonds, any of these Conditions or any of the provisions of the Trust Deed, the Deed of Guarantee and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer and the Guarantor to the Bondholders as soon as practicable in accordance with Condition 16. The Trustee may request and rely conclusively upon a certificate signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) and/or an opinion of counsel concerning the compliance with the above conditions in respect of any modification, authorisation, waiver, supplement, replacement and/or amendment.
- (c) **Entitlement of the Trustee:** In connection with the performance and exercise of its functions, rights, powers and/or discretions (including but not limited to those referred to in this Condition 12), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to interests of, or be responsible for the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 ENFORCEMENT

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

The Trustee may refrain from taking any steps or actions or instituting any proceedings in any jurisdiction if the taking of such steps or actions or the institution of such proceedings in that jurisdiction would, in its opinion, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such steps or actions or instituting any such proceedings if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

14 INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to be indemnified, secured and/or pre-funded to its satisfaction and to be relieved from responsibility in certain circumstances including, without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement, the Deed of Guarantee and/or these Conditions and in respect of the Bonds and to enforce payment or taking steps and/or other actions and/or instituting any other proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction and for the Trustee to be paid or reimbursed for any fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of the Bondholders. The Trustee, the Agents and their respective affiliates are entitled to (i) enter into business transactions with the Issuer, the Guarantor and/or any entity related (directly or indirectly) to the Issuer or the Guarantor without accounting for any profit, and to act as trustee for the Bondholders of any other securities issued by or relating to, the Issuer, the Guarantor and/or any entity related to the Issuer or the Guarantor, (ii) to exercise and enforce its rights, powers and discretions, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

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

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refraining from taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution or clarifications of any directions, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal expenses) and liabilities which may be incurred by it in connection therewith, and the Trustee shall not be responsible or liable for any loss or liability incurred by the Issuer, the Guarantor, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refraining from taking such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

Neither the Trustee nor any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and/or any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer and/or the Guarantor to the contrary, the Trustee and/or each Agent shall be entitled to assume that the same are being duly performed. Neither the Trustee nor any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Bondholders. The Trustee and the Agents shall be entitled to rely conclusively on any instruction, direction, request or resolution of the Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of the Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or take any steps to ascertain whether any Event of Default, Potential Event of Default or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions and shall not be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

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

15 FURTHER ISSUES

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

Any further bonds forming a single series with the outstanding bonds of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee.

16 NOTICES

Notices to the holders of Bonds shall be mailed to them by uninsured mail at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or a public holiday) after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

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

17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 but this shall not in any event affect any right or remedy which exists or is available apart from such Act and is without prejudice to the rights of the Bondholders as set out in Condition 13.

18 GOVERNING LAW AND JURISDICTION

- (a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
- (b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement (“**Proceedings**”) may be brought in such courts. The parties have in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts of Hong Kong and waived any objection to Proceedings in any such courts of Hong Kong whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor irrevocably appoints The Law Debenture Corporation (H.K.) Limited at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong, as its authorised agent in Hong Kong to accept service of process in any Proceedings in Hong Kong in relation to any of the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Issuer or, as the case may be, the Guarantor). If for any reason such authorised agent ceases to be such an agent, the Issuer or the Guarantor, as the case may be, will promptly appoint a substitute process agent and shall deliver to the Trustee and the Agents a copy of the substitute process agent’s acceptance of that appointment within 30 days of such cessation and shall notify the Bondholders and the Trustee and the Agents of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

The Global Certificate will contain provisions which apply to the Bonds while they are in global form, some of which will modify the effect of the Terms and Conditions set out in this Offering Circular. The following is a summary of certain of those provisions. Terms defined in the Terms and Conditions set out in this Offering Circular have the same meaning in the paragraphs below.

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

PROMISE TO PAY

The Issuer, for value received, will promise to pay to the holder of the Bonds represented by the Global Certificate (subject to surrender of the Global Certificate if no further payment falls to be made in respect of such Bonds) on the Maturity Date (or on such earlier date as the amount payable upon redemption under the Terms and Conditions may become repayable in accordance with the Terms and Conditions) the amount payable upon redemption under the Terms and Conditions in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions, in accordance with the Terms and Conditions.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to, or to the order of, the person shown as the Bondholder in the Register at the close of business on the record date which shall be the Clearing System Business Day immediately before the date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

EXCHANGE OF BONDS REPRESENTED BY GLOBAL CERTIFICATE

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

NOTICES

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

MEETINGS

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each CNY10,000 in principal amount of Bonds for which the Global Certificate is issued.

BONDHOLDERS' REDEMPTION

The Bondholders' redemption option in Condition 6(c) (Redemption for Relevant Event) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent within the time limits specified in the Terms and Conditions, in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System, and stating the principal amount of Bonds in respect of which the option is exercised.

ISSUER'S REDEMPTION

The Issuer's redemption option in Condition 6(b) (Redemption for Taxation Reasons) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions.

TRANSFERS

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

CANCELLATION

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer or its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) thereon.

TRUSTEE'S POWERS

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

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

The Global Certificate and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be CNY710,000,000. Such proceeds, after deducting commissions and other expenses payable in connection with the offering of the Bonds, will be used for project development of the Issuer Group and replenishing its working capital.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER GROUP

The following table sets forth the Issuer Group's consolidated capitalisation as at 31 December 2024 as adjusted to give effect to the issuance of the Bonds before deducting commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with the Issuer Group's consolidated financial information and related notes included in this Offering Circular.

	As at 31 December 2024	As at 31 December 2024
	Actual	As adjusted
	RMB (in millions)	RMB (in millions)
Current indebtedness:		
Short-term borrowings	1,889.5	1,889.5
Current portion of non-current liabilities ⁽¹⁾	1,936.0	1,936.0
Other current liabilities ⁽²⁾	150.0	150.0
Total current indebtedness	3,975.5	3,975.5
Non-current indebtedness:		
Long-term borrowings	5,861.8	5,861.8
Long-term payables ⁽³⁾	2,930.6	2,930.6
Bonds to be issued ⁽⁴⁾	—	710.0
Total non-current indebtedness	8,792.4	9,502.4
Total indebtedness⁽⁵⁾	12,767.9	13,477.9
Total equity	10,977.0	10,977.0
Total capitalisation⁽⁶⁾	23,744.9	24,454.9

Notes:

- (1) The amount represents the Issuer's interest-bearing indebtedness in current portion of non-current liabilities.
- (2) The amount represents the Issuer's interest-bearing indebtedness in other current liabilities.
- (3) The amount represents the Issuer's interest-bearing indebtedness in long-term payables.
- (4) The amount represents the aggregate principal amount of the Bonds to be issued, before deducting commissions and other estimated expenses payable in connection with the offering of the Bonds.
- (5) Total indebtedness represents the sum of total current indebtedness and total non-current indebtedness.
- (6) Total capitalisation represents the sum of total indebtedness and total equity.

Subsequent to 31 December 2024, the Issuer Group has, in the ordinary course of business, made additional financing arrangements to finance its business development and for general corporate purposes. For example, on 8 April 2025, the Issuer Group issued U.S.\$39,000,000 7.2 per cent. bonds due 2028.

Except as otherwise disclosed above, there has been no material change in the consolidated capitalisation and indebtedness of the Issuer Group since 31 December 2024.

DESCRIPTION OF THE ISSUER GROUP

OVERVIEW

The Issuer is one of the most prominent infrastructure construction platforms in Guancheng Hui District of Zhengzhou City, Henan Province, the PRC. Since its establishment in December 2011, the Issuer is committed to implement the development blueprint of Guancheng Hui District Government to upgrade infrastructure and public facilities, improve quality of urban life with better living environment as well as accelerate regional economic growth. With strong support from its shareholder and after years of business growth, the Issuer Group has established a strong regional presence and played an important role in the development of Zhengzhou City.

Zhengzhou City is the capital city of Henan Province, located in the north-central part of Henan Province, and is an important central city in the central region of China, an important national comprehensive transportation hub, and a core city in the Central Plains Economic Region. Guancheng Hui District is located in the southeast of the main urban area of Zhengzhou City, bordering Zhongmu County in the east, Erqi District in the west, Xinzheng City in the south, and Jinshui District in the north. It is one of the five central urban areas of Zhengzhou and one of the five urban ethnic districts in the PRC. As of the end of 2024, the total area of Guancheng Hui District is 107 square kilometers, with 12 sub-district offices and one provincial-level economic and technological development district, with a permanent population of 834,800. Guancheng Hui District has convenient transportation and strong hub distribution function, with seven rail transit lines running through the whole territory of which four lines have been completed and opened to traffic. There are five vertical and seven horizontal trunk roads in Guancheng Hui District, including Zijingshan Road, Zhongzhou Avenue, Longhai Expressway and South Third Ring Road, and expressway network extends in all directions. Guancheng Hui District is adjacent to Zhengzhou East Railway Station in the east, Zhengzhou Central Station in the west, and Xinzheng Airport in the south. The one-and-a-half-hour “traffic circle” in Guancheng Hui District can cover two-thirds of China’s major cities and three-fifths of the population, forming an integrated transportation network that is externally connected, smooth, convenient and efficient. According to Zhengzhou City Statistics Bureau (鄭州市統計局), for the years ended 31 December 2022, 2023 and 2024, Zhengzhou City recorded a GDP of approximately RMB12,73.6 billion, RMB1,361.8 billion, and RMB1,453.2 billion, respectively, representing a year-on-year growth of 0.9 per cent., 7.4 per cent., and 5.7 per cent., respectively, for the same periods. In 2024, as published by Guancheng Hui District Government, Guancheng Hui District recorded a GDP of approximately RMB80.5 billion, representing a 4.8 per cent. increase as compared to the previous year.

The unique geographical location of Zhengzhou City and its economic integration with fast-growing economic circles have given rise to opportunities for continuous urbanisation and infrastructure development in the region, which, in turn, drives the growth of the Issuer Group’s business. Over the years, the Issuer Group has developed a diversified business portfolio covering land development, project construction, housing development, trading business as well as other businesses. The Issuer Group’s principal business segments are as follows:

- **Land Development.** As designated by Guancheng Hui District Government, the Issuer Group has undertaken a series of major land development projects within Guancheng Hui District. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the land development was approximately nil, RMB55.9 million and RMB8.3 million, respectively, representing nil, 2.0 per cent. and 0.3 per cent., respectively, of the Issuer Group’s total operating revenue for the same periods.
- **Project Construction.** As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has undertaken a series of major construction projects within Guancheng Hui District as designated by Guancheng Hui District Government, including construction of public infrastructure such as roads, schools and hospitals, and other projects including business parks and office buildings. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the project construction business was approximately RMB434.4 million, RMB255.7 million and RMB56.9 million, respectively, representing 14.5 per cent., 9.3 per cent. and 2.1 per cent., respectively, of the Issuer Group’s total operating revenue for the same periods.

- **Housing Development.** Designated by Guancheng Hui District Government, the Issuer Group has undertaken a series of major housing development projects within Guancheng Hui District. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the housing development business was approximately nil, RMB113.5 million and nil, respectively, representing nil, 4.1 per cent. and nil, respectively, of the Issuer Group's total operating revenue for the same periods.
- **Trading Business.** The Issuer Group conducts trading business, which mainly involves the trading of electrolytic copper and zinc ingots. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the trading business was approximately RMB2,047.7 million, RMB2,017.2 million and RMB2,334.7 million, respectively, representing 68.3 per cent., 73.3 per cent. and 88.0 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.
- **Other Businesses.** In addition to the above-mentioned principal businesses, the Issuer Group also engages in other businesses, such as land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others. For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from other businesses was approximately RMB514.5 million, RMB308.6 million and RMB253.6 million, respectively, representing 17.2 per cent., 11.2 per cent. and 9.6 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

For the years ended 31 December 2022, 2023 and 2024, total operating revenue generated from the Issuer Group's business operation was approximately RMB2,996.7 million and RMB2,751.0 million and RMB2,653.4 million respectively. As at 31 December 2022, 2023 and 2024, total assets of the Issuer Group were approximately RMB18.2 billion, RMB26.1 billion and RMB32.2 billion, respectively.

COMPETITIVE STRENGTHS

The Issuer Group believes that the following strengths are important to its success and future development.

Well-positioned to capitalise on the geographical advantage of Zhengzhou City and Guancheng Hui District and strong growth potential in the Central Plains Economic Region

Zhengzhou City is the capital city of Henan Province, located in the north-central part of Henan Province, and is an important central city in the central region of China, an important national comprehensive transportation hub, and a core city in the Central Plains Economic Region. Guancheng Hui District is located in the southeast of the main urban area of Zhengzhou City, bordering Zhongmu County in the east, Erqi District in the west, Xinzheng City in the south, and Jinshui District in the north. It is one of the five central urban areas of Zhengzhou and one of the five urban ethnic districts in the PRC. As of the end of 2024, the total area of Guancheng Hui District is 107 square kilometers, with 12 sub-district offices and one provincial-level economic and technological development district, with a permanent population of 834,800. Guancheng Hui District has convenient transportation and strong hub distribution function, with seven rail transit lines running through the whole territory of which four lines have been completed and opened to traffic. There are five vertical and seven horizontal trunk roads in Guancheng Hui District, including Zijingshan Road, Zhongzhou Avenue, Longhai Expressway and South Third Ring Road, and expressway network extends in all directions. Guancheng Hui District is adjacent to Zhengzhou East Railway Station in the east, Zhengzhou Central Station in the west, and Xinzheng Airport in the south. The one-and-a-half-hour "traffic circle" in Guancheng Hui District can cover two-thirds of China's major cities and three-fifths of the population, forming an integrated transportation network that is externally connected, smooth, convenient and efficient.

Zhengzhou City's industrial economy supported by seven leading industries such as automobile and equipment manufacturing industry and electronic information industry has maintained rapid development, and the tertiary industry led by modern logistics industry and financial industry has developed rapidly and has strong economic strength. Guancheng Hui District is the commercial centre of Zhengzhou City, with a well-developed commerce and trade industry, and the service industry accounted for 75.8 per cent. of the three industries. With Asia's largest garment wholesale base "Yinji Trade City", the largest food department store wholesale market in the central and western regions "Bairong World Trade Mall", Asia's largest bus production base "Yutong Bus" and the largest gold and jewelry trading base in the six central provinces. In recent years, there are 974 major projects landing in Guancheng Hui District, with the total investment reaching RMB270.0 billion and the total number of market entities in the region reaching 130,000. Emerging industries are booming, the digital economy is beginning to take shape, and the industrial structure of Guancheng Hui District continues to be optimised and develop. According to Zhengzhou City Statistics Bureau, for the years ended 31 December 2022, 2023 and 2024, Zhengzhou City recorded a GDP of approximately RMB12,73.6 billion, RMB1,361.8 billion, and RMB1,453.2 billion, respectively, representing a year-on-year growth of 0.9 per cent., 7.4 per cent., and 5.7 per cent., respectively, for the same periods. In 2024, as published by Guancheng Hui District Government, Guancheng Hui District recorded a GDP of approximately RMB80.5 billion, representing a 4.8 per cent. increase as compared to the previous year.

As an important government investment and implementation entity of major infrastructure projects in Guancheng Hui District, Zhengzhou City, the Issuer mainly undertakes important tasks in land development, housing development and the construction of infrastructure projects such as roads, schools, hospitals, business parks and office buildings within the region. Over the years, the Issuer Group has established standardised land development, project construction and housing development procedures and comprehensive financial management practices which cover the entire life cycle of a construction project, focusing on quality control and optimising cash position, to ensure the consistent high quality and cost control of its land development, project construction and housing development businesses.

The Issuer Group believes that proven development capabilities, standardised construction and development procedures and comprehensive financial management practices, in addition to strong support from Guancheng Hui District Government, provide it with a competitive advantage over its rivals in Guancheng Hui District, allowing the Issuer Group to further replicate its success and create brand recognition.

The Issuer Group believes that the unique geographical location of Guancheng Hui District and Zhengzhou City, the strong foundation of the manufacturing industry in Guancheng Hui District, their economic integration with fast-growing economic circles and the increasing purchasing power in the region have given rise to opportunities for continuous urbanisation and infrastructure development in the region, which, in turn, is expected to drive the future growth of the Issuer Group.

Close relationship with, and strong support (excluding credit support) from, Guancheng Hui District Government

The manufacturing industry in Guancheng Hui District has a strong foundation and its economy has maintained steady growth in recent years. As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has extensive connections with Guancheng Hui District Government and other entities directly or indirectly controlled by it (together, "**Guancheng Hui District Government and its controlled entities**"). The Issuer Group has been commissioned by Guancheng Hui District Government and its controlled entities to participate in the land development, project construction, housing development and other businesses in the Guancheng Hui District with a vision to implement the development blueprint of Guancheng Hui District Government in this region. The Issuer Group believes that its close relationship with Guancheng Hui District Government and its controlled entities will enable it to remain closely aligned with the social and economic development of Guancheng Hui District, and to benefit from the business opportunities emerging from the local development.

In addition to the abovementioned business opportunities, the Issuer Group has also received strong support from the Guancheng Hui District Government and its controlled entities in the form of, among others, favourable policies, government grants and subsidies, tax incentives, asset transfers and capital injections. See “*Description of the Issuer Group – History and Development*” for more details of asset transfers and capital injections received by the Issuer Group. In particular, for the years ended 31 December 2022, 2023 and 2024, the aggregate amount of government subsidies received by the Issuer Group, which were recognised as “non-operating income” and “other income” by the Issuer Group, amounted to RMB1.1 million, RMB9.2 million and RMB110.3 million, respectively.

The Issuer Group believes that the strong support (excluding credit support) from the Guancheng Hui District Government and its controlled entities greatly enhanced the financial stability, creditworthiness and competitiveness of the Issuer Group, which, in turn, is expected to contribute to the future growth of the Issuer Group.

Diversified financing channels with sound capital structure

The Issuer Group funds its business operations primarily through a variety of financing channels, such as bank loans. Over the years, the Issuer Group has cultivated cooperative relationships with many reputable banks in the PRC including China Development Bank, Hengfeng Bank, Industrial and Commercial Bank of China, Bank of Communications, Zhengzhou Bank and Zhongyuan Bank, etc. As at 31 December 2024, the Issuer Group had total credit facilities of approximately RMB17.1 billion, of which approximately RMB6.5 billion had not been utilised.

Leveraging its excellent reputation and credibility, the Issuer Group has also been actively exploring other financing channels to further diversify its sources of funding. Engaging in direct financing activities in the financial markets has helped lower the Issuer Group’s financing cost and thus improve the efficiency in the utilisation of funds.

In addition, the Issuer Group closely monitors its capital structure and manages the duration of its indebtedness to ensure liquidity and sustainable funding. As at 31 December 2024, the Issuer Group’s total interest-bearing indebtedness primarily comprising short-term loans, interest-bearing current portion of non-current liabilities, interest-bearing other payables, interest-bearing other current liabilities, long-term loans, and interest-bearing long-term payables was approximately RMB12,767.9 million, of which RMB3,975.5 million would become due within 12 months.

The Issuer Group believes that it will continue to have access to sufficient capital to support its business, as an important asset management platform in Guancheng Hui District that facilitates the unified management and operation of state-owned productive assets.

Comprehensive and diversified business portfolio with a balanced revenue structure

The Issuer Group benefits from its diversified income sources and operates within a balanced revenue structure. The Issuer Group cuts across a variety of business sectors, including (i) land development, (ii) project construction, (iii) housing development, (iv) trading business as well as (v) other businesses.

As the Issuer Group’s diversified business portfolio covers a broad spectrum of businesses, the Issuer Group is well positioned to address a full spectrum of customer needs and is protected from the effects of potential adverse events affecting the macro economy or a specific business sector. This allows the Issuer Group to optimise its resource allocation, capture profits and growth opportunities and increase the Issuer Group’s overall competitiveness. The Issuer Group believes that its diversified business portfolio and sizeable operations enhance its capabilities and continues to prepare the Issuer Group for continuous growth and sustainable development.

Robust corporate governance framework with experienced directors, supervisors and senior management team

The Issuer Group has established a robust corporate governance framework which is in line with the modern corporate governance practice. Its corporate governance framework covers various aspects of the Issuer Group's daily operations, spanning across governance structure and accountability, accounting and financial control, guarantee management, related-party transaction management, construction safety supervision, use of funds management and information disclosure system. The Issuer Group believes that its robust corporate governance framework lays a solid foundation for its future growth.

Moreover, the Issuer Group is supported by personnel with extensive experience in business operation and management. On average, the directors and senior management team of the Issuer Group have over ten years of experience in business management in the industries where the Issuer Group operates. Furthermore, the directors, supervisors and senior management team of the Issuer Group come from a broad range of backgrounds. Their rich experience complements each other's advantages, and their leadership constitutes strong support for the Issuer Group's development. See *"Directors, Supervisors and Senior Management of the Issuer"* for more details.

The Issuer Group believes that experienced directors, supervisors and senior management team have been, and will continue to be, one of the essential attributes in maintaining its steady growth in recent years.

BUSINESS STRATEGIES

The Issuer Group is committed to continuously enhancing its sustainable development capabilities, promoting the economic development of Guancheng Hui District, and taking on its social responsibilities. It aims to not only increase the value of the state-owned assets but also prioritise benefiting people's livelihoods, taking consideration of both economic and social benefits, and strives to play an active role in the industrial upgrading and urban development of Guancheng Hui District. To achieve this goal, the Issuer Group intends to focus on the following business strategies.

Continuing its focus on the development of land development, project construction, housing development and related core businesses, and further diversifying its business portfolio and enhancing synergies among its business segments

As a key entity responsible for the construction and engineering of infrastructure projects and the development and operations of urban resources in Guancheng Hui District, the Issuer Group plans to continue its focus on its core business with a special focus to develop industries with strategic importance and explore industries with market prospectus. The Issuer Group intends to continue to reserve and develop high quality projects and to diversify its business portfolio by expanding into industries that will provide synergies with the Issuer Group's primary businesses. A diversified and integrated business portfolio is expected to enable the Issuer Group to further increase its capabilities to manage and integrate resources and acquire business opportunities in all stages and all aspects of the urban development process in Guancheng Hui District. Supported by the Issuer Group's extensive experience and strong execution ability, the Issuer Group believes it is well positioned to tap into these areas and transform into a comprehensive urban developer with strong market competitiveness.

Further streamlining the Issuer Group's business operations and management procedures

The Issuer Group intends to continue to streamline its business operations by refining its operational procedures to enhance its operational efficiency and improve the quality of its services. The Issuer Group will also develop more systematic and standardised management procedures, in particular, those relating to the implementation of business strategies, business decision-making, risk control and performance assessment, so as to further increase its capability in terms of corporate management and internal control.

In addition, the Issuer Group aims at improving the effectiveness of its project management to further enhance its overall operational efficiency. The Issuer Group plans to improve its profitability through implementing effective cost control, optimising resources management and improving capital efficiency. The Issuer Group will also focus on building up an innovative sales and marketing system and continue to diversify its business portfolio.

Furthermore, the Issuer Group strives to cultivate an inclusive working environment where its employees share their experience and expertise. The Issuer Group will continue to invest in talent management and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantage.

Further strengthening the Issuer Group's existing sources of funding and explore new financing channels

The Issuer Group has traditionally funded its business operations primarily through a variety of financing channels, such as bank loans. Over the years, the Issuer Group has cultivated cooperative relationships with many reputable banks in the PRC including China Development Bank, Hengfeng Bank, Industrial and Commercial Bank of China, Bank of Communications, Zhengzhou Bank and Zhongyuan Bank, etc. Looking forward, the Issuer Group intends to strengthen its existing close and long-lasting relationships with banks and other financial institutions. In the meantime, the Issuer Group plans to actively explore new financing channels, such as issuing debt securities in the international markets, so as to diversify its sources of funding and secure funding on more favourable terms to grow its business in a more cost-effective way and improve the efficiency in the utilisation of funds.

RECENT DEVELOPMENTS

Indebtedness incurred since 31 December 2024

Subsequent to 31 December 2024, the Issuer Group has, in the ordinary course of business, made additional financing arrangements to finance its business development and for general corporate purposes. For example, on 8 April 2025, the Issuer Group issued U.S.\$39,000,000 7.2 per cent. bonds due 2028. For details, please see descriptions under the “*Capitalisation and Indebtedness of the Issuer Group*”.

Financial results of the Issuer as at and for the three months ended 31 March 2025

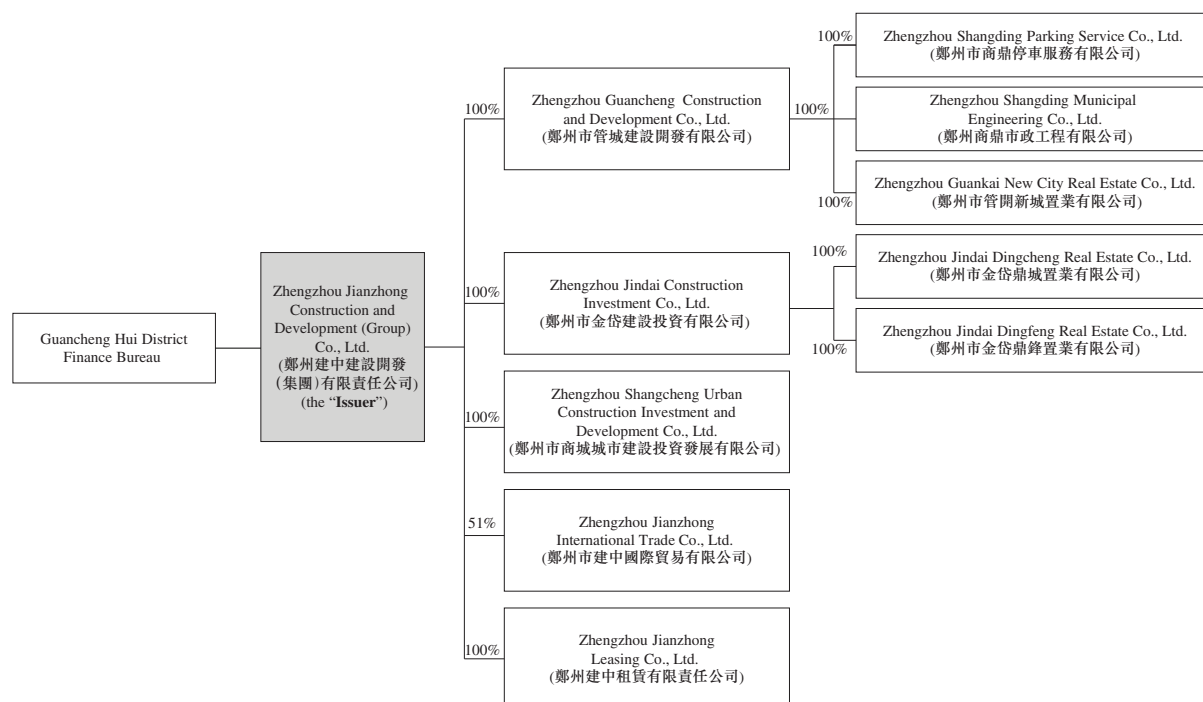
The Issuer prepared its consolidated financial information as at and for the three months ended 31 March 2025 (the “**March 2025 Financial Information**”) in Chinese only in accordance with PRC GAAP and was not reviewed or audited by the Issuer's independent auditors. The March 2025 Financial Information is not included in and does not form part of this Offering Circular and has not been reviewed or audited. Consequently, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents or any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of such financial statements or their sufficiency for an assessment of the Issuer's or the Issuer Group's financial condition and results of operations. Potential investors must exercise caution when using such trends to evaluate the Issuer's or the Issuer Group's financial condition and results of operations. Such information should not be taken as an indication of the expected financial condition or results of operations of the Issuer or the Issuer Group for the full financial year ending 31 December 2025. See “*Risk Factors – Risks Relating to the Issuer Group's Business – The Issuer Group prepared and may publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.*”

As at 30 June 2025, the Issuer Group's total assets increased as compared to the balance as at 31 December 2024. As compared to 31 December 2024, the Issuer Group recorded increases in total current liabilities and total non-current liabilities as at 31 December 2024, primarily due to the increase of financing for operational and strategic needs.

For the six months ended 30 June 2025, the Issuer Group recorded a stable increase in its total operating income and non-operating income as compared to the same period in 2024, and the Issuer Group's total operating costs increased correspondingly. The Issuer Group's total operating profit and net profit for the six months ended 30 June 2025 recorded increases compared with the corresponding period in 2024.

CORPORATE STRUCTURE

The following chart presents a simplified corporate structure of the Issuer Group as at the date of this Offering Circular:



HISTORY AND DEVELOPMENT

The Issuer was established in December 2011. As at the date of this Offering Circular, the Issuer had a registered capital of RMB1,387,846,000, with the Guancheng Hui District Finance Bureau being its sole shareholder.

The following table sets forth the key events in the course of development of the Issuer:

Time	Milestone Event
28 December 2011	The Issuer was incorporated by Zhengzhou Guancheng Hui District Shangdu Logistics Park Management Committee (鄭州市管城回族區商都物流園區管理委員會), Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee (鄭州市管城回族區金岱工業園區管理委員會) and Zhengzhou Guancheng Urban Construction Comprehensive Development Co., Ltd. (鄭州市管城建設綜合開發總公司), with an initial registered capital of RMB500.0 million.
31 July 2012	The registered capital of the Issuer was increased from RMB500.0 million to RMB1.0 billion.
14 April 2015	The registered capital of the Issuer was increased from RMB1.0 billion to RMB1,005.0 million.
12 January 2016	The registered capital of the Issuer was increased from RMB1,005.0 million to RMB1,037,846,000.0.
28 August 2017	The registered capital of the Issuer was increased from RMB1,037,846,000.0 to RMB1,387,846,000.0.
12 December 2020	Guancheng Hui District Finance Bureau became the sole shareholder of the Issuer.
12 December 2020	The Issuer changed its name from Zhengzhou Jianzhong Construction and Development Co., Ltd. (鄭州建中建設開發有限責任公司) to Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. (鄭州建中建設開發(集團)有限責任公司).

RELATIONSHIP WITH THE GUANCHENG HUI DISTRICT GOVERNMENT

The Issuer is wholly-owned by the Guancheng Hui District Finance Bureau, which is a government organ of Guancheng Hui District Government. As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has extensive connections with Guancheng Hui District Government and its controlled entities. The Issuer Group has been commissioned by Guancheng Hui District Government and other local government entities and agencies to participate in the land development, project construction, housing development and other businesses in Guancheng Hui District.

Notwithstanding the Issuer's relationship with the Guancheng Hui District Finance Bureau, Guancheng Hui District Government and its controlled entities, the various social and community functions performed by the Issuer Group and the financial support received by it, the Issuer is not part of the government. The Issuer is operationally and financially separated from the Guancheng Hui District Finance Bureau and Guancheng Hui District Government. Its functions and departments are separate from those of the governmental institutions and it does not share any premises with the Guancheng Hui District Finance Bureau and Guancheng Hui District Government. The directors, supervisors and the senior management of the Issuer are not government officers. The Issuer has its own budget and financial reporting system and its assets and liabilities are separate from those of the Guancheng Hui District Finance Bureau and Guancheng Hui District Government. None of the Guancheng Hui District Finance Bureau, Guancheng Hui District Government nor any other PRC governmental entity has any payment or other obligations under the Bonds and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Guancheng Hui District Finance Bureau or Guancheng Hui District Government or any other PRC governmental agency or entity in respect of any obligation arising out of or in connection with the Bonds. The Bonds are solely to be repaid by the Issuer and the obligations of Issuer under the Bonds shall solely be fulfilled by the Issuer. This position has been reinforced by Circular 23 and Circular 706. However, neither of these Circulars prohibits the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets and land reserves as the Issuer Group's assets) to the Issuer Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationship between the Issuer, the Guancheng Hui District Finance Bureau and Guancheng Hui District Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Guancheng Hui District Finance Bureau and/or Guancheng Hui District Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer.

See also the risk factors entitled *"A reduction or discontinuance of government support could materially and adversely affect the Issuer Group's business, financial condition, results of operations and prospects."* and *"Guancheng Hui District Finance Bureau and Guancheng Hui District Government can exert significant influence over the Issuer Group and may not act in the best interests of the Issuer Group."* in the section entitled *"Risk Factors – General Risks relating to the Issuer Group's Business"*.

DESCRIPTION OF THE ISSUER GROUP'S BUSINESS

Overview

The Issuer Group is one of the most prominent infrastructure construction platforms in the Guancheng Hui District of Zhengzhou City, Henan Province, the PRC. Wholly-owned by the Guancheng Hui District Finance Bureau, the Issuer was established in December 2011 to implement the development blueprint of Guancheng Hui District Government to upgrade infrastructure and public facilities, improve quality of urban life with better living environment as well as accelerate regional economic growth. With strong support from its sole shareholder and after years of business growth, the Issuer Group has established a strong regional presence and played an important role in the development of Zhengzhou City. The Issuer Group has developed a diversified business portfolio covering land development, project construction, housing development, trading business as well as other businesses.

The following table sets forth a breakdown of the total operating revenue from each business segment of the Issuer Group for the periods indicated:

	For the Year Ended 31 December					
	2022		2023		2024	
	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total	Amount (RMB in millions)	per cent. of total
Business Segment						
Land Development	–	–	55.9	2.0	8.3	0.3
Project Construction	434.4	14.5	255.7	9.3	56.9	2.1
Housing Development	–	–	113.5	4.1	–	–
Trading Business	2,047.7	68.3	2,017.2	73.3	2,334.7	88.0
Other Businesses ⁽¹⁾	514.5	17.2	308.6	11.2	253.6	9.6
Total Operating Revenue . . .	2,996.7	100.0	2,751.0	100.0	2,653.4	100.0

Note:

- (1) Other businesses include land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others.

For the years ended 31 December 2022, 2023 and 2024, total operating revenue generated from the Issuer Group’s business operation was approximately RMB2,996.7 million and RMB2,751.0 million, and RMB2,653.4 million respectively. As at 31 December 2022, 2023 and 2024, total assets of the Issuer Group were approximately RMB18.2 billion, RMB26.1 billion and RMB32.2 billion, respectively.

Land Development

Overview

Designated by the Guancheng Hui District Government, the Issuer Group has operated its primary land development business within the Guancheng Hui District including Shangdu Logistics Parks (商都物流園區) and Jindai Industrial Parks (金岱工業園區). The Issuer Group conducts its land development business primarily through the Issuer and its subsidiaries, namely Zhengzhou Guancheng Construction and Development Co., Ltd. (鄭州市管城建設開發有限公司) (“**Guancheng Construction**”) and Zhengzhou Jindai Dingcheng Real Estate Co., Ltd. (鄭州市金岱鼎城置業有限公司) (“**Dingcheng Real Estate**”).

For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the land development was approximately nil, and RMB55.9 million, and RMB8.3 million, respectively, representing nil, 2.0 per cent. and 0.3 per cent., respectively, of the Issuer Group’s total operating revenue for the same periods.

Business Model

The Issuer Group’s land development business is generally conducted under the agent model. The Issuer Group typically enters into land development agency agreements with the local government or relevant governmental agencies, pursuant to which the Issuer Group is responsible for the acquisition and purchase of the relevant land parcels within the designated area, the demolition of existing buildings, the relocation and compensation of the local residents and other work with a view to transforming the land into a condition as agreed. The Issuer Group’s investment cost includes the investment in land acquisition, demolition, relocation, infrastructure construction, the construction of public (public welfare) supporting facilities, landscape construction and other projects. Upon completion of the construction and inspection for acceptance by the local government or relevant governmental agencies, the Issuer Group will be entitled to a sum amount of the investment cost incurred for land development plus a premium of a certain percentage of such investment cost.

Project Description

Completed Land Parcels

For the year ended 31 December 2022 and 2023, the Issuer Group had nil and two major completed land parcels projects with operating revenue recognised, respectively, and the total amount of recognised operating revenue was nil and RMB94.6 million, respectively, for the same periods. The particulars of the major completed land parcels projects with revenue recognised for the years ended 31 December 2023 are set forth as below:

Projects	Recognised Operating Revenue
	(RMB in millions)
For the year ended 31 December 2023	
The land project of Tongmao (通茂地塊項目)	38.7
The land project of Zhongchu (中儲地塊)	55.9
Total	94.6

Land Parcels under Development

As at 30 June 2024, the total invested amount of Group's land development projects under development amounted to approximately RMB4.6 billion. The particulars of the Issuer Group's land development work are set forth below:

Projects	Construction Period	Estimated Total Investment	Invested Amount	Recognised Operating Revenue since 2018
			(RMB in millions)	
The land project of Zhongchu storage warehouse area (中儲倉庫片區做地項目)	January 2022 to December 2026	2,638	901	470
The city merge project of Yecao Village, Limazhuang Village, Nancao Village, Liu Decheng Village, Xiaohu Village, Suzhuang and Shibalihe Balangzhai Village and Wangyuan Village (南曹鄉轄區內野曹村、李馬莊村、南曹村、劉德城村、小湖村、蘇莊和十八裡河八郎寨村、王垌村合村並城項目)	2016 till now	/	3,731	0
Total	–	2,638	4,632	470

Land Parcels under Planning

As at 30 June 2024, the Issuer Group had one major land development project under planning with a total estimated investment amount of approximately RMB2.4 billion. The Issuer's planned land development project is Xiaotie Village Project (小帖莊項目), whose planned area is about 2,500 acres, with 22.22 hectares of construction land, 15.52 hectares of orchards, 16.54 hectares of forest land, 59.90 hectares of cultivated land and 97.45 hectares of village land.

Project Construction

Overview

As one of the most prominent infrastructure construction platforms in Guancheng Hui District, the Issuer Group has undertaken a series of major construction projects within Guancheng Hui District as designated by Guancheng Hui District Government, including construction of public infrastructure such as roads, schools and hospitals, and other projects including business parks and office buildings. The Issuer Group conducts its project construction business primarily through the Issuer and the Issuer's subsidiaries, namely Guancheng Construction, Zhengzhou Jindai Construction Investment Co., Ltd. (鄭州市金岱建設投資有限公司) ("**Jindai Construction Investment**") and their subsidiaries.

For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the project construction business was approximately RMB434.4 million, RMB255.7 million and RMB56.9 million, respectively, representing 14.5 per cent., 9.3 per cent. and 2.1 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

Business Model

The Issuer Group's project construction business is generally conducted under the agent construction model and the self-operation model.

Under the agent construction model, the Issuer Group typically enters into agency construction agreements with the local government or relevant governmental agencies, pursuant to which the Issuer Group is responsible for review and supervision of construction progress, cost management and quality control. Upon completion of the construction and inspection for acceptance by the local government or relevant governmental agencies, the Issuer Group will be entitled to a sum amount of the project cost incurred plus a premium of a certain percentage of the actual project cost incurred.

As the responsible party of the relevant project, the Issuer Group determines the specific construction party. During the construction of the project, the Issuer Group's engineering department supervises and manages the quality, safety, progress and other aspects of the project. The project cost shall be determined according to the agreement between the Issuer Group and the construction party, and shall be paid directly by the Issuer Group to the construction party and recorded in the "inventory" account of the company's financial statements. The entrusting party of the project will allocate the project advance from time to time according to the construction progress of the project. At the same time, at the end of each year, the project entrusting party confirms the construction cost and the construction management fee payable according to the construction process, and issues a notice of settlement of the project construction fee. According to the settlement notice of the project construction fee issued by the entrusting party, the Issuer Group will recognise the revenue and carry forward the cost at the end of the year. The construction funds of the construction projects are derived from the capital injection and subsidies from governments, the Issuer Group's operating income, self-raising money and bank loans.

Project Description

Completed Projects

For the years ended 31 December 2022 and 2023, the Issuer Group had five and seven major completed construction projects with operating revenue recognised, respectively, and the total amount of recognised operating revenue was RMB398.4 million and RMB324.6 million, respectively, for the same periods. The particulars of the major completed construction projects with revenue recognised for the years ended 31 December 2022 and 2023 are set forth as below:

Projects	Recognised Operating Revenue
	(RMB in millions)
For the year ended 31 December 2022	
Zhenxing East Road Project (Qunan Road-Jiuye Road) (振興東路道路工程(渠南路-九冶路))	95.6
Zhengzhou Colorectal and Anal Disease Hospital New Hospital Construction Project (鄭州市大腸肛門病醫院新院建設項目)	164.6
Dingrui Street Road Project (鼎瑞街道路工程)	60.0
Chaohe East Road Project (潮河東路道路工程)	57.3
Chunxiao Road Project (春曉路道路工程)	20.9
Total	398.4
For the year ended 31 December 2023	
Shibailihe Road Project (十八裡河路道路工程)	77.4
Longshan Road Project (龍山路道路工程)	24.0
Yuyi Road Project (Jingguang South Road-Qunan Road) (豫一路道路工程(京廣南路-渠南路))	82.5
Mingyue Road Project (Yutong Road-South Fourth Ring Road) (明月路道路工程(宇通路-南四環))	11.1
Zhengzhou Colorectal and Anal Disease Hospital New Hospital Construction Project (鄭州市大腸肛門病醫院新院建設項目)	22.9
Innovation Street Primary School Nantai Road Campus Project (創新街小學南台路校區項目)	15.0
Jindai Wenyuan Project (金岱文苑項目)	91.7
Total	324.6

Projects under Construction

As at 30 June 2024, the Issuer Group had seven major projects under construction of the agent construction model with a total estimated investment amount of approximately RMB3,801 million and a total invested amount of approximately RMB1,011 million. The particulars of the major projects under construction of the agent construction model as at 30 June 2024 are set forth as below:

Projects	Total Estimated Investment ⁽¹⁾	Total Invested Amount
		(RMB in millions)
26 municipal roads (26 條市政道路)	2,869	779
Guancheng Hui District General Hospital (Guancheng Hui District Second People's Hospital) Expansion Project (管城回族區總醫院(管城回族區第二人民醫院)擴建項目)	450	43
Baiyu Road Middle School Project (白玉路中學項目)	174	3
Zhengzhou Guancheng Hui District Integrated Traditional Chinese and Western Medicine Hospital Relocation Project (管城區中西醫結合醫院遷建 項目)	92	41
Zhengzhou Guancheng Traditional Chinese Medicine Hospital Comprehensive Service Capacity Improvement Project (鄭州市管城中醫院綜合服務能力提升項目)	64	40
Innovation Street Primary School (Education Group) Nantai Road Campus Project (創新街小學(教育集團)南台路校區項目)	62	54
Yonghua Road Primary School Project (永華路小學項目)	90	51
Total	3,801	1,011

As at 30 June 2024, the Issuer Group had four major projects under construction of the self-operation model with a total estimated investment amount of approximately RMB1,984 million and a total invested amount of approximately RMB1,596 million. The particulars of the major projects under construction of the self-operation model as at 30 June 2024 are set forth as below:

Projects	Total Estimated Investment ⁽¹⁾	Total Invested Amount
	<i>(RMB in millions)</i>	
Jindai Digital Innovation Park (金岱數字創新園)	404	219
Fuminli Urban Organic Renewal Project (阜民裡城市有機更新項目)	695	1080
Zhengzhou Jianzhong Human Resources Service Industrial Park Project (鄭州建中人力資源服務產業園項目)	620	76
New Asia Business Building Project (新亞商務樓項目)	265	221
Total	1,984	1,596

Note:

- (1) Represents the estimated total cost the Issuer Group would incur for the project based on the Issuer Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Projects under Planning

As at 30 June 2024, the Issuer Group had three major construction projects under planning with a total estimated investment amount of approximately RMB2,759 million. The particulars of the major construction projects under planning as at 30 June 2024 are set forth as below:

Projects	Total Estimated Investment ⁽¹⁾
	<i>(RMB in millions)</i>
Zhengzhou Intelligent Innovation Industrial Park (鄭州智能創新產業園)	1,345
Shangding Smart Parking Lot in Guancheng Hui District, Zhengzhou City (鄭州市管城回族區商鼎智慧停車場)	850
Jianzhong Digital Economy Industrial Park (建中數字經濟產業園)	564
Total	2,759

Note:

- (1) Represents the estimated total cost the Issuer Group would incur for the project based on the Issuer Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Housing Development

Overview

Designated by Guancheng Hui District Government, the Issuer Group has undertaken a series of major housing development projects within Guancheng Hui District. The Issuer Group conducts its housing development business primarily through the Issuer's subsidiaries, namely Zhengzhou Shangcheng Urban Construction Investment and Development Co., Ltd. (鄭州市商城城市建設投資發展有限公司) ("Shangcheng Urban Investment") and Dingcheng Real Estate.

For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the housing development business was approximately nil, RMB113.5 million and nil, respectively, representing nil, 4.1 per cent. and nil, respectively, of the Issuer Group's total operating revenue for the same periods.

Business Model

Entrusted by Guancheng Hui District Government, Shangcheng Urban Investment and Dingcheng Real Estate undertake the whole process of construction and project construction of a number of resettlement housing projects, including construction design, construction, supervision, administrative fillings, construction acceptance and asset transfer. The Issuer Group conducted its resettlement housing projects on two types of land by allocation or public bidding auction and listing, and the resettlement housing project is invested through self-raising money and bank loans. Upon completion of the construction and inspection for acceptance by the local government or relevant governmental agencies, the Issuer Group will be entitled to a sum amount of the project cost incurred plus a premium of a certain percentage of the actual project cost incurred.

Project Description

Projects under Construction

As at 30 June 2024, the Issuer Group had four major construction projects under construction with a total estimated investment amount of approximately RMB4,807 million and a total invested amount of approximately RMB2,908 million. The particulars of the major housing development projects under construction as at 30 June 2024 are set forth as below:

Projects	Total Estimated Investment ⁽¹⁾	Total Invested Amount
		(RMB in millions)
Limazhuang Shantytown Renovation Project (李馬莊棚戶區改造項目)	740	360
Chaiguo Shantytown Renovation Project (柴郭棚戶區改造項目)	1,010	440
Xiaohu Village Resettlement House Project (小湖村安置房項目)	1,700	1,159
Shilipu New Village No. 5 Courtyard Resettlement House Project (十裡鋪新村五號院安置房項目)	1,357	949
Total	4,807	2,908

Note:

- (1) Represents the estimated total cost the Issuer Group would incur for the project based on the Issuer Group's internal records. The actual cost incurred upon completion may differ from the estimation.

Trading Business

The Issuer Group conducts trading business, which mainly involves the trading of electrolytic copper and zinc ingots. The Issuer Group engages in trading business mainly through its subsidiary, Zhengzhou Jianzhong International Trade Co., Ltd. (鄭州市建中國際貿易有限公司) (“**Jianzhong International Trade**”) which was set up by the Issuer and Shanghai Junhe Group International Trade Co., Ltd. (上海均和集團國際貿易有限公司) in July 2021. The Issuer holds 51 per cent. of shares of Jianzhong International Trade and has consolidated it under the common control scope of the Issuer Group.

The Issuer's trading business adopts the model of sales ordering, under which Jianzhong International Trade purchases the target goods from upstream suppliers according to the demand of downstream commodities customers. The Issuer Group makes purchases and obtains profits through the difference between upstream and downstream bid-ask prices. The delivery of trade goods is usually carried out in the warehouse agreed by both parties and picked up by the customers. The settlement method is generally payment after settlement of the goods and the average turnover period is about 30 days. From 2022 to 2023, the Issuer Group's top five downstream commodities customers accounted for 51.1 per cent. and 35.7 per cent. of the procurement value, respectively, with a general concentration, and the Issuer's top five upstream suppliers accounted for 61.9 per cent. and 74.0 per cent. of the total sales, respectively, with a high degree of concentration.

For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from the trading business was approximately RMB2,047.7 million, RMB2,017.2 million and RMB2,334.7 million, respectively, representing 68.3 per cent., 73.3 per cent. and 88.0 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

Other Businesses

Apart from its principal businesses including land development, project construction, housing development and trading business, the Issuer Group also engages in other businesses, such as land transfer, property management, rental business, interest income, urban residential communities renovation, construction materials sales, parking lots service, management and maintenance of greening projects, labour dispatch business, hotel business and others.

The Issuer Group conducts its land transfer business mainly through its subsidiary Jindai Construction Investment and its subsidiaries. The Issuer and its subsidiaries entered into land acquisition agreements with Zhongyuan Land Reserve Centre (中原土地儲備中心) and Zhengzhou Guancheng Hui District Land Reserve Centre (鄭州市管城回族區土地儲備中心) for specific acquisitions.

The Issuer Group conducts its property management business and rental business through the Issuer and its subsidiary Shangcheng Urban Investment. The Issuer Group uses the allocated and purchased commercial properties, office buildings and other assets for external leasing, whose tenants are mainly individuals, enterprises and public institutions.

The Issuer Group conducts its construction materials sales through Zhengzhou Jindai Supply Chain Management Co. Ltd. (鄭州市金岱供應鏈管理公司), a subsidiary of Jindai Construction Investment. The sales of products mainly include concrete, asphalt concrete, cement, sand and gravel, steel bars and other building materials. The Issuer Group sells the products to Guancheng Hui District construction enterprises under the sales order model.

The Issuer Group conducts its management and maintenance of greening projects business through the Issuer's subsidiary Guancheng Construction. In 2017, Guancheng Hui District Government entrusted Guancheng Construction to be responsible for the maintenance and maintenance of the greening projects such as parks and ecological corridors in Guancheng Hui District.

The revenue of the Issuer Group's income business is generated by lending external loans to third parties and from the loans received from the guaranteed delivery building project.

For the years ended 31 December 2022, 2023 and 2024, operating revenue generated from other businesses was approximately RMB514.5 million, RMB308.6 million and RMB253.6 million, respectively, representing 17.2 per cent., 11.2 per cent. and 9.6 per cent., respectively, of the Issuer Group's total operating revenue for the same periods.

ENVIRONMENT MATTERS

The Issuer Group is subject to environmental laws and regulations governing air pollution, noise emissions, hazardous substances, water and waste discharge and other environmental matters issued by the governmental authorities in the PRC. The Issuer Group believes that it is in compliance in all material respects with applicable environmental laws and regulations. As at the date of this Offering Circular, the Issuer Group is not aware of any material environmental proceedings or investigations to which it is or might become a party.

INSURANCE

The Issuer Group maintains insurance policies, which the Issuer Group believes to be consistent with the relevant law and industry and business practice in the PRC. The Issuer Group also purchases pension insurance, unemployment insurance and medical insurance for its employees according to the relevant PRC laws and regulations. The Issuer Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Issuer Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

EMPLOYEES

As at the date of this Offering Circular, the Issuer Group had approximately 205 full-time employees. In accordance with the applicable regulations of local governments in regions where the Issuer Group has business operations, the Issuer Group makes contributions to the pension contribution plan, medical insurance, unemployment insurance, maternity insurance and personal injury insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Issuer Group also makes contributions to an employee housing fund. In addition to statutory contributions, the Issuer Group provides annual bonuses to employees. The Issuer Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

From time to time, the Issuer, together with its subsidiaries, may be involved in legal proceedings or other disputes in the ordinary course of its business. See also "*Risk Factors – General Risks Relating to the Issuer Group's Business – The Issuer Group may be involved in disputes, legal and other proceedings arising out of its operations from time to time and may face significant liabilities as a result.*". The Issuer Group does not expect the outcome of these legal proceedings, even if rendered unfavourable to the Issuer Group, to have a material adverse effect on the business, financial condition, results of operations or liquidity of the Issuer Group.

As at the date of this Offering Circular, to the best knowledge of the Issuer's directors and based on the currently available information, the Issuer Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Issuer Group that may have a material adverse impact on its business, financial condition or results of operations.

DESCRIPTION OF THE GUARANTOR GROUP

OVERVIEW

Established in February 2022, the Guarantor is the only provincial-level credit enhancement company in Henan Province and has its operations centred in Henan Province. The Guarantor has an initial registered capital of RMB4.0 billion. The Guarantor's shareholders are made up of local investment and development companies in Henan Province, as well as state-owned enterprises at the provincial and municipal levels. As a result, the Guarantor Group is able to enjoy and utilise resources and platforms provided by its shareholders to improve and enhance its operations. Henan Yuzi Urban and Rural Integration Construction and Development Group Co., Ltd. (河南省豫資城鄉一體化建設發展集團有限公司), as the largest shareholder of the Guarantor, is a wholly-owned subsidiary of Zhongyuan Yuzi Investment Holding Group Co., Ltd. (中原豫資投資控股集團有限公司). Zhongyuan Yuzi Investment Holding Group Co., Ltd. is a wholly state-owned enterprise controlled by the Henan SASAC, making the Henan SASAC the actual controller of the Guarantor.

The Guarantor has received strong external support from the Henan Government (but not including credit support). As the sole enterprise focusing on credit enhancement business in Henan Province, the Guarantor serves as a crucial complement to the provincial state-owned capital operation companies and the Guarantor has significantly contributed to the commercial development of Henan Province and has been entrusted by the relevant local authorities to provide financing services in Henan Province. Furthermore, Henan Province is a province located in central China and serves as a pivotal region for the sequential development of the Chinese economy from east to west. The Central Plains Economic Zone (中原經濟區), with Henan Province as its core, plays a crucial role as a significant block for economic growth in China. Due to the Guarantor's strong market position, solid capital base and good funding process, as at 31 December 2024, the Guarantor had last been assigned "AAA" corporate ratings from CSCI Pengyuan Credit Rating Co. Ltd. (中證鵬元資信評估股份有限公司) and Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司).

The Guarantor primarily focuses on credit enhancement and investment business in Henan Province, holding a certain level of importance within the financial system of Henan Province. The Guarantor holds a strategic position in the credit enhancement field in Henan Province, providing it with significant advantages in business operations. Additionally, the Guarantor possesses strategic importance as it plays a crucial and irreplaceable role in optimising the financial environment of Henan Province, expanding financing channels and enhancing the direct financing capabilities for local enterprises, and boosting the financing activities in the bond market. The details of the Guarantor Group's primary businesses are as follows:

- *Credit enhancement*: the Guarantor has been carrying out credit enhancement business since 2022. The Guarantor's credit enhancement business focuses on bonds credit enhancement in Henan Province.
- *Investment business*: the Guarantor carries out its investment business by using its self-owned funds, which mainly derive from the capital contribution from the shareholders and the working capital from bank loans. The Guarantor's investment business includes, among others, entrusted loan investment, bonds investment, stock investment, trust and brokerage asset management plans, debt acquisition business and long-term equity investment.

EMPLOYEES

The Guarantor believes that its employees are critical to its success and is committed to investing in the development of its employees through continuing education and training, as well as the creation of opportunities for career growth. The Guarantor considers its relationship with its workforce to be good and the Guarantor has not experienced a work stoppage due to employees or strike since establishment. In accordance with regulations applicable to enterprises and the relevant requirements of various local governments in areas in which the Guarantor operates, the Guarantor makes contributions to the pension contribution plan, employees' medical insurance, unemployment insurance, maternity insurance and workers' compensation injury insurance.

ENVIRONMENT

The operations of the Guarantor are subject to various national and local PRC environmental laws and regulations, including those relating to air pollution, noise, hazardous materials and waste discharge. The Guarantor requires all of its members to comply with applicable environmental regulations in the relevant jurisdictions in which it operates. As at the date of this Offering Circular, the Guarantor believes that it is in compliance in all material respects with all applicable national or local environmental laws and regulations in the PRC, and has obtained or is in the process of obtaining all material permits, approvals and certifications required under the PRC law in relation to its facilities. The Guarantor is not aware of any environmental proceedings or investigations to which it is or might become a party to that could have a material adverse effect on its business, financial condition and results of operations.

INSURANCE

The Guarantor maintains insurance policies, including pension insurance, unemployment insurance and medical insurance, which the Guarantor believes to be consistent with the industry practice in the PRC. The Guarantor maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Guarantor believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such insurance is not mandatory under the laws and regulations of the PRC, and such insurance is either unavailable in the PRC or requires substantial cost.

GOVERNMENTAL REGULATIONS AND LICENSES

The Guarantor's operations are subject to a variety of laws and regulations promulgated by the PRC governments in which it operates. See the section headed "PRC Regulations". The Guarantor believes that it is in compliance in all material respects with the applicable governmental regulations, rules and executive orders in each jurisdiction in which it operates. The Guarantor is not aware of any governmental proceedings or investigations to which it might become a party and which may have a material adverse effect on its properties and operations. The Guarantor maintains regular dialogue with local governments and regulatory authorities through its management teams or representatives, ensuring compliance with the requirements and conditions for obtaining and maintaining the aforementioned licenses, concessions, permits, or certificates.

LITIGATION

From time to time, the Guarantor may be involved in legal proceedings or other disputes in the ordinary course of its business. As at the date of this Offering Circular, the Guarantor is not aware of any material legal proceedings, investigations, claims, disputes, penalties or liabilities currently existing or pending against it that may have a material adverse impact on its business, financial condition or results of operations. None of the Guarantor or any member of the Guarantor is involved in any litigation or arbitration proceedings that are material in the context of the Bonds nor is the Guarantor aware that any such proceedings are pending or threatened as at the date of this Offering Circular.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE ISSUER

DIRECTORS

The board of directors of the Issuer (the “**Board of the Issuer**”) consists of six directors, including one employee director and five directors. The Board of the Issuer is primarily responsible for, among others, (1) reporting to the shareholder and executing decisions of the shareholder; (2) determining the Issuer’s development plans and major investment policies and plans, (3) determining the annual development plans; (4) determining the annual financial budget plans, accounting plans, annual profit distribution plans and deficit covering plans; (5) making proposals regarding capital increase or decrease and corporate bond issuance; (6) making proposals regarding mergers, spin-off, change of corporation form and dissolution; (7) determining internal management structure and organisation; (8) determining the appointment, removal and remuneration of the general manager and other senior management; (9) determining basic management policies; and (10) other responsibilities set in the articles of association of the Issuer. The directors are appointed for a term of three years.

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

Name	Position/Title
GU Hequn (谷合群)	Chairman of the Board of the Issuer
YANG Rongjun (楊榮軍)	Director
WANG Wei (王偉)	Employee Director
ZHANG Guowang (張國旺)	Director
HU Guangyu (胡廣宇)	Director
MA Zhifeng (馬智鋒)	Director

GU Hequn (谷合群), is the Chairman of the Board of the Issuer, the Legal Representative and the Party Secretary of the Issuer. Mr. Gu previously served in Zhengzhou Guancheng Hui District Party Committee Political Research Office (鄭州市管城回族區委政研室), Zhengzhou Guancheng Hui District Economic System Reform Committee (鄭州市管城回族區經濟體制改革委員會) and Zhengzhou Guancheng Hui District Civil Affairs Bureau (鄭州市管城回族區民政局). He also served as the Deputy Party Secretary and the Deputy Head of the People’s Government of Zhengzhou Guancheng Hui District Dongcheng Town (鄭州市管城回族區東城鄉人民政府), the Deputy Party Secretary of the Party Working Committee and the Office Director of the Zhengzhou Guancheng Hui District Hanghai East Road Office (鄭州市管城回族區航海東路街道辦事處), the Deputy Party Secretary and the Head of the People’s Government of Zhengzhou Guancheng Hui District Putian Town (鄭州市管城回族區圃田鄉人民政府), the Deputy Party Secretary of the Working Committee and the Office Director of the Zhengzhou Guancheng Hui District East Road Office (鄭州市管城回族區城東路街道辦事處), the Party Secretary and the Deputy Party Secretary of Party Working Committee of the Zhengzhou Guancheng Hui District East Main Street Office (鄭州市管城回族區東大街街道辦事處), the Deputy Office Director and the Party Working Committee Member of the Management Committee of Zhengzhou Guancheng Hui District Shangdu New District (Zhengzhou Guancheng Hui District Cultural Special Commercial District) (鄭州市管城回族區商都新區(鄭州市管城回族區商都文化特色商業區)), the Level IV Researcher, the Level III Researcher and the deputy-county level officer and the Party Committee Member of the People’s Government of Zhengzhou Guancheng Hui District (鄭州市管城回族區人民政府), respectively. Mr. Gu holds a bachelor’s degree.

YANG Rongjun (楊榮軍), is the Director, the General Manager, and the Deputy Party Secretary of the Issuer. Mr. Yang previously served as the Office Director of the Zhengzhou Guancheng Hui District Chinese Medical Hospital Medicine Preparation Office (鄭州市管城回族區中醫院製劑室), the mid-leader of the Law Enforcement Team of Zhengzhou Guancheng Hui District Urban Management and Administrative Law Enforcement Bureau (鄭州市管城回族區城市管理行政執法局執法大隊), the Deputy Office Director of Zhengzhou Guancheng Hui District Urban Construction Management Centre (鄭州市管城回族區城建管理中心), the Party Committee Member and the Deputy Head of the Zhengzhou Guancheng Hui District Health Bureau (鄭州市管城回族區衛生局), the Deputy Office Director of Guancheng Hui District Party Committee (鄭州市管城回族區委), the Deputy Head and the Party Secretary of Zhengzhou Guancheng Hui District Urban Management Law Enforcement Bureau (鄭州市管城回族區

城市管理執法局), the Head and the Deputy Party Secretary of Zhengzhou Guancheng Hui District Municipal Construction Administration Bureau (鄭州市管城回族區市政建設管理局), the Deputy Director and the Party Working Committee Member of the Zhengzhou Jindai Industrial Cluster District Management Working Committee (鄭州市金岱產業集聚區管理委員會), and the Chairman of Zhengzhou Jindai Construction and Investment Service Co., Ltd. (鄭州市金岱建設投資服務總公司), respectively. Mr. Yang holds a master's degree.

WANG Wei (王偉), is the Employee Director and the Deputy Party Secretary of the Issuer. Mr. Wang previously worked as the Secretary of the Youth Party Committee and the Office Director of Zhengzhou Guancheng Hui District Hanghai East Road Office (鄭州市管城回族區航海東路街道辦事處), and the Office Director of the Zhengzhou Guancheng Hui District Party Member Audio-visual Education Centre (鄭州市管城回族區黨員電化教育中心), respectively. Mr. Wang holds a master's degree.

ZHANG Guowang (張國旺), is the Director, the Deputy General Manager and the Party Committee Member of the Issuer. Mr. Zhang previously worked as the Party Committee Member, the Publicist, the Deputy General Manager and the Party Group Member of Zhengzhou Guancheng Urban Construction Comprehensive Development Co., Ltd. (鄭州市管城建設綜合開發總公司), and the Principal Staff Member of Zhengzhou Jindai Industrial Cluster Management Working Committee Land Planning Bureau (鄭州市金岱產業集聚區管理委員會國土規劃局), respectively. Mr. Zhang holds a bachelor's degree.

HU Guangyu (胡廣宇), is the Director and the Party Group Member of the Issuer, and the Chairman of Jindai Construction Investment. Mr. Hu previously served as the Clerk in People's Procuratorate of Luoyang City Jianxi District (洛陽市濶西區人民檢察院), the Clerk, the Mid-leader, the Deputy Head, the Deputy Party Secretary and the Branch Party Secretary of Zhengzhou Guancheng Hui District Urban Management Administrative Law Enforcement Bureau (鄭州市管城回族區城市管理行政執法局), the Party Secretary and the Executive Deputy Head of Zhengzhou Guancheng Hui District Urban Management and Law Enforcement Bureau (鄭州市管城回族區城市管理執法局), the Office Director and the Party Group Secretary of Zhengzhou Guancheng Hui District Housing Acquisition and Compensation Office (鄭州市管城回族區房屋徵收與補償辦公室), the Director and the Party Group Secretary of Zhengzhou Guancheng Hui District Housing Security Service Centre (鄭州市管城回族區住房保障服務中心), and the Chairman of Shangcheng Urban Investment, respectively. Mr. Hu holds a bachelor's degree.

MA Zhifeng (馬智鋒), is the Director and the Party Committee Member of the Issuer. Mr. Ma previously served as the Clerk of Zhengzhou Guancheng Hui District West Main Street Office (鄭州市管城回族區西大街街道辦事處), the Party Working Committee Member, the Party Organiser and the Deputy Office Director of Zhengzhou Guancheng Hui District Erligang Street Office (鄭州市管城回族區二裡崗街道辦事處), the Party Group Member and the Deputy General Manager of Zhengzhou Guancheng Urban Construction Comprehensive Development Co., Ltd. (鄭州市管城建設綜合開發總公司), and the Chairman of Guancheng Construction, respectively. Mr. Ma holds a bachelor's degree.

SUPERVISORS

The board of supervisors of the Issuer currently consists of three supervisors, including one employee supervisor and two supervisors. The board of supervisors is primarily responsible for (1) monitoring Issuer's compliance in relevant laws, regulations and rules; (2) monitoring the Issuer's financial matters; (3) supervising matters related to company's material decisions, material project arrangement, staff appointment or removal and matters involving significant funds; (4) overseeing the actions of the board of directors and the senior management in performing their duties; (5) demanding the directors and senior management to correct their improper conducts when their conducts harm the interests of the Issuer; (6) attending board meetings or other material meetings, presenting queries or suggestions on matters decided by the board meetings or other material meetings and reporting the abnormal matters to board of directors and company party committee and the materially abnormal matters to the shareholder; (7) supervising internal audit; (8) other responsibilities stipulated in relevant laws and regulations; and (9) initiating lawsuits against the directors and senior executives according to Article 189 of the Company Law of PRC. The supervisors are appointed for a term of three years.

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

Name	Position/Title
WANG Chuan (王川)	Supervisor
WANG Meng (王猛)	Supervisor
LI Shaopeng (李少鵬)	Employee Supervisor

WANG Chuan (王川), is the Supervisor and the Minister of the General Department of the Issuer. Mr. Wang previously worked as the Head of the Planning Department of General Manager's Office of Henan Suning Yigou Sales Co., Ltd. (河南蘇寧易購銷售有限公司), and the Senior Manager and the Deputy Minister of General Department of the Issuer, respectively. Mr. Wang holds a bachelor's degree.

WANG Meng (王猛), is the Supervisor of the Issuer, the Minister of the General Department of Guancheng Construction, the General Manager of Zhengzhou Shangding Parking Service Co., Ltd. (鄭州市商鼎停車服務有限公司), the General Manager of Zhengzhou Dingning Industrial Co., Ltd. (鄭州市鼎寧實業有限公司), and the Employee Director of Zhengzhou Guancheng District State-owned Capital Investment Operation Holding Co., Ltd. (鄭州市管城回族區國有資本投資運營控股有限公司). Mr. Wang previously worked as the Clerk of Zhengzhou Guancheng Hui District Nanguan Street Office (鄭州市管城回族區南關街道辦事處), and the Office Director and the Legal Manager of the Discipline Inspection and Supervision Office of Zhengzhou Guancheng Urban Construction Comprehensive Development Co., Ltd. (鄭州市管城建設綜合開發總公司紀檢監察室), respectively. Mr. Wang holds a master's degree.

LI Shaopeng (李少鵬), is the Supervisor of the Issuer. Mr. Li previously served as the Clerk of the Party and Government Office of the Zhengzhou Guancheng Hui District East Road Office (鄭州市管城回族區城東路街道辦事處黨政辦), the Deputy Head of the Emergency Response Office Zhengzhou Guancheng Hui District East Road Office (鄭州市管城回族區城東路街道辦事處應急辦) and the Deputy Office Director of the Zhengbian Road Community of the Zhengzhou Guancheng Hui District East Road Office (鄭州市管城回族區城東路街道辦事處鄭汴路社區), respectively. Mr. Li holds a bachelor's degree.

SENIOR MANAGEMENT

The Issuer's senior management is appointed by and reports to the Board of the Issuer. The following table sets forth the Issuer's senior management as at the date of this Offering Circular:

Name	Position/Title
YANG Rongjun (楊榮軍)	General Manager

YANG Rongjun (楊榮軍), is the General Manager of the Issuer. For details regarding Mr. Yang's biography, see "– Directors" above.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE GUARANTOR

DIRECTORS

The table below sets forth information regarding the members of the board of directors of the Guarantor as at the date of this Offering Circular.

Name	Year of Birth	Position
SUN Haohui (孫浩輝)	1976	Chairman of the board of directors
YUE Sizheng (岳思正)	1981	Director and General Manager
WANG Shaofeng (王少峰)	1967	Director
ZHANG Ge (張鵬)	1979	Director
CHEN Chao (陳超)	1981	Employee Director

SUPERVISORS

The table below sets forth information regarding the members of the board of supervisors of the Guarantor as at the date of this Offering Circular.

Name	Year of Birth	Position
CHENG Botong (程博通)	1989	Supervisor
LI Xiaopeng (李曉鵬)	1989	Supervisor

SENIOR MANAGEMENT

The table below sets forth the senior management members of the Guarantor as at the date of this Offering Circular.

Name	Year of Birth	Position
YUE Sizheng (岳思正)	1981	Director and General Manager
FAN Dingzhi (樊鼎之)	1989	Deputy General Manager
Ma Min (馬敏)	1978	Head of Finance

PRC REGULATIONS

This section is a high-level overview of the PRC legal system and a summary of the principal PRC laws and regulations relevant to the issue of the Bonds by the Issuer and the giving of the Guarantee by the Guarantor. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations.

THE PRC LEGAL SYSTEM

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

The National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted by the NPC.

The State Council is the highest organ of the State administration. Within the scope authorised by the NPC or its Standing Committee, the State Council has the power to enact administrative rules and regulations except for the affairs concerning criminal offences and related punishment, mandatory measures and penalties involving deprivation of political right from any citizen or restriction on personal freedom, and the judicial system. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments in accordance with the laws as well as the administrative regulations, decisions and orders of the State Council. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

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

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

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court and the Supreme People's Procuratorate, in addition to their power to give general interpretation on the application of laws in judicial proceedings, also have the power to interpret specific cases. The interpretation made by the Supreme People's Court and the Supreme People's Procuratorate on the application of laws in the judicial or procuratorial work, shall be filed for record with the Standing Committee of the NPC within 30 days of promulgation. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

THE PRC JUDICIAL SYSTEM

Under the PRC Constitution and the Law of Organization of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the basic courts, the intermediate courts and the higher courts. The basic courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the basic courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the basic and intermediate courts. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. If, however, the Supreme People's Court or a court at a higher level or the corresponding the people's procuratorates at various level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012, 27 June 2017 and 24 December 2021, respectively, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the district, municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection can-not violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

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

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

MAJOR LAWS AND REGULATIONS

Regulation on Fiscal Debts of Local Governments

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

On 21 September 2014, the Circular 43 was promulgated by the State Council. The Circular 43 aims at regulating financing system of local government and the three channels are presented. In accordance with Circular 43, financing platforms shall no longer serve the fiscal financing functions nor incur new government debts. Public interest projects may be funded by the government through issuing government bonds, since the new Budget Law of the PRC (中華人民共和國預算法) (the “**New Budget Law**”), which took effect on 1 January 2015, empowers local governments to issue government bonds, and public interest projects with income generated, such as city infrastructure construction, may be operated independently by social investors or jointly by the government and social investors through the establishment of special purpose companies.

Social investors or such special purpose companies shall invest in accordance with market-oriented principles and may be funded by, among other market-oriented approaches, bank loans, enterprise bonds, project revenue bonds and asset-backed securitisation. Social investors or the special purpose companies shall bear the obligation to pay off such debts and the government shall not be liable for any of the social investors’ or special purpose companies’ debts. Circular 43 also sets forth the general principles of dealing with existing debts of financing platforms. Based on the auditing results of such debts run by the local governments, the existing debts that should be repaid by the local governments shall be identified, reported to State Council for approval, and then included in the budget plan of local governments.

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

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

- Support stock financing needs for projects under construction. Local governments at all levels and banking financial institutions shall ensure the orderly development of projects under construction. For the loans to the projects under construction of financing platform companies, if the loan contracts with legal effect have been signed before 31 December 2014 and the loans have been granted but the contracts have not yet expired, banking financial institutions shall, under the premise of fully controlling risks and implementing credit conditions, continue to grant loans as agreed in the contracts, and shall not blindly call in loans in advance, delay or suspend the granting of loans.

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

Bidding and Tendering Management

Bidding and tendering of various construction projects have been provided in the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法) promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on 30 August 1999 and amended by No. 86 Presidential Decree in 2017 which became effective on 28 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 and amended on 1 March 2017, 19 March 2018 and 2 March 2019, Measures for the Construction Bidding and Tendering of Construction Projects (工程建設項目施工招標投標辦法) jointly promulgated by the NDRC, MOC, MOR, MOT, Ministry of Information Industry of the PRC, Ministry of Water Resources of the PRC, and Civil Aviation Administration of China on 8 March 2003 and amended on 11 March 2013 which became effective on 1 May 2003 and on 1 May 2013, Administrative Measures for the Bidding and Tendering of Design of Construction Projects (建築工程設計招標投標管理辦法) issued by Ministry of Housing and Urban Rural Development ("MOHURD") on 24 January 2017 and became effective on 1 May 2017. Administrative Measures for the Bidding and Tendering of Housing Construction and Municipal Infrastructure Work (房屋建築和市政基礎設施工程施工招標投標管理辦法) issued by MOC on 1 June 2001 which was last amended and became effective on 13 March 2019.

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

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

In accordance with the Bidding and Tendering Law of the PRC (中華人民共和國招標投標法) and Measures for the Construction Bidding and Tendering of Construction Projects (中華人民共和國招標投標法實施條例), if any project that shall undergo bidding as required by law fails to go through the bidding process, or the items subject to bidding are broken up into pieces or the bidding requirement is otherwise evaded, the relevant administrative supervision department shall order rectification within a specified period, and may impose a fine of 0.5 per cent. up to 1 per cent. of the contract amount of the project. For projects using the state-owned funds in whole or in part, the project approval authority may suspend the implementation of the project or suspend the fund appropriation, and impose punishment on the person direct in charge of the entity or other person directly liable. Further, in accordance with the provisions of the No. 1 Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 29 December 2020 and became effective on 1 January 2021, if any project that is required to undergo a bidding process fails to go through the bidding process or the bid award is invalid, the construction contract for building projects shall become invalid.

Quality Management

Laws and regulations on project quality mainly include Construction Law of the PRC, Regulation on Quality Management of Construction Projects (建設工程質量管理條例) issued by the State Council on 30 January 2000 which was subsequently amended on 7 October 2017 and on 23 April 2019 and became effective on the same day, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and 1 April 2021, the Measures for the Administration of Quality Warranty Funds of Construction Projects (建設工程質量保證金管理辦法) issued jointly by MOHURD and MOF and amended on 20 June 2017 which became effective on 1 July 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) amended by State Environmental Protection Administration (the "SEPA") on 22 December 2010 which became effective on the same date and became invalid on 4 January 2021. Administrative Measures for Completion Acceptance Record of Building Construction and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) issued by MOHURD on 19 October 2009 and became effective on the same date, Measures for Quality Warranty of Building Construction Projects (房屋建築工程質量保修辦法) issued by MOC on 30 June 2000 and became effective on the same date, and Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by Ministry of Communications, which has been dismantled now, on 31 March 2004 and became effective on 1 October 2004, and its Implement which was promulgated on 27 January 2010 and became effective on 1 May 2010.

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

Environmental Protection Management

Major laws and regulations on environmental protection during the project construction process include the Environmental Protection Law of the PRC (中華人民共和國環境保護法) amended by the SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the PRC (中華人民共和國環境影響評價法) promulgated by the SCNPC on 28 October 2002 and amended on 2 July 2016 and on 29 December 2018 and became effective on the same day, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998, amended on 16 July 2017 and became effective on 1 October 2017 and Interim Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收暫行辦法) promulgated on 20 November 2017 which became effective on the same date.

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

Environmental Protection

The Environmental Protection Law of the PRC (中華人民共和國環境保護法), promulgated on 26 December 1989 by the SCNPC, as amended on 24 April 2014 and became effective on 1 January 2015, establishes the legal framework for environmental protection in the PRC. The environmental protection department of the State Council supervises environmental protection work in the PRC, and establishes national standards for the discharge of pollutants. Each of the local environmental protection bureaus is responsible for the environmental protection work within their respective jurisdictions.

Air Pollution

The Air Pollution Prevention Law of the PRC (中華人民共和國大氣污染防治法), amended on 29 August 2015 and 26 October 2018 by the SCNPC, establishes the legal framework for air pollution prevention in the PRC. The environmental protection department of the State Council formulates national air quality standards. Each of the local environmental protection bureaus is authorised to regulate air pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法), amended on 28 February 2008 and 27 June 2017 and became effective on 1 January 2018, establishes the legal framework for water pollution prevention in the PRC. The environmental protection department of the State Council formulates national waste discharge standards. Enterprises that discharge waste into water shall pay a treatment fee. Each of the local environmental protection bureaus is authorised to regulate water pollution within each of their respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Noise Pollution

The Noise Pollution Prevention Law of the PRC (中華人民共和國噪聲污染防治法), promulgated by the SCNPC on 24 December 2021, which became effective on 5 June 2022, establishes the framework for noise pollution prevention in the PRC. Under the Noise Pollution Prevention Law, any person undertaking a construction, decoration or expansion project which might cause environmental noise pollution, shall prepare and submit an environmental impact report to the environmental protection authority for approval. Facilities for prevention and control of environmental noise pollution shall be designed and approved by the environmental protection authority prior to the commencement of the project, and be built and put into use simultaneously with the project works. Facilities for prevention and control of environmental noise pollution may not be dismantled or suspended without the approval of the environmental protection authority.

Construction Projects

The Environmental Impact Appraisal Law of the PRC (中華人民共和國環境影響評價法), promulgated by the SCNPC on 28 October 2002, amended on 2 July 2016 and on 29 December 2018 and became effective on the same day, and the Administration Rules on Environmental Protection of Construction Projects (建設項目環境保護管理條例), promulgated by the State Council on 29 November 1998, amended on 16 July 2017 and effected on 1 October 2017, require enterprises planning construction projects to engage qualified professionals to provide assessment reports on the environmental impact of such projects. The assessment report shall be filed with and approved by the relevant environmental protection bureau, prior to the commencement of any construction work. The construction project shall not commence operation, unless inspected and approved by the relevant environmental protection bureau.

Labour

Employment Contracts

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

Furthermore, the Labor Contract Law also imposes stringent requirements on labor dispatch. For example, the number of dispatched contract workers that an employer hires may not exceed a certain percentage of its total number of employees to be decided by the Ministry of Human Resources and Social Security and the dispatched contract workers can only engage in temporary, auxiliary or substitute work. According to the Interim Provisions on Labor Dispatch promulgated by the Ministry of Human Resources and Social Security on 24 January 2014, which took effect on 1 March 2014, the number of dispatched contract workers hired by an employer shall not exceed 10 per cent. of the total number of its employees (including both directly hired employees and dispatched contract workers). The Interim Provisions on Labor Dispatch further requires the employer that is not in compliance with the above provisions to formulate a plan to reduce the number of its dispatched contract workers to below 10 per cent. of the total number of its employees within the specified time limit, and an employer is not permitted to hire any new dispatched contract worker until the number of its dispatched contract workers has been reduced to below 10 per cent. of the total number of its employees.

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law of the PRC (中華人民共和國社會保險法), promulgated by the SCNPC on 28 October 2010, which became effective on 1 July 2011 and amended on 29 December 2018 and became effective on the same day, the Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and amended on 24 March 2019 and became effective on the same day, and Administrative Regulations on the Housing Provident Fund (住房公積金管理條例), promulgated by the State Council on 3 April 1999, which became effective on 3 April 1999 and as amended on 24 March 2002 and on 24 March 2019, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance, and to housing provident funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to pay the outstanding amount within a stipulated time period.

Regulation on the Issuance of Foreign Bonds

On 14 September 2015, the NDRC published the NDRC Circular, which came into effect on the same date.

On 5 January 2023, the NDRC published the Order 56 which came into effect on 10 February 2023 and repealed the NDRC Circular on the same date. The Order 56 applies to medium and long-term foreign debts with a maturity of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas enterprises or branches controlled by aforementioned PRC enterprises, denominated in local or foreign currency, and of which principal is repaid with payment of interest as agreed. For the purpose of the Order 56, the forms of foreign debts include but are not limited to senior bonds, perpetual bonds, capital bonds, medium-term notes, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. Before borrowing any foreign debt, the Certificate of Examination and Registration of Foreign Debts Borrowed by Enterprises (企業借用外債審核登記證明) (the “**Examination and Registration Certificate**”) shall be obtained from the NDRC, and such certificate shall be valid for one year from the date of issuance and be automatically invalidated upon expiry. Apart from the foregoing pre-issuance requirement, the Order 56 stipulates post-issuance filing requirements as following: (1) filing the information of foreign debts within 10 business days after borrowing each foreign debt; (2) filing the information on the borrowing of foreign debts within 10 business days upon the expiration of the Examination and Registration Certificate; and (3) filing the information on the use of proceeds raised from foreign debts, the repayment of principal with the payment of interest, plans and arrangements, and major business indicators, etc., within five business days prior to the end of January and the end of July each year. In addition, in case of any major event that may affect the normal performance of debt obligations, enterprises shall promptly report relevant information and take risk control measures to prevent the spillover of onshore default risks and cross default risks. With respect to conducts in violation of the Order 56, legal liabilities and consequences to enterprises borrowing foreign debts have been stipulated in the Order 56. If any enterprise borrows foreign debts in violation of the Order 56, the NDRC will take disciplinary actions such as holding an interview and giving a public warning against the relevant enterprise and its principal liable person. If any application documents to apply for foreign debt approval submitted by enterprises contain concealing, false record, misleading statement, or material omission, the NDRC will give a warning to relevant enterprise and its principal liable person. If the approval is obtained by concealment, deception, bribery, or any other improper means, such approval will be revoked. For any enterprise failing to comply with filing and reporting requirements under the Order 56, the NDRC will order such enterprise to take rectification actions within a prescribed time limit; and if the circumstances are severe or the enterprise fails to take rectification action within the prescribed time limit, give a warning to the relevant enterprise and its principal liable person. Furthermore, conducts in violation of the Order 56 committed by enterprises will be publicised on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用資訊公示系統).

MOFCOM Supervision

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

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “Sensitive countries and regions” refer to those countries without a diplomatic relationship with the PRC, or subject to the UNSC sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “Sensitive industries” refer to those industries involving the products and technologies which are restricted from being exported, or

affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days after accepting such application, decide whether or not the verification is granted. For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days after accepting such local enterprise's application, and submit all application documents to MOFCOM. MOFCOM shall decide whether or not to grant the verification within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

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

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

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

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

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of "China" ("中國" or "中華") in its name, unless otherwise approved.

MOFCOM also promulgated the Notice on the Promulgation of Provisional Measures on the Reporting for Filing (Approval) of Outbound Investments on 18 January 2018, which became effective on the same day, together with the PBOC, SASAC, SAFE and several other government agencies. On 28 May 2019, MOFCOM issued the Implementation Rules for Filing (Approval) Reports on Outbound Investment, which came into effect on 1 July 2019. The measures and implementation rules set out the mechanism for information collection and sharing among various government authorities and the roles of various government authorities on the filing and approval of overseas investments by domestic enterprises.

Foreign Exchange Administration

SAFE issued the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment on 13 February 2015, abolishing the verification and approval of foreign exchange registration of overseas direct investment. The banks shall directly examine and handle foreign exchange registration of overseas direct investment. SAFE and its branches shall conduct indirect regulation of foreign exchange registration of overseas direct investment via banks. According to the Administrative Measures for Foreign Debt Registration (which became effective on 13 May 2013) and its operating guidelines (which was amended on 4 May 2015 and became effective on the same day), effective as at 13 May 2013, issuers of foreign debts are required to register with the SAFE. Issuers other than banks and financial departments of the

government shall go through registration or record filing procedures with the local branch of the SAFE within 15 business days of entering into a foreign debt agreement. If the receipt and payment of funds related to the foreign debt of such issuer is not handled through a domestic bank, the issuer shall, in the event of any change in the amount of money withdrawn, principal and interest payable or outstanding debt, go through relevant record filing procedures with the local branch of the SAFE.

On 29 April 2016, the PBOC issued the Circular of the People's Bank of China on the Nationwide Implementation of the Macro-prudence Management of Cross-border Financing in Full Aperture (中國人民銀行關於在全國範圍內實施全口徑跨境融資宏觀審慎管理的通知), which came into effect on 3 May 2016 and was abolished on 12 January 2017. This circular has since been replaced by the Circular of the PBOC on Issues Concerning the Overall Macro Prudential Management System for Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) which was issued by the PBOC on 12 January 2017 and came into effect on the same date (the “**Cross Border Financing Circular**”). The Issuer is also required to file the issue of the Bonds with SAFE after the execution of the cross-border financing documents but no later than three working days before the funds withdrawal date in accordance with the Cross Border Financing Circular. The Cross Border Financing Circular established a mechanism aimed at regulating cross border financing activities based on the capital or net asset of the borrowing entities using a prudent management principle on a macro nationwide scale. The Issuer has confirmed with the local counterpart of SAFE that the Cross Border Financing Circular is not applicable to the Issuer since it is regarded as a financing platform of a local government.

TAXATION

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

HONG KONG

The following summary of certain Hong Kong tax consequences of purchase, ownership and disposition of the Bonds is based upon laws, regulations, decisions and practice now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchases of the Bonds should consult their own tax advisers concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Bonds arising under the laws of any other taxing jurisdiction.

Withholding Tax

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

Profits Tax

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

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

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

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

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

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

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

Stamp Duty

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

PRC

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

Income Tax

Pursuant to the EIT Law and its implementation regulations and the IIT Law, which was last amended in August 2018 and took effect in January 2019, and its implementation regulations, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As The Issuer and the Guarantor are PRC resident enterprises for tax purposes, interest paid to non-resident Bondholders may be regarded as PRC-sourced, and therefore subject to PRC income tax at a rate of 10 per cent. for non-resident enterprise Bondholders and at a rate of 20 per cent. for non-resident individual Bondholders (or a lower treaty rate, if any). Such income tax shall be withheld by the Issuer or the Guarantor (where the case may be) that is acting as the obligatory withholder, and such PRC enterprise shall withhold the tax amount from each payment.

To the extent that the PRC has entered into arrangements relating to the avoidance of double taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to qualified non-PRC resident enterprise Bondholders.

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

VAT

Pursuant to Circular 36 which took effect on 1 May 2016, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. Circular 36 further clarifies that “loans” refer to the activity of lending capital for another’s use and receiving interest income thereon. Based on the definition of “loans” under Circular 36, the issuance of the Bonds is likely to be treated as a “loan” provided by the Bondholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. Given that The Issuer is located in the PRC, the holders of the Bonds may be regarded as providing the financial services within China and consequently, the holders of the Bonds shall be subject to VAT at the rate of 6 per cent. when receiving the interest payments under the Bonds. The Issuer, as the case may be, will be obligated to withhold VAT of 6 per cent. on VAT for payments of interest and certain other amounts on the Bonds (if any) paid by the Issuer, as the case may be, to Bondholders that are non-resident enterprises or individuals.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC.

The interpretation and enforcement of Circular 36 and other applicable laws and regulations pertaining to PRC VAT involve uncertainties, and the above statements may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

Pursuant to the EIT Law, the IIT Law and the VAT reform detailed above, considering the Issuer is regarded as a PRC tax resident enterprise, it shall withhold income tax from the payments of interest in respect of the Bonds for any non-resident Bondholder and the Issuer shall withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholder located outside of the PRC. However, in the event that the Issuer is required to make such a deduction or withholding (whether by way of income tax, VAT or otherwise), the Issuer has agreed to pay such additional amounts as will result in receipt by the Bondholders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required, as further set out in the *“Terms and Conditions of the Bonds”*.

Investors should further consult their own legal and tax advisers in relation to their PRC stamp duty obligations and liabilities in relation to any transfer of the Bonds.

Stamp Duty

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

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 18 August 2025 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained therein, the Issuer and the Guarantor have jointly and severally agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for the aggregate principal amount of the Bonds set forth opposite its name below:

	Principal amount of the Notes
	<i>(CNY)</i>
Guotai Junan Securities (Hong Kong) Limited	CNY250,000,000
Ping An Securities (Hong Kong) Company Limited	CNY140,000,000
China CITIC Bank International Limited	CNY40,000,000
China Industrial Securities International Brokerage Limited	CNY40,000,000
China Zheshang Bank Co., Ltd. (Hong Kong Branch)	CNY40,000,000
CLSA Limited	CNY40,000,000
Far East Horizon International Securities Limited	CNY0
Guolian Securities International Capital Co., Limited	CNY40,000,000
Haitong International Securities Company Limited	CNY40,000,000
SunRiver International Securities Group Limited	CNY40,000,000
TFI Securities and Futures Limited	CNY40,000,000
Total	CNY710,000,000

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Joint Lead Managers and their affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement further provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer. The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Joint Lead Managers and their respective affiliates may have, from time to time, performed, and may in the future perform, various Banking Services and/or Transactions with the Issuer and the Guarantor for which it has received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the Offering. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted. Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained (see “*Risk Factors – Risks Relating to the Bonds and the Guarantee*”). The Issuer, the Guarantor and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

Further, in connection with the issue of the Bonds, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager may, to the extent permitted by applicable laws and directives, over-allot the Bonds or effect transactions with a view to supporting the price of the Bonds at a level higher than that which might otherwise prevail, but in so doing, the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Manager or any person acting on behalf of the Stabilisation Manager will undertake stabilisation action. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation shall be for the account of the Joint Lead Managers.

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

Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

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

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

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Joint Lead Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

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

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

Underlying investor information in relation to omnibus order should be sent to: dcm.Shangdu@gtjas.com.hk.

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

GENERAL

Neither the Issuer, the Guarantor nor the Joint Lead Managers make any representation that any action will be taken in any jurisdiction by the Joint Lead Managers, the Issuer or the Guarantor that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. The Issuer, the Guarantor and the Joint Lead Managers will have no responsibility for, and the Joint Lead Managers will obtain any consent, approval or permission required by them for, the acquisition, offer, sale or delivery by them of Bonds under the laws and regulations in force in any jurisdiction to which they are subject or in or from which they make any acquisition, offer, sale or delivery. The Joint Lead Managers are not authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or which is consistent with, the Offering Circulars or any amendment or supplement to it.

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

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application nor advertisement in connection with the Bonds should be distributed or published by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer, the Guarantor or the Joint Lead Managers.

UNITED STATES

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

The Bonds and the Guarantee are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds or the Guarantee, within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

UNITED KINGDOM

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

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

HONG KONG

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

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

SINGAPORE

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

PEOPLE'S REPUBLIC OF CHINA

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

JAPAN

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

MACAU

The Bonds have not been and will not be promoted, distributed, sold or delivered in Macau, or any document relating to the Bonds be distributed or circulated in Macau, except under the terms of and in compliance with the Macau Financial System Act, as approved by Decree Law no. 32/93/M dated 5 July 1993, and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 009/B/2019-DSB/AMCM and any other laws in Macau that may apply to the offer and sale of the Bonds in Macau. The Bonds have not been and will not be registered or otherwise authorised for public offer under the Financial System Act of Macau and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 009/B/2019-DSB/AMCM, thus may not be offered or sold in Macau, unless such offer is made by Macau licensed entities according to the Macau Financial System Act and Guidelines under Circular no. 033/B/2010-DSB/AMCM and Circular no. 009/B/2019-DSB/AMCM and upon their communication to the Macau Monetary Authority and Chongwa (Macao) Financial Asset Exchange Co., Ltd., in observation of the guidelines and recommendations issued by the Macau local regulatory authority from time to time.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

The Issuer's Audited Financial Statements included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Issuer Group included herein.

The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Issuer Group. The differences identified below are limited to those significant differences that are appropriate to the Issuer Group's financial statements. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Issuer Group has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Issuer Group, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.

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

GOVERNMENT GRANT

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

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

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

REVERSAL OF AN IMPAIRMENT LOSS

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

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

RELATED PARTY DISCLOSURES

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

FIXED ASSETS AND INTANGIBLE ASSETS

Under PRC GAAP, only the cost model is allowed.

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

GENERAL INFORMATION

1. **Clearing System:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 315108560 and the ISIN for the Bonds is XS3151085605.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by a resolution of the board of directors of the Issuer dated 17 March 2024 and a shareholder's resolution dated 29 July 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by an approval letter of the Guarantor dated 31 July 2025.
3. **No Material Adverse Change:** Except as otherwise disclosed in this Offering Circular, there has not occurred any change, or any development or event involving a prospective change in the condition (financial or other), prospects, results of operations or general affairs of the Issuer or the Issuer Group, the Guarantor or the Guarantor Group which is material and adverse in the context of the issue and offering of the Bonds and giving the Guarantee since 31 December 2024.
4. **Litigation:** Except as otherwise disclosed in this Offering Circular, none of the Issuer or the Issuer Group, the Guarantor or the Guarantor Group is involved in any litigation or arbitration proceedings which could have a material and adverse effect on the Issuer Group's or the Guarantor Group's business, results of operations and financial condition nor is the Issuer and the Guarantor aware that any such proceedings are pending or threatened. The Issuer or the Guarantor may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of its business.
5. **Available Documents:** For so long as any Bond is outstanding, copies of the Trust Deed, the Agency Agreement, and the Deed of Guarantee will be available (i) for inspection at all reasonable times during usual business hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) by the Bondholders at the principal office of the Trustee, being as at the Issue Date at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, and at the specified office for the time being of the Principal Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying Agent and (ii) electronically from the Principal Paying Agent, following prior written request and proof of holding and identity to the satisfaction of the Principal Paying Agent.
6. **Financial Statements of the Issuer:** The Issuer's English audited consolidated financial statements as at and for the year ended 31 December 2023 and 2024 have been audited by SZCX, in accordance with PRC GAAP. Neither the Joint Lead Managers nor their affiliates, directors, employees and advisors have independently verified or checked the accuracy of the translation of the financial statements and they can give no assurance that the information contained in the financial statements translation is accurate, truthful or complete.
7. **LEI:** The Issuer's LEI is 83680048V2ET11T91M79.
8. **Listing:** Application will be made to MOX for the listing of, and permission to deal in, the Bonds by way of debt issues to MOX Professional Investors only. The listing on MOX is expected to become effective as soon as practicable following the Issue Date. Listing of the Bonds on MOX shall not be taken as an indication of the merits of the Issuer, the Issuer Group, the Guarantor, the Guarantor Group or the Bonds.

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**Zhengzhou Jianzhong Construction and Development
(Group) Co., Ltd.**

Auditor's Report

Righteous Innovation Shen Zi No.202500019

**Henan Righteous Innovation Certified Public Accountants
(Special General Partnership)**

March 12, 2025

您可使用手机“扫一扫”或进入
此码用于证明该审计报告是否由具有执业许可的会计师事务所出具，
注册会计师行业统一监管平台 (<https://acc.mof.gov.cn>) 进行查验。
报告编号：豫25769P00B1



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Henan Righteous Innovation Certified Public Accountants (Special General Partnership)

Address: Room 906, Floor 9, Building 9, Greenland International Plaza, the intersection of South Dongfang Road and East Jiansui Road, Zhengdong New District, Zhengzhou, Henan Province, China

Tel: 0371-65335617/0371-65335621

Auditor's Report

Righteous Innovation Shen Zi No.202500019

To Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. ("the Company"), which comprise the consolidated and Company statements of financial position as of December 31, 2023, the consolidated and Company income statements for the years then ended, the consolidated and Company cash flow statements and the consolidated and Company statements of changes in shareholders' equity for the years then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company's financial position of the Company as of December 31, 2023, and their financial performance and cash flows for the years that ended, by the requirements of Accounting Standards for Business Enterprises ("ASBEs").

II. Basis for Opinion

We conducted our audit using China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company by the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"). We have fulfilled our other ethical responsibilities by the CICPA Code. The audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

The Management is responsible for the preparation and fair presentation of the financial statements by ASBEs and for designing, implementing, and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance oversee the Company's financial reporting process.

IV. Auditor's responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but only guarantees that an audit conducted by CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users based on these financial statements.

As part of an audit per CSAs, we exercise professional judgment and maintain professional skepticism throughout the Audit. We Also:

- (1) Identify and assess the risk of material misstatement in financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery,



intentional omission, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of the internal controls relevant to the Audit to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of the accounting policy and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Suppose we conclude that a material uncertainty exists. In that case, our conclusions are based on the audit evidence obtained up to our auditor's report date. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosure), structure, and content of financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the entities' financial information or business activities within the Company to express an opinion on the financial statements. We are responsible for the group audit's direction, supervision, and performance. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the Audit and significant audit findings, including any significant deficiencies in internal control that we identify during our Audit.



(There is no text on this page. It is the signature and seal page of the Company's audit report of Righteous Innovation Shen Zi No.202500019.)

Henan Righteous Innovation Certified Public Accountants
(Special General Partnership)



Chinese Certified Public
Accountant: Luo Cong



Zhengzhou, China

Chinese Certified Public
Accountant: Sun Haohua



March 12, 2025



Consolidated Statement of Financial Position

Prepared by: Zhengzhou Jiaohong Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

Item	Unit	2023/12/31	2022/12/31
CURRENT ASSETS:			
Cash and cash equivalents		1,090,995,990.49	915,651,219.25
Settlements Provision			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable	2	955,621,090.67	705,637,683.04
Financing receivables			
Prepayments	3	943,729,647.99	553,875,204.75
Insurance premium receivable			
Due from reinsurers			
Contract reserve to due from reinsurers			
Other receivables	4	581,408,747.60	354,019,429.88
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under agreements to resell			
Inventories	5	16,040,399,533.41	11,309,528,611.69
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	6	76,671,170.31	30,173,145.59
Total current assets		19,688,826,180.47	13,868,885,294.20
NON-CURRENT ASSETS:			
Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables			
Long-term equity investments	7	92,741,390.85	92,728,696.30
Other equity instruments investments	8	411,453,190.00	411,453,190.00
Other non-current financial assets			
Investment properties	9	1,301,431,700.00	1,225,864,901.18
Fixed assets	10	146,335,673.03	165,659,980.91
Construction in progress	11	1,385,116,420.83	662,147,563.34
Productive biological assets			
Oil and gas assets			
Right-of-use asset	12	121,536,810.64	3,516,142.86
Intangible assets	13	25,097,908.98	23,591,494.18
Development expenditures			
Goodwill			
Long-term prepaid expenses	14	3,265,749.92	2,501,187.96
Deferred tax assets	15	39,710,707.28	9,353,858.74
Other non-current assets	16	2,850,847,785.42	1,692,547,186.29
Total non-current assets		6,377,537,336.95	4,289,364,201.76
Total Assets		26,066,363,517.42	18,158,249,495.96

Legal Representative

谷群

Accountant

杨荣

Head of Accounting Department

任红

(The accompanying notes to the financial statements form an integral part of these financial statements)



5



Consolidated Statement of Financial Position (continued)

Prepared by: Zhongyuan Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

	Note V	2023/12/31	2022/12/31
CURRENT LIABILITIES:			
Short-term borrowings	17	1,138,550,000.00	569,679,000.00
Borrowing from the central bank			
Deposits and balances from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	18	25,000,000.00	20,000,000.00
Accounts payable	19	462,298,883.73	161,929,775.15
Receipts in advance	20	354,195.79	
Contract liabilities	21	3,061,420,449.23	3,330,894,516.77
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Payroll and employee benefits payable	22	2,539,111.78	2,994,549.48
Taxes payable	23	45,786,309.12	62,265,606.56
Other payables	24	2,929,848,233.17	874,591,417.85
Including: Interest payable			
Dividend payable		474,700.03	
Fees and commission payable			
Payable reinsurance			
Liabilities classified as held for sale			
Current portion of non-current liabilities	25	1,162,836,882.96	804,414,117.50
Other current liabilities			
Total Current Liabilities		8,818,634,065.86	5,826,768,983.31
NON-CURRENT LIABILITIES:			
Insurance reserves			
Long-term borrowings	26	4,070,215,996.00	2,925,500,000.00
Bonds payable			
Including: Preference share			
Perpetual debt			
Lease liabilities	27	103,517,622.79	2,782,243.87
Long-term payables	28	2,801,057,961.48	1,500,638,600.37
Long-term payroll and employee benefits payable			
Provisions			
Deferred income	29	40,035,933.78	39,692,000.00
Deferred tax liabilities	13	131,751,000.08	85,974,200.29
Other non-current liabilities	30	83,165,475.57	165,757,105.35
Total non-current liabilities		7,229,743,989.70	3,820,344,349.88
Total liabilities		16,058,378,055.56	9,647,113,333.19
SHAREHOLDERS' EQUITY:			
Paid-in capital	31	1,387,846,000.00	1,387,846,000.00
Other equity instruments			
Including: Preference share			
Perpetual debt			
Capital reserve	32	8,685,296,590.38	6,972,377,628.62
Less: treasury shares			
Other comprehensive income	33	131,075,769.81	108,534,940.51
Special reserve			
Surplus reserve	34	22,266,569.06	22,266,569.06
General reserves			
Undistributed profits	35	-330,983,213.84	-88,919,781.05
Equity attributable to owners of the parent		9,895,501,715.41	8,402,003,377.14
Non-controlling interests		112,483,746.51	109,130,785.63
Total shareholders' equity		10,007,985,461.92	8,511,136,162.77
Total liabilities and shareholders' equity		26,066,363,517.42	18,158,249,495.96

Legal Representative:

杨荣



Head of Accounting Department:

杨荣

Head of Accounting Department:

任亚红

The accompanying notes form an integral part of these financial statements.



Prepared by: Zhongsheng International Construction Development (Kowloon) Co., Ltd.

Amount: RMB Yuan

East of Birmingham

Endorsement

11. *Journal of the American Medical Association*, 277:1033-1034, 1996

(The sentences are not statements forming an integral part of these documents.)

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Consolidated Statement of Cash Flows

Prepared by: Zhonghwa

Guangdong Construction Development Group Co., Ltd.

Item	Note	2023	2022
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services			
Net increase in customer deposits and due to banks and other financial institutions		2,711,719,542.42	1,017,374,143.33
Net increase in loans from the central bank			
Net increase in funds borrowed from other financial institutions			
Cash premiums received on original insurance contracts			
Net cash received from re-insurance business			
Net increase in deposits and investments from insurers			
Cash received from interest, fees and commission			
Net increase in funds deposit			
Net increase in repurchase business funds			
Net income from securities trading brokerage business			
Tax refunds received			
Cash received relating to other operating activities			
Sub-total of cash inflows	50	2,649,812,389.74	31,201,711.09
Cash paid for purchase of goods and services		6,371,531,632.36	2,381,827,722.82
Net increase in loans and payments on behalf of customers		6,936,329,116.07	5,420,005,576.16
Net increase in deposits with central bank and other financial institutions			7,928,458,482.61
Payments for claims for original insurance contracts			
Net increase in funds lent			
Cash paid for interest, fees and commission			
Commissions on insurance policies paid			
Cash paid to and on behalf of employees			
Cash paid for taxes		31,693,903.42	36,165,351.70
Cash paid relating to other operating activities		70,130,858.13	38,832,637.31
Sub-total of cash outflows	50	2,649,338,452.16	228,017,671.91
Net cash flows from operating activities		9,707,997,325.83	8,731,474,946.08
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from investment income			
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			6,073,506.97
Cash received from disposal of subsidiaries and other business units		3,897,418.00	
Cash received relating to other investing activities			
Sub-total of cash inflows	50		
Purchase of property, plant and equipment, intangible assets and other non-current assets		3,897,418.00	29,179,193.71
Cash paid for investments		992,826,264.04	35,253,704.67
Net increase in secured loans			208,127,933.97
Net cash paid for acquisition of subsidiaries and other business units			2,383,773.23
Cash paid relating to other investing activities			
Sub-total of cash outflows	50		
Net cash flows from investing activities		992,528,168.04	608,091,192.81
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment			
Including: Cash receipts from capital contributions from non-controlling interests of subsidiaries		1,712,994,010.81	2,776,022,418.74
Proceeds from borrowings			4,480,000.00
Cash receipts relating to other financing activities		4,048,190,000.00	2,324,679,000.00
Subtotal of cash inflows	50	1,689,743,342.20	1,554,901,000.00
Repayments for debts		7,491,399,342.20	6,454,701,618.74
Cash payments for distribution of dividends or profit and interest expenses		1,000,269,000.00	141,800,000.00
Including: dividends and profits paid by subsidiaries to non-controlling shareholders		341,608,472.55	431,431,031.91
Cash payments relating to other financing activities			
Subtotal of cash outflows	50	1,284,571,456.95	1,213,301,912.65
Net cash flows from financing activities		3,916,648,929.45	1,806,701,907.35
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
Add: Cash and cash equivalents at beginning of year		150,343,908.29	561,781,072.84
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		915,506,126.68	332,723,053.44

Legal Representative

Signature of Legal Representative

群谷印合
4101090103753

Chief Accountant

Signature of Chief Accountant

军杨印荣

Head of Accounting Department

Signature of Head of Accounting Department

红印



Prepared by: Zhong An Heng Consulting Development Group Co., Ltd.

Consolidated Statement of Changes in Shareholders' Equity

Amount: RMB Yuan

Line No.	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profit	Non-controlling interests	Total shareholders' equity
		Preference share	Perpetual debt	Others									
I. Balance at the end of previous year	1,387,866,000.00				6,972,277,628.42		108,334,360.51		22,264,509.06		-48,923,922.29	108,334,360.51	8,511,013,291.23
Changes in accounting policies											-512.11		-512.11
Corrections of prior period errors													
Business combination under common control													
Others													
II. Balance at the beginning of the year	1,387,866,000.00				6,972,277,628.42		108,334,360.51		22,264,509.06		-48,923,922.29	108,334,360.51	8,511,013,291.23
III. Increase (decrease) during the period													
(A) Total comprehensive income													
(B) Shareholders' contributions and reduction													
1 Shareholders' contributions in ordinary share					1,711,011,561.76		22,540,829.30		22,264,509.06		-242,809,269.16	3,532,580.26	1,496,833,902.88
2 Other equity instruments contributions					1,711,011,561.76		22,540,829.30				-48,384,978.27	6,038,598.79	77,164,809.31
3 Amount of share-based payments recognized in equity					1,711,011,561.76								1,713,818,561.76
4 Others													1,713,818,561.76
(C) Profit distribution													
1 Transfer to surplus reserve													
2 Transfer to general reserve													
3 Distribution to shareholders													
4 Others													
(D) Transfer within equity													
1 Capital reserves converted to share capital													
2 Surplus reserves converted to share capital													
3 Loss made up by surplus reserves													
4 Changes in the defined benefit plan transferred to retained earnings													
5 Other comprehensive income transferred to retained earnings													
6 Others													
(E) Special reserves													
1 Addition													
2 Utilization													
(F) Others													
IV. Balance at the end of the period	1,387,866,000.00				8,683,289,190.18		131,875,189.81		22,264,509.06		-320,983,113.84	117,482,766.51	16,087,482,461.92

Chief Accountant

Total of Accounting Documents

群谷印合 4101000163253

军杨印荣

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杨荣军

(The accompanying notes are an integral part of these financial statements)



Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Zhongshen Investment Development Group Co., Ltd.

Item

Equity attributable to owners of the parent														Total shareholders' equity
1. Balance at the end of previous year	Other Equity Instruments				Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General reserve	Undistributed profits	Non-controlling interests		
	Preference shares	Perpetual debt	Others											
Changes in accounting policies	1,387,846,000.00				4,553,878,248.70		108,379,168.51		22,366,569.06		211,849,814.14	100,717,861.54	6,334,887,250.25	
Corrections of prior period errors														
Business combination under common control														
Others														
II. Balance at the beginning of the year														
III. Increase/(decrease) during the period	1,387,846,000.00				4,553,878,248.70		108,379,168.51		22,366,569.06		211,849,814.14	100,717,861.54	6,334,887,250.25	
(A) Total comprehensive income					4,553,878,248.70		108,379,168.51		22,366,569.06		211,849,814.14	100,717,861.54	6,334,887,250.25	
(B) Shareholders' contributions and reductions					4,553,878,248.70		108,379,168.51		22,366,569.06		211,849,814.14	100,717,861.54	6,334,887,250.25	
1 Shareholders' contributions in ordinary shares					4,553,878,248.70		108,379,168.51		22,366,569.06		211,849,814.14	100,717,861.54	6,334,887,250.25	
2 Other equity instruments contributions														
3 Amount of share-based payments recognized in equity														
4 Others														
(C) Profit distribution														
1 Transfer to surplus reserve														
2 Transfer to general reserve														
3 Distributions to shareholders														
4 Others														
(D) Transfer within equity														
1 Capital reserves converted to share capital														
2 Surplus reserves converted to share capital														
3 Loss made up by surplus reserves														
4 Changes in the defined benefit plan transferred to retained														
5 Other comprehensive income transferred to retained earnings														
6 Others														
(E) Special reserves														
1 Addition														
2 Withdrawal														
(F) Others														
IV. Balance at the end of the period	1,387,846,000.00				6,972,275,622.62		108,538,348.51		22,366,569.06		-88,931,932.49	100,136,788.43	8,511,131,191.23	
Equal footnotes														

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(The accompanying notes are an integral part of this financial statement.)

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杨彦军

Head of Accounting Department

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Company Statement of Financial Position

Prepared by: Zhengzhou Jinchang Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

Item	Note XII	2023/12/31	2022/12/31
CURRENT ASSETS:			
Cash and cash equivalents		24,586,418.69	455,539,694.25
Settlements Provision			
Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Financing receivables			
Prepayments		320,639,581.00	320,060,572.00
Insurance premium receivable			
Due from reinsurers			
Contract reserve to due from reinsurers	1		
Other receivables		9,273,450,632.97	5,572,688,033.57
Including: Interest receivable			
Dividends receivable		20,000,000.00	20,000,000.00
Financial assets purchased under agreements to resell			
Inventories		117,481,314.23	140,923,576.19
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets			
Total current assets		9,736,157,946.89	6,489,211,876.01
NON-CURRENT ASSETS:			
Loans and advances			
Debt investment			
Available-for-sale financial assets			
Other debt investments			
Long-term receivables			
Long-term equity investments	2	4,569,017,650.51	4,258,866,735.97
Other equity instruments investments		1,000,000.00	1,000,000.00
Other non-current financial assets			
Investment properties		832,421,700.00	798,509,400.00
Fixed assets		65,142,796.41	68,707,716.56
Construction in progress			1,657,780.52
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets		4,828,774.89	2,886,143.27
Development expenditures			
Goodwill			
Long-term prepaid expenses		650,208.58	2,068,721.16
Deferred tax assets		167,167.57	31.25
Other non-current assets		565,403,300.00	565,403,300.00
Total non-current assets		6,038,631,597.96	5,699,099,828.73
Total Assets		15,774,789,544.85	12,188,311,704.74

Legal Representative:

仝合群



Chief Accountant:

杨荣军

Head of Accounting Department:

伍五红

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

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Company Statement of Financial Position (continued)

Prepared by: Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

Item	Note XII	2023/12/31	2022/12/31
CURRENT LIABILITIES			
Short-term borrowings		415,550,000.00	150,000,000.00
Borrowing from the central bank			
Deposits and balances from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable			20,000,000.00
Accounts payable		56,090,641.51	10,634,704.04
Receipts in advance			
Contract liabilities		92,906,615.31	70,077,872.47
Financial assets sold under agreements to buy			
Customer deposits and balances from banks and other financial institutions			
Customer brokerage deposits			
Securities underwriting brokerage deposits			
Payroll and employee benefits payable			
Taxes payable		6,530,049.40	2,528,560.53
Other payables		3,722,424,353.05	1,619,898,182.09
Including: Interest payable			
Dividends payable			
Fees and commission payable			
Payable reinsurance			
Liabilities classified as held for sale			
Current portion of non-current liabilities		536,746,666.68	668,500,000.00
Other current liabilities			
Total Current Liabilities		4,830,248,325.95	2,541,439,319.13
NON-CURRENT LIABILITIES:			
Insurance reserves			
Long-term borrowings		870,880,000.00	1,240,500,000.00
Bonds payable			
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payables		420,499,999.98	320,000,000.00
Long-term payroll and employee benefits payable			
Provisions			
Deferred income		28,035,933.78	27,692,000.00
Deferred tax liabilities		21,694,038.48	13,215,963.48
Other non-current liabilities		8,361,595.38	6,307,008.52
Total non-current liabilities		1,349,471,567.62	1,607,714,972.00
Total Liabilities		6,179,719,893.57	4,149,154,291.13
SHAREHOLDERS' EQUITY:			
Paid-in capital		1,387,846,000.00	1,387,846,000.00
Other equity instruments			
Including: Preferred Stock			
Perpetual debt			
Capital reserve		8,771,740,400.81	7,058,746,400.81
Less: Treasury shares			
Other comprehensive income		26,545,735.42	26,545,735.42
Special reserve			
Surplus reserve			
General reserve			
Undistributed profits		-591,062,484.95	-433,980,722.62
Total shareholders' equity		9,595,069,651.28	8,039,157,413.61
Total liabilities and shareholders' equity		15,774,789,544.85	12,188,311,704.74

Legal Representative:

谷群

谷群

Chief Accountant:

杨军

Head of Accounting Department:

任亚红

(The accompanying notes are an integral part of these financial statements.)

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Company Income Statement

Prepared by: Zhongzhou Jiansong Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

	Note XII	2023	2022
1. Total revenue	3	106,792,326.26	182,784,590.98
Less: Cost of sales	3	78,817,778.25	164,612,889.00
Taxes and surcharges		4,632,629.58	2,592,552.45
Selling expenses			
General and administrative Expenses		22,985,817.92	19,804,480.95
Research and development (R&D) Expenses			
Financial Expenses		381,231.73	6,045,637.76
Including: Interest expense			57,300,574.29
Interest income		368,899.01	52,121,529.55
Add: Other income		39,366.36	
Investment income/(loss)		106,113,125.63	7,268,558.42
Including: Share of profits or loss of associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Exchange gains or losses			
Net exposure hedging gains/ (losses)			
Gains/(loss) on the changes in fair value		33,912,300.00	9,965,700.00
Credit impairment losses		-668,545.29	10.00
Assets impairment losses			
Gains/(loss) from disposal of assets			
2. Operating profit		139,371,115.50	6,963,299.24
Add: Non-operating income			103,915.70
Less: Non-operating Expenses			
3. Profit/(loss) before tax		139,371,115.50	7,067,214.94
Less: Income tax expense		8,310,938.68	2,491,427.50
4. Net profit/(loss)		131,060,176.82	4,575,787.44
(i) Net profit from continuing operations			
(ii) Net profit from discontinuing operations			
5. Other comprehensive income, net of tax		155,772.00	155,772.00
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement gains or losses of a defined benefit plans			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss		155,772.00	155,772.00
a. Other comprehensive income that can be reclassified to profit or loss in equity method			
b. Changes in fair value of other debt investments			
c. Amount of financial assets reclassified into other comprehensive income			
d. Provision for credit impairment of other debt investments			
e. Cash flow hedging reserves			
f. Exchange differences on translation of foreign currency financial statements			
g. Others		155,772.00	155,772.00
7. Total comprehensive income		131,215,948.82	4,731,559.44

Legal Representative:

任群



Chief Accountant:

杨荣军

Head of Accounting Department:

任群

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

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Consolidated Statement of Cash Flows

Prepared by: Zhengzhou Jianlong Construction Development Co., Ltd.

Amount: RMB Yuan

Item	Note XII	2023	2022
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and rendering of services		154,129,956.13	108,995,129.20
Tax refunds received			
Cash received relating to other operating activities		10,379,662,285.53	5,424,853,888.39
Sub-total of cash inflows		10,533,792,271.66	5,533,849,017.59
Cash paid for purchase of goods and services		57,648,294.00	485,011,811.77
Cash paid to and on behalf of employees		12,350,408.31	10,203,660.78
Cash paid for taxes		3,780,225.22	1,224,449.24
Cash paid relating to other operating activities		11,882,909,920.87	7,994,856,578.10
Sub-total of cash outflows		11,953,619,048.40	8,495,296,509.18
Net cash flows from operating activities		-1,425,826,776.74	-2,960,447,491.59
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from investment income		103,952,344.01	2,006,866.21
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows		103,952,344.01	2,006,866.21
Purchase of property, plant and equipment, intangible assets and other non-current assets			1,428,628.28
Cash paid for investments		299,805,028.46	251,844,345.16
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows		299,805,028.46	253,272,974.44
Net cash flows from investing activities		-195,853,684.45	-253,266,108.23
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		1,712,994,000.00	2,371,542,618.78
Proceeds from borrowings		574,750,000.00	1,245,000,000.00
Cash receipts relating to other financing activities		200,000,000.00	300,000,000.00
Subtotal of cash inflows		2,487,744,000.00	3,916,542,618.78
Repayments for debts		577,340,000.00	125,000,000.00
Cash payments for distribution of dividends or profit and interest expenses		402,944,481.03	421,339,374.29
Cash payments relating to other financing activities		316,833,333.34	
Subtotal of cash outflows		1,297,017,814.37	547,339,374.29
Net cash flows from financing activities		1,190,726,185.63	3,368,953,244.49
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS		-430,953,275.56	155,339,644.67
Add: Cash and cash equivalents at beginning of year		455,539,694.25	300,300,049.58
6. CASH AND CASH EQUIVALENTS AT END OF YEAR		24,586,418.69	455,539,694.25

Legal Representative:

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Chief Accountant:

杨军

Head of Accounting Department:

任五红

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

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Company Statement of Changes in Shareholders' Equity

Prepared by: Zhongguo Construction Development (Group) Co., Ltd.

2023											
Amount: RMB Yuan											
	Equity attributable to owners of the parent										
	Share capital	Other Equity Instruments			Capital reserves	Less: Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General Reserve	Undistributed profits
		Preference shares	Perpetual debt	Others							
I. Balance at the end of previous year	1	1,337,346,000.00			7,058,746,400.81		26,545,735.42				-473,986,722.62
Changes in accounting policies	2										
Corrections of prior period errors	3										
Others	4										
II. Balance at the beginning of the year	5	1,337,346,000.00			7,058,746,400.81		26,545,735.42				
III. Increase/(decrease) during the period	6				1,712,994,000.00						
(A) Total comprehensive income	7										
(B) Shareholders' contributions and reductions	8										
1. Shareholders' contributions in ordinary share	9				1,712,994,000.00						
2. Other equity instruments contributions	10										
3. Amount of share-based payments recognized in equity	11										
4. Others	12										
(C) Profit distribution	13										
1. Transfer to surplus reserve	14										
2. Distributions to shareholders	15										
3. Distribution to shareholders	16										
4. Others	17										
(D) Transfer within equity	18										
1. Capital reserves converted to share capital	19										
2. Surplus reserves converted to share capital	20										
3. Loss made up by surplus reserves	21										
4. Others	22										
(E) Special reserves	23										
1. Addition	24										
2. Utilization	25										
(F) Others	26										
IV. Balance at the end of the period	27	1,337,346,000.00			8,771,740,400.81		26,545,735.42				-258,141,939.15

Legal Representative:

谷群

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Chief Accountant

杨军

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Head of Accounting Department:

任红印

(The accompanying notes are an integral part of these financial statements)



Company Statement of Changes in Shareholders' Equity

Prepared by: Zhonghua Building Construction Development (Group) Co., Ltd.

Amount: RMB Yuan

		2022										Head of Accounting Department: 任红印	
		Equity attributable to owners of the parent										Head of Accounting Department: 任红印	
		Share capital	Other Equity Instruments			Capital reserves	Treasury shares	Other Comprehensive Income	Special Reserve	Surplus Reserve	General Reserve	Undistributed profits	Total Shareholders' equity
			Preference share	Perpetual debt	Others								
I. Balance at the end of previous year	1	1,387,146,000.00				4,647,203,782.05		26,388,965.42				-71,444,368.78	6,033,092,979.72
Changes in accounting policies	2												
Corrections of prior period errors	3												
Others	4												
II. Balance at the beginning of the year	5	1,387,146,000.00				4,647,203,782.05		26,388,965.42				-71,444,368.78	6,033,092,979.72
III. Increase(decrease) during the period	6					2,371,542,618.78		155,772.00				-367,100,344.33	2,069,166,033.89
(A) Total comprehensive income	7							155,772.00				6,515,787.44	4,331,558.64
(B) Shareholders' contributions and reduction	8												
1. Shareholders' contributions in ordinary share	9					2,371,542,618.78							2,371,542,618.78
2. Other equity instruments contributions	10												
3. Amount of share-based payments recognized in equity	11												
4. Others	12												
(C) Profit distribution	13												
1. Transfer to surplus reserve	14											-367,100,344.33	-367,100,344.33
2. Distributions to shareholders	15												
3. Distribution to shareholders	16												
4. Others	17											-367,100,344.33	-367,100,344.33
(D) Transfer within equity	18												
1. Capital reserves converted to share capital	19												
2. Surplus reserves converted to share capital	20												
3. Less made up by surplus reserves	21												
4. Others	22												
(E) Special reserves	23												
1. Additions	24												
2. Utilization	25												
(F) Others	26												
IV. Balance at the end of the period	27	1,387,146,000.00				7,018,746,400.81		26,544,737.42				-421,910,772.63	8,030,157,413.41

Legal Representative: 谷公群

Chief Accountant: 杨军

任红印

Head of Accounting Department: 任红印

(The accompanying notes are an integral part of these financial statements.)

Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.

Notes to the Financial Statements

For the year ended December 31, 2023

(All amounts in Chinese currency, Renminbi (RMB) yuan unless otherwise stated.)

I. Basic Information of the Enterprise

(1) The History

Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd., formerly known as Zhengzhou Jianzhong Construction and Development Co., Ltd. (hereinafter referred to as "the Company"), was established through the joint investment of the Management Committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, the Management Committee of Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, and Zhengzhou Guancheng Construction Comprehensive Development Corporation. On November 23, 2011, the company obtained the "Enterprise Name Pre-Approval Notice" (Zhengzhou Industrial and Commercial Administration) Registration Name Pre-Approval No. [2011] 342 issued by the Zhengzhou Administration for Industry and Commerce. On December 28, 2011, the company was approved to be established by the Market Supervision Administration of Guancheng District, Zhengzhou City, with a registered capital of 500 million yuan, which was fully paid up by shareholders in two installments before December 26, 2013. The first installment of 100 million yuan was contributed by shareholders in currency on December 27, 2011. This contribution was verified by Henan Xinhua Certified Public Accountants (General Partnership) and a capital verification report was issued on



December 27, 2011, with the verification number of YXHYZ (2011) No. 545. The equity structure is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	30.00
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	3,000.00	30.00
Zhengzhou Guancheng Construction Comprehensive Development Corporation	20,000.00	4,000.00	40.00
Total	50,000.00	10,000.00	100.00

The second phase of capital contribution of 280 million yuan was made by the shareholders, Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee and Zhengzhou Guancheng Construction Comprehensive Development Corporation, in cash on June 26, 2012. This capital contribution was verified by Henan Jiachang Certified Public Accountants (General Partnership) and a capital verification report (YJYZ (2012) No. 009) was issued on June 28, 2012, to verify the contribution. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	7.89
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	39.47
Zhengzhou Guancheng Construction Comprehensive Development Corporation	20,000.00	20,000.00	52.63
Total	50,000.00	38,000.00	100.00

According to the resolution of the shareholders' meeting on July 31, 2012, and the amendments to the articles



of association, the registered capital of the company was changed from 500 million yuan to 1 billion yuan. The management committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, subscribed 150-million-yuan, Zhengzhou Guancheng Construction Comprehensive Development Corporation subscribed 300 million yuan, the management committee of Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, subscribed 150 million yuan, and the State-owned Assets Administration Bureau of Guancheng Hui District, Zhengzhou City, subscribed 400 million yuan. The shareholders were required to fully pay up before December 26, 2013.

The third phase of capital contribution of 100 million yuan was made by the shareholder Zhengzhou Guancheng Hui National Assets Management Bureau in currency on July 30, 2012. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership), and a capital verification report numbered YJY Zi (2012) No. 35 was issued on August 1, 2012, to verify it. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	6.25
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	31.25
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	20,000.00	41.67
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	10,000.00	20.83
Total	100,000.00	48,000.00	100.00

The fourth phase of capital contribution of 400 million yuan was made by shareholders Zhengzhou Guancheng Hui National Assets Management Bureau and Zhengzhou Guancheng Construction Comprehensive Development Corporation on August 13, 2012, through debt-to-equity conversion. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership) and a capital verification report numbered YJY Zi (2012) No. 37 was issued on August 15, 2012. The equity structure after the change is as follows:



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	3.41
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	17.05
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	34.09
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	45.45
Total	100,000.00	88,000.00	100.00

The company's fifth capital contribution of 120 million yuan was made in cash by the Management Committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, on September 6, 2012. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership), and a capital verification report (YJY Zi (2012) No. 41) was issued on September 7, 2012, to confirm the verification. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	15.00
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	15.00
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	30.00
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	40.00



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Total	100,000.00	100,000.00	100.00

According to the resolution of the shareholders' meeting and the amendment to the articles of association on April 14, 2015, the registered capital of the company was changed from 1 billion yuan to 1.005 billion yuan. The management committee of the Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, contributed 150 million yuan, the Zhengzhou Guancheng Construction Comprehensive Development Corporation contributed 300 million yuan, the management committee of the Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, contributed 155 million yuan, and the State-owned Assets Administration Bureau of Guancheng Hui District, Zhengzhou City, contributed 400 million yuan.

The company's sixth capital contribution of 5 million yuan was made in currency by the Management Committee of Zhengzhou Jindai Industrial Cluster Area, a shareholder, on April 15, 2015. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.93
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,500.00	15,500.00	15.42
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	29.85
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	39.80
Total	100,500.00	100,500.00	100.00

According to the resolution of the shareholders' meeting on January 12, 2016, the registered capital of the company was changed from 100.5 million yuan to 1037.846 million yuan. The capital increase was contributed by the shareholder Zhengzhou Guancheng Construction Comprehensive Development Corporation in the form of currency, amounting to 23.1943 million yuan, and by the shareholder Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee in the form of currency, amounting



to 9.6517 million yuan.

The company's seventh phase of initial capital contribution of 9.6517 million yuan was made by the shareholder, Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee, in cash on December 16, 2015. This capital contribution was verified by Henan Shengyuan United Certified Public Accountants and a capital verification report was issued on January 5, 2016, under the number YSYYZ (2016) No. 01-001. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.78
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	16.23
Zhengzhou Guancheng Construction Comprehensive Development Corporation	32,319.43	30,000.00	29.57
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	39.42
Total	103,784.60	101,465.17	100.00

The second contribution of 23.1943 million yuan for the seventh phase of the company was made in cash by Zhengzhou Guancheng Construction Comprehensive Development Corporation, a shareholder, on December 30, 2015. This contribution was verified by Henan Zhongxing Xinhe Certified Public Accountants Co., Ltd., and a capital verification report (Yuxinghe KY Zi (2016) No. 002) was issued on May 9, 2016, to confirm the verification. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.43



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	15.86
Zhengzhou Guancheng Construction Comprehensive Development Corporation	32,319.43	32,319.43	31.14
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	38.54
Total	103,784.60	103,784.60	100.00

According to the resolution of the shareholders' meeting on August 28, 2017, the registered capital of the company was changed from 1.037846 billion yuan to 1.387846 billion yuan. The capital increase was contributed by shareholder Zhengzhou Guancheng Construction Comprehensive Development Corporation with a monetary contribution of 50 million yuan, and by shareholder Zhengzhou Guancheng Hui District State-owned Assets Administration Bureau with a monetary contribution of 300 million yuan. The above capital increase was verified by Henan Xinhua Certified Public Accountants (General Partnership) on August 23, 2017, and a capital verification report numbered YXHYZ (2017) No. 11 was issued to verify it. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	10.81
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	11.86
Zhengzhou Guancheng Construction Comprehensive Development Corporation	37,319.43	37,319.43	26.89
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	70,000.00	70,000.00	50.44
Total	138,784.60	138,784.60	100.00



On December 12, 2020, in accordance with the "Approval of the People's Government of Guancheng Hui Ethnic District, Zhengzhou City on the Plan for Market-oriented Reform, Equity Transfer, and Asset Injection of State-owned Enterprises in Guancheng Hui Ethnic District, Zhengzhou City" (GZ [2020] No. 49) issued by the People's Government of Guancheng Hui Ethnic District, Zhengzhou City, the shareholder of our company was changed to the Finance Bureau of Guancheng Hui Ethnic District, Zhengzhou City, and the relevant business registration changes were processed. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Finance Bureau of Guancheng Hui Ethnic Group District, Zhengzhou City	138,784.60	138,784.60	100.00

(II) Business registration address, headquarters location, and organizational form

Company Registration Address and Headquarters Address: No. 127 Zi Dong Road, Guancheng District, Zhengzhou City

Company Organization Form: Limited Liability Company (State-owned Enterprise)

Unified Social Credit Code: 914101005885809656

Company Legal Representative: Gu Huiqun

(III) Business Scope

Operating Permits: Real estate development and operation; various engineering construction activities; construction of intelligent building systems; tourism business; operation of sports facilities; (The following projects shall be subject to approval by relevant departments: Real estate development and operation; various engineering construction activities; construction of intelligent building systems; tourism business; operation of sports facilities; After obtaining relevant department approval, the company may engage in business operations; the specific business scope shall be subject to the approval documents or permits of relevant departments.) General Business: Investment activities with self-owned funds; asset management services for investment activities with self-owned funds; land reclamation services; land investigation and appraisal services; engineering management services; construction of sports facilities; landscape and garden engineering construction; management of urban parks; management of urban greening; property management; management of industrial parks; management of scenic spots; organization of cultural and artistic exchanges; management services for cultural venues; conference and exhibition services; parking



lot services; car rental; leasing of non-residential real estate; leasing of land use rights (Except for the projects subject to approval, the company may engage in lawful business operations independently upon the issuance of its business license.)

(IV) Name of Parent Company and Headquarters

The ultimate actual controller of this company is Zhengzhou Guancheng Hui Autonomous District Finance Bureau.

II. Basis of preparation of the financial statements

(I) Basis for Preparation of Financial Statements

The Company prepares its financial statements on the basis of the going concern assumption, based on actual transactions and events, in accordance with the "Basic Accounting Standards for Enterprises" issued by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations of accounting standards, and other relevant provisions (hereinafter collectively referred to as "accounting standards for enterprises").

(II) Continuing Operations

The Company can continue operations for at least 12 months from the end of the reporting period without any material events that would impact its ability to continue operations.

III. Significant Accounting Policies and Accounting Estimates

(1) Statement of Compliance with Enterprise Accounting Standards

The financial statements presented by the Company have been prepared in accordance with the requirements of Enterprise Accounting Standards, and fairly reflect the financial position, operating results, changes in equity and cash flows of the Company.

(2) Accounting period



The company adopts the Gregorian calendar as its accounting period, meaning that each fiscal year begins on January 1 and ends on December 31.

(3) Operating Cycle

The normal operating cycle of the Company refers to the period from the date of purchase of assets used for processing until the realization of cash or cash equivalents. The Company considers a period of 12 months as an operating cycle and uses it as a standard for the liquidity classification of assets and liabilities.

(4) Functional currency

Our company uses the Renminbi as its functional currency.

All amounts in Chinese currency, Renminbi (RMB) yuan unless otherwise stated.

(5) Accounting basis and valuation principle

Our company generally adopts historical costs when measuring accounting elements. If the amount of the determined accounting element can be obtained and measured reliably, it will be measured using replacement cost, net realizable value, present value, or fair value.

Except for items specifically stated to be measured using replacement cost, net realizable value, present value, or fair value, all items in our company's current period's financial statements are measured using historical cost.

(6) Method for determining materiality criteria and basis for selection.

Item	Materiality criteria
Receivables with significant individual provisions for bad debt reserves	The amount is greater than or equal to ten million yuan

(7) Accounting treatment methods for business combinations under and not under the same control

1. Business combination refers to a transaction or event in which two or more separate enterprises are merged to form a single reporting entity.

Our company's corporate mergers are categorized as mergers under the same control and not under the same control. Mergers under the same control refer to those in which the participating enterprises are ultimately



controlled by the same party or parties before and after the merger, and such control is not temporary. Mergers not under the same control refer to those in which the participating parties are not ultimately controlled by the same party or parties before and after the merger.

2. For business combinations under the same control, the assets and liabilities acquired by the acquirer in the business combination are measured at the carrying value of the acquirer on the combination date. The difference between the carrying value of the net assets acquired by the acquirer and the carrying value of the consideration paid for the combination (or the total par value of the issued shares) is adjusted to capital reserves; if the capital reserves are insufficient to offset, the retained earnings are adjusted.

The acquirer's direct expenses incurred for the corporate merger, including audit fees, evaluation fees, legal service fees, etc., are recognized in the current profit and loss when they are incurred. The fees, commissions, etc., paid for issuing bonds or assuming other liabilities for the corporate merger are included in the initial measurement amount of the issued bonds and other liabilities. The fees, commissions, etc., incurred for issuing equity securities in the corporate merger are offset against the premium income of the equity securities. If the premium income is insufficient to compensate, it is offset against retained earnings.

When a business merger forms a parent-subsidary relationship, the parent company prepares the consolidated balance sheet, income statement, and cash flow statement on the merger date. The assets and liabilities of the merged party in the consolidated balance sheet are measured in their book value. The consolidated income statement includes the income, expenses, and profits incurred by all parties involved in the merger from the beginning of the current period to the merger date. The net profit realized by the merged party before the merger is reflected in a separate item in the consolidated income statement. The consolidated cash flow statement should include the cash flows of all parties involved in the merger from the beginning of the current period to the merger date.

Suppose the ultimate controlling party acquires the acquired party from a third party in previous years. In that case, it is deemed that the reporting entity formed after the merger has been continuously integrated since the ultimate controlling party began exercising control. The relevant accounting treatment is based on the carrying value of the assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition of the acquired party) in the ultimate controlling party's financial statements. The period for retrospective adjustment of comparative data in the acquirer's financial statements is not earlier than the later when both parties are under the control of the ultimate controlling party.

3. For business combinations not under the same control, the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to obtain control over the acquiree shall be recognized as the combination cost.



In business combinations not under common control, the intermediary fees incurred by the acquirer for audit, legal services, evaluation consulting, and other related management expenses shall be recognized in the current profit and loss when they are incurred. The transaction costs of equity securities or debt securities issued by the acquirer as merger consideration shall be included in the initial recognition amount of the equity or debt securities.

On the acquisition date, the acquirer measures the assets paid and liabilities incurred or assumed as consideration for the business combination at fair value, and the difference between the fair value and its carrying amount is recognized in current profit or loss.

The acquirer recognizes the difference between the merger cost and the fair value of the identifiable net assets obtained from the acquiree in the merger as goodwill. When the merger cost is less than the fair value of the identifiable net assets obtained from the acquiree in the merger, the acquirer should review the measurement of the fair value of the identifiable assets, liabilities, and contingent liabilities obtained from the acquiree, as well as the merger cost. Suppose the merger cost is still less than the fair value of the identifiable net assets obtained from the acquiree in the merger after review. In that case, the difference should be recognized in current profits and losses.

When a business merger results in a parent-subsidiary relationship, the parent company prepares a consolidated balance sheet on the acquisition date, and the identifiable assets, liabilities, and contingent liabilities acquired from the acquiree due to the business merger are presented at fair value.

(8) Criteria for determining control and methods for preparing consolidated financial statements.

1. Criteria for judging control

The scope of consolidation for the consolidated financial statements is determined on a control basis. Control refers to the Company's possession of power over the investee, enjoyment of variable returns through participation in the relevant activities of the investee, and the ability to use its power over the investee to influence the amount of such returns. The consolidation scope includes the Company and all its subsidiaries. Subsidiaries refer to entities controlled by the Company (including enterprises, divisible parts of the investee, and structured entities controlled by the Company).

The company decides whether to control the investee by comprehensively considering all relevant facts and circumstances. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above definition of control, the company will reassess.

2. Method for preparing consolidated financial statements



From obtaining actual control over a subsidiary's net assets and production and operation decisions, the company begins to include it in the consolidation scope; from the date of losing actual control, it ceases to be included in the consolidation scope. For subsidiaries disposed of, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet is not adjusted. For subsidiaries added through business combinations, not under common control, their operating results and cash flows after the acquisition date have been appropriately included in the consolidated income statement and cash flow statement, and the opening balance and comparative figures of the consolidated financial statements are not adjusted. For subsidiaries added through business combinations under common control and the merged party in a merger, their operating results and cash flows from the beginning of the current consolidation period to the consolidation date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted accordingly.

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the parent company are inconsistent, necessary adjustments shall be made to the subsidiary's financial statements by the parent company's accounting policies and accounting periods. For subsidiaries acquired through business combinations, not under the same control, their financial statements shall be adjusted based on the fair value of the identifiable net assets on the acquisition date.

All significant intercompany balances, transactions, and unrealized profits within the company are offset during the preparation of the consolidated financial statements.

The shareholder equity and current net profit or loss of the subsidiary that the company does not own are separately presented as minority shareholder equity and minority shareholder profit or loss under the shareholder equity and net profit items in the consolidated financial statements. The share of minority shareholder equity in the subsidiary's current net profit or loss is presented as "minority shareholder profit or loss" under the net profit item in the consolidated income statement. If the losses borne by minority shareholders in the subsidiary exceed the minority shareholders' share of the beginning shareholder equity in the subsidiary, the minority shareholder equity is still offset.

When control over an existing subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity is remeasured at its fair value on the date of losing control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of net assets that should be enjoyed based on the original shareholding ratio calculated continuously from the acquisition date of the original subsidiary is recognized in the current investment income when control is lost. Other comprehensive incomes related to the equity investment in the original subsidiary are accounted for on the same basis as the direct disposal of related assets or liabilities by the



acquired at the time of losing control (i.e., except for changes resulting from the remeasurement and redefinition of net liabilities or net assets in the original subsidiary's defined benefit plan, the rest are transferred to current investment income). Subsequently, relevant regulations such as "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" subsequently measure this portion of remaining equity. For details, see Note III (16), "Long-term Equity Investments," or Note III (12), "Financial Instruments."

Suppose the company disposes of its equity investment in a subsidiary through multiple transactions until it loses control. In that case, it is necessary to distinguish whether each transaction related to the disposal of the equity investment in the subsidiary until the loss of control is a package deal. Suppose the terms, conditions, and economic impacts of each transaction related to the disposal of the equity investment in the subsidiary meet one or more of the following conditions. In that case, it usually indicates that multiple transactions should be treated as a package deal for accounting purposes: ① These transactions are concluded simultaneously or taking into account their mutual impact; ② These transactions can only achieve a complete business outcome as a whole; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A transaction is uneconomical when viewed alone, but is economical when considered together with other transactions. For transactions that are not package deals, each transaction should be accounted for separately according to the applicable principles of "partial disposal of long-term equity investment in a subsidiary without losing control" (see Note III, (16)) and "losing control over the original subsidiary due to disposal of partial equity investment or other reasons" (see the preceding paragraph). If each transaction related to the disposal of the equity investment in a subsidiary until the loss of control is a package deal, the transactions should be accounted for as a single transaction involving the disposal of the subsidiary and the loss of control; however, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal investment before the loss of control should be recognized as other comprehensive income in the consolidated financial statements and transferred to the current profit and loss when the control is lost.

(9) Preparation method of consolidated financial statements

1. Principles for determining the scope of consolidation

The scope of consolidation in consolidated financial statements is determined based on control. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

The parent company includes all subsidiaries it controls in the scope of the consolidated financial statements. At the same time, although the parent company owns half or less of the voting rights of the invested unit, through some arrangement, the parent company can control the invested unit, and the invested unit will be



recognized as a subsidiary and included in the scope of the consolidated financial statements. However, this is accepted if there is evidence that the parent company cannot control the investee.

The parent company will also include the special purpose entities over which the company has control, such as the sponsoring organization or the operating entities that have control over them through entrusted operation or leasing, etc., into the scope of the consolidated financial statements.

2. Preparation method of consolidated financial statements

The consolidated financial statements are based on the individual financial statements of the parent company and the subsidiaries included in the consolidation scope. They are based on other relevant information and are prepared by the parent company. During the merger, internal equity investments and subsidiary owners' equity, internal investment income and subsidiary profit distributions, internal transactions, and internal claims and debts are offset.

3. Presentation of minority shareholders' interests and profits and losses

The share of minority shareholders' equity in the current period's net profit and loss of a subsidiary is listed as the "minority shareholders' profit and loss" item under the net profit item in the consolidated income statement.

The share of minority shareholders' equity in the shareholder's equity of a subsidiary is listed as "minority shareholders' equity" under the shareholder's equity item in the consolidated balance sheet.

4. Handling of excess losses

In the consolidated financial statements, if the current losses shared by minority shareholders of a subsidiary exceed the minority shareholders' share of the opening shareholder's equity of the subsidiary, the balance should still be offset against minority shareholders' equity.

5. Processing of consolidated statements for adding or reducing subsidiaries in the current period

If the parent company adds subsidiaries due to a business merger under common control during the reporting period, when preparing the consolidated balance sheet, the closing balance of the previous year will be adjusted on the consolidated balance sheet. For subsidiaries added due to business combinations not under common control, the previous year's closing balance will not be adjusted when preparing the consolidated balance sheet.

Suppose the parent company disposes of its subsidiaries during the reporting period and prepares the consolidated balance sheet. In that case, the previous year's closing balance will not be adjusted on the consolidated balance sheet.



Suppose the parent company adds a subsidiary due to a business merger under common control during the reporting period. In that case, the consolidated income statement will include the subsidiary's income, expenses, and profits from the beginning of the current period to the end of the reporting period. The cash flow of the subsidiary from the beginning of the current period to the end of the reporting period will be included. Incorporated into the consolidated cash flow statement.

Suppose the parent company adds a subsidiary due to a business combination not under common control during the reporting period. In that case, the income, expenses, and profits from the subsidiary's acquisition date to the end of the reporting period will be included in the consolidated income statement. The cash flow from the date of acquisition of the subsidiary to the end of the reporting period will be included in the consolidated cash flow statement.

When the parent company disposes of a subsidiary during the reporting period, the subsidiary's income, expenses, and profits from the beginning to the date of disposal will be included in the consolidated income statement. The cash flow of the subsidiary from the beginning of the period to the date of disposal will be included in the consolidated cash flow statement.

6. Unification of accounting policies and accounting periods of the parent company and subsidiaries

The parent company unifies the accounting policies and periods adopted by the subsidiaries so that the accounting policies and periods adopted by the subsidiaries are consistent with those of the parent company.

Suppose the accounting policies adopted by a subsidiary are inconsistent with those of the parent company. In that case, necessary adjustments will be made to the subsidiary's financial statements according to the parent company's accounting policies, or the subsidiary will be required to prepare separate financial statements according to the parent company's accounting policies.

If the subsidiary's accounting period is inconsistent with that of the parent company, the subsidiary's financial statements should be adjusted according to the parent company's accounting period, or the subsidiary should be required to prepare separate financial statements according to the parent company's accounting period.

(10) The standards of recognizing cash and cash equivalents

Cash on hand and deposits readily available for disbursement are recognized as cash to prepare the statement of cash flows. Cash equivalents are investments held for a short period (maturing within three months from the date of purchase), are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.



(11) Foreign currency transactions and foreign currency statement translation**1. Foreign currency transactions**

When foreign currency transactions occur initially, the Company converts the foreign currency amount into functional currency using the spot exchange rate on the transaction date.

On the balance sheet date, the balance of foreign currency monetary items is translated at the spot exchange rate. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date are recognized in current profit or loss, except for exchange differences arising from foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated by the principle of capitalization of borrowing costs. Foreign currency non-monetary items measured at historical cost are translated at the spot exchange rate on the transaction date without changing their amount in the functional currency. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. Exchange differences arising from the difference between the spot exchange rate on the date when the fair value is determined and the spot exchange rate at the time of initial recognition or the previous balance sheet date are recognized in other comprehensive income.

2. Foreign currency statement translation

The assets and liabilities items in the balance sheet of overseas operations are translated at the spot exchange rate on the balance sheet date. For owner's equity items, except for the "undistributed profits" item, other items are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The differences in foreign currency financial statements from the above translation are separately presented under the owner's equity item in the balance sheet. The cash flow statement is translated at the spot exchange rate on the cash flow date. The impact of exchange rate changes on cash is presented separately as an adjustment item in the cash flow statement.

Foreign currency monetary items that constitute net subsidiary investments are reflected in the parent company's or subsidiary's functional currency. The exchange differences arising from these foreign currency monetary items are transferred to the "foreign currency translation differences" account.

Cash flows in foreign currencies and those of overseas subsidiaries are translated at the spot exchange rate on the date of occurrence.

When disposing of overseas operations, the foreign currency financial statement translation differences related to the overseas operations and shown under the owner's equity item in the balance sheet are transferred from the owner's equity item to the current profit and loss for disposal. For partial disposal of overseas operations, the translation differences of the disposed portion are calculated based on the proportion



of disposal and transferred to the current profit and loss for disposal.

(12) Financial instruments

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

(1) Classification, recognition, and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the company classifies financial assets into the following categories: financial assets measured at amortized cost; financial assets measured at fair value with changes recognized in other comprehensive income; and financial assets measured at fair value with changes recognized in current profit or loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value with changes recognized in current profits and losses, related transaction costs are directly recognized in current profits and losses; for other types of financial assets, related transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of labour services, which do not include or consider significant financing components, the Company recognizes the amount of consideration it expects to be entitled to receive as the initial recognition amount.

① Financial assets measured at amortized cost

The business model of our company's management of financial assets measured at amortized cost is aimed at collecting contractual cash flows. The contractual cash flow characteristics of these financial assets align with basic borrowing and lending arrangements, meaning the cash flows generated on specific dates are solely for the payment of principal and interest based on the outstanding principal amount. For these financial assets, our company employs the effective interest method for subsequent measurement at amortized cost. Any gains or losses arising from amortization or impairment are recognized in current profit or loss.

② Financial assets measured at fair value and with changes recognized in other comprehensive income

The business model of our company for managing such financial assets is aimed at both collecting contractual cash flows and selling them. The contractual cash flow characteristics of these financial assets align with basic borrowing and lending arrangements. These financial assets are measured at fair value and their changes are recorded in other comprehensive income. However, impairment losses or gains, exchange gains or losses, and interest income calculated using the effective interest method are recognized in current profit or loss.



In addition, the Company designates certain non-trading equity instrument investments as financial assets measured at fair value with changes recognized in other comprehensive income. The Company includes the dividend income related to such financial assets in current profit or loss, and the changes in fair value are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③ Financial assets measured at fair value and with changes recognized in current profits and losses

The company classifies financial assets other than those measured at amortized cost and those measured at fair value with changes recognized in other comprehensive income as financial assets measured at fair value with changes recognized in current profit or loss. In addition, upon initial recognition, the company designates certain financial assets as those measured at fair value with changes recognized in current profit or loss to eliminate or significantly reduce accounting mismatches. For such financial assets, the company adopts fair value for subsequent measurement, and changes in fair value are recognized in current profit or loss.

2. Classification, recognition, and measurement of financial liabilities

Financial liabilities are classified into financial liabilities measured at fair value with changes recognized in current profits and losses and other financial liabilities upon initial recognition. For financial liabilities measured at fair value with changes recognized in current profits and losses, the related transaction costs are directly recognized in current profits and losses, while the related transaction costs of other financial liabilities are recognized in their initially recognized amounts.

① Financial liabilities measured at fair value and with changes recognized in current profits and losses

Financial liabilities measured at fair value with changes recognized in current profits and losses include trading financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated at initial recognition as measured at fair value with changes recognized in current profits and losses.

Trading financial liabilities (including derivative instruments classified as financial liabilities) are subsequently measured at fair value. Except for those related to hedge accounting, changes in fair value are recognized in current profit or loss.

Financial liabilities are designated as measured at fair value with changes recognized in current profits and losses, and the changes in fair value arising from changes in the company's own credit risk are recognized in other comprehensive income. When the liability is derecognized, the cumulative changes in fair value arising from changes in the company's own credit risk recognized in other comprehensive income are transferred to retained earnings. Other changes in fair value are recognized in current profits and losses. If



handling the impact of changes in the company's own credit risk on these financial liabilities in the above manner would cause or exacerbate accounting mismatches in profits and losses, the company will recognize all gains or losses of the financial liability (including the amount affected by changes in the company's own credit risk) in current profits and losses.

② Other financial liabilities

Financial liabilities other than those arising from the transfer of financial assets that do not meet the conditions for derecognition or continued involvement in the transferred financial assets, financial guarantee contracts, are classified as financial liabilities measured at amortized cost. Subsequent measurements are made at amortized cost, and gains or losses arising from derecognition or amortization are recognized in current profit or loss.

3. Basis for recognition and measurement methods of financial asset transfers

Financial assets that meet one of the following conditions are derecognized: ① The contractual rights to receive cash flows from the financial asset have terminated; ② The financial asset has been transferred, and almost all risks and rewards related to the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and although the enterprise has neither transferred nor retained almost all risks and rewards related to the ownership of the financial asset, it has given up control over the financial asset.

If an enterprise neither transfers nor retains almost all the risks and rewards related to the ownership of financial assets, and does not relinquish control over such financial assets, the relevant financial assets shall be recognized based on the extent of its continued involvement in the transferred financial assets, and the corresponding liabilities shall be recognized accordingly. The extent of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of such financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received from the transfer and the cumulative amount of changes in fair value originally recorded in other comprehensive income is recognized in current profit or loss.

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets is apportioned between the derecognized and non-derecognized parts based on their relative fair values. The difference between the sum of the consideration received from the transfer and the cumulative amount of changes in fair value originally recorded in other comprehensive income that should be apportioned to the derecognized part, and the apportioned carrying amount mentioned above, is recognized in current profit or loss.



For financial assets sold with recourse or transferred by endorsement, the company needs to determine whether almost all risks and rewards related to the ownership of these financial assets have been transferred. If almost all risks and rewards related to the ownership of these financial assets have been transferred to the transferee, the recognition of these financial assets will be terminated. If almost all risks and rewards related to the ownership of these financial assets have been retained, the recognition of these financial assets will not be terminated. If almost all risks and rewards related to the ownership of these financial assets have neither been transferred nor retained, the company will continue to assess whether it retains control over the assets and perform accounting treatment according to the principles mentioned in the preceding paragraphs.

4. Derecognition of financial liabilities

If the current obligation of a financial liability (or a portion thereof) has been discharged, the Company derecognizes the financial liability (or the portion of the financial liability). If the Company (as the borrower) enters into an agreement with the lender to replace the original financial liability with a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability is derecognized, and a new financial liability is recognized simultaneously. Suppose the Company makes substantial modifications to the contractual terms of the original financial liability (or a portion thereof). In that case, the original financial liability is derecognized, and a new financial liability is recognized in accordance with the modified terms.

When a financial liability (or a portion thereof) is derecognized, the company records the difference between its carrying amount and the consideration paid (including non-cash assets transferred out or liabilities assumed) in the current period profit or loss.

5. Offset of financial assets and financial liabilities

When the company has the legal right to offset financial assets and financial liabilities with confirmed amounts, and this legal right is currently enforceable, and the company plans to settle on a net basis or simultaneously liquidate the financial assets and settle the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive for selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is an active market for financial instruments, the company determines its fair value using the quoted prices in the active market. Quoted prices in the active market refer to prices that are easily and regularly obtained from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices actually incurred in market



transactions in fair transactions. If there is no active market for financial instruments, the company determines its fair value using valuation techniques. Valuation techniques include referring to the prices used in recent market transactions by parties who are familiar with the situation and are willing to trade voluntarily, referring to the current fair value of other financial instruments that are substantially the same, the discounted cash flow method, and option pricing models. When valuing, the company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information. It selects input values that are consistent with the characteristics of the assets or liabilities considered by market participants in transactions related to the assets or liabilities and gives priority to using relevant observable input values as much as possible. If relevant observable input values cannot be obtained or are not feasible to obtain, unobservable input values are used.

7. Equity instruments

Equity instruments refer to contracts proving ownership of the residual equity in the company's assets after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale, or cancellation of equity instruments are treated as changes in equity and transaction costs related to equity transactions are deducted from equity. The company does not recognize changes in the fair value of equity instruments.

If the equity instruments of the company distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they are treated as profit distributions.

(13) Impairment of financial assets

The financial assets the company needs to confirm impairment losses are those measured at amortized cost and debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, and other receivables. Collection etc. In addition, impairment provisions are made for some financial guarantee contracts, and credit impairment losses are recognized by the accounting policies described in this section.

1. Recognition method of impairment provision

Based on expected credit losses, the Company makes impairment provisions. It recognizes credit impairment losses for the above items by its applicable expected credit loss measurement method (general or simplified).

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the company, discounted at the original actual interest rate, that is, the present value of all cash shortfalls. Among them, for purchased or originated financial assets that have suffered credit impairment, the company discounts them according to the credit-adjusted actual interest rate of the financial assets.



The general method for measuring expected credit losses means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the company shall assess the credit risk equivalent to Loss provisions are measured based on the number of expected credit losses during the entire duration; if the credit risk has not increased significantly since initial recognition, the company measures loss provisions based on an amount equivalent to expected credit losses within the next 12 months. The Company considers all reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the company assumes that its credit risk has not increased significantly since initial recognition and chooses to measure loss provisions based on expected credit losses within the next 12 months/does not choose the simplified treatment method, based on whether its credit risk has increased significantly since initial recognition. The amount of expected credit losses in the next 12 months or the entire duration is used to measure loss provisions.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

Suppose the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability within the expected duration determined at initial recognition. In that case, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk in the next 12 months as a reasonable estimate of the change in default risk during the entire duration to determine whether credit risk has increased significantly since initial recognition.

The company will consider the following factors (but not limited to) when assessing whether credit risk has increased significantly:

- 1) Whether the debtor's actual or expected operating results have changed significantly.
- 2) Whether there have been significant adverse changes in the regulatory, economic, or technological environment in which the debtor operates.
- 3) Whether there has been a significant change in the value of the collateral used for the debt or the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the debtor's economic motivation to repay within the contract's specified time limit or affect the probability of default.
- 4) Whether the debtor's expected performance and repayment behaviour 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 only 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 instrument is low, the borrower can fulfill its contractual cash flow obligations in the short term. Even if there are adverse changes in the economic situation and operating environment in the longer term, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations. The financial instrument is considered to have lower credit risk.

3. Determination criteria for credit-impaired financial assets: When one or more events that hurt a financial asset's expected future cash flows occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information (but is not limited to):

- 1) The issuer or debtor encounters major financial difficulties.
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal.
- 3) The creditor grants concessions to the debtor that the debtor would not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.
- 4) The debtor will likely go bankrupt or undergo other financial reorganization.
- 5) Financial difficulties of the issuer or debtor cause the active market for the financial asset to disappear.
- 6) Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The combined effect of multiple events may cause credit impairment of financial assets and may not be caused by an individually identifiable event.

4. Portfolio method to assess expected credit risk on a portfolio basis

The company evaluates the credit risk of financial assets with significantly different credit risks individually, such as accounts receivable from related parties within the scope of consolidation, accounts receivable that are in dispute with the other party or involved in litigation or arbitration; there are obvious signs that the debtor is likely to Accounts receivable that cannot fulfill their repayment obligations, etc.

In addition to financial assets for individual credit risk assessment, the Company divides financial assets into portfolios based on common risk characteristics. The common credit risk characteristics adopted by the Company include financial instrument type, credit risk rating, aging portfolio, etc., based on the portfolio to assess credit risk.

5. Accounting treatment method for impairment of financial assets

The Company calculates the estimated credit losses of various types of financial assets. If the estimated credit losses are greater than the current carrying amount of impairment provisions, the difference will be recognized as impairment losses; if it is less than the current carrying amount of impairment provisions, the difference will be recognized as impairment gains.



6. Methods for determining credit losses of various financial assets

The Company evaluates the expected credit losses of financial instruments individually and collectively. The Company considers the credit risk characteristics of different customers and evaluates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

① Notes receivable

The Company measures loss provisions for notes receivable based on an amount equivalent to the expected credit losses during the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Item	The basis for determining portfolio
Bank acceptances	The acceptor is a bank with low credit risk.
Commercial acceptances	Based on the credit risk classification of the acceptor, it is the same as the classification of the accounts receivable portfolio.

② Accounts receivable

For receivables that do not contain significant financing components, The Company measures loss provisions based on an amount equivalent to the expected credit losses during the entire duration. For receivables that contain significant financing components, The Company measures loss provisions based on whether the credit risk has increased significantly since initial recognition and uses the number of expected credit losses in the next 12 months or throughout the duration.

In addition to accounts receivable for individual assessment of credit risk, they are divided into different combinations based on their credit risk characteristics:

Item	The basis for determining portfolio
Aging combination	This portfolio uses the aging of accounts receivable as a credit risk characteristic.
Low-risk portfolio	The Company's accounts receivable from government departments and state-owned units, which are expected to have a low risk of non-recovery, are categorized as low credit risk portfolios. Bad debts for this portfolio are accrued at 0.3% of the book balance.
Other combinations	The payment period agreed upon in the contract has not been reached

Comparison table of aging of accounts receivable credit risk characteristic combination and expected credit loss rate of the whole duration:

Aging	Expected credit loss rate (%)
Within 1 year (inclusive)	1.00
1 to 2 years	5.00
2 to 3 years	10.00
3 to 4 years	30.00
4 to 5 years	50.00



Aging	Expected credit loss rate (%)
More than 5 years	100.00

③ Other receivables

The company assesses on each balance sheet date whether its credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage. The amount of expected credit losses is used to measure loss provisions. The specific measurement method is to determine credit losses on a combination basis and make provision for bad debts for other receivables based on combinations of credit risk characteristics concerning historical credit loss experience, current conditions, and future economic expectations. Based on the forecast of the status, prepare a comparison table between the aging of other receivables and the expected credit loss rate throughout the duration to calculate the expected credit losses ②; if the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, in the second stage, the company measures loss provisions at an amount equivalent to the expected credit losses during the entire duration; if credit impairment occurs after initial recognition, it is in the third stage, and the company measures loss provisions at an amount equivalent to the expected credit losses during the entire duration. The amount of the loss reserve is measured. For financial instruments with only low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition.

In addition to other receivables for which credit risk is assessed individually, they are divided into different portfolios based on their credit risk characteristics:

Item	The basis for determining the combination
Aging combination	This portfolio uses the aging of accounts receivable as a credit risk characteristic.
Low-risk portfolio	The company's receivables from related parties, government departments, deposit guarantee funds, and employee social security are expected to have a low risk of not being recovered, therefore, these receivables are classified as a low credit risk portfolio and are provisioned at 0.3% of the carrying amount.

Comparison table of aging of accounts receivable credit risk characteristic combination and expected credit loss rate of the whole duration:

Aging	Expected credit loss rate (%)
Within 1 year (inclusive)	1.00
1 to 2 years	5.00
2 to 3 years	10.00
3 to 4 years	30.00
4 to 5 years	50.00



Aging	Expected credit loss rate (%)
More than 5 years	100.00

④Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤Other debt investments

Other debt investments include bond investments measured at fair value, whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥Long-term receivables (except receivables containing significant financing components and lease receivables)

The company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses within the next 12 months or the entire duration.

(14)Inventories

1. Classification of inventory

The company's inventories mainly include raw materials, low-value consumables, inventory goods, development costs, land contract performance costs, shipped goods, etc.

2. Valuation method for shipped inventory

Inventories are initially measured at actual cost. Inventory costs include purchase costs, land transfer fees, infrastructure expenditures, construction and installation project expenditures, borrowing costs incurred before the completion of the development project and other related expenses during the development process.

Inventories are calculated according to the weighted average method when shipped, and developed products are calculated according to the individual valuation method when shipped.

3. The basis for determining the not realizable value of inventories and the method of accruing inventory depreciation reserves



On the balance sheet date, inventory is measured at lower cost and net realizable value. The recognition criteria are as follows: at the end of the interim period or the year, if the cost of inventory cannot be recovered due to reasons such as damage to inventory, complete or partial obsolescence, or sales price lower than cost, inventory falling price reserves are withdrawn; inventory falling price reserves are withdrawn based on the difference between the book value of individual inventory items and their net realizable value; net realizable value refers to the value obtained by subtracting estimated completion costs and estimated expenses necessary for sales from estimated selling prices during the normal operation of the enterprise.

The company accrues inventory falling price reserves based on individual inventory items on the balance sheet date. Inventory falling price reserves are accrued based on inventory categories for inventories with a large quantity and low unit price. The company accrues inventory falling price reserves for the difference between the net realizable inventory value and its book value and records it in the current profit and loss. Suppose the value of inventory is restored in subsequent periods. In that case, the amount is reversed within the originally accrued inventory falling price reserves, and the reversed amount is recorded in the current profit and loss.

4. Inventory system

The company's inventory adopts the perpetual inventory system.

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

Low-value consumables and packaging materials are valued at actual cost when obtained and accounted for using the one-time write-off method when they are collected.

(15) Contract assets

Contract assets refer to the rights of the company to collect consideration for the transfer of goods or services to customers, and these rights depend on factors other than the passage of time. The unconditional rights of the company to collect consideration from customers (i.e., solely dependent on the passage of time) are separately presented as receivables.

The method for determining the expected credit losses of contract assets and the accounting treatment method of the company are detailed in Note III, (13) Impairment of financial instruments.

(16) Long-term equity investments

Long-term equity investment is divided into long-term equity investment in subsidiaries, long-term equity investment in joint ventures, and long-term equity investment in associates.

1. Determination of investment cost



The investment cost of a long-term equity investment formed by a business merger shall be determined by the following provisions:

- ① for long-term equity investments formed by the merger of enterprises under common control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the book value of the shareholder's equity of the merged party shall be calculated on the date of the merger. A share of value is the investment cost of a long-term equity investment. The difference between the investment cost of long-term equity investment and the consideration paid shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.
- ② for long-term equity investments formed by business combinations, not under common control, the purchaser shall use the merger cost determined on the purchase date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party. For business mergers achieved step by step through multiple exchange transactions, the merger cost is the sum of the costs of each transaction. If the merger contract stipulates future events that may affect the merger costs, if it is estimated that the future events are likely to occur on the purchase date and the amount of the impact on the merger costs can be measured reliably, they will also be included in the merger costs.
- ③ Except for long-term equity investments formed through business mergers, the investment cost of long-term equity investments obtained through other means shall be determined by the following provisions

For long-term equity investments obtained by paying cash, the actual purchase price paid will be used as the initial investment cost.

Investment costs include fees, taxes and other necessary expenses directly related to obtaining long-term equity investment.

The long-term equity investment obtained by issuing equity securities shall be regarded as the investment cost according to the fair value of the equity securities issued; the long-term equity investment invested by the investor shall be regarded as the investment cost according to the value stipulated in the investment contract or agreement, but the value stipulated in the contract or agreement shall not be except what is fair. For long-term equity investments obtained through the exchange of non-monetary assets, if the investment has commercial substance and the fair value of the assets exchanged or exchanged can be measured, the fair value of the assets exchanged and related taxes will be regarded as the investment cost; The difference between the fair value and the book value of the assets traded out is included in the current profit and loss; if the exchange of non-monetary assets does not meet the above two conditions at the same time, the book value of the assets swapped out and related taxes will be regarded as the investment cost;



For long-term equity investments obtained through debt restructuring, the investment cost is the fair value of the equity acquired; the difference between the investment cost and the book value of the debt is included in the current profit and loss.

When acquiring a long-term equity investment, if the investment cost includes cash dividends or profits that have been declared but not yet distributed, they shall be deducted and measured separately.

For investments in associates or joint ventures, if the investment cost is greater than the difference between the fair value share of the investee's identifiable net assets that should be enjoyed at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the investment cost is less than the investment's share of the investee's share of the fair value, The difference between the fair value of identifiable net assets shall be included in the current profit and loss.

2. Subsequent measurement and profit and loss recognition methods

① the company's long-term equity investment in subsidiaries is accounted for using the cost method in individual financial statements and adjusted according to the equity method when preparing consolidated financial statements.

In the consolidated financial statements, when the company purchases minority shareholders' equity in a subsidiary, the newly acquired long-term equity investment is equal to the share of the subsidiary's identifiable net assets calculated continuously from the date of purchase (or merger date) based on the newly added shareholding ratio. If the balance of the capital reserve (capital premium or equity premium) is insufficient for offset, the retained earnings will be adjusted.

Under the cost method, long-term equity investments accounted for using the cost method are valued at the initial investment cost, and the cost of the long-term equity investment is adjusted for additional investment or withdrawal of investment.

When the invested unit declares to distribute cash dividends or profits, in addition to the actual price paid when acquiring the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration, the investing enterprise shall enjoy the cash dividends declared and distributed by the invested unit as or profit recognition of investment income.

② the equity method accounts for the company's long-term equity investments with joint control or significant influence on the investee.

Under the equity method, after the company obtains a long-term equity investment, on the balance sheet date,



it shall recognize investment income and other comprehensive income, respectively, according to its share of the net profit or loss and other comprehensive income realized by the investee, and adjust the long-term The book value of the equity investment; the company calculates its share based on the profits or cash dividends declared by the investee, and accordingly reduces the book value of the long-term equity investment; when the company confirms its share of the investee's net profit or loss, it obtains the investment Based on the fair value of the investee's identifiable assets at the time, the net profit of the investee is adjusted and recognized.

Unrealized gains and losses from internal transactions between the company and its associates and joint ventures are offset by the portion attributable to the company calculated based on the shareholding ratio, and investment gains and losses are recognized on this basis.

Suppose the accounting policies and periods adopted by the invested unit are inconsistent with those of the investor. In that case, the financial statements of the invested unit shall be adjusted by the investor's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly.

When the company confirms that it should share the losses incurred by the invested unit, it shall proceed in the following order: First, offset the book value of the long-term equity investment. Secondly, suppose the long-term equity investment's book value cannot offset it. In that case, investment losses will continue to be recognized to the extent of the book value of other long-term interests that essentially constitute a net investment in the invested unit, and the book value of long-term receivable items, etc., will be offset. Finally, after the above processing, if the enterprise still bears additional obligations according to the investment contract or agreement, estimated liabilities will be recognized based on the estimated obligations and included in the current investment losses. Suppose the invested unit realizes profits in the subsequent period. In that case, the company will process it in the reverse order of the above after deducting the unrecognized loss-sharing amount, writing down the book balance of the recognized estimated liabilities, and restoring other assets that constitute a net investment in the invested unit. The book value of long-term equity and long-term equity investments is recognized simultaneously as investment income.

For changes in the shareholder's equity of the invested unit other than net profit and loss, as well as other comprehensive income and profit distribution, the book value of the long-term equity investment should be adjusted and included in the shareholder's equity.

③ Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between its book value and the actual price obtained shall be included in the current profit and loss. If a long-term equity investment accounted for using the equity method is included in the shareholder's equity due to other changes in the shareholder's



equity of the investee other than net profits and losses, when the investment is disposed of, the portion originally included in the shareholder's equity shall be transferred in a corresponding proportion, into current profit and loss.

In the consolidated financial statements, when the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal price and the subsidiary's net assets corresponding to the disposal of the long-term equity investment is included in the shareholder's equity.

3. Basis for determining joint control and significant influence on the invested unit

The companies that can exercise control over the invested units are the company's subsidiaries. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

A joint venture in which the company and other parties can exercise joint control over the investee is a joint venture of the company. Joint control refers to the shared control over an arrangement by relevant agreements, and the relevant activities of the arrangement must be decided only with the unanimous consent of the participants sharing control rights.

The companies that can significantly influence the invested units are the company's associates. Significant influence means that the investor has the power to participate in decision-making on the financial and operating policies of the investee. Still, it cannot control or jointly control the formulation of these policies with other parties. When determining whether it can significantly influence the investee, potential voting rights factors such as current convertible corporate bonds and current exercisable warrants of the investee held by the investor and other parties should be considered.

4. Impairment testing method and impairment provision accrual method

On the balance sheet date, if there is any sign of impairment of a long-term equity investment due to continued decline in market price or deterioration in the operating conditions of the invested unit, etc., the net amount of the long-term equity investment minus the disposal costs will be calculated based on the net amount of the long-term equity investment minus the disposal costs and the estimated future. The higher of the present value of the cash flows determines the recoverable amount of the long-term equity investment. When the recoverable amount of a long-term equity investment is lower than the book value, the asset's book value is reduced to the recoverable amount, and the write-down amount is recognized as an asset impairment loss and included in the current profit and loss. At the same time, the corresponding long-term equity investment deduction is accrued. Value prepared. Once impairment losses on long-term equity investments are recognized, they will not be reversed in subsequent accounting periods.



(17) Investment Properties

Investment property refers to real estate held for the purpose of generating rental income or capital appreciation, or both. It includes land use rights that have been leased out, land use rights that are held and intended for transfer after appreciation, and buildings that have been leased out.

Investment properties are recorded at their cost as entry value. The cost of purchasing investment properties includes the purchase price, related taxes, and other expenses directly attributable to the asset. The cost of self-constructed investment properties is composed of the necessary expenses incurred before the asset reaches its intended usable state.

The company adopts the fair value model for subsequent measurement of investment properties, without accruing depreciation or amortization for investment properties. On the balance sheet date, the book value of investment properties is adjusted based on their fair value, and the difference between the fair value and the original book value is recognized in the current period profit or loss.

The basis for using the fair value model for subsequent measurement of investment properties is:

- 1) The location of the investment property has an active real estate trading market,
- 2) The company is able to obtain market prices and other relevant information of similar or analogous real estate from the real estate trading market, thereby making reasonable estimates of the fair value of investment properties.

The company does not accrue depreciation or amortization for investment properties. On the balance sheet date, the book value of investment properties is adjusted based on their fair value, and the difference between the fair value and the original book value is recognized in the current period profit or loss.

When determining the fair value of investment properties, reference is made to the current market prices of similar properties in an active market. If such market prices are not available, the most recent transaction prices of similar properties in an active market are used, considering factors such as transaction conditions, transaction date, and location, to make a reasonable estimate of the fair value of the investment properties. Alternatively, the fair value can be determined based on the estimated future rental income and the present value of related cash flows.

When self-use real estate or inventory is converted into investment property, it is valued at a fair value on the date of conversion. If the fair value on the date of conversion is less than the original book value, the difference is recognized in the current profit or loss. If the fair value on the date of conversion is greater than the original book value, the difference is recognized as another comprehensive income. When investment property is converted into self-use real estate, the fair value on the date of conversion is used as the book



value of the self-use real estate, and the difference between the fair value and the original book value is recognized in the current profit or loss.

When the purpose of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the purpose of self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. When conversion occurs, if the investment property is converted to be measured using the cost model, the book value before conversion is used as the entry value after conversion; if the investment property is converted to be measured using the fair value model, the fair value on the date of conversion is used as the entry value after conversion.

When an investment property is disposed of or permanently withdrawn from use and no economic benefits are expected to be obtained from its disposal, the recognition of the investment property is terminated. The disposal income from the sale, transfer, scrapping, or damage of the investment property, after deducting its carrying amount and related taxes, is recognized in the current profit or loss.

(18) Fixed assets

1. Recognition criteria for fixed assets

The fixed assets of our company refer to tangible assets held for the purpose of producing goods, providing services, leasing, or business management, with a service life exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- ① The economic benefits related to the fixed asset are likely to flow into the enterprise;
- ② The cost of the fixed asset can be reliably measured.

2. Classification of fixed assets

The fixed assets of our company are categorized into buildings, machinery and equipment, transportation equipment, office equipment, and others.

3. Initial measurement of fixed assets

Fixed assets are initially measured at their actual cost upon acquisition.

The cost of purchasing fixed assets is determined by the purchase price, relevant taxes, transportation fees, handling fees, installation fees, and professional service fees attributable to the asset incurred before the fixed assets reach the expected usable state.

If the payment for the purchase of fixed assets is deferred beyond normal credit terms and essentially has a financing nature, the cost of the fixed assets is determined based on the present value of the purchase price. The cost of self-constructed fixed assets consists of the necessary expenses incurred before the asset reaches



its intended usable state.

For fixed assets obtained from debtors for debt repayment through debt restructuring, their entry value is determined based on the fair value of the fixed assets. The difference between the book value of the restructured debt and the fair value of the fixed assets used for debt repayment is recognized in the current profit or loss.

Under the premise that the non-monetary asset exchange has commercial substance, and the fair value of the assets received or surrendered can be reliably measured, the entry value of the fixed assets received is determined based on the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable. For non-monetary asset exchanges that do not meet the above premise, the book value of the assets surrendered and the related taxes and fees payable are used as the cost of the fixed assets received.

4. Depreciation method for fixed assets

The depreciation of fixed assets is calculated and withdrawn using the straight-line method. The estimated residual value rate, depreciation life, and annual depreciation rate for various types of fixed assets are as follows:

Types of fixed assets	Depreciation method	Estimated service life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight line method	10-30 years	5%	3.17%-9.50%
Machines and equipment	Straight line method	5-10 years	5%	9.5%-19.00%
Means of transport	Straight line method	5-15 years	5%	6.33%-19.00%
Office and Others	Straight line method	3-30 years	5%	3.17%-31.67%

5. Impairment testing method and impairment provision calculation method for fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates their recoverable amount and conducts an impairment test. The recoverable amount is determined by taking the higher of the net amount obtained by subtracting the disposal expenses from the fair value of the asset and the present value of the asset's future cash flows. The estimated recoverable amount is based on individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group to which the asset belongs is determined. An impairment provision for fixed assets is accrued for the difference between the recoverable amount and the book value. Once an impairment provision for fixed assets is accrued, it cannot be reversed in future accounting periods.

6. Recognition basis, valuation method, and depreciation method for fixed assets under financing lease

Finance lease refers to a lease that essentially transfers all risks and rewards related to the ownership of



assets. A lease is recognized as a finance lease if it meets one or more of the following criteria:

- ① Upon the expiration of the lease term, ownership of the leased asset is transferred to the company.
- ② The company has the option to purchase the leased asset, and the agreed purchase price is expected to be significantly lower than the fair value of the leased asset at the time the option is exercised.
- ③ Even if the ownership of the asset is not transferred, the lease term accounts for the majority of the useful life of the leased asset.
- ④ The present value of the minimum lease payment amount of the company on the lease commencement date is almost equivalent to the fair value of the leased asset on the lease commencement date; the present value of the minimum lease receipt amount of the lessor on the lease commencement date is almost equivalent to the fair value of the leased asset on the lease commencement date.
- ⑤ The nature of the leased asset is special, and only our company can use it without major modifications.

For the fixed assets financed and leased by our company, on the lease commencement date, the cost of the fixed assets is calculated based on the lower of the fair value of the leased asset on the lease commencement date and the present value of the minimum lease payment, plus the initial direct expenses.

The depreciation method for fixed assets acquired through financing lease is the same as that for similar self-owned fixed assets of the company.

7. Subsequent expenditure on fixed assets

When the company incurs subsequent expenditure on fixed assets, it is recognized as fixed assets when both of the following conditions are met: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② the cost of the subsequent expenditure can be reliably measured. If there is a replacement part, its book value should be deducted. For subsequent expenditure on fixed assets that does not meet the above conditions, it is recognized as profit or loss for the current period when it occurs.

The expenditure on improving fixed assets rented in through operating lease shall be capitalized and recognized as long-term deferred expenses, which shall be amortized over a reasonable period.

(19) Construction in progress

1. Category, confirmation, and measurement of projects under construction

Construction in progress refers to various construction and installation projects to construct or repair fixed assets. It is also classified by project establishment, including preliminary construction preparations, ongoing construction projects, installation projects, technical transformation projects, major repair projects, etc.

Projects under construction are recognized when it is likely that economic benefits will flow in, and the costs can be measured reliably. Construction in progress is measured based on the costs incurred before the asset



reaches its intended usable condition.

2. Standards and timing for transferring construction in progress to fixed assets

For projects under construction, the necessary expenditures incurred before the asset reaches its intended usable state shall be regarded as the recorded value of the fixed assets. Suppose the fixed assets under construction have reached the intended usable state. Still, the final accounts for completion have not yet been processed from the date they reached the intended usable state. In that case, the estimated value shall be transferred to the fixed assets according to the project budget, cost, actual project cost, etc. Assets and depreciation of fixed assets will be accrued by the company's fixed asset depreciation policy. After the completion of the final accounts, the original tentative estimated value will be adjusted based on the actual cost, but the originally accrued depreciation amount will not be adjusted.

3. Impairment test method and impairment provision accrual method for construction in progress

On the balance sheet date, if there are signs of impairment for a construction in progress, the Company estimates its recoverable amount and performs an impairment test. Provision for impairment of construction in progress is made for the difference between the recoverable amount and the book value. Once the impairment provision for construction in progress is made, it cannot be reversed in subsequent accounting periods.

(20) Borrowing expense

1. Recognition principles for capitalization of borrowing costs

Borrowing costs refer to the company's interest and other related costs due to borrowing or issuing corporate bonds, including borrowing interest, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings.

If the borrowing costs incurred by the company can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and shall be included in the cost of the relevant assets, into current profit and loss.

2. Capitalization period of borrowing costs

When borrowing costs meet the following conditions at the same time, capitalization begins:

- ① Asset expenditures have occurred. Asset expenditures include cash payments, transfers of non-cash assets or interest-bearing debts for acquiring, constructing or producing assets that meet capitalization conditions.
- ② The borrowing costs have been incurred;
- ③ The necessary purchase, construction, or production activities have begun to bring the assets to the intended usable or salable state.



3. Period of suspension of capitalization of borrowing costs

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended; the borrowing costs incurred during the interruption will be recognized as current expenses until the acquisition of the asset, construction or production activities to restart.

If the interruption is necessary for the acquired, constructed, or produced assets that meet the capitalization conditions to reach the intended usable or salable state, the capitalization of borrowing costs shall continue.

4. Borrowing costs cease to be capitalized

When the assets purchased, constructed, or produced meet the capitalization conditions and reach the intended usable or salable state, the capitalization of borrowing costs cease.

Borrowing costs incurred after the assets that meet the capitalization conditions reach the intended usable or salable state are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

5. Capitalized amount of borrowing costs

Suppose a special loan is borrowed for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the interest expense incurred on the special loan in the current period shall be deducted from the interest income obtained from depositing the unused borrowed funds in the bank or the investment obtained from a temporary investment. The amount after income is determined and included in the cost of assets qualifying for capitalization during the period.

Suppose general borrowings are taken up for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the company will calculate and determine whether the general borrowings should be paid based on the weighted average of the asset disbursements that exceed the special borrowings multiplied by the capitalization rate of the general borrowings occupied. The amount of capitalized interest.

Ancillary expenses incurred by special borrowings, which are incurred before the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or salable state, shall be capitalized according to the amount incurred when incurred and included in the assets that meet the capitalization conditions. The cost of an asset incurred after the purchased, constructed, or produced asset meets the capitalization conditions and reaches its intended usable or salable state shall be recognized as an expense based on the amount incurred when incurred. It shall be included in the current profit and loss.



Ancillary expenses incurred for general borrowings are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

(21) Intangible assets

1. Recognition conditions for intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the identifiable standard in the definition of intangible assets:

- ① Can be separated or divided from the enterprise and sold, transferred, licensed, leased or exchanged alone or with related contracts, assets or liabilities.
- ② Derived from contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:

- ① The economic benefits related to the intangible assets are likely to flow into the enterprise;
- ② The cost of the intangible asset can be measured reliably.

2. Valuation and classification of intangible assets

Intangible assets are initially measured based on actual cost.

For self-developed intangible assets, the cost includes the total expenditure incurred from when the intangible assets recognition conditions are met until the intended use is achieved. Still, expenditures expenditure in previous periods will not be adjusted.

The company's intangible assets include land use rights, operating rights, trademarks, software, etc.

3. Estimating the useful life of intangible assets with limited-service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① The usual life cycle of the products produced using the asset and available information on the service life of similar assets; ② The current situation of technology, processes, etc. and estimates of future development trends; ③ market demand for products produced or services provided by the asset; ④ actions expected to be taken by current or potential competitors; ⑤ expected maintenance expenditures to maintain the ability of the asset to bring economic benefits, And the company's expected ability to pay relevant expenses; ⑥ Relevant legal regulations or similar restrictions on the control period of the asset, such as franchise period, lease period, etc.; ⑦ The correlation with the service life of other assets held by the company, etc.



4. Amortization of intangible assets

Intangible assets with limited-service life shall be amortized within the service life using a method consistent with the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method is used for amortization.

Intangible assets with indefinite useful lives are not amortized, but the useful lives of the intangible assets are reviewed every year. Suppose there is evidence that the useful life of an intangible asset is limited. In that case, the company estimates its useful life and uses the straight-line method to amortize it over its useful life.

5. Intangible asset impairment testing method and impairment provision accrual method

On the balance sheet date, if a single intangible asset has signs of impairment, the company estimates its recoverable amount and performs an impairment test. Provision for impairment of intangible assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is made, it cannot be reversed in subsequent accounting periods.

6. Specific standards for the research stage and development stage of internal research and development projects

The research stage refers to a planned investigation period to obtain new technologies and knowledge, etc., and has the following characteristics:

The research stage is based on the planned investigation; the R&D project has been approved by the company's board of directors or relevant management, and the collection of relevant information and market research has begun. The exploratory research phase prepares data and related aspects for further development activities. This phase will not produce phased results.

The development stage refers to applying 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. Has the following characteristics:

The development phase is based on the research phase and, therefore, targets the project's development. R&D projects that have entered the development stage are often more likely to produce results.

7. Development phase expenditures meet specific standards for capitalization conditions

Expenditures incurred during the research phase of the company's internal research and development projects are included in the current profits and losses when incurred. Expenditures incurred during the development phase of the company's internal research and development projects shall be recognized as intangible assets if they meet the following conditions:



- ① Technically, completing the intangible asset to be used or sold is technically feasible.
- ② Have the intention to complete the intangible asset and use or sell it.
- ③ the way intangible assets generate economic benefits includes proving that there is a market for the products produced using the intangible assets or that the intangible assets have a market; if the intangible assets are used internally, their usefulness should be proven.
- ④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.
- ⑤ the expenditures attributable to the development stage of the intangible asset can be measured reliably.

(22) Impairment of long-term assets

The impairment of assets such as long-term equity investments, fixed assets, construction in progress, intangible assets, and goodwill (excluding inventories, investment properties measured using the fair value model, deferred tax assets, and financial assets) of the Company's subsidiaries, associates, and joint ventures is determined according to the following methods:

On the balance sheet date, the company assesses whether there are any indications that assets may be impaired. If there are signs of impairment, the company estimates their recoverable amount and conducts an impairment test. Impairment tests are conducted annually for goodwill arising from business combinations, intangible assets with uncertain useful lives, and intangible assets that have not yet reached a usable state, regardless of whether there are signs of impairment.

The recoverable amount is determined based on the higher of two values: the net amount obtained by subtracting the disposal expenses from the fair value of the asset, and the present value of the expected future cash flows of the asset. The company estimates the recoverable amount of an individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which it belongs is determined. The recognition of an asset group is based on whether the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than the amount it is carrying amount, the Company will reduce its carrying amount to the recoverable amount. The reduced amount will be recognized in the current profit or loss, and a corresponding provision for asset impairment will be made.

In terms of impairment testing for goodwill, the carrying amount of goodwill arising from business combinations is amortized to the relevant asset groups using reasonable methods from the acquisition date. If it is difficult to allocate to the relevant asset groups, it is amortized to the relevant combinations of asset groups. The relevant asset groups or combinations of asset groups are those that can benefit from the synergistic effects of business combinations and are not larger than the reporting segments determined by



the company.

During impairment testing, if there are signs of impairment in asset groups or combinations of asset groups related to goodwill, the impairment test is first conducted on the asset groups or combinations of asset groups that do not include goodwill. The recoverable amount is calculated, and the corresponding impairment loss is recognized. Then, the impairment test is conducted on the asset groups or combinations of asset groups that include goodwill. Their carrying amount is compared with the recoverable amount. If the recoverable amount is lower than the carrying amount, the impairment loss of goodwill is recognized.

Once the impairment loss of the assets is recognized, it will not be reversed in subsequent accounting periods.

(23) Long-term deferred expenses

The long-term deferred expenses incurred by the company are valued at actual cost and amortized evenly over the expected benefit period. For long-term deferred expense items that do not benefit future accounting periods, their amortized value is fully recognized in the current profit or loss.

(24) Contract liabilities

The company recognizes the obligation to transfer goods or services to customers for consideration received or receivable from customers as a contractual liability.

(25) Payroll and employee benefits payable

The company's employee benefits mainly include short-term, post-employment, termination, and other long-term employee benefits.

1. Accounting treatment method of short-term compensation

During the accounting period, when employees provide services, the company recognizes the actual short-term compensation as a liability. It includes the current profit and loss or related asset costs.

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare fees, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, labour union funds and employee education funds, non-monetary benefits, etc. The company recognizes short-term employee benefits as liabilities during the accounting period when employees provide services and includes them in current profits and losses or related asset costs. Among them, non-monetary benefits are measured at fair value.



2. Accounting treatment of post-employment benefits

Post-employment benefits mainly include defined contribution plans and defined benefit plans. Among them, defined contribution plans mainly include basic pension insurance, unemployment insurance annuities, etc. When incurred, the corresponding deposit amount payable is included in the relevant asset cost or current profit and loss.

3. Accounting treatment method for dismissal benefits

Dismissal benefits are compensation given by the company when the company decides to terminate the labour relationship with employees before the employee's labour contract expires or compensation given to encourage employees to accept layoffs voluntarily. Dismissal benefits are recognized as estimated liabilities when they meet the following conditions:

① The company has formulated a formal plan for terminating labour relations or proposed voluntary layoffs, which will be implemented soon. The plan or proposal includes the department, position, and number of employees to be terminated or laid off; the amount of compensation for the termination or layoff determined by job category or position by relevant regulations; the time for the proposed termination or layoff, etc.

The company's authority must approve the dismissal plan or proposal. Unless part of the payment is postponed for more than one year due to payment procedures and other reasons, the dismissal should generally be completed within one year.

② The company cannot withdraw the labour relationship termination plan or layoff proposal unilaterally. Suppose the company has an internal retirement plan for employees. However, the employees have not terminated their labour relationship with the company since these employees cannot bring economic benefits to the company in the future. In that case, the company promises to provide compensation like dismissal benefits, which is in line with the dismissal mentioned above benefit plan. If the conditions for estimated liabilities are confirmed, they shall be treated like dismissal benefits. The company will recognize the wages and social insurance premiums to be paid to employees who retire within the period from the date when the employees stop providing services to the normal retirement date as long-term employee benefits (dismissal benefits) and will not be recognized in installments due to the payment of employees who retire within the period. Obligations arising from employee wages and social insurance premiums.

4. Accounting treatment methods for other long-term employee benefits

Other long-term employee benefits the company provides to employees that comply with the defined contribution plan will be accounted for by the defined contribution plan. Otherwise, they will be accounted for by the defined benefit plan.

(26) Provisions



If the obligations related to contingencies meet the following conditions at the same time, the company will recognize them as estimated liabilities:

1. The obligation is a current obligation borne by the enterprise.
2. Fulfilling this obligation will likely cause economic benefits to flow out of the company.
3. The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best expenditure estimate required to fulfill the relevant current obligations. If there is a range of amounts required for expenditure, the best estimate is determined as the average of the upper and lower limits of the range. If a range of amounts does not exist for the required expenditures, the best estimate is treated as follows:

- ① If the contingency involves a single project, it shall be determined based on the most likely amount.
- ② If the contingencies involve multiple projects, they shall be calculated and determined based on various possible outcomes and related probabilities.

Suppose all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party. In that case, the compensation amount will be recognized separately as an asset only when it is certain that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.

(27) Revenue recognition principles and measurement methods

1. Revenue recognition principle

After fulfilling the performance obligations stipulated in the contract, that is, when the customer obtains control over the relevant goods or services (referred to as "goods"), the company recognizes revenue based on the transaction price allocated to this performance obligation.

Performance obligation refers to the commitment in a contract where the company transfers goods or services that can be clearly distinguished to the customer.

Obtaining control over the relevant goods refers to being able to control the use of the goods and obtain almost all the economic benefits from them.

On the contract start date, the company evaluates the contract, identifies each individual performance obligation contained within it, and determines whether each individual performance obligation is to be fulfilled within a certain time or at a specific point in time.

When one of the following conditions is met, it is considered fulfilling the performance obligation within a certain period. Otherwise, it is considered fulfilling the performance obligation at a certain point in time: 1)



The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; 2) The customer can control the goods or services that are being built during the company's performance process; 3) The goods or services produced during the company's performance process have irreplaceable uses, and the company has the right to collect payments for the performance part that has been completed so far during the entire contract period.

For performance obligations fulfilled within a certain period, the company recognizes revenue based on the performance progress during that period. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, revenue is recognized based on the amount of costs incurred until the performance progress can be reasonably determined. For performance obligations fulfilled at a certain point in time, revenue is recognized at the point when the customer obtains control over the relevant goods or services. In determining whether the customer has obtained control over the goods, the company considers the following indicators: 1) the company has current collection rights for the goods, that is, the customer has current payment obligations for the goods; 2) the company has transferred legal ownership of the goods to the customer, that is, the customer has legal ownership of the goods; 3) the company has physically transferred the goods to the customer, that is, the customer has physically possessed the goods; 4) the company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other indicators indicating that the customer has obtained control over the goods.

2. Principle of income measurement

1) The company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price represents the amount of consideration the company expects to be entitled to receive for transferring goods or services to customers, excluding amounts collected on behalf of third parties and amounts expected to be refunded to customers.

2) If there is variable consideration in the contract, the company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, the transaction price including the variable consideration should not exceed the amount that is highly unlikely to undergo significant reversal of the accumulated recognized revenue when the relevant uncertainties are eliminated.

3) If there is a significant financing component in the contract, the company determines the transaction price based on the amount payable by the assumed customer in cash upon obtaining control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period. On the contract start date, if the company estimates that the interval between the customer obtaining control of the goods or services and paying the price will not exceed one year, the significant financing component in the contract is not considered.

4) If a contract contains two or more performance obligations, the company allocates the transaction price to each individual performance obligation on the contract start date based on the relative proportion of



the individual selling prices of the goods promised under each individual performance obligation. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the company allocates the contract discount or variable consideration to the relevant one or more performance obligations.

The separate selling price refers to the price at which the company sells goods or services to customers individually. If the separate selling price cannot be directly observed, the company comprehensively considers all relevant information that can be reasonably obtained and estimates the separate selling price by maximizing the use of observable input values.

(28) Contract costs

1. Contract performance cost

The costs incurred by the company for the performance of a contract, which do not fall within the scope of other enterprise accounting standards except for the revenue standard, and meet the following conditions, are recognized as contract performance costs and recognized as an asset:

(1) The cost is directly related to a current or expected contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs explicitly borne by the customer, and other costs incurred solely due to the contract.

(2) This cost increases the resources that the enterprise will use to fulfill its performance obligations in the future.

(3) The cost is expected to be recoverable.

The asset is reported in inventory or other non-current assets based on whether its amortization period exceeds one normal operating cycle at the time of initial recognition.

2. Cost of obtaining the contract

If the incremental costs incurred by the company to obtain a contract are expected to be recoverable, they are recognized as contract acquisition costs and recognized as an asset. Incremental costs refer to costs that would not have been incurred if the company did not obtain the contract, such as sales commissions. For those with an amortization period of no more than one year, they are recognized in the current profit or loss when incurred.

3. Amortization of contract costs

The assets related to contract costs mentioned above are amortized on the same basis as the recognition of revenue from goods or services associated with the asset, either at the time of fulfilling the performance obligation or based on the progress of fulfilling the performance obligation and are recorded in the current profit or loss.



4. Impairment of contract costs

For assets related to contract costs, if their carrying amount exceeds the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

(1) The residual consideration that the enterprise is expected to obtain from the transfer of goods or services related to the asset.

(2) The estimated cost that will be incurred for transferring the relevant goods or services.

If the factors that caused the impairment of the asset in the previous period have changed, resulting in a difference between (1) and (2) that is higher than the carrying amount of the asset, the previously recognized impairment loss should be reversed and recognized in the current period profit or loss. However, the carrying amount of the asset after reversal should not exceed the carrying amount of the asset on the reversal date assuming no impairment loss was recognized.

(29) Government grants

Government subsidies refer to monetary or non-monetary assets obtained by enterprises from the government free of charge, but do not include capital invested by the government as the owner of the enterprise. Government subsidies are divided into asset-related government subsidies and income-related government subsidies.

Government subsidies that meet all the following conditions will be recognized:

- (1) The enterprise can meet the conditions attached to government subsidies.
- (2) The enterprise can receive government subsidies.

If the government subsidy is a monetary asset, it shall be measured at the received or receivable amount; if the government subsidy is a non-monetary asset, it shall be measured at its fair value. If the fair value cannot be reliably obtained, it shall be measured at its nominal amount.

Government subsidies related to assets should either offset the carrying amount of the relevant assets or be recognized as deferred income. If government subsidies related to assets are recognized as deferred income, they should be amortized into profit or loss over the useful life of the relevant assets using a reasonable and systematic method. Government subsidies measured at their nominal amounts should be directly recognized in current profit or loss.

If the relevant assets are sold, transferred, scrapped, or damaged before the end of their useful life, the unallocated balance of the relevant deferred income should be transferred to the current profit and loss for asset disposal.



Government subsidies related to income should be accounted for in accordance with the following provisions depending on the specific circumstances:

- ① Those used to compensate for related costs or losses of the enterprise in future periods are recognized as deferred income and are included in the current profit or loss or offset against related costs during the period in which the related costs or losses are recognized;
- ② For those used to compensate for the relevant costs or losses incurred by the enterprise, they shall be directly included in the current profits and losses or offset against the relevant costs.

For government subsidies that contain both asset-related and income-related components, accounting treatment should be carried out separately for different components; if it is difficult to distinguish, they should be classified as income-related government subsidies.

Government subsidies related to the daily activities of the enterprise should be recognized in other income or offset against related costs and expenses in accordance with the substance of the economic transaction. Government subsidies unrelated to the daily activities of the enterprise should be recognized in non-operating income and expenses.

If confirmed government subsidies need to be returned, accounting treatment should be carried out in accordance with the following provisions based on the specific circumstances in the current period when the return is required:

- 1) If the book value of the relevant asset is offset during initial recognition, the book value of the asset should be adjusted accordingly.
- 2) If there is any related deferred income, the book balance of the related deferred income shall be offset, and the excess shall be included in the current profit and loss.
- 3) For other circumstances, they shall be directly recorded as the current profit and loss.

(34) Deferred income tax assets / deferred income tax liabilities

Based on the difference between the carrying amount of assets and liabilities and their tax bases (for items not recognized as assets or liabilities, their tax bases can be determined according to tax law, and the difference between this tax base and their carrying amount), the deferred income tax assets or liabilities are recognized based on the applicable tax rate during the expected period of asset recovery or liability settlement.

1. Recognition and measurement of deferred tax assets

- 1) If there is a deductible temporary difference between the carrying amount of assets and liabilities and their tax base, the deferred tax asset arising from the deductible temporary difference is recognized to the extent that it is probable to obtain taxable income that can be used to offset the deductible temporary difference. However, the deferred tax asset arising from the initial recognition of assets or liabilities in transactions with



the following characteristics is not recognized: first, the transaction is not a business combination; second, the transaction does not affect accounting profit or taxable income (or deductible losses) at the time of occurrence.

2) For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, the company recognizes corresponding deferred tax assets if both of the following conditions are met: First, the temporary difference is likely to reverse in the foreseeable future; second, it is likely to obtain taxable income in the future that can be used to offset the deductible temporary difference.

3) The company recognizes corresponding deferred income tax assets for deductible losses and tax credits that can be carried forward to future years, to the extent that it is likely to obtain future taxable income that can be used to offset the deductible losses and tax credits.

4) On the balance sheet date, the company reviews the carrying amount of deferred tax assets. If it is likely that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax assets, the carrying amount of the deferred tax assets is reduced. When sufficient taxable income is likely to be available, the reduced amount should be reversed.

2. Recognition and measurement of deferred tax liabilities

Except for the deferred income tax liabilities arising from the following circumstances, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences:

- 1) Initial recognition of goodwill.
- 2) Initial recognition of assets or liabilities arising from transactions that meet the following characteristics: First, the transaction is not a business combination; second, the transaction does not affect accounting profits or taxable income (or deductible losses) at the time of occurrence.
- 3) For the taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, the following conditions must be met simultaneously: First, the investing enterprise can control the timing of the reversal of the temporary differences; second, it is highly probable that the temporary differences will not reverse in the foreseeable future.

(31) Leasing

A lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period.

On the contract inception date, the Company evaluates whether the contract is a lease or contains a lease. A contract is or contains a lease if one party transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration.

To determine whether the contract transfers the right to control the use of identified assets within a certain period, the company conducts the following assessment:



(1) Whether the contract involves the use of identified assets. An identified asset may be expressly designated by a contract or implicitly when the asset is made available to a customer. The asset is physically distinguishable, or if some capacity or other portion of the asset is physically indistinguishable, it substantially represents the entire production capacity of the asset, thereby allowing the customer to obtain almost all the economic benefits generated from using the asset. An asset is not an identified asset if the supplier of the asset has substantial substitution rights for the asset throughout its period of use.

(2) Whether the lessee has the right to substantially obtain all the economic benefits generated from using the identified assets during the use period.

(3) Whether the lessee has the right to direct the use of the identified assets during the period of use.

If the contract contains multiple separate leases simultaneously, the lessee and lessor will split the contract and conduct accounting treatment for each lease. If the contract contains lease and non-lease parts, the lessee and lessor shall separate the lease and non-lease parts. However, for land and building leases for which the Company is the lessee, the Company has chosen not to separate the lease and non-lease components contained in the contract and consolidate each lease component and its related non-lease component into a lease. When splitting the lease and non-lease components contained in the contract, the lessee shall allocate the contract consideration in proportion to the sum of the individual prices of each lease component and the individual prices of the non-lease components.

1. The Company serves as the lessee

On the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for the lease.

The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, the lease payment amount paid on or before the start date of the lease term (deducting the amount related to the lease incentive that has been enjoyed), the initial direct costs incurred, and the amount required for dismantling and moving. The costs expected to be incurred in addition to the leased assets include restoring the site where the leased assets are located or restoring the leased assets to the state agreed upon in the lease terms. The Company uses the straight-line method to depreciate right-of-use assets. Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter lease term and the remaining useful life of the leased asset.

On the balance sheet date, if there are signs of impairment of right-of-use assets, the company estimates its recoverable amount and conducts an impairment test. The recoverable amount is determined as the higher



the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. Provision for impairment of right-of-use assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of right-of-use assets is made, it cannot be reversed in subsequent accounting periods.

Lease liabilities are initially measured based on the present value of the unpaid lease payments at the beginning of the lease term, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate will be used as the discount rate. The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed periodic interest rate. It includes the current profit and loss or related asset costs. Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss or related asset costs when incurred.

After the start date of the lease period, if the following circumstances occur, the company will remeasure the lease liability based on the present value of the changed lease payments:

- (1) The amount expected to be payable based on the residual value of the guaranteed changes.
- (2) The index or ratio used to determine lease payment changes.
- (3) The company's evaluation results of the purchase option, lease renewal option, lease termination option change, or the actual exercise of the lease renewal or lease termination option are inconsistent with the original evaluation results.

When re-measurement of lease liabilities, the Company adjusts the book value of right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (lease periods not exceeding 12 months) and low-value asset leases and to include the relevant lease payments on a straight-line basis in each period during the lease term. Current profit and loss or related asset costs.

2. The company acts as the lessor

On the lease commencement date, the Company divides leases into finance and operating leases.

A finance lease is a lease that substantially transfers all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases.

When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets generated by the original lease rather than the underlying assets of the original lease. Suppose the original



lease is a short-term lease, and the Company elects to apply the simplified treatment of short-term leases described above to the original lease. In that case, the Company classifies the sublease as an operating lease.

Under a finance lease, on the start date of the lease period, the Company recognizes finance lease receivables for the finance lease and terminates the recognition of finance lease assets.

When the Company initially measures the financial lease receivables, the net lease investment is regarded as the entry value of the financial lease receivables. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the lease payments that have not yet been received at the start of the lease term, discounted at the interest rate implicit in the lease. The Company calculates and recognizes interest income in each period during the lease term based on fixed periodic interest rates.

Variable lease payments not included in the measurement of net lease investment are included in the current profit and loss when incurred.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The company capitalizes its initial direct expenses related to operating leases, amortizes them during the lease period on the same basis as rental income recognition, and includes them in current profits and installment losses. Variable lease payments not included in lease receipts are included in the current profit and loss when incurred.

(32) Held for sale

1. Recognition criteria for assets held for sale

The Company classifies assets or liabilities that meet the following conditions as held for sale: First, the component must be immediately saleable under its current condition based solely on the customary terms for selling such components. Second, the company has made a resolution to dispose of the component (or non-current asset), and if approval from shareholders is required, it has obtained approval from the shareholders' meeting or the corresponding authority. Third, the company has signed an irrevocable transfer agreement with the transferee. Fourth, the transfer will be completed within one year.

2. Accounting treatment method for assets held for sale

For fixed assets held for sale, the company adjusts the estimated net residual value of such fixed assets to reflect the amount obtained by subtracting the disposal expenses from its fair value. However, this adjusted net residual value should not exceed the original book value of the fixed asset when it meets the conditions for being held for sale. The difference between the original book value and the adjusted estimated net residual value is recognized as an asset impairment loss and recorded in the current period profit or loss.



Intangible assets and other non-current assets or non-current liabilities that meet the conditions for holding for sale shall be treated in accordance with the above principles but excluding deferred income tax assets and financial assets regulated by the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(33) Changes in accounting policies, accounting estimates and error corrections

1. Changes in significant accounting policies

On November 30, 2022, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 16" (Cai Kuai [2022] No. 31, from now on referred to as "Interpretation No. 16"). According to Interpretation No. 16, for individual transactions that are not business combinations, do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and result in equal taxable temporary differences and deductible temporary differences in the initial recognition of assets and liabilities, the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities should be recognized as deferred income tax liabilities and deferred income tax assets, respectively, by the relevant provisions of "Accounting Standards for Business Enterprises No. 18 - Income Tax" and other relevant regulations at the time of transaction. For the transactions that occurred between the beginning of the earliest period in which the financial statements were first implemented and the date of implementation of this interpretation, enterprises should adjust the cumulative impact amount to the beginning retained earnings and other related financial statement items in the earliest period in which the regulations first implemented the financial statements.

The accounting treatment regulations will take effect from January 1, 2023. The impact of this change in accounting policy on our company's financial statements is as follows:

Unit: yuan

Item	December 31, 2022 / Year 2022 (Before change)	December 31, 2022 / Year 2022 (After change)	Change
Deferred tax assets	8,480,209.94	9,353,858.74	873,648.80
Deferred income tax liabilities	85,104,723.03	85,974,200.29	869,477.26
Undistributed profit at the beginning of the year	-88,929,319.51	-88,919,057.78	-512.11
Income tax expense	39,600,058.57	39,595,887.03	-4,171.54

2. Changes in accounting estimates

None.



IV. Taxation

1. The main taxation and tax rates applicable to The Company are as follows:

Taxation	Tax basis	Tax rate (%)
Value added tax	The taxable value-added amount (the taxable amount is calculated based on the taxable sales volume multiplied by the applicable tax rate and the balance after deducting the input tax allowed to be deducted in the current period, simplified tax calculation, etc.)	3, 5, 6, 9, 13
City maintenance and construction tax	Actual turnover tax paid	7
Education surcharge	Actual turnover tax paid	3
Local education surcharge	Actual turnover tax paid	2
Corporate income tax	Taxable income	25, 20
Land-value increment tax	Taxable income	Progressive tax rate with the excess rate

2. Tax incentives

The Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 of 2022) stipulates that from January 1, 2022, to December 31, 2024, for small and micro-profit enterprises with annual taxable income exceeding 1 million yuan but not exceeding 3 million yuan, the portion will be included in the taxable income at a reduced rate of 25%, and the enterprise income tax will be paid at a tax rate of 20%.

3. Other notes

Other taxes shall be calculated and paid by relevant national and local regulations.

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash and cash equivalents

Item	2023.12.31	2022.12.31
Cash on hand	128,377.50	119,073.19
Bank balances	1,065,721,658.47	915,387,053.49



Item	2023.12.31	2022.12.31
Other monetary funds	25,145,954.52	145,092.57
Total	1,090,995,990.49	915,631,219.25

Note: Other monetary funds are deposits, including RMB 25,000,000.00 of note deposit for subsidiary Zhengzhou Guancheng Construction Development Co., Ltd. and RMB 145,954.52 of letter of credit deposit for second-level subsidiary Zhengzhou Xincheng Real Estate Co., Ltd.

(2) Accounts receivable

(a) Disclosed of accounts receivable by Aging

Aging	2023.12.31	2022.12.31
Within 1 year	468,637,309.51	825,868,906.15
1 to 2 years	609,224,865.23	3,050.00
2 to 3 years		39,657,721.24
3 to 4 years	39,657,721.24	
4 to 5 years		
More than 5 years	89,346.89	89,346.89
Subtotal	1,117,609,242.87	865,619,024.28
Less: Provision for bad debts	161,988,152.20	159,981,341.24
Total	955,621,090.67	705,637,683.04

(b) Accounts receivable are listed by type as follows:

Category	2023.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with provision for bad debts individually with a significant amount	519,685,259.40	46.50	159,881,076.10	30.76	359,804,183.30
Accounts receivable with had debt provision based on the combination of credit risk characteristics	597,923,983.47	53.50	2,107,076.10	0.35	595,816,907.37
Aging combination	63,320,932.69	5.66	1,128,139.22	1.78	62,192,793.47
Low-risk combination	326,312,293.21	29.20	978,936.88	0.30	325,333,356.33
Other combination	208,290,757.57	18.64			208,290,757.57
Total	1,117,609,242.87	100.00	161,988,152.20	14.49	955,621,090.67

(Continued)



Category	2022.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with provision for bad debts individually with a significant amount	525,119,936.10	60.66	159,881,076.10	30.45	365,238,860.00
Accounts receivable with bad debt provision based on the combination of credit risk characteristics	340,499,028.18	39.34	100,265.14	0.03	340,398,823.04
Aging combination	1,181,171.83	0.14	100,265.14	8.49	1,080,906.69
Low-risk combination	121,387,601.15	14.02			121,387,601.15
Other combination	217,930,315.20	25.18			217,930,315.20
Total	865,619,024.28	100.00	159,981,341.24	18.48	705,637,683.04

(1) Accounts receivable with provision for bad debts individually with a significant amount

Aging	2023.12.31		2022.12.31	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Zijin Yincheng project house payment	519,685,259.40	159,881,076.10	525,119,936.10	159,881,076.10
Total	519,685,259.40	159,881,076.10	525,119,936.10	159,881,076.10

(2) Accounts receivable with bad debt provision based on the combination

In the combination, accounts receivable for which bad debt provision is made using the aging analysis method are:

Aging	2023.12.31		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year	53,934,739.33	85.18	539,347.39
1 to 2 years	9,260,422.65	14.62	463,021.13
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years	125,770.71	0.20	125,770.71
Total	63,220,932.69	100.00	1,128,139.22

(Continued)



Aging	2022.12.31		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year	1,091,824.94	92.44	10,918.25
1 to 2 years			
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years	89,346.89	7.56	89,346.89
Total	1,181,171.83	100.00	100,265.14

Note: The reason why the logical relationship of account ages is not cross-checked: The Company's subsidiary Jindai Supply Chain Company made impairment provisions based on the account age combination in 2023.

Accounts receivable of low-risk combination:

Item	2023.12.31	2022.12.31
Finance Bureau of Guancheng Hui District, Zhengzhou City	231,921,692.06	39,657,721.24
Housing Security Service Center of Guancheng Hui District, Zhengzhou City	80,166,204.59	80,166,204.59
Chuangxin Street Primary School of Guancheng Hui District, Zhengzhou City	10,372,267.56	
Foreign Language Primary School, Guancheng Hui District, Zhengzhou City	3,000,000.00	
Office of the Leading Group for Fighting and Dealing with Illegal Fundraising in Guancheng Hui District	450,000.00	450,000.00
Disability Federation of Guancheng Hui District, Zhengzhou City	109,000.00	690,180.00
Zijingshan South Road Subdistrict Office, Guancheng Hui District, Zhengzhou City	203,129.00	244,304.50
Administrative Committee of Henan Guancheng Economic and Technological Development Zone	90,000.00	
Others		179,190.82
Subtotal	326,312,293.21	121,387,601.15
Bad debt provision	978,936.88	
Total	325,333,356.33	121,387,601.15

Accounts receivable of other combination in the portfolio:

Item	2023.12.31	2022.12.31	Reason
Quanwei Tangshan Energy Co., Ltd.	106,971,262.80	52,831,179.20	The payment period agreed in the contract has



Item	2023.12.31	2022.12.31	Reason
			not yet expired
Tangshan Xie International Trade Co., Ltd.		38,200,000.00	The payment period agreed in the contract has not yet expired
Jiangxi Lianghe Industrial Development Co., Ltd.		29,750,145.70	The payment period agreed in the contract has not yet expired
Shanghai Laifeng International Trading Co., Ltd.		26,447,226.24	The payment period agreed in the contract has not yet expired
Shanghai Zhunsheng Industrial Development Co., Ltd.	101,219,494.77	26,071,815.75	The payment period agreed in the contract has not yet expired
Xiamen Linanfeng International Trade Co., Ltd.		13,320,714.48	The payment period agreed in the contract has not yet expired
Zhengzhou Tengfei Construction Engineering Group Co., Ltd.		11,004,753.27	The payment period agreed in the contract has not yet expired
Henan Yaoyi Industrial Co., Ltd.		7,524,128.55	The payment period agreed in the contract has not yet expired
Zhengzhou Yijian Group Co., Ltd.	100,000.00	5,413,647.27	The payment period agreed in the contract has not yet expired
China Construction Seventh Engineering Bureau Co., Ltd.		4,623,823.62	The payment period agreed in the contract has not yet expired
Henan Tengfei Building Materials Co., Ltd.		2,042,105.50	The payment period agreed in the contract has not yet expired
China Construction Second Engineering Bureau Co., Ltd.		625,889.63	The payment period agreed in the contract has not yet expired
Guangxi Yuntong Trading Co., Ltd.		74,885.99	The payment period agreed in the contract has not yet expired
Total	208,290,757.57	217,930,315.20	

(c) Top five accounts receivable based on debtors

No	Entity	Amount	Proportion of total accounts receivable (%)	Aging	Nature
1	Finance Bureau of Guancheng Hui Autonomous District, Zhengzhou City	231,921,692.06	20.75	Within 1 year, 3 to 4 years	Project payment
2	Quanzhou Tangshan Energy Co., Ltd.	106,971,262.80	9.57	Within 1 year	Good payment
3	Shanghai Zhunsheng Industrial Development Co., Ltd.	101,219,494.77	9.06	Within 1 year	Good payment
4	Housing Security Service Center of Guancheng Hui Autonomous District, Zhengzhou City	80,166,204.59	7.17	1 to 2 years	Project payment
5	Zhengzhou Tengfei Construction Engineering Group Co., Ltd.	18,115,098.87	1.62	Within 1 year, 1 to 2 years	Good payment, service fee



No	Entity	Amount	Proportion of total accounts receivable (%)	Aging	Nature
	Total	538,393,753.09	48.17		

(3) Prepayments

(a) Aging analysis prepayments

Aging	2023.12.31		2022.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	594,191,045.58	62.96	210,811,760.38	38.06
1 to 2 years	7,440,024.54	0.79	3,063,444.37	0.55
2 to 3 years	2,098,577.87	0.22		
More than 3 years	340,000,000.00	36.03	340,000,000.00	61.39
Total	943,729,647.99	100.00	553,875,204.75	100.00

(b) Top five entities of prepayments

No.	Entity	Amount	Proportion of total prepayments (%)	Aging	Nature
1	Zijingshan South Road Subdistrict Office Shilipu Community Resettlement Housing Construction Command	518,000,000.00	54.89	Within 1 year	House payments
2	Zhengzhou Shangdu Holding Group Co., Ltd.	340,000,000.00	36.03	4 to 5 years, more than 5 years	Suzhuang Baifengzhai Project Funding
3	Honan Yongheng Hyatt Real Estate Development Co., Ltd.	32,000,000.00	3.39	Within 1 year	Prepayment of house payments
4	Tsinghua University Architectural Design and Research Institute Co., Ltd.	6,784,166.00	0.72	1 to 2 years	Project payments
5	Zhengzhou Newspaper Group Co., Ltd.	5,660,377.36	0.60	Within 1 year	Technical service payments
	Total	902,444,543.36	95.63		

(4) Other receivables

Item	2023.12.31	2022.12.31
Interest receivable		
Dividends receivable		



Item	2023.12.31	2022.12.31
Other receivables	581,408,747.60	354,019,429.88
Total	581,408,747.60	354,019,429.88

(a) Interest receivable

None

(b) Dividends receivable

None

(c) Other receivables

(1) Aging analysis

Aging	2023.12.31	2022.12.31
Within 1 year	451,072,003.19	265,446,249.37
1 to 2 years	47,629,730.74	9,090,246.81
2 to 3 years	9,046,904.63	41,017,576.40
3 to 4 years	41,017,576.40	15,482,720.32
4 to 5 years	13,718,131.32	4,071,676.51
More than 5 years	56,190,003.51	52,731,533.00
Subtotal	618,674,349.79	387,840,004.41
Less: Provision for bad debts	37,265,602.19	33,820,574.53
Total	581,408,747.60	354,019,429.88

(2) Details of bad debt provision

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss over the whole duration (credit impairment has occurred)	
Balance as of December 31, 2022	33,820,574.53			33,820,574.53
The book balance of other receivables on December 31, 2022 is:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	3,445,027.66			3,445,027.66



Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss over the whole duration (credit impairment has occurred)	
Reversal				
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2023	37,265,602.19			37,265,602.19

(3) Top five other receivables based on debtors

No.	Entity	Amount	Proportion of total other receivables (%)	Aging	Nature
1	Zhengzhou Guancheng District State-owned Capital Investment and Operation Holding Co., Ltd.	188,220,980.00	30.42	Within 1 year	Current payment
2	Zhengzhou Guancheng Hui District Nansen Subdistrict Office	58,106,975.05	9.39	Within 1 year	Current payment
3	Henan Zhengchang Shangdu Real Estate Co., Ltd.	66,457,419.67	10.74	0 to 2 years	Current payment
4	Zhengzhou Guancheng Hui District Shibajie Subdistrict Office	40,635,004.32	6.57	Within 1 year	Current payment
5	Henan Guancheng Economic and Technological Development Zone Management Committee	56,727,661.88	9.17	Within 1 year, 1 to 5 years, more than 5 years	Others
	Total	410,148,040.92	66.29		

(5) Inventories

(a) Categories

Item	2023.12.31		
	Book balance	Provision for impairment	Book value
Land and structures	2,002,309,861.40		2,002,309,861.40
Land preparation and development	8,984,371,823.92		8,984,371,823.92
Development costs	5,046,886,368.27		5,046,886,368.27
Packaging materials and low-value consumables	63,476.29		63,476.29
Finish goods	878,120.83		878,120.83
Raw materials	5,873,037.85		5,873,037.85
Materials in transit	16,844.85		16,844.85



Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Total	16,040,399,533.41		16,040,399,533.41

(Continued)

Item	2022.12.31		
	Book balance	Provision for Impairment	Book value
Land and structures	2,002,309,861.40		2,002,309,861.40
Land preparation and development	6,286,998,719.78		6,286,998,719.78
Development costs	3,019,303,423.57		3,019,303,423.57
Packaging materials and low-value consumables	12,501.13		12,501.13
Finish goods	858,805.81		858,805.81
Raw materials	45,300.00		45,300.00
Materials in transit			
Total	11,309,528,611.69		11,309,528,611.69

(6) Other current assets

Item	2023.12.31	2022.12.31
Prepaid income tax	18,485,835.96	12,372,455.36
Input tax to be deducted	58,185,334.35	17,800,690.23
Total	76,671,170.31	30,173,145.59

(7) Long-term equity investments

(a) Classification of long-term equity investments

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
Investment in subsidiaries				
Investment in joint ventures and associates	93,328,696.30	12,694.55		93,341,390.85
Subtotal	93,328,696.30	12,694.55		93,341,390.85
Less: Impairment of long-term equity investments	600,000.00			600,000.00
Total	92,728,696.30	12,694.55		92,741,390.85

(b) Details of investment in joint ventures and associates



Investee	2022.12.31	Changes in current period			
		Additional of investment	Reductional of investment	Investment gains and losses recognized under the equity method	Adjustment in other comprehensive income
Zhengzhou Jianzhong Yudian Automobile Co., Ltd.	2,919,053.13			33,309.85	
Henan Tengfei Building Materials Co., Ltd.	21,715,208.24			-720,891.17	
Zhengzhou Mall Lanchuang City Service Co., Ltd.	1,460,505.75			-1,460,505.75	
Henan Zhengzhou Real Estate City Fusion Construction Development Co., Ltd.	67,233,929.18			2,160,781.62	
Zhengzhou Chuangyis Advertising Planning Co., Ltd.					
Total	92,728,696.30			12,694.55	

(Continued)

Investee	Changes in current period				2023.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Zhengzhou Jianzhong Yudian Automobile Co., Ltd.					2,952,362.98	
Henan Tengfei Building Materials Co., Ltd.					20,394,317.07	
Zhengzhou Mall Lanchuang City Service Co., Ltd.						
Henan Zhengzhou Real Estate City Fusion Construction Development Co., Ltd.					69,394,710.80	
Zhengzhou Chuangyis Advertising Planning Co., Ltd.						600,000.00
Total					92,741,390.85	600,000.00

(8) Other equity instruments investments

(a) Details of other equity instruments investments

Item	2023.12.31		
	Book balance	Provision for impairment	Book value
Other equity instruments investments	411,453,190.00		411,453,190.00



Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Including: Measured at fair value	411,453,190.00		411,453,190.00
Total	411,453,190.00		411,453,190.00

(Continued)

Item	2022.12.31		
	Book balance	Provision for Impairment	Book value
Other equity instruments investments	411,453,190.00		411,453,190.00
Including: Measured at fair value	411,453,190.00		411,453,190.00
Total	411,453,190.00		411,453,190.00

(b) Other equity instrument investments measured at fair value at the end of the period

Item	Book balance		
	2022.12.31	Increase in the current period	Decrease in the current period
Haohe (Zhengzhou) Network Technology Co., Ltd.	1,000,000.00		
Zhengzhou Shangdu Holding Group Co., Ltd.	375,000,000.00		
Zhengzhou Bank Co., Ltd.	10,453,190.00		
Zhongchu Real Estate Henan Co., Ltd.	20,000,000.00		
Zhengzhou National Central City Industrial Development Fund Co., Ltd.	4,000,000.00		
Zhongzhou Guancheng Hui Autonomous District Chuangong Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00		
Total	411,453,190.00		

(Continued)



Investee	Provision for impairment				Shareholding ratio in the investee (%)	Cash dividend in the current period
	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31		
Huohuo (Zhengzhou) Network Technology Co., Ltd.					10.00	
Zhengzhou Shuangdu Holding Group Co., Ltd.					22.06	
Zhengzhou Bank Co., Ltd.						
Zhongshu Real Estate Henna Co., Ltd.					20.00	
Zhengzhou National Central City Industrial Development Fund Co., Ltd.						
Zhengzhou Guancheng Hui Autonomous District Quancong Equity Investment Fund Partnership (Limited Partnership)					99.99	
Total						

(9) Investment properties

Item	Plant and buildings	Total
I. Amount of 2022.12.31	1,225,864,901.18	1,225,864,901.18
II. Changes in the current period	75,566,798.82	75,566,798.82
Add: Transfer from fixed assets	460,240.92	460,240.92
Purchases	336,897.00	336,897.00
Changes of fair value	61,181,956.16	61,181,956.16
Transfer from inventories	13,592,954.74	13,592,954.74
Less: disposal	5,250.00	5,250.00
Other transfer out		
Changes of fair value		
III. Amount of 2023.12.31	1,301,431,700.00	1,301,431,700.00

(10) Fixed assets

(a) Categories



Item	2023.12.31	2022.12.31
Fixed assets	146,335,673.03	163,659,980.91
Disposal of fixed assets		
Total	146,335,673.03	163,659,980.91

(b) Details of fixed assets

Item	Plant and buildings	Machinery	Transport equipment	Office equipment and others	Total
I. Total Cost					
1. 2022.12.31	128,340,388.10	2,099,866.37	91,763,205.62	4,440,102.90	226,643,562.99
2. Increase in the current period	8,713,179.94	346,561.77	188,659.68	1,399,173.14	10,647,574.53
(1) Purchases	142,421.31	346,561.77	188,659.68	1,399,173.14	2,076,815.90
(2) Transfer from construction in progress	8,570,758.63				8,570,758.63
(3) Increase arising from business combination					
(4) Others					
3. Decrease in the current period	1,516,858.42	114,839.00		4,904.39	1,636,601.81
(1) Disposal or retirement	604,300.85	114,839.00		4,904.39	724,044.24
(2) Transfer in investment properties	912,557.57				912,557.57
(3) Other decreases					
4. 2023.12.31	135,536,709.62	2,331,589.14	91,951,865.30	5,834,371.65	235,654,535.71
II. Accumulated depreciation					
1. 2022.12.31	13,487,096.87	843,507.48	44,276,263.93	2,456,713.80	60,983,582.08
2. Increase in the current period	6,832,431.33	221,959.28	21,491,602.89	902,262.70	29,448,256.20
(1) Charge for the current period	6,832,431.33	221,959.28	21,491,602.89	902,262.70	29,448,256.20
(2) Increase arising from business combination					
3. Decrease in the current period	997,674.25	114,839.00		462.35	1,112,975.60
(1) Disposal or retirement	545,357.60	114,839.00		462.35	660,658.95
(2) Transfer in investment properties	452,316.65				452,316.65
4. 2023.12.31	19,241,853.95	950,627.76	65,767,866.82	3,358,514.15	89,318,862.68
III. Provision for impairment					
1. 2022.12.31					
2. Increase in the current period					
(1) Charge for the current period					
3. Decrease in the current period					



Item	Plant and buildings	Machinery	Transport equipment	Office equipment and others	Total
(1) Disposal or retirement					
4. 2023.12.31					
IV. Carrying amount					
1. 2023.12.31	116,294,855.67	1,380,961.33	26,183,998.48	2,475,857.50	146,335,673.03
2. 2022.12.31	114,933,291.23	1,256,358.89	47,486,941.69	1,983,389.10	165,659,980.91

(11) Construction in progress

(a) Details of construction in progress

Item	2023.12.31		
	Book balance	Provision for impairment	Book value
Fuminli Street District	976,555,702.25		976,555,702.25
Inspur Software Information Construction			
Southern Litigation Center Power Capacity Expansion Project			
Zhongchu Land Site Lease			
Parking lot project	1,216,791.46		1,216,791.46
Jindai Digital Innovation Park project	182,138,820.42		182,138,820.42
Purchase and installation of municipal greening maintenance transformers	228,346.49		228,346.49
Xiyou Business Building project	211,804,772.99		211,804,772.99
Zhangguang Building Renovation Project	10,361,816.60		10,361,816.60
Zhengzhou South Station Hub Industrial Park Urban Renewal Project (Phase I)	2,810,170.62		2,810,170.62
Exhibition Hall Sand Table Renovation			
Total	1,385,116,420.83		1,385,116,420.83

(Continued)

Item	2022.12.31		
	Book balance	Provision for impairment	Book value
Fuminli Street District	656,265,016.34		656,265,016.34
Inspur Software Information Construction	1,657,780.52		1,657,780.52
Southern Litigation Center Power Capacity Expansion Project	121,000.00		121,000.00
Zhongchu Land Site Lease	5,200.00		5,200.00
Parking lot project	4,098,566.48		4,098,566.48
Jindai Digital Innovation Park project			



Item	2022.12.31		
	Book balance	Provision for Impairment	Book value
Purchase and installation of municipal greening maintenance transformers			
Xinaya Business Building project			
Zhanggong Building Renovation Project			
Zhengzhou South Station Hub Industrial Park Urban Renewal Project (Phase I)			
Exhibition Hall Sand Table Renovation			
Total	662,147,563.34		662,147,563.34

(12) Right-of-use assets

Item	Plant and buildings	Others	Total
I. Total Cost			
1. 2022.12.31	4,272,000.38		4,272,000.38
2. Increase in the current period	122,331,865.36		122,331,865.36
3. Decrease in the current period			
4. 2023.12.31	126,603,865.74		126,603,865.74
II. Accumulated depreciation			
1. 2022.12.31	755,857.52		755,857.52
2. Increase in the current period	4,311,197.58		4,311,197.58
(1) Charge for the current period	4,311,197.58		4,311,197.58
3. Decrease in the current period			
(1) Disposal or retirement			
4. 2023.12.31	5,067,055.10		5,067,055.10
III. Provision for impairment			
1. 2022.12.31			
2. Increase in the current period			
(1) Charge for the current period			
3. Decrease in the current period			
(1) Disposal or retirement			
4. 2023.12.31			
IV. Carrying amount			
1. 2023.12.31	121,536,810.64		121,536,810.64
2. 2022.12.31	3,516,142.86		3,516,142.86



(13) Intangible assets

Item	Land use rights	Software	Franchise	Parking lots use rights	Total
I. Total Cost					
1. 2022.12.31	729,774.28	11,980.00	20,844,100.00	2,971,428.56	24,657,282.84
2. Increase in the current period		2,291,389.64	233,773.58		2,525,163.22
(1) Purchases		27,300.00	233,773.58		261,073.58
(2) Internal R&D					
(3) Increase arising from business combination					
(4) Transfer from construction in progress		2,264,089.64			2,264,089.64
3. Decrease in the current period	262,198.28				262,198.28
(1) Disposal	249,692.28				249,692.28
(2) Others	12,506.00				12,506.00
4. 2023.12.31	467,576.00	2,403,369.64	21,077,873.58	2,971,428.56	26,920,247.78
II. Accumulated amortization					
1. 2022.12.31		102,432.46	868,523.37	94,832.83	1,065,788.66
2. Increase in the current period		226,852.69	434,864.62	94,832.83	756,550.14
(1) Charge for the current period		226,852.69	434,864.62	94,832.83	756,550.14
3. Decrease in the current period					
(1) Disposal					
(2) Others					
4. 2023.12.31		329,285.15	1,303,387.99	189,665.66	1,822,338.80
III. Provision for impairment					
1. 2022.12.31					
2. Increase in the current period					
(1) Charge for the current period					
3. Decrease in the current period					
(1) Disposal					
4. 2023.12.31					
IV. Carrying amount					
1. 2023.12.31	467,576.00	2,074,084.49	19,774,485.59	2,781,762.90	25,097,908.98
2. 2022.12.31	729,774.28	9,547.54	19,975,576.63	2,876,595.73	23,591,494.18



Note: 1. The franchise right is the parking lot charging right injected into the Company's subsidiary Zhengzhou Guancheng Construction Development Co., Ltd. in accordance with the "Approval of the People's Government of Guancheng Hui District of Zhengzhou City on the Equity Transfer and Asset Injection Plan for the Market-oriented Reform of District-owned State-owned Enterprises in Guancheng Hui District of Zhengzhou City" (Guan Zheng [2020] No. 49) issued by the People's Government of Guancheng Hui District of Zhengzhou City.

2. The land use right was acquired through transfer, with an indefinite period of use and no amortization has been provided.

(14) Long-term prepaid expenses

Item	2022.12.31	Increases in the current period	Amortization in the current period	Other decreases	2023.12.31
Decoration costs	2,501,187.96	2,972,884.08	2,525,381.07		2,948,690.97
Franchise fee		336,792.45	27,721.34		309,071.11
Service fee		8,216.06	228.22		7,987.84
Total	2,501,187.96	3,317,892.59	2,553,330.63		3,265,749.92

(15) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets before offset

Item	2023.12.31		2022.12.31	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	39,372,333.80	9,843,083.45	33,920,839.76	8,480,209.94
Lease liabilities	115,489,693.32	28,872,423.83	3,494,595.20	873,648.80
Impairment of investment properties	3,980,800.00	995,200.00		
Total	158,842,829.12	39,710,707.28	37,415,434.96	9,353,858.74

(b) Deferred tax liabilities before offset

Item	2023.12.31		2022.12.31	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Land and structure valuation	170,225,551.00	42,556,387.75	170,325,398.04	42,581,349.51
Investment real estate valuation	229,716,785.64	57,429,196.41	170,093,493.97	42,523,373.52



Item	2023.12.31		2022.12.31	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Right-of-use assets	127,061,663.68	31,765,415.92	3,477,909.04	869,477.26
Total	527,004,000.32	131,751,000.08	343,896,801.05	85,974,200.29

(16) Other non-current assets

Item	2023.12.31	2022.12.31
Land and building acquisition funds for the Shangcheng Road campus of Zhengzhou Electric Power College	306,638,300.00	306,638,300.00
Fixed assets	134,480,000.00	134,480,000.00
Zhengdong New District Transportation Hub Relocation Command	100,000,000.00	100,000,000.00
Chaohu Ecological Park acquisition funds	24,285,000.00	24,285,000.00
Land and structures	106,446,792.79	113,143,886.29
Bailout funds	2,178,894,492.63	1,014,000,000.00
Prepaid small program development project funds	103,200.00	
Total	2,850,847,785.42	1,692,547,186.29

Note 1: In 2012, our company and the New Shangcheng Group Command of Guancheng Hui District signed the "Contract for the Overall Acquisition of Shangcheng Road Campus of Zhengzhou Electric Power College" with Zhengzhou Electric Power College, agreeing to acquire 84,705.8 square meters of land and 26 buildings with an area of 81,054.20 square meters at the Shangcheng Road Campus of Zhengzhou Electric Power College. Our company has paid RMB 306,638,300.00 for the acquisition from 2012 to 2016. As of December 31, 2023, the relevant assets have not yet been transferred.

Note 2: Fixed assets of RMB 134,480,000.00 are in accordance with the "Notice of the General Office of the National Development and Reform Commission and the General Office of the Ministry of Finance on Further Enhancing the Ability of Corporate Bonds to Serve the Real Economy and Strictly Preventing Local Debt Risks" (Fagailiancaijin [2018] No. 194). The company adjusted the public welfare assets to other non-current assets for accounting. As of December 31, 2023, the relevant assets have not yet completed the transfer procedures.

Note 3: The Zhengdong New District Transportation Hub Resettlement Command paid the company for the funds to purchase the Wuzhou New Village buildings.



Note 4: The acquisition payment for Chaohu Ecological Park was paid by our company to the People's Government of Nancao Township, Guancheng Hui District, Zhengzhou City in 2012 for the acquisition of the Chaohu Ecological Park project. As of December 31, 2023, the relevant assets have not yet been transferred.

Note 5: The land and structures are held by Henan Xindoucai Paper Packaging Co., Ltd., a subsidiary of the Company. The State-owned Land Acquisition Contract has been signed with Zhongyuan Land Reserve Center and Guancheng Hui District Land Reserve Center of Zhengzhou City. According to the contract, the acquisition compensation will be paid according to a certain proportion of the net transaction price after the land is transferred. As of December 31, 2023, the land has been collected and stored, but the acquisition compensation has not yet been paid.

Note 6: The Jindai Construction relief funds are applied for by Zhengzhou Jindai Construction Investment Co., Ltd. as the district-level borrowing entity from Zhengzhou Real Estate Group Investment Management Co., Ltd., and are specifically used to support the subsequent construction of sold, overdue and difficult-to-deliver residential projects within the jurisdiction of the Guancheng Hui District People's Government that have been registered with relevant national departments and approved by the China Development Bank.

(17) Short-term borrowings

(a) Categories of borrowings

Item	2023.12.31	2022.12.31
Pledged loan	100,000,000.00	
Secured loan		
Guaranteed loan	938,550,000.00	419,679,000.00
Unsecured loan	100,000,000.00	150,000,000.00
Total	1,138,550,000.00	569,679,000.00

(b) Detail of short-term borrowings

Borrowing unit	Loan unit	Starting date	Ending date	Closing balance	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhengzhou Bank Co., Ltd. Guancheng Branch	2023.05.12	2024.05.11	65,550,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhengzhou Bank Co., Ltd. Guancheng Branch	2023.11.24	2024.11.23	100,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.



Borrowing unit	Loan unit	Starting date	Ending date	Closing balance	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhejiang Bank Co., Ltd. Zhengzhou Branch Business Department	2023.07.13	2024.07.12	100,000,000.00	Unsecured loan	
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Agricultural Bank of China Co., Ltd. Zhengzhou Guancheng Branch	2023.12.16	2024.12.03	100,000,000.00	Pledged loan	Zhengzhou Tiayou Real Estate Pledge
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Huaxin Bank Co., Ltd. Zhengzhou Branch Business Department	2023.12.28	2024.12.27	50,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	2023.12.08	2024.12.07	190,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	2023.12.12	2024.12.11	190,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	2023.06.28	2024.06.27	10,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	2023.07.28	2024.07.27	10,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	2023.12.21	2024.12.20	10,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Postal Savings Bank of China Co., Ltd. Zhengzhou Branch Central Sub-branch	2023.12.01	2024.11.28	10,000,000.00	Factoring	
Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	Zhengzhou Bank Co., Ltd. Guancheng Branch	2023.02.02	2024.02.01	171,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Loan unit	Starting date	Ending date	Closing balance	Term of borrowings	Guarantor
Zhongzhou Shangcheng Urban Construction Investment Development Co., Ltd.	Zhongzhou Bank Co., Ltd. Guancheng Branch	2023.02.28	2024.02.27	114,000,000.00	Guaranteed loan	Zhongzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhongzhou Jianzhong Construction Development (Group) Co., Ltd.	Postal Savings Bank of China Co., Ltd.	2023.12.01	2024.11.28	8,000,000.00	Factoring	
Zhongzhou Jianzhong Construction Development (Group) Co., Ltd.	Postal Savings Bank of China Co., Ltd.	2023.09.22	2024.09.20	10,000,000.00	Factoring	
Total				1,138,550,000.00		

(18) Notes payable

Item	2023.12.31	2022.12.31
Bank acceptance		20,000,000.00
Commercial acceptance	25,000,000.00	
Total	25,000,000.00	20,000,000.00

(19) Accounts payables

(a) Details by aging

Aging	2023.12.31	2022.12.31
Within 1 year (Inclusive)	432,348,423.52	120,549,128.86
1 to 2 years (Inclusive)	24,541,124.90	35,955,594.60
2 to 3 years (Inclusive)	440.00	1,030,344.17
More than 3 years	5,408,895.33	4,394,707.52
Total	462,298,883.75	161,929,775.15

(2) Accounts payable by the top five at the end of the period

No.	Entity	Amount	Proportion of total accounts payable (%)	Aging	Nature
1	China Railway Seventh Bureau Group Co., Ltd.	101,038,441.51	21.86	Within 1 year	Project payment
2	Zhengzhou First Construction Group Co., Ltd.	58,389,762.46	12.63	Within 1 year	Project payment



No.	Entity	Amount	Proportion of total accounts payable (%)	Aging	Nature
3	Zhengzhou Tongfei Construction Engineering Group Co., Ltd.	43,264,299.10	9.36	Within 1 year	Project payment
4	Henan Tongfei Building Materials Co., Ltd.	17,697,637.25	3.83	Within 1 year	Project payment
5	China Construction First Bureau (Group) Co., Ltd.	15,000,000.00	3.24	Within 1 year	Project payment
	Total	235,390,160.32	50.92		

(20) Receipts in advance

(a) Receipts in advance by aging

Item	2023.12.31	2022.12.31
Within 1 year (Inclusive)	354,195.79	
1 to 2 years		
2 to 3 years		
More than 3 years		
Total	354,195.79	

(21) Contract liabilities

Item	2023.12.31	2022.12.31
Project receipts in advance	2,869,280,356.13	3,158,688,587.44
Housing receipts in advance	192,140,093.10	172,205,929.33
Total	3,061,420,449.23	3,330,894,516.77

(22) Payroll and employee benefits payable

(a) Payroll and employee benefits payable

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
1. Short-term benefits	2,975,607.58	44,511,274.39	44,980,737.67	2,506,144.30
2. Post-employment benefits – Defined contribution plan	18,941.90	5,029,486.66	5,815,461.08	32,967.48
3. Termination benefits				
4. Other benefits due within one year				
Total	2,994,549.48	49,540,761.05	49,996,198.75	2,539,111.78



(h) Disclosure of Short-term benefits

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
1. Wages or salaries, bonuses, allowances and subsidies	2,787,330.59	36,301,094.40	36,683,199.23	2,405,225.76
2. Staff welfare	32,892.00	2,063,546.45	2,064,806.45	31,632.00
3. Social security contributions	6,044.29	2,822,123.42	2,828,167.71	
Including: 1. Medical insurance	3,558.55	2,483,336.11	2,488,894.66	
2. Work injury insurance	271.19	310,417.01	310,628.20	
3. Maternity insurance	274.55	28,370.30	28,644.85	
4. Housing funds	20,919.00	2,873,390.00	2,873,390.00	20,919.00
5. Labor union and employee education costs	128,421.70	451,120.12	531,174.28	48,367.54
6. Short-term paid absence from work				
7. Short-term profit-sharing plan				
Total	2,975,607.58	44,511,274.39	44,980,737.67	2,506,144.30

(c) Disclosure of defined contribution plan

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
1. Basic medical insurance	14,816.69	3,972,560.10	3,958,238.83	29,137.96
2. Unemployment insurance	295.69	103,472.34	103,768.03	0.00
3. Enterprise annuity	3,829.52	953,454.22	953,454.22	3,829.52
Total	18,941.90	5,029,486.66	5,015,461.08	32,967.48

(23) Taxes payable

Item	2023.12.31	2022.12.31
Enterprise income tax	14,080,060.20	34,285,235.83
Value added tax	20,663,594.30	20,850,450.53
Urban land usage tax	1,076,018.14	221,597.31
House property tax	3,164,754.88	1,394,638.66
City maintenance and construction tax	3,593,658.98	3,049,719.73
Educational surcharge	1,535,058.98	1,288,515.00
Local educational surcharge	1,032,478.30	858,011.57
Stamp duty	565,372.12	304,477.15



Item	2023.12.31	2022.12.31
Individual income tax	35,884.66	12,960.78
Land value-added tax	39,428.56	
Total	45,786,309.12	62,265,606.56

(24) Other payables

Item	2023.12.31	2022.12.31
Interest payables		
Dividends payable	474,700.03	
Other payables	2,929,373,533.14	874,591,417.85
Total	2,929,848,233.17	874,591,417.85

(a) Interest payables

None

(b) Dividends payable

Aging	2023.12.31	2022.12.31
Henan Yuanfang Property Management Co., Ltd.	474,700.03	
Total	474,700.03	

(c) Other payables

(1) Other payable presented by aging

Aging	2023.12.31	2022.12.31
Within 1 year (Inclusive)	2,649,176,322.99	775,304,550.58
1 to 2 years (Inclusive)	181,597,241.96	9,852,167.73
2 to 3 years (Inclusive)	9,165,268.65	10,714,076.49
More than 3 years	89,434,699.54	78,720,623.05
Total	2,929,373,533.14	874,591,417.85

(2) Top five of other payables

No.	Entity	Amount	Proportion of total other payables (%)	Aging	Nature
1	Zhengzhou Guanchang Hui District Urban Organic Renewal Center	2,359,903,552.55	80.56	Within 1 year	Current payment
2	Zhengzhou Guanchang Hui District Shiliqin Urban Village Reconstruction Work Command	218,000,000.00	7.44	Within 1 year	Current payment



No.	Entity	Amount	Proportion of total other payables (%)	Aging	Nature
3	Henan Tongfei Building Materials Co., Ltd.	20,000,000.00	0.68	Within 1 year	Current payment
4	Zhengzhou First Construction Group Co., Ltd.	20,000,000.00	0.68	Within 1 year	Borrowings
5	Zhengzhou Guancheng Hui District Mosque Street Demolition and Construction Command	19,000,000.00	0.65	More than 5 years	Current payment
	Total	2,636,903,552.55	90.01		

(25) Current portion of non-current liabilities

(a) Categories of current portion of non-current liabilities

Item	2023.12.31	2022.12.31
Current portion of long-term borrowings	813,794,004.00	428,500,000.00
Current portion of long-term payables	337,083,418.09	300,000,000.00
Current portion of bond payables		
Current portion of lease liabilities	11,957,460.87	674,117.50
Current portion of special payables		75,240,000.00
Total	1,162,836,882.96	804,414,117.50

(b) Details of current portion of long-term borrowings

Item	2023.12.31	2022.12.31
Guaranteed loan	360,000,000.00	383,500,000.00
Secured loan		
Pledged loan		
Unsecured loan	453,794,004.00	45,000,000.00
Total	813,794,004.00	428,500,000.00

(26) Long-term borrowings

(a) Categories of borrowings

Item	2023.12.31	2022.12.31
Pledged loans		
Secured loans		
Guaranteed loans	1,990,215,996.00	1,310,000,000.00



Item	2023.12.31	2022.12.31
Unsecured loans	80,000,000.00	715,500,000.00
Total	4,070,215,996.00	2,025,500,000.00

(b) Detail of long-term borrowings

Borrowing unit	Starting date	Ending date	2023.12.31	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-06-08	2025-06-07	150,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-06-24	2025-06-23	75,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-07-19	2025-07-18	80,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-08-23	2025-08-22	160,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-09-15	2025-09-14	156,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-10-11	2025-10-10	160,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2023-06-07	2026-06-06	4,880,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2023-06-26	2026-06-25	85,000,000.00	Guaranteed loan	Zhengzhou Guancheng Construction Development Co., Ltd.
Zhengzhou Quankai New Town Real Estate Co., Ltd.	2023-03-20	2028-03-13	529,415,996.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Quankai New Town Real Estate Co., Ltd.	2023-12-28	2038-12-27	119,900,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2023.12.31	Terms of borrowings	Guarantor
Zhengzhou Jianzhong New Town Real Estate Co., Ltd.	2023-06-29	2052-12-24	300,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd.	2023-11-16	2038-11-08	170,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd.	2023-12-29	2038-11-08	250,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction Development Co., Ltd.	2022-05-30	2025-05-29	75,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Guancheng Construction Development Co., Ltd.	2022-11-08	2025-11-07	80,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Guancheng Construction Development Co., Ltd.	2023-01-10	2026-01-10	99,850,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction Development Co., Ltd.	2023-11-30	2033-11-29	150,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction Development Co., Ltd.	2023-06-28	2026-06-27	85,000,000.00	Guaranteed loan	Zhengzhou Jindai Construction Investment Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-07-27	2038-07-26	99,900,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-01-18	2038-01-9	50,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-05-12	2038-01-9	70,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2023.12.31	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-09-26	2038-01-9	24,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-12-13	2038-01-09	18,630,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development and Management Co., Ltd.	2023-12-29	2038-01-09	45,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	2023-03-31	2025-08-21	120,000,000.00	Guaranteed loan	Henan Greenland Mall Real Estate Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	2022-05-30	2025-05-29	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	2023-06-07	2026-06-06	8,500,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd.	2023-07-17	2026-01-17	99,850,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Dingfeng Real Estate Co., Ltd.	2022-09-30	2027-09-29	270,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd.	2023-07-19	2047-12-21	123,229,373.60	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd.	2023-10-30	2047-12-21	9,770,626.40	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd.	2023-12-15	2047-12-21	11,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2023.12.31	Terms of borrowings	Guarantor
Zhengzhou Jianmei Zhongyu Hotel Co., Ltd.	2023-08-25	2033-08-24	8,640,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianmei Zhongyu Hotel Co., Ltd.	2023-09-27	2033-09-26	850,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianmei Zhongyu Hotel Co., Ltd.	2023-11-24	2033-11-23	8,150,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd.	2023-06-30	2038-06-15	100,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd.	2023-12-18	2038-06-15	30,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	2022-05-30	2025-05-29	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	2022-09-19	2025-09-18	80,000,000.00	Unsecured loan	
Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	2023-06-07	2026-06-06	12,750,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Total			4,070,215,996.00		

(27) Lease liabilities

Item	2023.12.31	2022.12.31
Unpaid lease payments	144,063,306.13	4,153,217.27
Less: Unrecognized financing costs	28,588,222.47	696,855.90
Current portion of lease liabilities	11,937,460.87	674,117.50
Total	103,517,622.79	2,782,243.87



(28) Long-term payables

Item	2023.12.31	2022.12.31
Long-term payables	303,145,161.11	
Special payables	2,497,912,800.37	1,500,638,800.37
Total	2,801,057,961.48	1,500,638,800.37

(a) Long-term payables

Item	2023.12.31	2022.12.31
Financial leasing	303,145,161.11	
Total	303,145,161.11	

(b) Special payables

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
Repair fee	1,878,800.37			1,878,800.37
Relief funds	1,178,760,000.00	1,051,481,212.05	55,207,212.05	2,175,034,000.00
Special bond funds for the comprehensive renovation of the surrounding environment of the Shuang Dynasty Royal City Ruins	320,000,000.00	500,000.00		320,500,000.00
Special bond funds for the Jinlai Digital Entrepreneurship Park		500,000.00		500,000.00
Total	1,500,638,800.37	1,052,481,212.05	55,207,212.05	2,497,912,800.37

(29) Deferred income

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
Government subsidies for natural disaster recovery and reconstruction	39,692,000.00	343,933.78		40,035,933.78
Total	39,692,000.00	343,933.78		40,035,933.78

(30) Other non-current liabilities

Item	2023.12.31	2022.12.31
Amount of tax to be transferred	83,165,475.57	165,757,105.35
Total	83,165,475.57	165,757,105.35



(31) Paid-in capital

Item	2023.12.31	Increase in the current period	Decrease in the current period	2023.12.31
Finance Bureau of Guancheng Hui District, Zhengzhou City	1,387,846,000.00			1,387,846,000.00
Total	1,387,846,000.00			1,387,846,000.00

(32) Capital reserves

Item	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31
Other capital reserves	6,972,277,628.62	1,713,018,961.76		8,685,296,590.38
Total	6,972,277,628.62	1,713,018,961.76		8,685,296,590.38

In 2023, the capital reserve will increase by RMB 1,713,018,961.76, due to:

1. Zhengzhou Guancheng Hui District Urban Organic Renewal Center will allocate RMB 1,712,994,000.00 of capital to the Company in 2023;
2. The land acquisition and storage of Zhengzhou Hongda Hardware & Plumbing Co., Ltd., a subsidiary of the Company, increased capital reserve by RMB 24,961.76.

(33) Other comprehensive income

Item	2023.12.31	2022.12.31
The fair value of self-used fixed assets converted into investment properties measured at fair value on the conversion date exceeds the book value	131,075,769.81	108,534,940.51
Total	131,075,769.81	108,534,940.51

(34) Surplus reserve

Item	2022.12.31	Increase in the current period	Decrease in the current period	Accounting policy changes	2023.12.31
Statutory surplus reserve	22,266,569.06				22,266,569.06
Discretionary surplus reserve					
Total	22,266,569.06				22,266,569.06



(35) Undistributed profits

Items	2023.12.31	2022.12.31
Undistributed profits at beginning of current period	-88,919,761.05	211,849,814.14
Add: changes of accounting policy	-4,683.65	
Accounting Error Correction		
Merger of companies under common control		
Other adjustments		
After adjustment of undistributed profits at beginning of current period	-88,924,444.70	211,849,814.14
Increase in the current period	48,584,978.27	66,651,917.18
Add: Transfer in of net profit of current period	48,584,978.27	66,651,917.18
Other adjustment factors		
Decrease in the current period	290,643,747.41	367,421,492.37
Including: Transfer to surplus reserve		
Transfer to general reserve		
Declaration of dividends on ordinary shares	290,643,747.41	367,421,492.37
Transfer to capital		
Other decreases		
Undistributed profits at the end of the reporting period	-330,983,213.84	-88,919,761.05

(36) Operating revenue and cost of sales

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
I. Principal operating activities subtotal	2,714,881,801.55	2,573,832,648.45	2,819,966,559.28	2,760,042,745.22
Trade income	2,016,797,207.28	2,005,165,931.32	2,047,733,686.66	2,036,820,279.33
Land development income	55,891,635.00	55,891,635.00		
Land transfer income	41,794,106.62	41,742,076.12	94,543,392.00	94,543,835.38
Construction income	255,680,363.47	242,064,116.54	434,417,257.83	414,268,377.69
Real estate business income	113,547,395.34	103,566,679.45		



Item	2023		2022	
	Revenue	Cost	Revenue	Cost
Renovation income of old residential areas			115,242,983.86	115,242,983.86
Rent income	36,905,660.11	969,466.41	29,941,072.32	126,034.47
Building materials sales income	81,954,856.73	77,277,607.36	78,910,160.31	74,573,518.59
Property fee income	15,499,532.91	11,604,588.47	14,044,642.83	14,016,967.79
Parking fee income	6,789,053.27	2,191,439.81	4,444,552.70	1,645,750.83
Greening management and maintenance income	75,981,995.01	21,113,098.43	590,841.58	8,804,997.28
Commodity sales income	439,315.03	508,840.13		
Labor dispatch business	11,659,005.50	11,687,030.18		
Other income	1,941,675.28	50,159.23	97,969.19	
2. Other business subtotals	36,098,321.90	20,842,078.57	176,685,058.17	
Rental income				
Storage room sales income			89,533.34	
Other income	221,002.53		1,127,490.61	
Interest income	34,452,284.15	20,218,002.30	174,934,486.38	
Guarantee fee	737,969.42		524,925.84	
Utility fee income	687,065.80	624,076.27	8,622.00	
Total	2,750,950,123.45	2,594,674,727.02	2,996,651,617.45	2,760,042,745.22

(37) Taxes and surcharges

Item	2023	2022
City maintenance and construction tax	909,003.44	1,876,573.93
Educational surcharge	389,468.81	805,571.93
Local educational surcharge	259,945.88	537,047.93
House property tax	4,227,439.51	2,929,250.14
Land usage tax	4,670,165.87	1,894,532.48
Stamp duty	7,275,245.47	2,458,156.16
Vehicle and vessel usage tax		176,763.78
Total	17,731,268.98	10,677,896.35



(38) Selling expenses

Item	2023	2022
Business promotion expenses	2,519,738.00	7,165.05
Design fees		
Promotional expenses		
Total	2,519,738.00	7,165.05

(39) General and administrative expenses

Item	2023	2022
Depreciation	29,365,423.58	29,720,075.40
Employee salaries	38,610,276.53	26,080,778.21
Consulting service expenses	6,073,787.31	5,258,692.02
Water and electricity expenses	2,060,043.23	1,539,769.33
Decoration expenses		2,234,223.13
Office expenses	1,863,616.72	1,359,066.90
Leasing expenses	5,339,305.47	63,068.80
Leased asset maintenance and appraisal expenses	224,408.45	84,731.89
Asset amortization	3,683,628.31	526,322.48
Maintenance expenses	38,257.91	1,182,933.28
Business promotion expenses	1,482,503.88	108,314.48
Labor costs		242,368.38
Amortization of right-of-use assets		606,467.76
Business entertainment expenses	17,605.21	74,655.00
Employment security fund for the disabled	124,364.53	27,012.83
Travel expenses	155,703.12	109,548.08
Labor insurance expenses	130,047.43	73,633.63
Transfer expenses	79,758.84	74,419.31
Vehicle expenses	109,670.33	297,581.38
Training expenses	107,328.48	234,827.39
Recruitment expenses	145,686.79	114,426.79



Item	2023	2022
Litigation expenses	16,285.57	
Other expenses	207,055.53	111,783.11
Party building expenses	205,185.51	
Property management expenses		16,328.84
Total	90,039,942.73	70,141,028.42

(40) Research and development expenses

Item	2023	2022
Expenses	3,133,908.53	
Total	3,133,908.53	

(41) Financial expenses

Item	2023	2022
Financial expenses	7,363,620.70	67,855,824.43
Less: Interest income	1,957,778.84	5,212,710.01
Charges	360,869.82	267,169.50
Others	104,667.04	56,029.99
Total	5,873,378.72	62,966,313.91

(42) Other income

Item	2023	2022
Tax reduction and exemption	718,280.86	364,491.07
Unemployment and job retention refunds	84,121.71	18,094.39
Housing acquisition office compensation	1,638,652.00	
South Station working expenses	6,586,417.27	
Zhengzhou "four major" enterprise subsidies	100,000.00	
Others		592,359.54



Total	9,177,471.84	974,945.00

(43) Investment income

Item	2023	2022
Income from long-term equity investments under equity method	12,694.55	684,445.76
Others		19,760.95
Total	12,694.55	704,206.71

(44) Gains from changes in fair value

Item	2023	2022
Changes in fair value of investment properties	31,127,517.08	12,667,800.00
Total	31,127,517.08	12,667,800.00

(45) Credit impairment losses

Item	2023	2022
I. Bad debt provision	-5,451,838.62	3,033,200.47
II. Impairment on debt investments		
III. Impairment on other debt investments		
IV. Bad debt provision of long-term receivables		
V. Impairment on Goodwill		
VI. Others		
Total	-5,451,838.62	3,033,200.47

(46) Gain from disposal of assets

Item	2023	2022
Gain from disposal of fixed assets (Losses are shown as "-")	2,483,304.24	-109,579.08



Item	2023	2022
Gain from disposal of intangible assets (Losses are shown as "-")	1,116,770.72	
Others	-5,250.00	
Total	3,614,824.96	-109,579.08

(47) Non-operating income**(a) Details of non-operating income**

Item	2023	2022
Total gains on disposal of non-current assets		20.76
Including: Gains on disposal of fixed assets		20.76
Gains on disposal of intangible assets		
Gain on debt restructuring		
Gains on exchange of non-monetary assets		
Donations received		
Government grants		100,000.00
Accounts payable that unable to pay	1,000,000.00	
Fine income	36,659.73	5,900.00
Others	121,364.23	539,807.02
Total	1,158,023.96	645,727.78

(b) Government grants included in profit or loss

Item	2023	2022
Epidemic prevention and control funds		100,000.00
Total		100,000.00

(48) Non-operating expenses

Item	2023	2022
Total losses on disposal of non-current assets	31,252.49	22,745.37



Item	2023	2022
Including: Losses on disposal of fixed assets	31,232.49	22,745.37
Losses on disposal of intangible assets		
Losses on debt restructuring		
Donations to third parties		
Inventory loss		
Compensation, fine	1,199,928.44	560,007.21
Others		5,208.58
Total	1,231,180.93	587,961.16

(49) Income tax expenses

Item	2023	2022
Current tax expenses	12,857,392.03	31,970,280.08
Deferred tax expenses	7,931,303.23	7,625,606.95
Total	20,788,695.26	39,595,887.03

(50) Notes of items in consolidated cash flow statement

(a) Cash received relating to other operating activities

Item	2023	2022
Current and temporary loans	3,644,391,893.99	2,335,429,892.19
Subsidy income	129,262.28	40,436,099.12
Interest income from financial institutions	1,957,778.84	5,212,710.01
Fine and others	3,333,654.63	349,021.25
Total	3,649,812,589.74	2,381,427,722.57

(b) Cash paid relating to other operating activities

Item	2023	2022
Current and temporary loans	2,633,082,357.99	708,556,629.47
Travel expenses	15,166,251.94	18,911,659.92
Non-operating expenses	626,972.44	152,500.38



Item	2023	2022
Financial institution charges	360,869.82	396,885.53
Total	2,649,236,452.19	728,017,675.30

(c) Cash received relating to other investing activities

Item	2023	2022
Acquisition of a subsidiary		27,867,756.22
Cash at the beginning of the business combination		1,311,439.48
Total		29,179,195.70

(d) Cash receipts relating to other financing activities

Item	2023	2022
Purchase Zijin Yucheng project		600,000,000.00
Other investment payments		1,102.61
Total		600,001,102.61

(e) Cash payments relating to other financing activities

Item	2023	2022
Financing lease	768,211,342.20	300,000,000.00
Relief funds	921,034,000.00	1,254,000,000.00
Special bond funds	500,000.00	
Total	1,689,745,342.20	1,554,000,000.00

(f) Cash payments relating to other financing activities

Item	2023	2022
Relief funds	921,034,000.00	1,207,000,000.00
Financing fees and other	7,500,000.00	6,000,000.00
Pay rent	15,821,976.91	760,912.00
Bank acceptance bill deposit	25,000,000.00	
Repay finance lease payments	415,215,479.94	
Total	1,384,571,456.85	1,213,760,912.00

(51) Notes on matters related to consolidated cash flow statement



(a) Reconciliation of net profit to cash flow from operating activities:

Supplementary information	2023	2022
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	54,623,977.05	70,546,749.65
Add: Asset impairment losses		
Credit impairment losses	3,451,838.62	-3,035,200.47
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, etc.	29,448,256.20	31,614,549.20
Amortization of right-of-use assets	4,311,197.58	606,467.76
Amortization of intangible assets	756,550.14	523,663.10
Amortization of long-term prepaid expenses	2,553,330.63	2,308,644.87
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	-3,614,824.96	109,579.08
Losses on retirement of fixed assets (gains are indicated by "-")	31,252.49	22,724.61
Losses on changes in fair value (gains are indicated by "-")	-31,127,517.08	-12,667,800.00
Financial expenses (income is indicated by "-")	7,365,620.70	67,855,824.43
Losses arising from investments (gains are indicated by "-")	-12,694.55	-704,206.71
Decrease in deferred tax assets (increase is indicated by "-")	-30,356,848.54	4,462,757.60
Increase in deferred tax liabilities (decrease is indicated by "-")	45,776,799.79	-23,068,413.97
Decrease in inventories (increase is listed with "-")	-4,958,618,275.29	-5,940,191,389.64
Decrease in receivables from operating activities (increase is indicated by "-")	-919,177,031.93	247,579,667.79
Increase in payables from operating activities (decrease is indicated by "-")	2,456,122,675.68	2,242,568,111.91
Other		
Net cash flow from operating activities	-3,336,465,693.47	-3,311,468,470.79
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 required under finance leases		
3. Net changes of cash and cash equivalents:		
Closing balance of cash	1,065,830,035.97	915,506,126.68
Less: Opening balance of cash	915,506,126.68	353,723,053.84
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	150,343,909.29	561,781,072.84

(b) Composition of cash and cash equivalents



Item	2023	2022
1. Cash	1,065,850,035.97	915,506,126.68
Including: cash on hand	128,377.50	119,073.19
Bank deposits	1,065,721,658.47	915,387,053.49
Other monetary funds		
Deposits with the central bank		
Deposits with other banks		
Placements with banks		
2. Cash equivalents		
Including: Investments in debt securities due within three months		
3. Closing balance of cash and cash equivalents	1,065,850,035.97	915,506,126.68

(52) Assets with restricted ownership or right-of-use

Item	Closing balance of book value	Reason of restricted
Cash and cash equivalent	25,145,954.52	Deposit
Inventories	3,159,015,085.82	Secured loans
Total	3,184,161,040.34	

VI. CHANGES OF THE SCOPE OF CONSOLIDATION

(a) Newly established subsidiaries in this period

During the period, 16 new subsidiaries were established, including Zhengzhou Tuoyou Real Estate Co., Ltd., Zhengzhou Beirui Real Estate Co., Ltd., Zhengzhou Jing'an Real Estate Co., Ltd., Zhengzhou Hengsi Real Estate Co., Ltd., Zhengzhou Taijia Real Estate Co., Ltd., Zhengzhou Chenguan Real Estate Co., Ltd., Zhengzhou Xukai Real Estate Co., Ltd., Zhengzhou Huijin Real Estate Co., Ltd., Zhengzhou Shangrong Real Estate Co., Ltd., Zhengzhou Yongning Real Estate Co., Ltd., Zhengzhou Jianzhong Huilife Service Co., Ltd., Zhengzhou Boming Real Estate Co., Ltd., Zhengzhou Shangtai Real Estate Co., Ltd., Zhengzhou Jianzhong Wangdong Urban and Rural Development Co., Ltd., Zhengzhou Jianzhong Leasing Co., Ltd. and Zhengzhou Jianzhong Meiyu Hotel Co., Ltd., which were included in the scope of consolidation this year.

(b) Transfer of subsidiaries in the current period

No transfer of subsidiaries



(c) Cancellation of subsidiaries in the current period

Henan Hengye Real Estate Co., Ltd. and Zhengzhou Hengjiu Trading Co., Ltd. were deregistered this year and are no longer included in the scope of consolidation.

VII. EQUITY IN OTHER ENTITIES

(a) Equity in subsidiaries

(1) Composition of the Group

No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
1	Zhengzhou Guancheng Construction and Development Co., Ltd.	10,000.00	All kinds of engineering construction activities; operation of sports venues and facilities (excluding high-risk sports); general contracting of housing construction and municipal infrastructure projects; real estate development and operation; construction of sports venues and facilities; municipal facilities management; cultural venue management services; information consulting services (excluding licensed information consulting services); land reclamation services; housing rental; non-residential real estate rental; general cargo warehousing services (excluding projects that require licensing and approval, such as hazardous chemicals); property management; landscaping project construction; urban greening management; centralized fast charging stations; new energy prime mover equipment manufacturing; new energy prime mover equipment sales; general equipment repair; power transmission and distribution and control equipment manufacturing; parking services; car rental; used car sales.	100.00	1
2	Zhengzhou Shangding Real Estate Co., Ltd.	20,000.00	Real estate development and operation; house rental; house demolition (excluding blasting); housing construction; road construction; property services; municipal public works construction; landscaping projects; maintenance of construction machinery and equipment; sale of building materials, decorative materials, seedlings, flowers and lawns; rental of construction equipment; earthwork removal; enterprise management consulting; housing construction engineering technical consulting; project management and consulting.	100.00	2
3	Zhengzhou Shangding Parking Service Co., Ltd.	1,000.00	Parking lot management; parking lot construction; commercial operation management; urban planning and design; technical development and technical services of computer software; computer system integration services; data and storage services; design, production, agency and publication of domestic advertising business; cleaning services; parking lot equipment installation; sales; charging piles, signs and signs; parking lot equipment.	100.00	2
4	Zhengzhou Shangding Municipal Engineering Co., Ltd.	1,000.00	Municipal facilities management; landscaping project construction; special equipment repair; flower planting; ecological restoration and ecological protection services; urban greening management; water pollution control; horticultural product planting; horticultural product sales.	100.00	2



No.	Company Name	Registered capital (10,000 Yuan)	Business Scope	Equity (%)	Class
5	Zhengzhou Xincheng Real Estate Co., Ltd.	800.00	Real estate development and management (certificate), sales of building materials, decoration, plumbing equipment, House rental.	100.00	2
6	Zhengzhou Xincheng Property Management Co., Ltd.	300.00	Property management, house rental	100.00	3
7	Zhengzhou Xincheng Construction Engineering Co., Ltd.	5,000.00	General contracting of housing construction and municipal infrastructure projects; electrical installation services; installation and maintenance of gas combustion appliances; real estate development and operation; residential interior decoration and renovation; construction engineering design; sports venues and facilities operation; municipal facilities management; landscaping engineering construction; engineering management services; general machinery and equipment installation services; sports venues and facilities engineering construction; cultural venues management services; urban greening management; landscaping services; property management; sales of concrete structural components; sales of new energy prime movers; information consulting services; centralized fast charging stations; general equipment repair; housing rental; non-residential real estate rental; general cargo warehousing services	100.00	2
8	Zhengzhou Jianzhong Xincheng Real Estate Co., Ltd.	3,000.00	Licensed projects: real estate development and operation; construction project construction; construction project construction (except nuclear power plant construction and operation, civil airport construction); residential interior decoration; professional construction operations; construction labor subcontracting; building demolition operations (except blasting operations) (projects that are subject to approval according to law can only carry out business activities after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments) General projects: housing rental; non-residential real estate rental; rental services (excluding licensed rental services); storage equipment rental services; foreign contracting projects; landscaping project construction (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
9	Zhengzhou Guankai New Town Real Estate Co., Ltd.	10,000.00	Licensed projects: real estate development and operation (projects that are subject to approval according to the law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; real estate brokerage; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to the law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
10	Zhengzhou Baimao Real Estate Co., Ltd.	300.00	Licensed projects: real estate development and operation (projects that are subject to approval according to the law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant	100.00	3



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			departments) General projects: sales of construction materials; land use right leasing; real estate brokerage; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to the law, business activities can be carried out independently in accordance with the law with a business license)		
11	Henan Yonglin Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
12	Zhengzhou Dingjian Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
13	Zhengzhou Hekang Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
14	Zhengzhou Dingning Industrial Co., Ltd.	300.00	General items: funeral services; funeral facilities operation; funeral supplies sales; artificial afforestation; daily necessities sales; parking lot services; public utility management services; property management; cement product manufacturing; cement product sales (except for items that require approval according to law, business activities can be carried out independently according to law with a business license)	100.00	2
15	Zhengzhou Zheyu Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments. General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)		
16	Zhengzhou Changpu Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
17	Zhengzhou Xuya Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
18	Zhengzhou Hankui Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
19	Zhengzhou Taihui Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to the law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; land use right leasing; real estate brokerage; housing leasing; non-residential real estate leasing; hotel	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to the law, business activities can be carried out independently in accordance with the law with a business license)		
20	Zhengzhou Tuofu Real Estate Co., Ltd.	10,000.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
21	Zhengzhou Shanghua Warehousing Operation Management Office	23.00	General projects: grain and oil storage services; housing rental; non-residential real estate rental; leasing services (excluding licensed leasing services); storage equipment leasing services; general cargo storage services (excluding dangerous chemicals and other projects that require licensing and approval); low-temperature storage (excluding dangerous chemicals and other projects that require licensing and approval); conference and exhibition services; property management; professional cleaning, cleaning and disinfection services; parking services; catering management; commercial complex management services; enterprise management consulting (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: road freight transportation (excluding dangerous goods) (projects that are subject to approval according to law can only carry out business activities after approval by relevant departments. The specific business projects shall be subject to the approval documents or licenses of relevant departments)	100.00	2
22	Zhengzhou Jiedai Construction Investment Co., Ltd.	10,000.00	Land development and consolidation; investment management; industrial investment; industrial park construction; infrastructure construction; house rental; supporting services for municipal engineering; property management and other comprehensive services; road engineering construction; water and electricity engineering construction; sales of building materials and decorative materials; real estate development and sales; supply chain management; consulting services; real estate information consulting (the above construction projects are operated with valid qualification certificates)	100.00	1
23	Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	12,000.00	General projects: comprehensive real estate development, investment, operation and leasing; housing construction projects; municipal road projects; highway projects; railway projects; earthwork projects; river and lake management projects; urban rail transit projects; renovation of old residential communities; investment project management; wholesale and retail of building materials, general merchandise, arts and crafts, and hardware and electrical appliances; urban landscaping	100.00	1



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			(except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license)		
24	Zhengzhou Shangcheng Yian Property Service Co., Ltd.	100.00	Property management; professional cleaning, washing and disinfection services; building cleaning services; landscaping engineering construction; wholesale of edible agricultural products; sales of building decoration materials; engineering management services; engineering cost consulting services Zhengzhou Mall Yian Property Service Co., Ltd.'s current operating status is continuing (in operation, open for business, registered)	100.00	2
25	Henan Jinxia Real Estate Co., Ltd.	1,000.00	Real estate development (operation with certificates); sales of building decoration materials and construction machinery. Warehousing (excluding inflammable, explosive and dangerous goods), Henan Jinxia Real Estate Co., Ltd.'s current operating status is continuing (in operation, in business, registered)	100.00	2
26	Zhengzhou Jiayuanmei Property Management Co., Ltd.	60.00	Property management and information consulting, housekeeping services, house maintenance, water, electricity, heating maintenance, building materials sales, Zhengzhou Jiayuanmei Property Management Co., Ltd.'s current operating status is continuing (in operation, open for business, registered)	100.00	2
27	Zhengzhou Guancheng Jinqiao Real Estate Comprehensive Service Center	60.00	Real estate consulting, transfer, house rental exchange agency, real estate information consulting	100.00	2
28	Zhengzhou Guancheng Urban Hotel	10.00	Housing Rental	100.00	2
29	Zhengzhou Jianzhong International Trade Co., Ltd.	50,000.00	General projects: domestic trade agency; sales agency; trade brokerage; metal material sales; chemical product sales (excluding licensed chemical products); rubber product sales; metal ore sales; non-metallic mineral and product sales (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: technology import and export; goods import and export; import and export agency (for projects that require approval according to law, business activities can only be carried out after approval from relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments)	100.00	1
30	Zhengzhou Jianzhonghui Agricultural Development Co., Ltd.	10,000.00	General projects: agricultural scientific research and experimental development; tree planting and management; flower planting; production, sales, processing, transportation, storage and other related services of agricultural products; purchase and use of agricultural means of production; technical services, technical development, technical consultation, technical exchange, technology transfer and technology promotion; advertising design and agency; development and operation of rural folk crafts and products, leisure agriculture and rural tourism resources; organization of cultural and artistic exchange activities; cultural venue management services; conference and exhibition services; education consulting services (excluding education and training activities involving licensing and approval); amusement park services; camping ground services; fitness and leisure activities; parking services; market	51.00	1



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			management services; entertainment activities of small facilities in parks and scenic spots; land reclamation services; land use right leasing; property management; housing leasing; investment activities with own funds (except for projects that are subject to approval according to law, business activities are carried out independently in accordance with the law with a business license) Licensed projects: crop seed management; catering services; accommodation services; various engineering construction activities (projects that are subject to approval according to law can only carry out business activities after approval by relevant departments, and the specific business projects shall be subject to the approval documents or licenses of relevant departments).		
31	Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd.	1,000.00	Catering services; tourism business; accommodation services; construction engineering; real estate development and operation; performance brokerage (projects that must be approved according to the law can only carry out business activities after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments) General projects: tourism development project planning and consulting; scenic spot management; leisure and sightseeing activities; planning and design management; commercial complex management services; non-residential real estate leasing; marketing planning; urban greening management; urban park management; hotel management; property management; natural heritage protection management; cultural venue management services; book management services; cultural and entertainment broker services; cultural relics and cultural sites protection services; intangible cultural heritage protection; organization of cultural and artistic exchange activities; other cultural and artistic brokerage agencies; conference and exhibition services; professional design services; advertising design and agency; advertising publication; advertising production; entrepreneurial space services; enterprise management; enterprise management consulting; corporate image planning; sales of arts and crafts and ceremonial products (except ivory and its products); sales of amusement and entertainment products; sales of toys; development of digital cultural and creative software; sales of digital cultural and creative technology equipment; digital cultural and creative content application services (except for projects that must be approved according to the law, business activities are carried out independently in accordance with the law with a business license)	100.00	1
32	Zhengzhou Jianzhong Life Service Co., Ltd.	1,000.00	General items: sales of daily necessities; sales of food (only pre-packaged food); sales of health food (pre-packaged); retail of fresh fruits; wholesale of fresh fruits; wholesale of fresh vegetables; retail of fresh vegetables; wholesale of fresh meat; retail of fresh meat; wholesale of aquatic products; retail of aquatic products; retail of edible agricultural products; retail of hardware products; sales of daily masks (non-medical); purchase of primary agricultural products; sales of textile products and raw materials; sales of household appliance parts and accessories; sales of household appliances; sales of household audio-visual equipment; retail of daily household appliances; sales of daily necessities;	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			Wholesale of kitchenware, sanitary ware and daily sundries; sales of electronic products; sales of labor protection products; sales of gifts and flowers; retail of shoes and hats; wholesale of shoes and hats; wholesale of clothing and accessories; retail of clothing and accessories; enterprise management; information consulting services (excluding licensed information consulting services); leasing of non-residential real estate; counters and stalls; seat rental; ticket agency services; single-purpose commercial prepaid card agency sales; bill information consulting services; conference and exhibition services; general cargo warehousing services (excluding dangerous chemicals and other projects that require licensing and approval); business agency services; procurement agency services; transport cargo packaging services; sales of arts and crafts and ceremonial products (except ivory and its products); retail of sporting goods and equipment; retail of stationery; management services for commercial complexes; sales of sanitary products and disposable medical supplies; housekeeping services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license). Licensed projects: food sales; tobacco product retail; publication retail; catering services (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments).		
33	Zhengzhou Bonning Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation; construction project construction; residential interior decoration and renovation (projects that are subject to approval according to the law can only be carried out after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking services; commercial complex management services; engineering management services; conference and exhibition services; earthwork construction; landscaping construction; municipal facilities management; real estate brokerage; residential water and electricity installation and maintenance services (except for projects that are subject to approval according to the law, business activities can be carried out independently in accordance with the law with a business license).	100.00	2
34	Zhengzhou Shangtai Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation; construction project construction; residential interior decoration and renovation (projects that require approval according to the law can only be carried out after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments). General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking services; commercial complex management services; engineering management services; conference and exhibition services; earthwork	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			construction; landscaping construction; municipal facilities management; residential water and electricity installation and maintenance services (except for projects that require approval according to the law, business activities can be carried out independently in accordance with the law with a business license)		
35	Zhengzhou Tunyou Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
36	Zhengzhou Beina Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
37	Zhengzhou Jiangle Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
38	Zhengzhou Hengsi Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
39	Zhengzhou Taijie Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
40	Zhengzhou Chengguan Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
41	Zhengzhou Xukai Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	3
42	Zhengzhou Huijun Real Estate Co., Ltd.	10,000.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; leasing of land use rights; real estate brokerage; housing leasing; leasing of non-residential real estate; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
43	Zhengzhou Shangrong Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)		
44	Zhengzhou Yingning Real Estate Co., Ltd.	200.00	Licensed projects: real estate development and operation (projects that are subject to approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sales of construction materials; land use right leasing; housing leasing; non-residential real estate leasing; hotel management; property management; park management services; parking lot services; commercial complex management services; engineering management services (except for projects that are subject to approval according to law, business activities can be carried out independently in accordance with the law with a business license)	100.00	2
45	Henan Jindai Dingfeng Construction Engineering Co., Ltd.	5,000.00	Licensed projects: construction engineering; electrical installation services; installation and maintenance of gas combustion appliances; real estate development and operation; residential interior decoration; construction engineering design (projects that require approval according to the law can only carry out business activities after approval by relevant departments, and the specific business projects are subject to the approval documents or licenses of relevant departments) General projects: sports venues and facilities operation (excluding high-risk sports); municipal facilities management; landscaping project construction; engineering management services; general machinery and equipment installation services; sports venues and facilities construction; cultural venues management services; urban greening management; landscaping services; property management; sales of concrete structural components; sales of new energy prime mover equipment; information consulting services (excluding licensed information consulting services); centralized fast charging stations; general equipment repair; housing rental; non-residential real estate rental; general cargo warehousing services (excluding projects that require licensing and approval, such as dangerous chemicals) (Except for projects that require approval according to the law, business activities are carried out independently in accordance with the law with a business license)	51.00	2
46	Zhengzhou Jianzhong Leasing Co., Ltd.	5,000.00	General projects: housing rental; non-residential real estate rental; land use right rental; counter and stall rental; information consulting services (excluding licensed information consulting services); property management; housekeeping services; hotel management (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: accommodation services (projects that require approval according to law can only be carried out after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments)	100.00	1



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
47	Zhengzhou Jianzhong Meiyou Hotel Co., Ltd.	100.00	Licensed items: accommodation services; catering services; food sales; tobacco product retail (items that require approval according to law can only be carried out after approval by relevant departments. The specific business items are subject to the approval documents or licenses of relevant departments) General items: food sales (only pre-packaged food sales); daily necessities sales; conference and exhibition services (except for items that require approval according to law, business activities can be carried out independently according to law with business licenses)	100.00	2
48	Zhengzhou Jindai Dingcheng Real Estate Co., Ltd.	100.00	General projects: real estate development and sales; house leasing; municipal public works; property management; property service evaluation (except for projects that require approval according to law, business activities are carried out independently according to law with business licenses). Zhengzhou Jindai Dingcheng Real Estate Co., Ltd.'s current operating status is continuing (in operation, open for business, registered).	100.00	2
49	Zhengzhou Jindai Dingfeng Real Estate Co., Ltd.	100.00	Real estate development and operation (projects that require approval according to law can only be carried out after approval by relevant departments, and specific business projects are subject to the approval documents or licenses of relevant departments) General projects: housing leasing; non-residential real estate leasing; municipal facilities management; parking lot services (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license). Zhengzhou Jindai Dingfeng Real Estate Co., Ltd.'s current operating status is continuing (in operation, open for business, and registered).	100.00	2
50	Zhengzhou Jindai Supply Chain Management Co., Ltd.	100.00	General projects: supply chain management services; sales of construction materials; housing rental; non-residential real estate rental; urban and rural appearance management; sales of horticultural products; construction of landscaping projects; sales of refrigeration and air-conditioning equipment; sales of doors and windows; sales of furniture; wholesale of aquatic products; retail of aquatic products; wholesale of fresh vegetables; retail of fresh vegetables; wholesale of fresh meat; retail of fresh meat; wholesale of edible agricultural products; retail of edible agricultural products; sales of agricultural and sideline products; sales of daily necessities; sales of daily necessities; sales of food (only pre-packaged food); domestic freight forwarding agency; general cargo warehousing services (excluding projects that require licensing and approval, such as dangerous chemicals); operation of wires and cables; sales of optical cables; sales of electrical accessories; wholesale of hardware products; retail of hardware products; sales of audio equipment; sales of optical fibers; Sales of optoelectronic devices; Sales of lamps; Sales of electrical signal equipment; Sales of home audio-visual equipment; Sales of household appliances; Sales of metal materials; Sales of cloud computing equipment; Sales of display devices; Sales of special electronic materials; Intelligent control system integration; Sales of software; Sales of communication equipment; Sales of electronic products; Retail of electronic components; Sales of security equipment; Sales of network equipment; Sales of optical communication equipment; Sales of fireproof sealing materials; Sales of	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
			building decoration materials (Except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: construction project design; construction project construction; production and operation of forest seeds; road freight transportation (excluding dangerous goods); urban distribution transportation services (excluding dangerous goods) (Projects that require approval according to law.		
51	Zhengzhou Jindai Shuangchuang Technology Co., Ltd.	100.00	General projects: technical services, technical development, technical consulting, technical exchanges, technology transfer, technology promotion; software development; retail of computer hardware and software and auxiliary equipment, advertising publication; advertising production; advertising design and agency; sales of electronic products; sales of communication equipment; sales of security equipment; sales of mechanical and electrical equipment; enterprise management consulting; corporate image planning; artificial intelligence application software development; professional design services; energy-saving management services; housing rental; non-residential real estate rental; small and micro passenger car rental and operation services; landscaping project construction; earthwork project construction (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: real estate development and operation; construction project construction; construction project design; professional construction operations; residential interior decoration and renovation (projects that require approval according to law can only carry out business activities after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments.	100.00	2
52	Zhengzhou Hongda Hardware and Plumbing Co., Ltd.	100.00	Sales: plumbing equipment and processing, maintenance, hardware, electrical appliances, chemicals, plumbing, pipes, building materials, local products, daily necessities, auto parts; warehousing (except hazardous chemicals).	100.00	2
53	Hennu Xinyue Industrial Co., Ltd.	100.00	General projects: non-residential real estate leasing; park management services; marketing planning; project planning and public relations services; corporate management consulting; real estate consulting; land use rights leasing; general cargo warehousing services (excluding projects that require licensing and approval, such as hazardous chemicals); municipal facilities management; land reclamation services; engineering management services (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: real estate development and operation (projects that require approval according to law can only carry out business activities after approval by relevant departments. The specific business projects shall be subject to the approval documents or licenses of relevant departments).	100.00	2
54	Zhengzhou Jintu Land Development Consulting Service Co., Ltd.	100.00	Land development, consolidation and reclamation consulting services; house rental (only for branch offices).	100.00	2



No.	Company Name	Registered capital (10,000 yuan)	Business Scope	Equity (%)	Class
55	Zhengzhou Bingmeiren Beauty Cosmetics Co., Ltd.	100.00	Production: washing and care products (shampoo, facial cleanser), skin care products (lotion, lotion, moisturizing cream, eye cream, facial mask) (operated within the period approved by the valid hygiene license for cosmetics production enterprises); sales: cosmetics, daily necessities, clothing; house rental.	100.00	2
56	Henan Xindoucai Paper Packaging Co., Ltd.	100.00	Sales of printing equipment, optoelectronic equipment, electromechanical products and equipment, environmental protection and energy-saving products, and mechanical equipment; warehousing services; house rental (operated with relevant valid qualification certificates).	100.00	2
57	Zhengzhou Jindai Yuanfang Property Management Co., Ltd.	51.00	General projects: property management; parking lot services; residential water and electricity installation and maintenance services; landscaping project construction; urban greening management; catering management; rental services (excluding licensed rental services); housing rental; non-residential real estate rental; counter and stall rental; housekeeping services; furniture installation and maintenance services; daily product repair; daily appliances repair (except for projects that require approval according to law, business activities can be carried out independently in accordance with the law with a business license) Licensed projects: labor dispatch services; urban domestic waste business services; construction labor subcontracting (projects that require approval according to law can only carry out business activities after approval by relevant departments. The specific business projects are subject to the approval documents or licenses of relevant departments).	51.00	2

(2) Important non-wholly owned subsidiaries

Name of subsidiaries	Share-holding of non-controlling interest (%)
Zhengzhou Jianzhong International Trade Co., Ltd.	49.00
Henan Jindai Dingfeng Construction Engineering Co., Ltd.	49.00
Zhengzhou Jindai Yuanfang Property Management Co., Ltd.	49.00
Zhengzhou Xincheng Construction Engineering Co., Ltd.	49.00

(b) Equity in joint-ventures or associates

Name of joint-ventures or associates	Main place of business	Registered place	Nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associated enterprises
				Direct	Indirect	
Zhengzhou Jianzhong Yutian Automobile Co., Ltd.	Zhengzhou, Henan	No. 102, 1st Floor, Building 6, No. 20, Wenzhi Road, Guanchong Hui District, Zhengzhou	Leasing industry	40.00		Equity method



Name of joint-ventures or associates	Main place of business	Registered place	Nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associated enterprises
				Direct	Indirect	
		City, Henan Province				
Hensu Tengfei Building Materials Co., Ltd.	Zhongzhou, Henan	The middle section of a road in Yesao Village, Nancuo Township, Guancheng Hui District, Zhengzhou City, Henan Province	Wholesale industry	40.00		Equity method
Zhengzhou Mall Lanchuang City Services Co., Ltd.	Zhengzhou, Henan	Room 207, No. 26, Zhengbian Road, Guancheng Hui District, Zhengzhou City, Henan Province	Public facilities management industry	35.00		Equity method
Henan Zhengzhou Real Estate and City Integration Construction Development Co., Ltd.	Zhengzhou, Henan	No. 31, Wenzhi Road, Guancheng Hui District, Zhengzhou City, Henan Province	Land management industry	40.00		Equity method

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(a) The relevant information of the parent company of the Company is disclosed as follows:

Parent Company	Place of registration	Business nature	Registered capital	The shareholding ratio of the parent company to the company (%)	The proportion of voting rights of the parent company to the company (%)
Finance Bureau of Guancheng Hui District, Zhengzhou City	No. 2, Shuangcheng Road, Guancheng District, Zhengzhou City, Henan Province			100.00	100.00

(b) Subsidiaries of the company

Please refer to the Note VII. (a) for details.

(c) Other related parties

None



(d) Related party transactions

(1) Related-party transactions involving the purchase and sale of goods, provision and receipt of services

Purchase of goods / accept of services

Related party	Related transaction details	2023	2022
None			

Sales of goods / render of services

Related party	Related transaction details	2023	2022
None			

(e) Related guarantee information

Refer to Note V (17) Short-term borrowings and Note V (26) Long-term borrowings.

(f) Receivables and payables of related parties

Related party	Item	2023.12.31	2022.12.31
Finance Bureau of Guangcheng Hui District, Zhengzhou City	Accounts receivable	231,921,692.06	39,657,721.24
	Contract liabilities	122,177,958.74	82,663,540.43
Henan Tangfei Building Materials Co., Ltd.	Accounts receivable		2,042,105.50
	Contract liabilities	24,894.44	
	Accounts payable	17,697,657.25	13,451,519.31

IX. COMMITMENTS AND CONTINGENCIES

(a) Significant commitments

None

(b) Contingent event

Important contingencies existing on the balance sheet date, contingent liabilities arising from the company's debt guarantees for other entities and their financial impacts:

Guarantee	Guarantor	Guarantee balance	Starting date	Ending date	Whether it is overdue
Henan Watson Real Estate Co., Ltd.	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	RMB 400 million	2021-07-30	2025-09-21	None
Henan Watson Real Estate Co., Ltd.	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	RMB 310 million	2021-07-30	2025-09-21	None



Guaranteee	Guarantor	Guarantee balance	Starting date	Ending date	Whether it is overdue
Henan Watson Real Estate Co., Ltd.	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	RMB 290 million	2021-07-29	2025-09-21	None
Henan Watson Real Estate Co., Ltd.	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	RMB 290 million	2021-07-28	2025-09-21	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 360 million	2022-09-09	2024-09-08	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 360 million	2022-12-20	2025-12-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 200 million	2023-12-21	2026-12-21	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 170 million	2023-06-16	2024-06-16	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 51 million	2023-06-26	2043-06-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 48 million	2023-04-28	2026-04-26	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 4 million	2023-11-01	2048-06-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 19 million	2023-03-29	2046-03-19	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	RMB 11 million	2023-08-11	2025-08-10	None
A total of 82 small business customers in Henan Jinma Steel Market and Zhengzhou Zidong Steel Enterprise Park Small Business Financing Program	Henan Xindoucai Paper Packaging Co., Ltd.	RMB 596.1 million	2018-03-26	2023-03-25	None
Total		RMB 3,2491 billion			

Note: Because the loans of 25 companies including Zhongrou Trading, Guoji Materials, Jiuyi Trading, Zewen Trading, Yaobang Trading, Xiuzhi Trading, Xinyuan Steel Pipe, Wuyu Trading, Shunding Trading, Shengjia Steel, Shengzhilong, and Runyaogang Iron and Steel were overdue and not repaid, they were sued by the Zhengzhou Erligang Branch of Industrial and Commercial Bank of China Co., Ltd. According to the court's ruling, Henan Xindoucai Paper Packaging Co., Ltd. must bear joint and several liability for the principal and interest of the above loans. According to the first-instance judgment of the People's Court, a "Pledge Contract" was signed between the guaranteed enterprise and the bank, and the bank was liable for compensation for the damage and loss of the pledged property.



X. SUBSEQUENT EVENTS

None

XI. OTHER SIGNIFICANT EVENTS

On December 12, 2020, according to the "Approval of the People's Government of Guancheng Hui District, Zhengzhou City on the Equity Transfer and Asset Injection Plan for the Market-oriented Reform of State-owned Enterprises in Guancheng Hui District, Zhengzhou City" (Guan Zheng [2020] No. 49) issued by the People's Government of Guancheng Hui District, Zhengzhou City, 100% of the equity of Henan Jinxia Real Estate Co., Ltd., Zhengzhou Jiayuanmei Property Management Co., Ltd., Zhengzhou Guancheng Jinqiao Real Estate Comprehensive Service Center and Zhengzhou Guancheng Metropolis Hotel held by the Guancheng Hui District Affordable Housing Service Center of Zhengzhou City will be transferred to our company free of charge. As of December 31, 2023, the above four companies have not yet completed the change of industrial and commercial information.

In 2022, the new subsidiary Zhengzhou Shanghua Warehousing Operation Management Office was transferred to the company. The industrial and commercial inquiry shows that the competent department is the Zhengzhou Municipal Finance Bureau. As of December 31, 2023, the company's industrial and commercial change procedures after the transfer have not been completed.

XII. NOTES TO MAJOR ACCOUNT OF THE COMPANY'S FINANCIAL STATEMENTS**(1) Other receivables**

Item	2023.12.31	2022.12.31
Interest receivable		
Dividends receivable	20,000,000.00	20,000,000.00
Other receivables	9,253,450,632.97	5,552,688,033.57
Total	9,273,450,632.97	5,572,688,033.57

(a) Interest receivable

None

(b) Dividend receivables

Item	2023.12.31	2022.12.31
Zhengzhou Guancheng Construction and Development Co., Ltd.	10,000,000.00	10,000,000.00



Item	2023.12.31	2022.12.31
Zhengzhou Jindai Construction Investment Co., Ltd.	10,000,000.00	10,000,000.00
Total	20,000,000.00	20,000,000.00

(c) Other receivables

(1) Disclosure by aging

Aging	2023.12.31	2022.12.31
Within 1 year	5,531,423,538.31	5,100,614,863.93
1 to 2 years	3,693,456,447.95	422,461,935.84
2 to 3 years	3,239,282.00	
3 to 4 years		11,000,000.00
4 to 5 years	11,000,000.00	
More than 5 years	15,000,035.00	18,611,358.80
Subtotal	9,254,119,303.26	5,552,688,158.57
Less: Provision for bad debts	668,670.29	125.00
Total	9,253,450,632.97	5,552,688,033.57

(2) Provision for bad debts

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss over the whole duration (credit impairment has occurred)	
Balance as of December 31, 2022	125.00			125.00
The book balance of other receivables on December 31, 2022 is:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	668,545.29			668,545.29
Reversal				
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2023	668,670.29			668,670.29



(3) Top five other receivables based on debtors

No.	Entity	Amount	Proportion of total other receivables (%)	Aging	Nature
1	Zhengzhou Guancheng Construction and Development Co., Ltd.	8,485,098,641.80	91.89	Within 1 year, 1 to 2 years	Current payment
2	Zhengzhou Shangding Real Estate Co., Ltd.	34,839,961.77	0.38	Within 1 year, 1 to 3 years	Current payment
3	Zhengzhou Shangcheng Urban Construction Investment and Development Co., Ltd.	482,069,355.63	5.21	Within 1 year, 1 to 2 years	Current payment
4	Henan Watson Real Estate Co., Ltd.	26,000,000.00	0.28	4 to 5 years, more than 5 years	Current payment
5	Zhengzhou Guancheng District State-owned Capital Investment and Operation Holding Co., Ltd.	188,220,980.00	2.03	Within 1 year	Current payment
	Total	9,216,228,939.20	99.59		

(2) Long-term equity investments

(a) Long-term equity investment classification

Item	2023.12.31		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,499,622,939.71		4,499,622,939.71
Investment in joint ventures and associates	69,394,710.80		69,394,710.80
Total	4,569,017,650.51		4,569,017,650.51

(Continued)

Item	2022.12.31		
	Book balance	Provision for impairment	Book value
Investment in subsidiaries	4,191,632,806.79		4,191,632,806.79
Investment in joint ventures and associates	67,233,929.18		67,233,929.18
Total	4,258,866,735.97		4,258,866,735.97

(b) Details of investment in subsidiaries

Investee	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31	Provision for impairment	Closing balance of Provision for impairment
Zhengzhou Guancheng Construction and	3,199,374,772.56	18,697,800.00		3,218,072,572.56		



Investee	2022.12.31	Increase in the current period	Decrease in the current period	2023.12.31	Provision for impairment	Closing balance of Provision for impairment
Development Co., Ltd.						
Zhengzhou Jindai Construction Investment Co., Ltd.	612,154,888.07	30,240,304.15		642,395,192.22		
Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	270,743,146.16	24,366,924.31		295,110,070.47		
Zhengzhou Jiansong International Trade Co., Ltd.	102,000,000.00			102,000,000.00		
Zhengzhou Jiansong Hualou Agricultural Development Co., Ltd.	3,000,000.00			3,000,000.00		
Zhengzhou Jiansong Leasing Co., Ltd.		76,500,000.00		76,500,000.00		
Zhengzhou Jiansong Shangcheng Cultural Tourism Development Management Co., Ltd.	4,360,000.00	158,185,104.46		162,545,104.46		
Total	4,191,632,806.79	307,990,132.92		4,499,622,939.71		

(c) Details of investment in joint ventures and associates

Investee	2022.12.31	Changes in current period			
		Additional of investment	Reduction of investment	Investment gains and losses recognized under the equity method	Adjustment in other comprehensive income
Henan Zhengzhou Real Estate and City Integration Construction Development Co., Ltd.	67,233,929.18			2,160,781.62	
Total	67,233,929.18			2,160,781.62	

(Continued)

Investee	Changes in current period				2023.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Henan Zhengzhou Real Estate and City Integration					69,394,710.80	



Investor	Changes in current period				2023.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Construction Development Co., Ltd.						
Total					69,394,710.80	

(3) Operating revenue and cost of sales

Item	2023		2022	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	100,921,502.00	78,817,778.25	182,784,590.98	164,612,889.00
Construction income	22,926,143.25	22,926,143.25	164,612,889.00	164,612,889.00
Land development income	55,891,635.00	55,891,635.00		
Rental income	22,103,723.75		18,171,701.98	
2. Other business subtotals	5,870,824.28			
Interest income	5,868,849.06			
Other income	1,975.22			
Total	106,792,326.28	78,817,778.25	182,784,590.98	164,612,889.00



(There is no context on this page. It is the signature and seal page of notes to the financial statements for the year ended December 31, 2023 of Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.)

Legal representative:



Chief accountant:



Head of accounting department:



Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.





营业执照

(副本) (1-1)

统一社会信用代码
91410100MA485H2P23



名称	河南守正创新会计师事务所(特殊普通合伙)	出资额	伍佰万圆整
类型	特殊普通合伙企业	成立日期	2020年04月03日
执行事务合伙人	李强龙	主要经营场所	河南自贸试验区郑州片区(郑东)) 东风南路与金水东路交叉口绿地 新都会9号楼9层906
经营范围	审查企业会计报表;出具审计报告;验证企业资本; ;出具验资报告;办理企业合并 的审计业务;代理记账;会计咨询、税务咨询、管理 咨询。		



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2024 年 09 月 30 日



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市场主体应当于每年1月1日至6月30日通过
国家企业信用信息公示系统报送公示年度报告

国家市场监督管理总局监制



会计师事务所 执业证书

名称：河南守正创新会计师事务所（特殊普通合伙）
李强龙
首席合伙人：
李强龙
主任会计师：
经营场所：河南自贸试验区郑州片区（郑东）
东风南路与金水东路交叉处绿地新都会9号楼9层906



组织形式：特殊普通合伙
执业证书编号：41010191
批准执业文号：豫财会（2020）17号
批准执业日期：2020年11月3日



说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
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行政审批专用章

2024年 11月 1 日

中华人民共和国财政部制



2022年03月31日 星期四

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从事证券服务业务会计师事务所备案名单及基本信息

新增2022.03.01-2022.03.31

序号	会计师事务所名称	统一社会信用代码	执业证书编号	备案从事证券服务业务类型	备案公告日期
1	深圳信达会计师事务所(普通合伙)	91440300MA5G0RBT96	67470052	挂牌公司年报审计业务	2022-3-30
2	深圳联兴会计师事务所(普通合伙)	914403007722380080	67470138	45X公司年报审计业务	2022-3-30
3	深圳长江会计师事务所(普通合伙)	91440300779825622	67470150	挂牌公司年报审计业务	2022-3-30
4	中京国瑞(武汉)会计师事务所(普通合伙)	91420106MA4F41ET9T	41010191	挂牌公司年报审计业务	2022-3-30
5	河南守正国瑞会计师事务所(普通合伙)	91410106MA449H2E5	41010191	挂牌公司年报审计业务	2022-3-30
6	辽宁康泰会计师事务所(普通合伙)	91210103MA1191919	2101035	挂牌公司年报审计业务	2022-3-30

注:本表信息根据会计师事务所首次备案材料生成,行动机关仅对备案材料完备性进行形式审核,会计师事务所对相关信息的真实、准确、完整负责,为会计师事务所从事证券服务业务备案,不代表对其执业能力的认可。

附件下载:

从事证券服务业务会计师事务所备案名单及基本信息(新增2022.03.01-2022.03.31).xlsx

发布日期: 2022年03月30日



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罗聪 110100754974

罗聪

女

1989-03-22

正大(集团)会计师事务所(特
殊普通合伙)河南分所

410105188903220047

证书编号: 110100754974
No. of Certificate

批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2016 年 05 月 17 日
Date of Issuance

姓名: 罗聪
Full name

性别: 女
Sex

出生日期: 1989-03-22
Date of birth

工作单位: 正大(集团)会计师事务所(特
殊普通合伙)河南分所
Working unit

身份证号码: 410105188903220047
Identity card No.



注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

正大河南分所

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

2022 年 10 月 11 日

同意调入
Agree the holder to be transferred to

河南守正创新

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2022 年 10 月 11 日

注册会计师工作单位变更事项登记
Registration of the Change of Working Unit by a CPA

同意调出
Agree the holder to be transferred from

事务所
CPAs

转出协会盖章
Stamp of the transfer-out Institute of CPAs

2022 年 10 月 11 日

同意调入
Agree the holder to be transferred to

事务所
CPAs

转入协会盖章
Stamp of the transfer-in Institute of CPAs

2022 年 10 月 11 日





姓 名	孙爱华
Full name	女
性 别	女
Sex	1091-03-31
出 生 日 期	1091-03-31
Date of birth	河南守正创新会计师事务所 (普通合伙)
工 作 单 位	Working unit
身份证号	4101061199109316922
Family card No.	



年度检验登记
Annual Renewal Registration

本证书经检验合格，继续有效一年。
This certificate is valid for another year after
this renewal.

证书编号: 410101910005
No. of Certificate

批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2023 年 02 月 10 日
Date of Issuance



孙爱华 410101910005

年 月 日



**Zhengzhou Jianzhong Construction and
Development (Group) Co., Ltd.**

Auditor's Report

Righteous Innovation Shen Zi No.202500322

Henan Righteous Innovation Certified Public

Accountants

(Special General Partnership)

June 18, 2025

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Henan Righteous Innovation Certified Public Accountants (Special General Partnership)

Address: Room 906, Floor 9, Building 9, Greenland International Plaza, the intersection of South Dongfeng Road and East Jinshui Road, Zhengdong New District, Zhengzhou, Henan Province, China

Tel: 0371-65335617/0371-65335627

Auditor's Report

Righteous Innovation Shen Zi No.202500322

To Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd. ("the Company"), which comprise the consolidated and Company statements of financial position as of December 31, 2024, the consolidated and Company income statements for the years then ended, the consolidated and Company cash flow statements and the consolidated and Company statements of changes in shareholders' equity for the years then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company's financial position of the Company as of December 31, 2024, and their financial performance and cash flows for the years then ended, in accordance with the preparation basis described in Note 2 to the financial statements.

II. Basis for Opinion

We conducted our audit using China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company by the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"). We have fulfilled our other ethical responsibilities by the CICPA Code. The audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the preparation basis described in Note 2 to the financial statements, and for designing, implementing, and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those charged with governance oversee the Company's financial reporting process.

IV. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but only guarantees that an audit conducted by CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or taken together, they could reasonably be expected to influence the economic decisions of users based on these financial statements.

As part of an audit per CSAs, we exercise professional judgment and maintain professional skepticism throughout the Audit. We Also:

- (1) Identify and assess the risk of material misstatement in financial statements, whether due to fraud or error, design and perform audit procedures responsive to these risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our



opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of the internal controls relevant to the Audit to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of the accounting policy and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Suppose we conclude that a material uncertainty exists. In that case, our conclusions are based on the audit evidence obtained up to our auditor's report date. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including disclosure), structure, and content of financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the entities' financial information or business activities within the Company to express an opinion on the financial statements. We are responsible for the group audit's direction, supervision, and performance. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the Audit and significant audit findings, including any significant deficiencies in internal control that we identify during our Audit.



(There is no text on this page. It is the signature and seal page of the Company's audit report of Righteous Innovation Shen Zi No.202500322.)

Henan Righteous Innovation Certified Public Accountants
(Special General Partnership)



Zhengzhou, China

Chinese Certified Public
Accountant: Tan Yanyan



Chinese Certified Public
Accountant: Lu Lingling



June 18, 2025





Consolidated Statement of Financial Position

For the year ended 31 December 2024

Prepared by: Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.

Currency: CNY

Items	Notes V	Closing Balance	Opening Balance
Current assets:			
Cash at bank and on hand	1	1,053,532,544.63	1,090,995,990.49
ΔSettlement reserves			
ΔLoans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Trade receivables	2	966,726,956.82	955,621,090.67
Receivables financing			
Advances to suppliers	3	2,496,509,722.92	943,729,647.99
ΔPremium receivable			
ΔReinsurance accounts receivable			
ΔReinsurance reserves receivable			
Funds receivable for centralized management			
Other receivables	4	1,281,706,616.69	581,408,747.60
Including: Interest receivable			
ΔFinancial assets purchased under reverse repurchase agreements			
Inventories	5	18,602,031,827.91	16,040,399,533.41
Including: Raw materials			
Merchandise (finished goods)			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	6	230,347,189.94	76,671,170.31
Total current assets		24,630,854,858.91	19,688,826,180.47
Non-current assets:			
ΔLoans and advances			
Debt investments			
Other debt investments			
Long-term receivables	7	126,800,926.89	
Long-term equity investments	8	128,522,740.25	92,741,390.85
Other equity instrument investments	9	441,453,190.00	411,453,190.00
Other non-current financial assets			
Investment properties	10	2,151,888,378.22	1,301,431,700.00
Fixed assets	11	132,611,006.32	146,335,673.03
Construction in progress	12	1,491,653,973.81	1,385,116,420.83
Renew biological assets			
Oil and gas assets			
Right-of-use assets	13	112,390,597.80	121,536,810.64
Intangible assets	14	51,653,497.68	25,097,908.98
Development expenditures			
Goodwill			
Long-term prepaid expenses	15	33,753,018.48	3,265,749.92
Deferred tax assets	16	39,108,405.40	39,710,707.28
Other non-current assets	17	2,835,954,451.95	2,850,847,785.42
Including: Specifically reserved assets			
Total non-current assets		7,545,790,186.80	6,377,537,336.95
Total assets		32,176,645,045.71	26,066,363,517.42

Legal Representative:

Chief Accountant

Head of Accounting Department



Handwritten signature of the legal representative.

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Handwritten signature of the chief accountant.



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Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2024

Prepared by: Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.

Currency: CNY

Items	Notes V	Closing Balance	Opening Balance
Current liabilities:			
Short-term borrowings	18	1,889,470,557.36	1,138,350,000.00
ΔBorrowings from central bank			
ΔLoans from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable	19		25,600,000.00
Trade payables	20	386,256,343.08	462,298,883.75
Advances from customers	21	465,358.29	354,195.79
Contract liabilities	22	3,195,198,236.23	2,061,420,449.23
ΔFinancial assets sold under repurchase agreements			
ΔDeposits from customers and interbank deposits			
ΔFunds from securities trading brokerage business			
ΔFunds from securities underwriting business			
Employee benefits payable	23	2,521,006.92	2,539,111.78
Tax and surcharge payable	24	34,007,752.34	45,786,309.12
Including: Tax payable			
Other payables	25	4,439,024,379.81	2,929,848,233.17
Including: Interest payable		951,242.96	474,700.03
ΔFee and commissions payable			
ΔReinsurance accounts payable			
Liabilities held for sale			
Non-current liabilities due within one year	26	1,959,235,661.07	1,162,836,982.95
Other current liabilities	27	150,045,351.50	
Total current liabilities		12,047,314,736.32	8,828,634,065.80
Non-current liabilities:			
ΔInsurance contract reserves			
Long-term borrowings	28	5,861,831,998.90	4,070,215,996.00
Bonds payable			
Including: Preference shares			
Perpetual debt			
Lease liabilities	29	96,080,577.23	103,517,622.79
Long-term payables	30	2,932,919,250.55	2,801,057,961.48
Long-term employee benefits payable			
Pensions	31		40,035,933.78
Deferred income	16	136,070,477.76	131,731,000.08
Deferred tax liabilities	32	125,466,673.43	83,165,475.57
Other non-current liabilities			
Including: Specifically reserved funds			
Total non-current liabilities		9,152,368,974.95	7,229,743,989.70
Total liabilities		21,199,683,711.28	16,058,378,055.50
Owners' equity (or Shareholders' equity):			
Paid-in capital (or share capital)	33	1,387,846,000.00	1,387,846,000.00
State-owned capital			
Capital from state-owned entities		1,387,846,000.00	1,387,846,000.00
Collective capital			
Private capital			
Foreign invested capital			
WLOA: capital redemption			
Paid-in capital (or share capital), net		1,387,846,000.00	1,387,846,000.00
Other equity instruments			
Including: Preference shares			
Perpetual debt			
Capital reserve	34	9,695,981,076.98	8,685,296,590.38
Less: Treasury shares			
Other comprehensive income	35	134,383,110.01	131,075,769.81
Including: Foreign currency translation difference			
Special reserve			
Surplus reserve	36	22,266,569.06	22,266,569.06
Including: Statutory surplus reserve		22,266,569.06	22,266,569.06
Discretionary surplus reserve			
ΔGeneral reserve			
Unallocated profits	37	-376,802,540.53	-330,983,213.84
Total owners' equity (or shareholders' equity) attributable to the parent		10,861,874,215.52	9,895,391,715.41
*Non-controlling interests		113,087,118.91	112,483,746.51
Total owners' equity (or shareholders' equity)		10,974,961,334.43	10,007,875,461.92
Total liabilities and owners' equity (or shareholders' equity)		32,174,645,045.71	26,066,253,517.42

Legal Representative:

Chief Accountant:

Head of Accounting Department:



谷合



杨军



任红



Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

Prepared by: Zhongguo Jianhang Construction Development (Group) Co., Ltd.		Currency: CNY	
Item	Notes	Current Year	Prior Year
1. Total operating revenue	18	2,653,395,075.52	2,750,980,123.45
including: Operating revenue		2,653,395,075.52	2,750,980,123.45
- Income tax			
- Net profit			
2. Total operating profit	38	3,609,642,612.93	3,713,974,963.98
including: Operating profit		3,609,642,612.93	3,713,974,963.98
- Interest expense			
- Fee and commission expense			
- Service fee			
- Net claim paid			
- Net appropriation for insurance contracts reserve			
- Dividend expense for policyholders			
- Reinsurance expense			
- Taxes and surcharges	39	21,147,117.27	17,731,288.98
- Selling expense	40	19,115,519.84	2,519,738.00
- Administrative expense	41	101,382,176.78	90,039,942.73
- Research and development expense	42	4,579,127.74	3,135,818.53
- Financial expense	43	28,823,923.25	3,871,278.73
including: Interest expense		29,129,320.41	7,365,826.70
Interest income		4,305,397.21	1,937,778.84
Foreign exchange losses, net (gain expressed with "+")			
Other			
Add: Other income	44	1,322,398.32	9,177,471.84
Investment income (losses expressed with "-")	45	35,478,520.38	12,894.35
including: Investment income from associates and joint ventures			
Gains from derecognition of financial assets measured at amortised costs			
- Foreign exchange gains (losses expressed with "+/-")			
Gains on hedge of a net position (losses expressed with "+/-")			
Gains from changes in fair value (losses expressed with "+/-")	46	25,908,523.00	31,127,517.08
Credit impairment losses (losses expressed with "+/-")	47	-6,293,882.24	-5,451,838.62
Assets impairment losses (losses expressed with "+/-")			
Gains on disposal of assets (losses expressed with "+/-")	48	-62,131.95	3,614,824.94
3. Operating profit (loss expressed with "+/-")	49	100,286,724.32	1,138,123.96
Add: Non-operating income			
including: Government Grants	50	17,216,862.54	1,231,180.93
Less: Non-operating expenses		101,906,093.80	75,417,672.31
4. Total profit (loss expressed with "+/-")	51	41,558,783.47	20,788,695.29
Less: Income tax expense		60,347,310.33	54,623,977.03
5. Net profit (net loss expressed with "+/-")			
A. Attributable to			
Owners (Or Shareholders) of the Company		53,365,380.55	48,584,978.27
Non-controlling interests		6,781,929.98	6,038,998.78
B. Classified by continuing and discontinued operations			
Net profit from continuing operations		60,347,310.33	54,623,977.03
Net profit from discontinued operations			
6. Other comprehensive income, net of income tax		3,307,340.20	
Attributable to shareholders of the parent		3,307,340.20	
A. Items that will not be reclassified subsequently to profit or loss			
1. Remeasurement of defined benefit liability (asset)			
2. Other comprehensive income that cannot be reclassified to profit or loss under equity method			
3. Equity instrument designated at fair value through other comprehensive income - Changes in fair value			
4. Own credit risk - Changes in fair value			
5. Others			
B. Items that may be reclassified subsequently to profit or loss		3,307,340.20	
1. Other comprehensive income that can be reclassified to profit or loss under equity method			
2. Debt instrument measured at fair value through other comprehensive income - Changes in fair value			
3. Gains or losses on changes in fair value of available-for-sale financial assets			
4. Debt instrument measured at fair value through other comprehensive income - Credit loss allowance			
5. Cash flow hedge reserve (Effective portion of gains or losses on cash flow hedge)			
6. Translation differences of financial statements prepared in foreign currency			
7. Others		3,307,340.20	
*Attributable to non-controlling interests		62,654,650.53	54,623,977.03
7. Total comprehensive income		54,872,730.55	48,344,978.27
Attributable to owners (Or shareholders) of the Company		6,781,929.98	6,038,998.78
*Attributable to non-controlling interests			
8. Earnings per share			
Basic earnings per share			
Diluted earnings per share			

Top of Page 1/2

A. Self-Reported

Head of Accounting Department



任亚红



杨军



任亚红





Consolidated Statement of Cash Flows

For the year ended 31 December 2024

Currency: CNY

Prepared by: Zhongzhou Construction Development (Group) Co., Ltd.

Items	Notes V	Current Year	Prior Year
1. Cash flows from operating activities:		3,371,455,910.30	2,721,719,042.62
Cash received from sales of goods or rendering of services			
ΔNet increase in customer deposits and due to banks and other financial institutions			
ΔNet increase in borrowings from the Central Bank			
ΔNet increase in borrowings from other financial institutions			
ΔCash received for insurance premiums			
ΔNet cash received from reinsurance contracts			
ΔNet increase in deposits and investments from policyholders			
ΔNet increase in disposal of financial asset at fair value through profit or loss			
ΔCash received for interest, fee and commission			
ΔNet increase in borrowings from banks			
ΔNet cash increase under repurchase agreements			
ΔNet increase received from securities trading brokerage business			
Refunds of taxes and surcharges			
Cash received relating to other operating activities	52	2,183,354,655.13	3,649,812,589.74
Sub-total of cash inflows from operating activities		5,554,810,565.43	6,371,531,632.36
Cash paid for goods and services		5,809,172,440.81	6,936,539,110.07
ΔNet increase in loans and advances to customers			
ΔNet increase in deposit in the Central Bank and due from banks and other financial institutions			
ΔCash paid for claims in insurance contracts			
ΔNet increase in loans to banks and other financial institutions			
ΔCash paid for interest, fee and commission			
ΔCash paid for dividends for policyholders			
Cash paid to and on behalf of employees		77,937,394.47	51,690,905.42
Cash paid for taxes and surcharges		96,182,330.80	70,530,858.13
Cash paid relating to other operating activities	52	1,753,033,668.44	2,649,236,452.19
Sub-total of cash outflows from operating activities		7,736,325,834.52	9,707,997,325.83
Net cash flows from operating activities		-2,181,515,269.09	-3,336,465,693.47
2. Cash flows from investing activities:		300,000.00	
Cash received from disposal of investments		1,747,603.80	
Cash received from investment income			3,897,458.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		2,047,603.80	3,897,458.00
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		2,316,058,304.22	992,528,268.01
Cash paid for acquisition of investments		31,000,000.00	
ΔNet increase in mortgage loans			
Cash paid for obtaining subsidiaries and other business units			
Cash paid relating to other investing activities		2,347,058,304.22	992,528,268.01
Sub-total of cash outflows from investing activities		-2,345,010,698.42	-988,030,810.04
Net cash flows from investing activities			
3. Cash flows from financing activities:		1,030,000,000.00	1,712,994,000.00
Cash received from capital contributions			
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries			
Cash received from borrowings		4,806,865,230.45	4,089,150,000.00
Cash received relating to other financing activities	52	1,999,944,972.93	1,689,745,342.20
Sub-total of cash inflows from financing activities		7,836,810,203.38	7,491,894,342.20
Cash repayments of borrowings		2,068,346,683.13	1,090,269,000.00
Cash payments for distribution of dividends, profits, or for interest expenses		477,782,404.40	541,608,472.55
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders		3,227,314.62	2,124,086.02
Cash paid relating to other financing activities	52	1,106,621,553.23	1,284,571,456.83
Sub-total of cash outflows from financing activities		3,652,750,640.76	3,016,448,929.40
Net cash flows from financing activities		4,184,059,562.62	4,475,445,412.80
4. Effect of foreign exchange rate changes on cash and cash equivalents		-342,466,404.89	150,343,909.29
5. Net increase/(decrease) in cash and cash equivalents		1,065,850,035.97	915,506,126.68
Add: Opening balance of cash and cash equivalents		723,383,631.08	1,065,850,035.97
6. Closing balance of cash and cash equivalents			

Legal Representative

Chief Accountant

Total of Accounting Department



Signature of Legal Representative

Signature of Chief Accountant



Signature of Accounting Department



公司

會館

伍五六

楊嘉年

楊榮軍印

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Curriculum (NY)

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伍五(2)

红印亚

杨总军

杨荣军印

陈金祥

省 部 合 謀





Company Statement of Financial Position

For the year ended 31 December 2024

Prepared by: Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.

Currency: CNY

Item	Note XII	Closing balance	Opening Balance
CURRENT ASSETS:			
Cash and cash equivalents		338,007,052.01	24,566,118.69
△Settlement reserves			
△Loans to banks and other financial institutions			
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Financing receivables			
Prepayments		321,710,000.00	320,639,581.00
△Premium receivable			
△Reinsurance accounts receivable			
△Reinsurance reserves receivable	1		
Accounts receivable under centralized management			
Other receivables		11,443,551,229.67	9,273,450,632.97
Including: Dividends receivable		20,000,000.00	20,000,000.00
△Financial assets purchased under reverse repurchase agreements			
Inventories		117,481,314.23	117,481,314.23
Including: Raw materials			
Merchandise (finished goods)			
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets		6,094,099.72	
Total current assets		12,226,843,695.63	9,736,157,946.89
NON-CURRENT ASSETS:			
△Loans and advances			
Debt investment			
Other debt investments			
Long-term receivables		126,800,926.89	
Long-term equity investments	2	5,241,916,016.84	4,569,017,650.51
Other equity instruments investments			
Other non-current financial assets		31,000,000.00	1,800,000.00
Investment properties		840,509,600.00	832,421,700.00
Fixed assets		61,606,749.64	65,142,796.41
Including: Cost of fixed assets		73,359,693.57	73,233,112.21
Accumulated depreciation		11,752,943.93	8,090,315.80
Provision for impairment of Fixed assets			
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets		4,976,683.33	4,828,774.89
Development expenditures			
Goodwill			
Long-term prepaid expenses		468,513.67	650,208.58
Deferred tax assets		239,359.75	167,167.57
Other non-current assets		565,403,300.00	565,403,300.00
Including: Specifically reserved assets			
Total non-current assets		6,872,921,158.12	6,038,631,597.96
Total Assets		19,099,764,845.75	15,774,789,544.85

Legal Representative:



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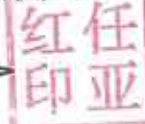
Chief Accountant:

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Head of Accounting Department:





Company Statement of Financial Position (continued)

For the year ended 31 December 2024

Currents: CNY

Prepared by: Zhengzhou Jiazhong Construction Development (Group) Co., Ltd.

Item	Note XII	Closing balance	Opening balance
CURRENT LIABILITIES			
Short-term borrowings		464,800,000.00	415,550,000.00
Advances from banks and other financial institutions			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		373,000,000.00	
Accounts payable		70,342,936.68	26,000,641.31
Receivables in advance			
Contract liabilities		381,103,109.48	92,988,615.31
Financial assets held under repurchase agreements			
Deposits from customers and interbank deposits			
Funds from securities trading brokerage business			
Funds from securities underwriting business			
Payroll and employee benefits payable			
Including: Salary payable			
Welfare expense payable			
Including: Bonus and welfare fund			
Taxes payable		2,344,803.76	6,530,049.40
Including: Tax payable			
Other payables		4,433,064,041.75	3,732,424,132.05
Including: Dividends payable			
Fees and commissions payable			
Reimbursement receivables payable			
Liabilities classified as held for sale			
Current portion of non-current liabilities		947,134,223.31	336,746,666.66
Other current liabilities		130,000,000.00	
Total Current Liabilities		6,842,679,135.18	4,838,348,322.95
NON-CURRENT LIABILITIES			
Long-term contract reserves			
Long-term borrowings		1,134,580,000.00	870,080,000.00
Bonds payable			
Including: Preference share			
Perpetual debt			
Lease liabilities			
Long-term payables		458,823,544.84	420,099,999.98
Long-term payroll and employee benefits payable			
Provisions			28,035,933.78
Deferred income			
Deferred tax liabilities		23,716,813.48	31,884,838.48
Other non-current liabilities		35,207,379.83	8,381,395.36
Including: Specifically reserved funds			
Total non-current liabilities		1,692,296,928.17	1,349,471,567.62
Total liabilities		8,534,976,063.35	6,179,719,893.57
SHAREHOLDERS' EQUITY			
Paid-in capital		1,387,846,000.00	1,387,846,000.00
State-owned capital			
Capital from state-owned entities		1,387,846,000.00	1,387,846,000.00
Collective capital			
Private capital			
Foreign invested capital			
Less: capital reduction			
Paid-in capital for share capital not		1,387,846,000.00	1,387,846,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual debt			
Capital reserve		9,801,746,400.81	8,771,740,108.81
Less: Treasury shares			
Other comprehensive income		26,543,735.42	26,543,735.42
Including: Foreign currency translation difference			
Special reserve			
Surplus reserve			
Including: Statutory surplus reserve			
Discretionary surplus reserve			
Reserve fund			
Enterprise development fund			
Profit returned for investment			
General reserve			
Undistributed profits		-551,343,343.81	-591,082,084.95
Total shareholders' equity		18,564,786,792.49	9,593,947,651.28
Total liabilities and shareholders' equity		19,899,762,855.75	15,773,767,544.85

Total Representative

Total Representative

Head of Accounting Department



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Company Income Statement

For the year ended 31 December 2024

Currency: CNY

Prepared by: Zhongzhou Jiantong Construction Development (Group) Co., Ltd.

Item	Note XII	Current Year	Prior Year
1. Total revenue	3	244,216,328.18	106,793,328.18
Including: Operating revenue		244,216,328.18	106,793,328.18
Adjusted income			
Adjusted revenue			
Adjusted cost			
Adjusted profit			
2. Cost of sales	3	242,595,628.79	106,817,457.49
Including: Operating costs		207,816,663.56	78,817,738.23
Adjusted expenses			
Adjusted and commission expenses			
Adjusted value			
Adjusted claim paid			
Adjusted appropriation for insurance contracts reserves			
Adjusted expenses for policyholders			
Adjusted reinsurance expenditures			
Taxes and surcharges		5,939,793.70	4,032,639.51
Selling expenses			
General and administrative Expenses		20,437,336.25	22,983,817.92
Research and development (R&D) Expenses			
Financial Expenses		8,401,843.19	381,231.73
Including: Interest income			
Interest income		1,208,644.96	368,899.01
Others			
Add: Other income		347,296.20	39,366.36
Investment income(loss)		36,301,196.63	106,313,129.63
Including: Share of profits or loss of associates and joint ventures			
Gain from derecognition of financial assets measured at amortized cost			
Foreign exchange gains			
Net exposure holding gains/ (losses)			
Gain/(loss) on the changes in fair value		8,087,900.00	33,913,300.00
Credit impairment losses		-288,706.33	-668,543.29
Asset impairment losses			
Gain/(loss) from disposal of assets			
3. Operating profit		44,068,387.87	139,371,115.50
Add: Non-operating income		81,515.02	
Including: Government Grants			
Less: Non-operating Expenses			
4. Profit/(loss) before tax		42,174,196.71	139,371,115.50
Less: Income tax expense		2,570,071.32	8,316,938.68
5. Net profit/(loss)		39,604,119.39	131,060,176.82
(i) Net profit from continuing operations		39,604,119.39	131,060,176.82
(ii) Net profit from discontinuing operations			
6. Other comprehensive income, net of tax			
(i) Other comprehensive income that will not be reclassified to profit or loss			
a. Remeasurement gain or losses of a defined benefit plan			
b. Other comprehensive income using the equity method that will not be reclassified to profit or loss			
c. Changes in fair value of other equity instrument investments			
d. Changes in fair value of enterprise's own credit risk			
e. Others			
(ii) Other comprehensive income to be reclassified to profit or loss			
a. Other comprehensive income that can be reclassified to profit or loss in equity method			
b. Changes in fair value of other debt investments			
8a. Gains or losses on changes in fair value of available-for-sale financial assets			
d. Other comprehensive income from reclassification of financial assets			
8b. Gain or losses on reclassification of held-to-maturity investments to available-for-sale financial assets			
f. Provision for credit impairment of other debt investments			
g. Cash flow hedge reserve (Effective portion of gain or losses on cash flow hedge)			
h. Translation differences of financial statements prepared in foreign currencies			
i. Others			
7. Total comprehensive income		39,604,119.39	131,060,176.82
8. Total comprehensive income			
Basic earnings per share			
Diluted earnings per share			

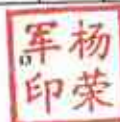
Prepared by:

Chief Accountant

Head of Accounting Supervisor



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 Consolidated Statement of Cash Flows For the year ended 31 December 2024 Prepared by: Zhongtong Construction Development Group Co., Ltd. Currency: CNY			
Item	2024	2023	2022
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		186,664,933.08	154,129,566.11
ΔNet increase in customer deposits and due to banks and other financial institutions			
ΔNet increase in borrowings from the Central Bank			
ΔNet increase in borrowings from other financial institutions			
ΔCash received for insurance premiums			
ΔNet cash received from insurance contracts			
ΔNet increase in deposits and investments from policyholders			
ΔNet increase in disposal of financial assets at fair value through profit or loss			
ΔCash received for interest, fee and commission			
ΔNet increase in borrowings from banks			
ΔNet cash increase under repurchase agreements			
ΔNet increase from other non-current trading liabilities			
Tax refunds received			
Cash received relating to other operating activities		10,223,796,322.19	10,339,462,245.33
Sub-total of cash inflows from operating activities		196,888,730,255.28	164,469,027,811.44
Cash paid for purchase of goods and services		22,416,603.22	17,644,294.88
ΔNet increase in loans and advances to customers			
ΔNet increase in deposit in the Central Bank and due from banks and other financial institutions			
ΔCash paid for claims in insurance contracts			
ΔNet increase in loans to banks and other financial institutions			
ΔCash paid for interest, fee and commission			
ΔCash paid for dividends for policyholders			
Cash paid to and on behalf of employees		11,918,097.42	15,280,664.51
Cash paid for taxes		9,762,899.06	8,788,235.32
Cash paid relating to other operating activities		(1,215,426,329.13)	(1,393,894,658.82)
Sub-total of cash outflows from operating activities		(12,416,332,111.44)	(1,418,019,618.49)
Net cash flows from operating activities		184,472,398,143.84	162,950,408,192.95
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash received from disposal of investments			
Cash received from investment income		3,311,112.90	105,952,344.61
Net proceeds from disposal of property, plant and equipment, intangible assets and other long-term assets			
Cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		3,311,112.90	105,952,344.61
Purchase of property, plant and equipment, intangible assets and other long-term assets		(4,512,611)	
Cash paid for acquisition of investments		91,888,132.09	294,585,838.46
ΔNet increase in strategic loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		96,380,019.19	399,538,183.07
Net cash flows from investing activities		(93,068,906.29)	(293,585,838.46)
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash received from investment		1,034,880,000.00	1,312,891,000.00
Proceeds from borrowings			
Cash receipts relating to other financing activities		1,741,000,000.00	154,310,000.00
Sub-total of cash inflows from financing activities		2,775,880,000.00	1,467,201,000.00
Repayments to debt		1,474,000,000.00	1,487,391,000.00
Cash payments for distribution of dividends or profits and interest expenses		1,813,890,000.00	177,240,000.00
Cash payments for distribution of dividends, profits, or for interest expenses		106,407,434.51	92,933,881.02
Cash payments relating to other financing activities		(24,259,802.01)	218,233,333.33
Sub-total of cash outflows from financing activities		3,418,557,236.52	1,976,804,214.35
Net cash flows from financing activities		(1,642,677,236.52)	(509,603,214.35)
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
5. NET INCREASE IN CASH AND CASH EQUIVALENTS			
ΔNet Cash and cash equivalents at beginning of year		2,438,103.09	493,336,041.24
6. CASH AND CASH EQUIVALENTS AT END OF YEAR			

1 of 2 Supplement Sheet

Chief Accountant

Head of Accounting Department



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Company Statement of Changes in Shareholders' Equity

Prepared by Zhongsheng Huaiyin Securities (Group) Co., Ltd.

Unit: CNY

Item	2014						Total shareholders' equity
	Share capital	Preference share	Proprietary debt	Other Equity Instruments	Capital reserves	Less: Treasury shares	
I. Balance at the end of previous year	1,317,846,000.00				8,771,746,400.81		9,295,600,451.28
Changes in accounting policies							
Correction of prior period errors							
Others							
II. Balance at the beginning of the year	1,317,846,000.00				8,771,746,400.81		9,295,600,451.28
III. Increase/(decrease) during the period					1,810,000,000.00		999,719,143.12
(A) Total comprehensive income							999,719,143.12
(B) Shareholders' contributions and reduction							
1. Shareholders' contributions in ordinary share					1,000,000,000.00		99,894,119.29
2. Other equity instruments contribution					1,000,000,000.00		1,010,000,000.00
3. Amount of share based payments recognized in equity							
4. Others							
(C) Special reserve							
1. Appropriation to special reserve							
2. Use of special reserve							
(D) Profit distribution							
1. Appropriation to surplus reserve							
Including: Statutory surplus reserve							
Discretionary surplus reserve							
2. Reserve fund							
3. Enterprise development fund							
4. Profit retained for investment							
ΔΔ: Appropriation to general risk reserve							
5. Distribution to shareholders							
4. Others							
(E) Transfer within equity							
1. Capital reserves converted to share capital							
2. Surplus reserves converted to share capital							
3. Loss made up by surplus reserve							
4. Transfer of changes in defined benefit plans to retained earnings							
5. Transfer of other comprehensive income to retained earnings							
6. Others							
IV. Balance at the end of the period	1,317,846,000.00				9,881,746,400.81		18,364,796,792.40

Total of Accounting Department

Chief Accountant

Legal Representative

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Company Statement of Changes in Shareholders' Equity(Continued)

Prepared by: Shanghai Hongfeng Consulting Development (Group) Co., Ltd.

Currency: CNY

Item	2023					Capital Reserve	Surplus Reserve	Special Reserve	Unallocated profits	Total shareholders' equity
	Share capital	Preference share	Proposed share	Others	Capital Reserve					
I. Balance at the end of previous year	1,307,846,000.00				1,028,746,400.81				-432,000,122.82	8,079,137,412.61
Changes in accounting policies										
Correction of prior period errors										
Others										
II. Balance at the beginning of the year	1,307,846,000.00				1,028,746,400.81				-432,000,122.82	8,079,137,412.61
III. Increase(decrease) during the period					1,712,994,000.00				-132,081,702.33	1,555,912,297.67
(A) Total comprehensive income									131,860,138.82	131,860,138.82
(B) Shareholders' contributions and reduction										
1. Shareholders' contributions in ordinary share										
2. Other equity instrument transfers										
3. Amount of share-based payments recognized in equity										
4. Others										
(C) Special reserve										
1. Appropriation to special reserve										
2. Use of special reserve										
(D) Profit distribution										
1. Appropriation to surplus reserve										
Including: Primary surplus reserve										
Discretionary surplus reserve										
2. Dividend										
3. Dividend										
4. Dividend										
(E) Transfer within equity										
1. Capital reserve transferred to share capital										
2. Surplus reserve transferred to share capital										
3. Loss made up by surplus reserve										
4. Transfer of changes in defined benefit plans to retained earnings										
5. Transfer of other comprehensive income to retained earnings										
6. Others										
IV. Balance at the end of the period	1,307,846,000.00				1,712,994,000.81				-554,002,484.33	9,295,049,051.28

Head of Accounting Department

Chief Accountant

Legal Representative

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Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd.

Notes to the Financial Statements

For the year ended December 31, 2024

(All amounts in Chinese currency, Renminbi (RMB) yuan unless otherwise stated.)

I. Basic Information of the Enterprise

(1) The History

Zhengzhou Jianzhong Construction and Development (Group) Co., Ltd., formerly known as Zhengzhou Jianzhong Construction and Development Co., Ltd. (hereinafter referred to as "the Company"), was established through the joint investment of the Management Committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, the Management Committee of Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, and Zhengzhou Guancheng Construction Comprehensive Development Corporation. On November 23, 2011, the Company obtained the "Enterprise Name Pre-Approval Notice" (Zhengzhou Industrial and Commercial Administration) Registration Name Pre-Approval No. [2011] 342 issued by the Zhengzhou Administration for Industry and Commerce. On December 28, 2011, the Company was approved to be established by the Market Supervision Administration of Guancheng District, Zhengzhou City, with a registered capital of RMB 500 million, which was fully paid up by shareholders in two installments before December 26, 2013. The first installment of RMB 100 million was contributed by shareholders in currency on December 27, 2011. This contribution was verified by Henan Xinhua Certified Public Accountants (General Partnership) and a capital verification report was issued on



December 27, 2011, with the verification number of YXHYZ (2011) No. 545. The equity structure is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	30.00
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	3,000.00	30.00
Zhengzhou Guancheng Construction Comprehensive Development Corporation	20,000.00	4,000.00	40.00
Total	50,000.00	10,000.00	100.00

The second phase of capital contribution of RMB 280 million was made by the shareholders, Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee and Zhengzhou Guancheng Construction Comprehensive Development Corporation, in cash on June 26, 2012. This capital contribution was verified by Henan Jiechuang Certified Public Accountants (General Partnership) and a capital verification report (YJYZ (2012) No. 009) was issued on June 28, 2012, to verify the contribution. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	7.89
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	39.47
Zhengzhou Guancheng Construction Comprehensive Development Corporation	20,000.00	20,000.00	52.63
Total	50,000.00	38,000.00	100.00

According to the resolution of the shareholders' meeting on July 31, 2012, and the amendments to the articles



of association, the registered capital of the company was changed from 500 million yuan to 1 billion yuan. The management committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, subscribed RMB 150 million, Zhengzhou Guancheng Construction Comprehensive Development Corporation subscribed 300 million yuan, the management committee of Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, subscribed RMB 150 million, and the State-owned Assets Administration Bureau of Guancheng Hui District, Zhengzhou City, subscribed 400 million yuan. The shareholders were required to fully pay up before December 26, 2013.

The third phase of capital contribution of RMB 100 million was made by the shareholder Zhengzhou Guancheng Hui National Assets Management Bureau in currency on July 30, 2012. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership), and a capital verification report numbered YJY Zi (2012) No. 35 was issued on August 1, 2012, to verify it. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	6.25
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	31.25
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	20,000.00	41.67
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	10,000.00	20.83
Total	100,000.00	48,000.00	100.00

The fourth phase of capital contribution of RMB 400 million was made by shareholders Zhengzhou Guancheng Hui National Assets Management Bureau and Zhengzhou Guancheng Construction Comprehensive Development Corporation on August 13, 2012, through debt-to-equity conversion. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership) and a capital verification report numbered YJY Zi (2012) No. 37 was issued on August 15, 2012. The equity structure after the change is as follows:



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	3,000.00	3.41
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	17.05
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	34.09
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	45.45
Total	100,000.00	88,000.00	100.00

The Company's fifth capital contribution of RMB 120 million was made in cash by the Management Committee of Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, on September 6, 2012. This capital contribution was verified by Henan Jin Yi United Certified Public Accountants (General Partnership), and a capital verification report (YJY Zi (2012) No. 41) was issued on September 7, 2012, to confirm the verification. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	15.00
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,000.00	15,000.00	15.00
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	30.00
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	40.00



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Total	100,000.00	100,000.00	100.00

According to the resolution of the shareholders' meeting and the amendment to the articles of association on April 14, 2015, the registered capital of the Company was changed from RMB 1 billion to RMB 1.005 billion. The management committee of the Shangdu Logistics Park in Guancheng Hui District, Zhengzhou City, contributed RMB 150 million, the Zhengzhou Guancheng Construction Comprehensive Development Corporation contributed RMB 300 million, the management committee of the Jindai Industrial Park in Guancheng Hui District, Zhengzhou City, contributed RMB 155 million, and the State-owned Assets Administration Bureau of Guancheng Hui District, Zhengzhou City, contributed RMB 400 million.

The Company's sixth capital contribution of RMB 5 million was made in currency by the Management Committee of Zhengzhou Jindai Industrial Cluster Area, a shareholder, on April 15, 2015. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.93
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	15,500.00	15,500.00	15.42
Zhengzhou Guancheng Construction Comprehensive Development Corporation	30,000.00	30,000.00	29.85
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	39.80
Total	100,500.00	100,500.00	100.00

According to the resolution of the shareholders' meeting on January 12, 2016, the registered capital of the Company was changed from RMB 100.5 million to RMB 103,7846 million. The capital increase was contributed by the shareholder Zhengzhou Guancheng Construction Comprehensive Development Corporation in the form of currency, amounting to RMB 23.1943 million, and by the shareholder Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee in the form of currency, amounting



to RMB 9.6517 million.

The Company's seventh phase of initial capital contribution of RMB 9.6517 million was made by the shareholder, Zhengzhou Guancheng Hui District Jindai Industrial Park Management Committee, in cash on December 16, 2015. This capital contribution was verified by Henan Shengyuan United Certified Public Accountants and a capital verification report was issued on January 5, 2016, under the number YSYYZ (2016) No. 01-001. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.78
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	16.23
Zhengzhou Guancheng Construction Comprehensive Development Corporation	32,319.43	30,000.00	29.57
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	39.42
Total	103,784.60	101,465.17	100.00

The second contribution of RMB 23.1943 million for the seventh phase of the Company was made in cash by Zhengzhou Guancheng Construction Comprehensive Development Corporation, a shareholder, on December 30, 2015. This contribution was verified by Henan Zhongxing Xinhe Certified Public Accountants Co., Ltd., and a capital verification report (Yuxinghe KY Zi (2016) No. 002) was issued on May 9, 2016, to confirm the verification. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	14.45



Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	15.86
Zhengzhou Guancheng Construction Comprehensive Development Corporation	32,319.43	32,319.43	31.14
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	40,000.00	40,000.00	38.54
Total	103,784.60	103,784.60	100.00

According to the resolution of the shareholders' meeting on August 28, 2017, the registered capital of the company was changed from RMB 1.037846 billion to RMB 1.387846 billion. The capital increase was contributed by shareholder Zhengzhou Guancheng Construction Comprehensive Development Corporation with a monetary contribution of 50 million yuan, and by shareholder Zhengzhou Guancheng Hui District State-owned Assets Administration Bureau with a monetary contribution of RMB 300 million. The above capital increase was verified by Henan Xinhua Certified Public Accountants (General Partnership) on August 23, 2017, and a capital verification report numbered YXHYZ (2017) No. 11 was issued to verify it. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Management Committee of Shangdu Logistics Park, Guancheng Hui Ethnic Group District, Zhengzhou City	15,000.00	15,000.00	10.81
Management Committee of Jindai Industrial Park, Guancheng Hui District, Zhengzhou City	16,465.17	16,465.17	11.86
Zhengzhou Guancheng Construction Comprehensive Development Corporation	37,319.43	37,319.43	26.89
State-owned Assets Administration Bureau of Guancheng Hui Ethnic District, Zhengzhou City	70,000.00	70,000.00	50.44
Total	138,784.60	138,784.60	100.00



On December 12, 2020, in accordance with the "Approval of the People's Government of Guancheng Hui Ethnic District, Zhengzhou City on the Plan for Market-oriented Reform, Equity Transfer, and Asset Injection of State-owned Enterprises in Guancheng Hui Ethnic District, Zhengzhou City" (GZ [2020] No. 49) issued by the People's Government of Guancheng Hui Ethnic District, Zhengzhou City, the shareholder of our company was changed to the Finance Bureau of Guancheng Hui Ethnic District, Zhengzhou City, and the relevant business registration changes were processed. The equity structure after the change is as follows:

Shareholder Name	Subscribed capital contribution (in 10,000 yuan)	Paid-in capital contribution (in 10,000 yuan)	Proportion of paid-in capital contribution (%)
Finance Bureau of Guancheng Hui Ethnic Group District, Zhengzhou City	138,784.60	138,784.60	100.00

(II) Business registration address, headquarters location, and organizational form

Company Registration Address and Headquarters Address: No. 127 Zi Dong Road, Guancheng District, Zhengzhou City

Company Organization Form: Limited Liability Company (State-owned Enterprise)

Unified Social Credit Code: 914101005885809656

Company Legal Representative: Gu Hequn

(III) Business Scope

Operating Permits: Real estate development and operation; various engineering construction activities; construction of intelligent building systems; tourism business; operation of sports facilities; (The following projects shall be subject to approval by relevant departments: Real estate development and operation; various engineering construction activities; construction of intelligent building systems; tourism business; operation of sports facilities; After obtaining relevant department approval, the company may engage in business operations; the specific business scope shall be subject to the approval documents or permits of relevant departments.) General Business: Investment activities with self-owned funds; asset management services for investment activities with self-owned funds; land reclamation services; land investigation and appraisal services; engineering management services; construction of sports facilities; landscape and garden engineering construction; management of urban parks; management of urban greening; property management; management of industrial parks; management of scenic spots; organization of cultural and artistic exchanges; management services for cultural venues; conference and exhibition services; parking lot



services; car rental; leasing of non-residential real estate; leasing of land use rights (Except for the projects subject to approval, the company may engage in lawful business operations independently upon the issuance of its business license.)

(IV) Name of Parent Company and Headquarters

The ultimate actual controller of this company is Zhengzhou Guancheng Hui Autonomous District Finance Bureau.

II. Basis of preparation of the financial statements

(I) Basis for Preparation of Financial Statements

Based on the going concern assumption, the Company prepares its financial statements based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance and relevant regulations, as well as the accounting policies and estimates described in Note III "Significant Accounting Policies and Accounting Estimates". The Company's merchandise trading business is presented using the gross method.

(II) Continuing Operations

The Company can continue operations for at least 12 months from the end of the reporting period without any material events that would impact its ability to continue operations.

III. Significant Accounting Policies and Accounting Estimates

(1) Statement of Compliance with Enterprise Accounting Standards

This financial statement, based on the preparation basis described in Note II, accurately and comprehensively reflects the financial position, operating results, changes in shareholders' equity, cash flows, and other relevant information of the enterprise.

(2) Accounting period

The company adopts the Gregorian calendar as its accounting period, meaning that each fiscal year begins on January 1 and ends on December 31.



(3) Operating Cycle

The normal operating cycle of the Company refers to the period from the date of purchase of assets used for processing until the realization of cash or cash equivalents. The Company considers a period of 12 months as an operating cycle and uses it as a standard for the liquidity classification of assets and liabilities.

(4) Functional currency

Our company uses Renminbi as its functional currency.

All amounts in Chinese currency, Renminbi (RMB) yuan unless otherwise stated.

(5) Accounting basis and valuation principle

Our company generally adopts historical costs when measuring accounting elements. If the amount of the determined accounting element can be obtained and measured reliably, it will be measured using replacement cost, net realizable value, present value, or fair value.

Except for items specifically stated to be measured using replacement cost, net realizable value, present value, or fair value, all items in our company's current period's financial statements are measured using historical cost.

(6) Method for determining materiality criteria and basis for selection.

Item	Materiality criteria
Receivables with significant individual provisions for bad debt reserves	The amount is greater than or equal to ten million yuan

(7) Accounting treatment methods for business combinations under and not under the same control

1. Business combination refers to a transaction or event in which two or more separate enterprises are merged to form a single reporting entity.

Our Company's corporate mergers are categorized as mergers under the same control and not under the same control. Mergers under the same control refer to those in which the participating enterprises are ultimately controlled by the same party or parties before and after the merger, and such control is not temporary.



Mergers not under the same control refer to those in which the participating parties are not ultimately controlled by the same party or parties before and after the merger.

2. For business combinations under the same control, the assets and liabilities acquired by the acquirer in the business combination are measured at the carrying value of the acquirer on the combination date. The difference between the carrying value of the net assets acquired by the acquirer and the carrying value of the consideration paid for the combination (or the total par value of the issued shares) is adjusted to capital reserves; if the capital reserves are insufficient to offset, the retained earnings are adjusted.

The acquirer's direct expenses incurred for the corporate merger, including audit fees, evaluation fees, legal service fees, etc., are recognized in the current profit and loss when they are incurred. The fees, commissions, etc., paid for issuing bonds or assuming other liabilities for the corporate merger are included in the initial measurement amount of the issued bonds and other liabilities. The fees, commissions, etc., incurred for issuing equity securities in the corporate merger are offset against the premium income of the equity securities. If the premium income is insufficient to compensate, it is offset against retained earnings.

When a business merger forms a parent-subsidary relationship, the parent company prepares the consolidated balance sheet, income statement, and cash flow statement on the merger date. The assets and liabilities of the merged party in the consolidated balance sheet are measured in their book value. The consolidated income statement includes the income, expenses, and profits incurred by all parties involved in the merger from the beginning of the current period to the merger date. The net profit realized by the merged party before the merger is reflected in a separate item in the consolidated income statement. The consolidated cash flow statement should include the cash flows of all parties involved in the merger from the beginning of the current period to the merger date.

Suppose the ultimate controlling party acquires the acquired party from a third party in previous years. In that case, it is deemed that the reporting entity formed after the merger has been continuously integrated since the ultimate controlling party began exercising control. The relevant accounting treatment is based on the carrying value of the assets and liabilities (including the goodwill formed by the ultimate controlling party's acquisition of the acquired party) in the ultimate controlling party's financial statements. The period for retrospective adjustment of comparative data in the acquirer's financial statements is not earlier than the later when both parties are under the control of the ultimate controlling party.

3. For business combinations not under the same control, the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the acquirer on the acquisition date to obtain control over the acquiree shall be recognized as the combination cost.



In business combinations not under common control, the intermediary fees incurred by the acquirer for audit, legal services, evaluation consulting, and other related management expenses shall be recognized in the current profit and loss when they are incurred. The transaction costs of equity securities or debt securities issued by the acquirer as merger consideration shall be included in the initial recognition amount of the equity or debt securities.

On the acquisition date, the acquirer measures the assets paid and liabilities incurred or assumed as consideration for the business combination at fair value, and the difference between the fair value and its carrying amount is recognized in current profit or loss.

The acquirer recognizes the difference between the merger cost and the fair value of the identifiable net assets obtained from the acquiree in the merger as goodwill. When the merger cost is less than the fair value of the identifiable net assets obtained from the acquiree in the merger, the acquirer should review the measurement of the fair value of the identifiable assets, liabilities, and contingent liabilities obtained from the acquiree, as well as the merger cost. Suppose the merger cost is still less than the fair value of the identifiable net assets obtained from the acquiree in the merger after review. In that case, the difference should be recognized in current profits and losses.

When a business merger results in a parent-subsidiary relationship, the parent company prepares a consolidated balance sheet on the acquisition date, and the identifiable assets, liabilities, and contingent liabilities acquired from the acquiree due to the business merger are presented at fair value.

(8) Criteria for determining control and methods for preparing consolidated financial statements.

1. Criteria for judging control

The scope of consolidation for the consolidated financial statements is determined on a control basis. Control refers to the Company's possession of power over the investee, enjoyment of variable returns through participation in the relevant activities of the investee, and the ability to use its power over the investee to influence the amount of such returns. The consolidation scope includes the Company and all its subsidiaries. Subsidiaries refer to entities controlled by the Company (including enterprises, divisible parts of the investee, and structured entities controlled by the Company).

The Company decides whether to control the investee by comprehensively considering all relevant facts and circumstances. Once changes in relevant facts and circumstances lead to changes in the relevant elements involved in the above definition of control, the company will reassess.

2. Method for preparing consolidated financial statements



From obtaining actual control over a subsidiary's net assets and production and operation decisions, the Company begins to include it in the consolidation scope; from the date of losing actual control, it ceases to be included in the consolidation scope. For subsidiaries disposed of, the operating results and cash flows before the disposal date have been appropriately included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the opening balance of the consolidated balance sheet is not adjusted. For subsidiaries added through business combinations, not under common control, their operating results and cash flows after the acquisition date have been appropriately included in the consolidated income statement and cash flow statement, and the opening balance and comparative figures of the consolidated financial statements are not adjusted. For subsidiaries added through business combinations under common control and the merged party in a merger, their operating results and cash flows from the beginning of the current consolidation period to the consolidation date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted accordingly.

When preparing consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the parent company are inconsistent, necessary adjustments shall be made to the subsidiary's financial statements by the parent company's accounting policies and accounting periods. For subsidiaries acquired through business combinations, not under the same control, their financial statements shall be adjusted based on the fair value of the identifiable net assets on the acquisition date.

All significant intercompany balances, transactions, and unrealized profits within the company are offset during the preparation of the consolidated financial statements.

The shareholder equity and current net profit or loss of the subsidiary that the Company does not own are separately presented as minority shareholder equity and minority shareholder profit or loss under the shareholder equity and net profit items in the consolidated financial statements. The share of minority shareholder equity in the subsidiary's current net profit or loss is presented as "minority shareholder profit or loss" under the net profit item in the consolidated income statement. If the losses borne by non-controlling shareholders in the subsidiary exceed the non-controlling shareholders' share of the beginning shareholder equity in the subsidiary, the minority shareholder equity is still offset.

When control over an existing subsidiary is lost due to the disposal of a portion of an equity investment or other reasons, the remaining equity is remeasured at its fair value on the date of losing control. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining equity minus the share of net assets that should be enjoyed based on the original shareholding ratio calculated continuously from the acquisition date of the original subsidiary is recognized in the current investment income when control is lost. Other comprehensive incomes related to the equity investment in the original subsidiary are accounted for on the same basis as the direct disposal of related assets or liabilities by the



acquiree at the time of losing control (i.e., except for changes resulting from the remeasurement and redefinition of net liabilities or net assets in the original subsidiary's defined benefit plan, the rest are transferred to current investment income). Subsequently, relevant regulations such as "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments" or "Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments" subsequently measure this portion of remaining equity. For details, see Note III (16), "Long-term Equity Investments," or Note III (12), "Financial Instruments."

Suppose the Company disposes of its equity investment in a subsidiary through multiple transactions until it loses control. In that case, it is necessary to distinguish whether each transaction related to the disposal of the equity investment in the subsidiary until the loss of control is a package deal. Suppose the terms, conditions, and economic impacts of each transaction related to the disposal of the equity investment in the subsidiary meet one or more of the following conditions. In that case, it usually indicates that multiple transactions should be treated as a package deal for accounting purposes: ① These transactions are concluded simultaneously or taking into account their mutual impact; ② These transactions can only achieve a complete business outcome as a whole; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A transaction is uneconomical when viewed alone, but is economical when considered together with other transactions. For transactions that are not package deals, each transaction should be accounted for separately according to the applicable principles of "partial disposal of long-term equity investment in a subsidiary without losing control" (see Note III, (16)) and "losing control over the original subsidiary due to disposal of partial equity investment or other reasons" (see the preceding paragraph). If each transaction related to the disposal of the equity investment in a subsidiary until the loss of control is a package deal, the transactions should be accounted for as a single transaction involving the disposal of the subsidiary and the loss of control; however, the difference between each disposal price and the share of net assets of the subsidiary corresponding to the disposal investment before the loss of control should be recognized as other comprehensive income in the consolidated financial statements and transferred to the current profit and loss when the control is lost.

(9) Preparation method of consolidated financial statements

1. Principles for determining the scope of consolidation

The scope of consolidation in consolidated financial statements is determined based on control. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

The parent company includes all subsidiaries it controls in the scope of the consolidated financial statements. At the same time, although the parent company owns half or less of the voting rights of the invested unit, through some arrangement, the parent company can control the invested unit, and the invested unit will be



recognized as a subsidiary and included in the scope of the consolidated financial statements. However, this is accepted if there is evidence that the parent company cannot control the investee.

The parent company will also include the special purpose entities over which the company has control, such as the sponsoring organization or the operating entities that have control over them through entrusted operation or leasing, etc., into the scope of the consolidated financial statements.

2. Preparation method of consolidated financial statements

The consolidated financial statements are based on the individual financial statements of the parent company and the subsidiaries included in the consolidation scope. They are based on other relevant information and are prepared by the parent company. During the merger, internal equity investments and subsidiary owners' equity, internal investment income and subsidiary profit distributions, internal transactions, and internal claims and debts are offset.

3. Presentation of non-controlling shareholders' interests and profits and losses

The share of non-controlling shareholders' equity in the current period's net profit and loss of a subsidiary is listed as the "non-controlling shareholders' profit and loss" item under the net profit item in the consolidated income statement.

The share of non-controlling shareholders' equity in the shareholder's equity of a subsidiary is listed as "non-controlling shareholders' equity" under the shareholder's equity item in the consolidated balance sheet.

4. Handling of excess losses

In the consolidated financial statements, if the current losses shared by non-controlling shareholders of a subsidiary exceed the non-controlling shareholders' share of the opening shareholder's equity of the subsidiary, the balance should still be offset against non-controlling shareholders' equity.

5. Processing of consolidated statements for adding or reducing subsidiaries in the current period

If the parent company adds subsidiaries due to a business merger under common control during the reporting period, when preparing the consolidated balance sheet, the closing balance of the previous year will be adjusted on the consolidated balance sheet. For subsidiaries added due to business combinations not under common control, the previous year's closing balance will not be adjusted when preparing the consolidated balance sheet.

Suppose the parent company disposes of its subsidiaries during the reporting period and prepares the consolidated balance sheet. In that case, the previous year's closing balance will not be adjusted on the consolidated balance sheet.



Suppose the parent company adds a subsidiary due to a business merger under common control during the reporting period. In that case, the consolidated income statement will include the subsidiary's income, expenses, and profits from the beginning of the current period to the end of the reporting period. The cash flow of the subsidiary from the beginning of the current period to the end of the reporting period will be included. Incorporated into the consolidated cash flow statement.

Suppose the parent company adds a subsidiary due to a business combination not under common control during the reporting period. In that case, the income, expenses, and profits from the subsidiary's acquisition date to the end of the reporting period will be included in the consolidated income statement. The cash flow from the date of acquisition of the subsidiary to the end of the reporting period will be included in the consolidated cash flow statement.

When the parent company disposes of a subsidiary during the reporting period, the subsidiary's income, expenses, and profits from the beginning to the date of disposal will be included in the consolidated income statement. The cash flow of the subsidiary from the beginning of the period to the date of disposal will be included in the consolidated cash flow statement.

6. Unification of accounting policies and accounting periods of the parent company and subsidiaries

The parent company unifies the accounting policies and periods adopted by the subsidiaries so that the accounting policies and periods adopted by the subsidiaries are consistent with those of the parent company.

Suppose the accounting policies adopted by a subsidiary are inconsistent with those of the parent company. In that case, necessary adjustments will be made to the subsidiary's financial statements according to the parent company's accounting policies, or the subsidiary will be required to prepare separate financial statements according to the parent company's accounting policies.

If the subsidiary's accounting period is inconsistent with that of the parent company, the subsidiary's financial statements should be adjusted according to the parent company's accounting period, or the subsidiary should be required to prepare separate financial statements according to the parent company's accounting period.

(10) The standards of recognizing cash and cash equivalents

Cash on hand and deposits readily available for disbursement are recognized as cash to prepare the statement of cash flows. Cash equivalents are investments held for a short period (maturing within three months from the date of purchase), are highly liquid, readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.



(11) Foreign currency transactions and foreign currency statement translation**1. Foreign currency transactions**

When foreign currency transactions occur initially, the Company converts the foreign currency amount into functional currency using the spot exchange rate on the transaction date.

On the balance sheet date, the balance of foreign currency monetary items is translated at the spot exchange rate. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or the previous balance sheet date are recognized in current profit or loss, except for exchange differences arising from foreign currency borrowings related to the acquisition and construction of assets eligible for capitalization, which are treated by the principle of capitalization of borrowing costs. Foreign currency non-monetary items measured at historical cost are translated at the spot exchange rate on the transaction date without changing their amount in the functional currency. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. Exchange differences arising from the difference between the spot exchange rate on the date when the fair value is determined and the spot exchange rate at the time of initial recognition or the previous balance sheet date are recognized in other comprehensive income.

2. Foreign currency statement translation

The assets and liabilities items in the balance sheet of overseas operations are translated at the spot exchange rate on the balance sheet date. For owner's equity items, except for the "undistributed profits" item, other items are translated at the spot exchange rate at the time of occurrence. The income and expense items in the income statement are translated at the spot exchange rate on the transaction date. The differences in foreign currency financial statements from the above translation are separately presented under the owner's equity item in the balance sheet. The cash flow statement is translated at the spot exchange rate on the cash flow date. The impact of exchange rate changes on cash is presented separately as an adjustment item in the cash flow statement.

Foreign currency monetary items that constitute net subsidiary investments are reflected in the parent company's or subsidiary's functional currency. The exchange differences arising from these foreign currency monetary items are transferred to the "foreign currency translation differences" account.

Cash flows in foreign currencies and those of overseas subsidiaries are translated at the spot exchange rate on the date of occurrence.

When disposing of overseas operations, the foreign currency financial statement translation differences related to the overseas operations and shown under the owner's equity item in the balance sheet are transferred from the owner's equity item to the current profit and loss for disposal. For partial disposal of overseas operations, the translation differences of the disposed portion are calculated based on the proportion



of disposal and transferred to the current profit and loss for disposal.

(12) Financial instruments

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

(1) Classification, recognition, and measurement of financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the company classifies financial assets into the following categories: financial assets measured at amortized cost; financial assets measured at fair value with changes recognized in other comprehensive income; and financial assets measured at fair value with changes recognized in current profit or loss.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value with changes recognized in current profits and losses, related transaction costs are directly recognized in current profits and losses; for other types of financial assets, related transaction costs are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or provision of labour services, which do not include or consider significant financing components, the Company recognizes the amount of consideration it expects to be entitled to receive as the initial recognition amount.

① Financial assets measured at amortized cost

The business model of our company's management of financial assets measured at amortized cost is aimed at collecting contractual cash flows. The contractual cash flow characteristics of these financial assets align with basic borrowing and lending arrangements, meaning the cash flows generated on specific dates are solely for the payment of principal and interest based on the outstanding principal amount. For these financial assets, our company employs the effective interest method for subsequent measurement at amortized cost. Any gains or losses arising from amortization or impairment are recognized in current profit or loss.

② Financial assets measured at fair value and with changes recognized in other comprehensive income

The business model of our company for managing such financial assets is aimed at both collecting contractual cash flows and selling them. The contractual cash flow characteristics of these financial assets align with basic borrowing and lending arrangements. These financial assets are measured at fair value and their changes are recorded in other comprehensive income. However, impairment losses or gains, exchange gains or losses, and interest income calculated using the effective interest method are recognized in current profit or loss.



In addition, the Company designates certain non-trading equity instrument investments as financial assets measured at fair value with changes recognized in other comprehensive income. The Company includes the dividend income related to such financial assets in current profit or loss, and the changes in fair value are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③ Financial assets measured at fair value and with changes recognized in current profits and losses

The Company classifies financial assets other than those measured at amortized cost and those measured at fair value with changes recognized in other comprehensive income as financial assets measured at fair value with changes recognized in current profit or loss. In addition, upon initial recognition, the Company designates certain financial assets as those measured at fair value with changes recognized in current profit or loss to eliminate or significantly reduce accounting mismatches. For such financial assets, the Company adopts fair value for subsequent measurement, and changes in fair value are recognized in current profit or loss.

2. Classification, recognition, and measurement of financial liabilities

Financial liabilities are classified into financial liabilities measured at fair value with changes recognized in current profits and losses and other financial liabilities upon initial recognition. For financial liabilities measured at fair value with changes recognized in current profits and losses, the related transaction costs are directly recognized in current profits and losses, while the related transaction costs of other financial liabilities are recognized in their initially recognized amounts.

① Financial liabilities measured at fair value and with changes recognized in current profits and losses

Financial liabilities measured at fair value with changes recognized in current profits and losses include trading financial liabilities (including derivative instruments that are financial liabilities) and financial liabilities designated at initial recognition as measured at fair value with changes recognized in current profits and losses.

Trading financial liabilities (including derivative instruments classified as financial liabilities) are subsequently measured at fair value. Except for those related to hedge accounting, changes in fair value are recognized in current profit or loss.

Financial liabilities are designated as measured at fair value with changes recognized in current profits and losses, and the changes in fair value arising from changes in the company's own credit risk are recognized in other comprehensive income. When the liability is derecognized, the cumulative changes in fair value arising from changes in the company's own credit risk recognized in other comprehensive income are transferred to retained earnings. Other changes in fair value are recognized in current profits and losses. If



handling the impact of changes in the company's own credit risk on these financial liabilities in the above manner would cause or exacerbate accounting mismatches in profits and losses, the company will recognize all gains or losses of the financial liability (including the amount affected by changes in the company's own credit risk) in current profits and losses.

② Other financial liabilities

Financial liabilities other than those arising from the transfer of financial assets that do not meet the conditions for derecognition or continued involvement in the transferred financial assets, financial guarantee contracts, are classified as financial liabilities measured at amortized cost. Subsequent measurements are made at amortized cost, and gains or losses arising from derecognition or amortization are recognized in current profit or loss.

3. Basis for recognition and measurement methods of financial asset transfers

Financial assets that meet one of the following conditions are derecognized: ① The contractual rights to receive cash flows from the financial asset have terminated; ② The financial asset has been transferred, and almost all risks and rewards related to the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, and although the enterprise has neither transferred nor retained almost all risks and rewards related to the ownership of the financial asset, it has given up control over the financial asset.

If an enterprise neither transfers nor retains almost all the risks and rewards related to the ownership of financial assets, and does not relinquish control over such financial assets, the relevant financial assets shall be recognized based on the extent of its continued involvement in the transferred financial assets, and the corresponding liabilities shall be recognized accordingly. The extent of continued involvement in the transferred financial assets refers to the level of risk faced by the enterprise due to changes in the value of such financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received from the transfer and the cumulative amount of changes in fair value originally recorded in other comprehensive income is recognized in current profit or loss.

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets is apportioned between the derecognized and non-derecognized parts based on their relative fair values. The difference between the sum of the consideration received from the transfer and the cumulative amount of changes in fair value originally recorded in other comprehensive income that should be apportioned to the derecognized part, and the apportioned carrying amount mentioned above, is recognized in current profit or loss.



For financial assets sold with recourse or transferred by endorsement, the company needs to determine whether almost all risks and rewards related to the ownership of these financial assets have been transferred. If almost all risks and rewards related to the ownership of these financial assets have been transferred to the transferee, the recognition of these financial assets will be terminated. If almost all risks and rewards related to the ownership of these financial assets have been retained, the recognition of these financial assets will not be terminated. If almost all risks and rewards related to the ownership of these financial assets have neither been transferred nor retained, the company will continue to assess whether it retains control over the assets and perform accounting treatment according to the principles mentioned in the preceding paragraphs.

4. Derecognition of financial liabilities

If the current obligation of a financial liability (or a portion thereof) has been discharged, the Company derecognizes the financial liability (or the portion of the financial liability). If the Company (as the borrower) enters into an agreement with the lender to replace the original financial liability with a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability is derecognized, and a new financial liability is recognized simultaneously. Suppose the Company makes substantial modifications to the contractual terms of the original financial liability (or a portion thereof). In that case, the original financial liability is derecognized, and a new financial liability is recognized in accordance with the modified terms.

When a financial liability (or a portion thereof) is derecognized, the company records the difference between its carrying amount and the consideration paid (including non-cash assets transferred out or liabilities assumed) in the current period profit or loss.

5. Offset of financial assets and financial liabilities

When the Company has the legal right to offset financial assets and financial liabilities with confirmed amounts, and this legal right is currently enforceable, and the company plans to settle on a net basis or simultaneously liquidate the financial assets and settle the financial liabilities, the financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other. Otherwise, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Method for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive for selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is an active market for financial instruments, the Company determines its fair value using the quoted prices in the active market. Quoted prices in the active market refer to prices that are easily and regularly obtained from exchanges, brokers, industry associations, pricing service agencies, etc., and represent the prices actually incurred in market



transactions in fair transactions. If there is no active market for financial instruments, the Company determines its fair value using valuation techniques. Valuation techniques include referring to the prices used in recent market transactions by parties who are familiar with the situation and are willing to trade voluntarily, referring to the current fair value of other financial instruments that are substantially the same, the discounted cash flow method, and option pricing models. When valuing, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information. It selects input values that are consistent with the characteristics of the assets or liabilities considered by market participants in transactions related to the assets or liabilities and gives priority to using relevant observable input values as much as possible. If relevant observable input values cannot be obtained or are not feasible to obtain, unobservable input values are used.

7. Equity instruments

Equity instruments refer to contracts proving ownership of the residual equity in the Company's assets after deducting all liabilities. The company's issuance (including refinancing), repurchase, sale, or cancellation of equity instruments are treated as changes in equity and transaction costs related to equity transactions are deducted from equity. The Company does not recognize changes in the fair value of equity instruments.

If the equity instruments of the Company distribute dividends (including "interest" generated by instruments classified as equity instruments) during their existence, they are treated as profit distributions.

(13) Impairment of financial assets

The financial assets the Company needs to confirm impairment losses are those measured at amortized cost and debt instrument investments measured at fair value with changes included in other comprehensive income, mainly including notes receivable, accounts receivable, and other receivables. Collection etc. In addition, impairment provisions are made for some financial guarantee contracts, and credit impairment losses are recognized by the accounting policies described in this section.

1. Recognition method of impairment provision

Based on expected credit losses, the Company makes impairment provisions. It recognizes credit impairment losses for the above items by its applicable expected credit loss measurement method (general or simplified).

Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be received by the company, discounted at the original actual interest rate, that is, the present value of all cash shortfalls. Among them, for purchased or originated financial assets that have suffered credit impairment, the company discounts them according to the credit-adjusted actual interest rate of the financial assets.



The general method for measuring expected credit losses means that the company evaluates on each balance sheet date whether the credit risk of financial assets has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the company shall assess the credit risk equivalent to Loss provisions are measured based on the number of expected credit losses during the entire duration; if the credit risk has not increased significantly since initial recognition, the company measures loss provisions based on an amount equivalent to expected credit losses within the next 12 months. The Company considers all reasonable and evidence-based information, including forward-looking information, when assessing expected credit losses.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since initial recognition and chooses to measure loss provisions based on expected credit losses within the next 12 months/does not choose the simplified treatment method, based on whether its credit risk has increased significantly since initial recognition. The amount of expected credit losses in the next 12 months or the entire duration is used to measure loss provisions.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

Suppose the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than the default probability within the expected duration determined at initial recognition. In that case, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company uses the change in default risk in the next 12 months as a reasonable estimate of the change in default risk during the entire duration to determine whether credit risk has increased significantly since initial recognition.

The Company will consider the following factors (but not limited to) when assessing whether credit risk has increased significantly:

- 1) Whether the debtor's actual or expected operating results have changed significantly.
- 2) Whether there have been significant adverse changes in the regulatory, economic, or technological environment in which the debtor operates.
- 3) Whether there has been a significant change in the value of the collateral used for the debt or the quality of the guarantee or credit enhancement provided by a third party. These changes are expected to reduce the debtor's economic motivation to repay within the contract's specified time limit or affect the probability of default.
- 4) Whether the debtor's expected performance and repayment behaviour 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 only 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 instrument is low, the borrower can fulfill its contractual cash flow obligations in the short term. Even if there are adverse changes in the economic situation and operating environment in the longer term, it may not necessarily reduce the borrower's ability to fulfill its contractual cash obligations. The financial instrument is considered to have lower credit risk.

3. Determination criteria for credit-impaired financial assets: When one or more events that hurt a financial asset's expected future cash flows occur, the financial asset becomes a credit-impaired financial asset. Evidence that a financial asset has been credit-impaired includes the following observable information (but is not limited to):

- 1) The issuer or debtor encounters major financial difficulties.
- 2) The debtor violates the contract, such as default or overdue payment of interest or principal.
- 3) The creditor grants concessions to the debtor that the debtor would not make under any other circumstances due to economic or contractual considerations related to the debtor's financial difficulties.
- 4) The debtor will likely go bankrupt or undergo other financial reorganization.
- 5) Financial difficulties of the issuer or debtor cause the active market for the financial asset to disappear.
- 6) Purchase or originate a financial asset at a substantial discount that reflects the fact that a credit loss has occurred.

The combined effect of multiple events may cause credit impairment of financial assets and may not be caused by an individually identifiable event.

4. Portfolio method to assess expected credit risk on a portfolio basis

The Company evaluates the credit risk of financial assets with significantly different credit risks individually, such as accounts receivable from related parties within the scope of consolidation, accounts receivable that are in dispute with the other party or involved in litigation or arbitration; there are obvious signs that the debtor is likely to Accounts receivable that cannot fulfill their repayment obligations, etc.

In addition to financial assets for individual credit risk assessment, the Company divides financial assets into portfolios based on common risk characteristics. The common credit risk characteristics adopted by the Company include financial instrument type, credit risk rating, aging portfolio, etc., based on the portfolio to assess credit risk.

5. Accounting treatment method for impairment of financial assets

The Company calculates the estimated credit losses of various types of financial assets. If the estimated credit losses are greater than the current carrying amount of impairment provisions, the difference will be recognized as impairment losses; if it is less than the current carrying amount of impairment provisions, the difference will be recognized as impairment gains.



6. Methods for determining credit losses of various financial assets

The Company evaluates the expected credit losses of financial instruments individually and collectively. The Company considers the credit risk characteristics of different customers and evaluates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

① Notes receivable

The Company measures loss provisions for notes receivable based on an amount equivalent to the expected credit losses during the entire duration. Based on the credit risk characteristics of notes receivable, they are divided into different combinations:

Item	The basis for determining portfolio
Bank acceptances	The acceptor is a bank with low credit risk.
Commercial acceptances	Based on the credit risk classification of the acceptor, it is the same as the classification of the accounts receivable portfolio.

② Accounts receivable

For receivables that do not contain significant financing components, The Company measures loss provisions based on an amount equivalent to the expected credit losses during the entire duration. For receivables that contain significant financing components, The Company measures loss provisions based on whether the credit risk has increased significantly since initial recognition and uses the number of expected credit losses in the next 12 months or throughout the duration.

In addition to accounts receivable for individual assessment of credit risk, they are divided into different combinations based on their credit risk characteristics:

Item	The basis for determining portfolio
Aging combination	This portfolio uses the aging of accounts receivable as a credit risk characteristic.
Low-risk portfolio	The Company's accounts receivable from government departments and state-owned units, which are expected to have a low risk of non-recovery, are categorized as low credit risk portfolios. Bad debts for this portfolio are accrued at 0.3% of the book balance.
Other combinations	The payment period agreed upon in the contract has not been reached

Comparison table of aging of accounts receivable credit risk characteristic combination and expected credit loss rate of the whole duration:

Aging	Expected credit loss rate (%)
Within 1 year (inclusive)	1.00
1 to 2 years	5.00
2 to 3 years	10.00
3 to 4 years	30.00
4 to 5 years	50.00



Aging	Expected credit loss rate (%)
More than 5 years	100.00

③ Other receivables

The Company assesses on each balance sheet date whether its credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, it is in the first stage. The amount of expected credit losses is used to measure loss provisions. The specific measurement method is to determine credit losses on a combination basis and make provision for bad debts for other receivables based on combinations of credit risk characteristics concerning historical credit loss experience, current conditions, and future economic expectations. Based on the forecast of the status, prepare a comparison table between the aging of other receivables and the expected credit loss rate throughout the duration to calculate the expected credit losses ②; if the credit risk has increased significantly since the initial recognition but no credit impairment has occurred, In the second stage, the company measures loss provisions at an amount equivalent to the expected credit losses during the entire duration; if credit impairment occurs after initial recognition, it is in the third stage, and the company measures loss provisions at an amount equivalent to the expected credit losses during the entire duration. The amount of the loss reserve is measured. For financial instruments with only low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition.

In addition to other receivables for which credit risk is assessed individually, they are divided into different portfolios based on their credit risk characteristics:

Item	The basis for determining the combination
Aging combination	This portfolio uses the aging of accounts receivable as a credit risk characteristic.
Low-risk portfolio	The company's receivables from related parties, government departments, deposit guarantee funds, and employee social security are expected to have a low risk of not being recovered, therefore, these receivables are classified as a low credit risk portfolio and are provisioned at 0.3% of the carrying amount.

Comparison table of aging of accounts receivable credit risk characteristic combination and expected credit loss rate of the whole duration:

Aging	Expected credit loss rate (%)
Within 1 year (inclusive)	1.00
1 to 2 years	5.00
2 to 3 years	10.00
3 to 4 years	30.00
4 to 5 years	50.00



Aging	Expected credit loss rate (%)
More than 5 years	100.00

④Debt investment

Debt investment mainly accounts for bond investments measured at amortized cost, etc. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑤Other debt investments

Other debt investments include bond investments measured at fair value, whose changes are included in other comprehensive income. The company measures impairment losses based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses in the next 12 months or the entire duration.

⑥Long-term receivables (except receivables containing significant financing components and lease receivables)

The Company measures impairment losses on long-term receivables based on whether its credit risk has increased significantly since initial recognition. It uses an amount equivalent to the expected credit losses within the next 12 months or the entire duration.

(14)Inventories

1. Classification of inventory

The Company's inventories mainly include raw materials, low-value consumables, inventory goods, development costs, land contract performance costs, shipped goods, etc.

2. Valuation method for shipped inventory

Inventories are initially measured at actual cost. Inventory costs include purchase costs, land transfer fees, infrastructure expenditures, construction and installation project expenditures, borrowing costs incurred before the completion of the development project and other related expenses during the development process.

Inventories are calculated according to the weighted average method when shipped, and developed products are calculated according to the individual valuation method when shipped.

3. The basis for determining the net realizable value of inventories and the method of accruing inventory depreciation reserves



On the balance sheet date, inventory is measured at lower cost and net realizable value. The recognition criteria are as follows: at the end of the interim period or the year, if the cost of inventory cannot be recovered due to reasons such as damage to inventory, complete or partial obsolescence, or sales price lower than cost, inventory falling price reserves are withdrawn; inventory falling price reserves are withdrawn based on the difference between the book value of individual inventory items and their net realizable value; net realizable value refers to the value obtained by subtracting estimated completion costs and estimated expenses necessary for sales from estimated selling prices during the normal operation of the enterprise.

The Company accrues inventory falling price reserves based on individual inventory items on the balance sheet date. Inventory falling price reserves are accrued based on inventory categories for inventories with a large quantity and low unit price. The company accrues inventory falling price reserves for the difference between the net realizable inventory value and its book value and records it in the current profit and loss. Suppose the value of inventory is restored in subsequent periods. In that case, the amount is reversed within the originally accrued inventory falling price reserves, and the reversed amount is recorded in the current profit and loss.

4. Inventory system

The Company's inventory adopts the perpetual inventory system.

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

Low-value consumables and packaging materials are valued at actual cost when obtained and accounted for using the one-time write-off method when they are collected.

(15) Contract assets

Contract assets refer to the rights of the Company to collect consideration for the transfer of goods or services to customers, and these rights depend on factors other than the passage of time. The unconditional rights of the Company to collect consideration from customers (i.e., solely dependent on the passage of time) are separately presented as receivables.

The method for determining the expected credit losses of contract assets and the accounting treatment method of the company are detailed in Note III, (13) Impairment of financial instruments.

(16) Long-term equity investments

Long-term equity investment is divided into long-term equity investment in subsidiaries, long-term equity investment in joint ventures, and long-term equity investment in associates.

1. Determination of investment cost



The investment cost of a long-term equity investment formed by a business merger shall be determined by the following provisions:

① for long-term equity investments formed by the merger of enterprises under common control, if the merging party pays cash, transfers non-cash assets, assumes debts, or issues equity securities as the merger consideration, the book value of the shareholder's equity of the merged party shall be calculated on the date of the merger. A share of value is the investment cost of a long-term equity investment. The difference between the investment cost of long-term equity investment and the consideration paid shall be adjusted to the capital reserve; if the capital reserve is insufficient for offset, the retained earnings shall be adjusted.

② for long-term equity investments formed by business combinations, not under common control, the purchaser shall use the merger cost determined on the purchase date as the investment cost of the long-term equity investment. The merger cost is the fair value of the assets paid, liabilities incurred or assumed, and equity securities issued by the purchaser on the purchase date to obtain control of the purchased party. For business mergers achieved step by step through multiple exchange transactions, the merger cost is the sum of the costs of each transaction. If the merger contract stipulates future events that may affect the merger costs, if it is estimated that the future events are likely to occur on the purchase date and the amount of the impact on the merger costs can be measured reliably, they will also be included in the merger costs.

③ Except for long-term equity investments formed through business mergers, the investment cost of long-term equity investments obtained through other means shall be determined by the following provisions:

For long-term equity investments obtained by paying cash, the actual purchase price paid will be used as the initial investment cost.

Investment costs include fees, taxes and other necessary expenses directly related to obtaining long-term equity investment.

The long-term equity investment obtained by issuing equity securities shall be regarded as the investment cost according to the fair value of the equity securities issued; the long-term equity investment invested by the investor shall be regarded as the investment cost according to the value stipulated in the investment contract or agreement, but the value stipulated in the contract or agreement shall not be except what is fair.

For long-term equity investments obtained through the exchange of non-monetary assets, if the investment has commercial substance and the fair value of the assets exchanged or exchanged can be measured, the fair value of the assets exchanged and related taxes will be regarded as the investment cost; The difference between the fair value and the book value of the assets traded out is included in the current profit and loss; if the exchange of non-monetary assets does not meet the above two conditions at the same time, the book



value of the assets swapped out and related taxes will be regarded as the investment cost;

For long-term equity investments obtained through debt restructuring, the investment cost is the fair value of the equity acquired; the difference between the investment cost and the book value of the debt is included in the current profit and loss.

When acquiring a long-term equity investment, if the investment cost includes cash dividends or profits that have been declared but not yet distributed, they shall be deducted and measured separately.

For investments in associates or joint ventures, if the investment cost is greater than the difference between the fair value share of the investee's identifiable net assets that should be enjoyed at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the investment cost is less than the investment's share of the investee's share of the fair value, The difference between the fair value of identifiable net assets shall be included in the current profit and loss.

2. Subsequent measurement and profit and loss recognition methods

① the Company's long-term equity investment in subsidiaries is accounted for using the cost method in individual financial statements and adjusted according to the equity method when preparing consolidated financial statements.

In the consolidated financial statements, when the Company purchases non-controlling shareholders' equity in a subsidiary, the newly acquired long-term equity investment is equal to the share of the subsidiary's identifiable net assets calculated continuously from the date of purchase (or merger date) based on the newly added shareholding ratio. If the balance of the capital reserve (capital premium or equity premium) is insufficient for offset, the retained earnings will be adjusted.

Under the cost method, long-term equity investments accounted for using the cost method are valued at the initial investment cost, and the cost of the long-term equity investment is adjusted for additional investment or withdrawal of investment.

When the invested unit declares to distribute cash dividends or profits, in addition to the actual price paid when acquiring the investment or the cash dividends or profits that have been declared but not yet distributed included in the consideration, the investing enterprise shall enjoy the cash dividends declared and distributed by the invested unit as or profit recognition of investment income.

② the equity method accounts for the Company's long-term equity investments with joint control or significant influence on the investee.



Under the equity method, after the Company obtains a long-term equity investment, on the balance sheet date, it shall recognize investment income and other comprehensive income, respectively, according to its share of the net profit or loss and other comprehensive income realized by the investee, and adjust the long-term The book value of the equity investment; the Company calculates its share based on the profits or cash dividends declared by the investee, and accordingly reduces the book value of the long-term equity investment; when the company confirms its share of the investee's net profit or loss, it obtains the investment Based on the fair value of the investee's identifiable assets at the time, the net profit of the investee is adjusted and recognized.

Unrealized gains and losses from internal transactions between the company and its associates and joint ventures are offset by the portion attributable to the company calculated based on the shareholding ratio, and investment gains and losses are recognized on this basis.

Suppose the accounting policies and periods adopted by the invested unit are inconsistent with those of the investor. In that case, the financial statements of the invested unit shall be adjusted by the investor's accounting policies and accounting periods, and investment income and other comprehensive income shall be recognized accordingly.

When the Company confirms that it should share the losses incurred by the invested unit, it shall proceed in the following order: First, offset the book value of the long-term equity investment. Secondly, suppose the long-term equity investment's book value cannot offset it. In that case, investment losses will continue to be recognized to the extent of the book value of other long-term interests that essentially constitute a net investment in the invested unit, and the book value of long-term receivable items, etc., will be offset. Finally, after the above processing, if the enterprise still bears additional obligations according to the investment contract or agreement, estimated liabilities will be recognized based on the estimated obligations and included in the current investment losses. Suppose the invested unit realizes profits in the subsequent period. In that case, the company will process it in the reverse order of the above after deducting the unrecognized loss-sharing amount, writing down the book balance of the recognized estimated liabilities, and restoring other assets that constitute a net investment in the invested unit. The book value of long-term equity and long-term equity investments is recognized simultaneously as investment income.

For changes in the shareholder's equity of the invested unit other than net profit and loss, as well as other comprehensive income and profit distribution, the book value of the long-term equity investment should be adjusted and included in the shareholder's equity.

③ Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between its book value and the actual price obtained shall be included in the current profit and loss. If a long-term equity investment accounted for



using the equity method is included in the shareholder's equity due to other changes in the shareholder's equity of the investee other than net profits and losses, when the investment is disposed of, the portion originally included in the shareholder's equity shall be transferred in a corresponding proportion, Into current profit and loss.

In the consolidated financial statements, when the parent company partially disposes of its long-term equity investment in a subsidiary without losing control, the difference between the disposal price and the subsidiary's net assets corresponding to the disposal of the long-term equity investment is included in the shareholder's equity.

3. Basis for determining joint control and significant influence on the invested unit

The Company that can exercise control over the invested units are the Company's subsidiaries. Control means that the investor has power over the investee, enjoys variable returns by participating in the investee's relevant activities, and can use its power over the investee to affect the amount of its returns.

A joint venture in which the Company and other parties can exercise joint control over the investee is a joint venture of the Company. Joint control refers to the shared control over an arrangement by relevant agreements, and the relevant activities of the arrangement must be decided only with the unanimous consent of the participants sharing control rights.

The Company that can significantly influence the invested units are the Company's associates. Significant influence means that the investor has the power to participate in decision-making on the financial and operating policies of the investee. Still, it cannot control or jointly control the formulation of these policies with other parties. When determining whether it can significantly influence the investee, potential voting rights factors such as current convertible corporate bonds and current executable warrants of the investee held by the investor and other parties should be considered.

4. Impairment testing method and impairment provision accrual method

On the balance sheet date, if there is any sign of impairment of a long-term equity investment due to continued decline in market price or deterioration in the operating conditions of the invested unit, etc., the net amount of the long-term equity investment minus the disposal costs will be calculated based on the net amount of the long-term equity investment minus the disposal costs and the estimated future The higher of the present value of the cash flows determines the recoverable amount of the long-term equity investment. When the recoverable amount of a long-term equity investment is lower than the book value, the asset's book value is reduced to the recoverable amount, and the write-down amount is recognized as an asset impairment loss and included in the current profit and loss. At the same time, the corresponding long-term equity investment deduction is accrued. Value prepared. Once impairment losses on long-term equity investments are recognized, they will not be reversed in subsequent accounting periods.



(17) Investment Properties

Investment property refers to real estate held for the purpose of generating rental income or capital appreciation, or both. It includes land use rights that have been leased out, land use rights that are held and intended for transfer after appreciation, and buildings that have been leased out.

Investment properties are recorded at their cost as entry value. The cost of purchasing investment properties includes the purchase price, related taxes, and other expenses directly attributable to the asset. The cost of self-constructed investment properties is composed of the necessary expenses incurred before the asset reaches its intended usable state.

The company adopts the fair value model for subsequent measurement of investment properties, without accruing depreciation or amortization for investment properties. On the balance sheet date, the book value of investment properties is adjusted based on their fair value, and the difference between the fair value and the original book value is recognized in the current period profit or loss.

The basis for using the fair value model for subsequent measurement of investment properties is:

- 1) The location of the investment property has an active real estate trading market.
- 2) The Company is able to obtain market prices and other relevant information of similar or analogous real estate from the real estate trading market, thereby making reasonable estimates of the fair value of investment properties.

The Company does not accrue depreciation or amortization for investment properties. On the balance sheet date, the book value of investment properties is adjusted based on their fair value, and the difference between the fair value and the original book value is recognized in the current period profit or loss.

When determining the fair value of investment properties, reference is made to the current market prices of similar properties in an active market. If such market prices are not available, the most recent transaction prices of similar properties in an active market are used, considering factors such as transaction conditions, transaction date, and location, to make a reasonable estimate of the fair value of the investment properties. Alternatively, the fair value can be determined based on the estimated future rental income and the present value of related cash flows.

When self-use real estate or inventory is converted into investment property, it is valued at a fair value on the date of conversion. If the fair value on the date of conversion is less than the original book value, the difference is recognized in the current profit or loss. If the fair value on the date of conversion is greater than the original book value, the difference is recognized as another comprehensive income. When investment



property is converted into self-use real estate, the fair value on the date of conversion is used as the book value of the self-use real estate, and the difference between the fair value and the original book value is recognized in the current profit or loss.

When the purpose of investment property is changed to self-use, the investment property is converted into fixed assets or intangible assets from the date of change. When the purpose of self-use property is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of change. When conversion occurs, if the investment property is converted to be measured using the cost model, the book value before conversion is used as the entry value after conversion; if the investment property is converted to be measured using the fair value model, the fair value on the date of conversion is used as the entry value after conversion.

When an investment property is disposed of or permanently withdrawn from use and no economic benefits are expected to be obtained from its disposal, the recognition of the investment property is terminated. The disposal income from the sale, transfer, scrapping, or damage of the investment property, after deducting its carrying amount and related taxes, is recognized in the current profit or loss.

(18) Fixed assets

1. Recognition criteria for fixed assets

The fixed assets of our company refer to tangible assets held for the purpose of producing goods, providing services, leasing, or business management, with a service life exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

- ① The economic benefits related to the fixed asset are likely to flow into the enterprise;
- ② The cost of the fixed asset can be reliably measured.

2. Classification of fixed assets

The fixed assets of our company are categorized into buildings, machinery and equipment, transportation equipment, office equipment, and others.

3. Initial measurement of fixed assets

Fixed assets are initially measured at their actual cost upon acquisition.

The cost of purchasing fixed assets is determined by the purchase price, relevant taxes, transportation fees, handling fees, installation fees, and professional service fees attributable to the asset incurred before the fixed assets reach the expected usable state.

If the payment for the purchase of fixed assets is deferred beyond normal credit terms and essentially has a financing nature, the cost of the fixed assets is determined based on the present value of the purchase price.



The cost of self-constructed fixed assets consists of the necessary expenses incurred before the asset reaches its intended usable state.

For fixed assets obtained from debtors for debt repayment through debt restructuring, their entry value is determined based on the fair value of the fixed assets. The difference between the book value of the restructured debt and the fair value of the fixed assets used for debt repayment is recognized in the current profit or loss.

Under the premise that the non-monetary asset exchange has commercial substance, and the fair value of the assets received or surrendered can be reliably measured, the entry value of the fixed assets received is determined based on the fair value of the assets surrendered, unless there is conclusive evidence that the fair value of the assets received is more reliable. For non-monetary asset exchanges that do not meet the above premise, the book value of the assets surrendered and the related taxes and fees payable are used as the cost of the fixed assets received.

4. Depreciation method for fixed assets

The depreciation of fixed assets is calculated and withdrawn using the straight-line method. The estimated residual value rate, depreciation life, and annual depreciation rate for various types of fixed assets are as follows:

Types of fixed assets	Depreciation method	Estimated service life (years)	Estimated net residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	Straight line method	10-30 years	5%	3.17%-9.50%
Machines and equipment	Straight line method	5-10 years	5%	9.5%-19.00%
Means of transport	Straight line method	5-15 years	5%	6.33%-19.00%
Office and Others	Straight line method	3-30 years	5%	3.17%-31.67%

5. Impairment testing method and impairment provision calculation method for fixed assets

On the balance sheet date, if there are signs of impairment of fixed assets, the company estimates their recoverable amount and conducts an impairment test. The recoverable amount is determined by taking the higher of the net amount obtained by subtracting the disposal expenses from the fair value of the asset and the present value of the asset's future cash flows. The estimated recoverable amount is based on individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group to which the asset belongs is determined. An impairment provision for fixed assets is accrued for the difference between the recoverable amount and the book value. Once an impairment provision for fixed assets is accrued, it cannot be reversed in future accounting periods.

6. Subsequent expenditure on fixed assets



When the company incurs subsequent expenditure on fixed assets, it is recognized as fixed assets when both of the following conditions are met: ① the economic benefits related to the subsequent expenditure are likely to flow into the enterprise; ② the cost of the subsequent expenditure can be reliably measured. If there is a replacement part, its book value should be deducted. For subsequent expenditure on fixed assets that does not meet the above conditions, it is recognized as profit or loss for the current period when it occurs.

The expenditure on improving fixed assets rented in through operating lease shall be capitalized and recognized as long-term deferred expenses, which shall be amortized over a reasonable period.

(19) Construction in progress

1. Category, confirmation, and measurement of projects under construction

Construction in progress refers to various construction and installation projects to construct or repair fixed assets. It is also classified by project establishment, including preliminary construction preparations, ongoing construction projects, installation projects, technical transformation projects, major repair projects, etc.

Projects under construction are recognized when it is likely that economic benefits will flow in, and the costs can be measured reliably. Construction in progress is measured based on the costs incurred before the asset reaches its intended usable condition.

2. Standards and timing for transferring construction in progress to fixed assets

For projects under construction, the necessary expenditures incurred before the asset reaches its intended usable state shall be regarded as the recorded value of the fixed assets. Suppose the fixed assets under construction have reached the intended usable state. Still, the final accounts for completion have not yet been processed from the date they reached the intended usable state. In that case, the estimated value shall be transferred to the fixed assets according to the project budget, cost, actual project cost, etc. Assets and depreciation of fixed assets will be accrued by the Company's fixed asset depreciation policy. After the completion of the final accounts, the original tentative estimated value will be adjusted based on the actual cost, but the originally accrued depreciation amount will not be adjusted.

3. Impairment test method and impairment provision accrual method for construction in progress

On the balance sheet date, if there are signs of impairment for a construction in progress, the Company estimates its recoverable amount and performs an impairment test. Provision for impairment of construction in progress is made for the difference between the recoverable amount and the book value. Once the impairment provision for construction in progress is made, it cannot be reversed in subsequent accounting periods.



(20)Borrowing expense**1. Recognition principles for capitalization of borrowing costs**

Borrowing costs refer to the Company's interest and other related costs due to borrowing or issuing corporate bonds, including borrowing interest, amortization of discounts or premiums, auxiliary expenses, and exchange differences arising from foreign currency borrowings.

If the borrowing costs incurred by the Company can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the cost of the relevant assets; other borrowing costs shall be recognized as expenses based on the amount incurred when incurred and shall be included in the cost of the relevant assets, Into current profit and loss.

2. Capitalization period of borrowing costs

When borrowing costs meet the following conditions at the same time, capitalization begins:

- ① Asset expenditures have occurred. Asset expenditures include cash payments, transfers of non-cash assets or interest-bearing debts for acquiring, constructing or producing assets that meet capitalization conditions.
- ② The borrowing costs have been incurred;
- ③ The necessary purchase, construction, or production activities have begun to bring the assets to the intended usable or salable state.

3. Period of suspension of capitalization of borrowing costs

If an asset that meets the capitalization conditions is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of borrowing costs will be suspended; the borrowing costs incurred during the interruption will be recognized as current expenses until the acquisition of the asset, construction or production activities to restart.

If the interruption is necessary for the acquired, constructed, or produced assets that meet the capitalization conditions to reach the intended usable or salable state, the capitalization of borrowing costs shall continue.

4. Borrowing costs cease to be capitalized

When the assets purchased, constructed, or produced meet the capitalization conditions and reach the intended usable or salable state, the capitalization of borrowing costs cease.

Borrowing costs incurred after the assets that meet the capitalization conditions reach the intended usable or salable state are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

5. Capitalized amount of borrowing costs

Suppose a special loan is borrowed for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the interest expense incurred on the special loan in the current period shall be deducted from the interest income obtained from depositing the unused borrowed funds in the bank or the investment obtained from a temporary investment. The amount after income is determined and included in the cost of assets qualifying for capitalization during the period.

Suppose general borrowings are taken up for purchasing, constructing, or producing assets that meet the capitalization conditions. In that case, the company will calculate and determine whether the general borrowings should be paid based on the weighted average of the asset disbursements that exceed the special borrowings multiplied by the capitalization rate of the general borrowings occupied. The amount of capitalized interest.

Ancillary expenses incurred by special borrowings, which are incurred before the purchased, constructed or produced assets that meet the capitalization conditions reach the intended usable or salable state, shall be capitalized according to the amount incurred when incurred and included in the assets that meet the capitalization conditions. The cost of an asset incurred after the purchased, constructed, or produced asset meets the capitalization conditions and reaches its intended usable or salable state shall be recognized as an expense based on the amount incurred when incurred. It shall be included in the current profit and loss.

Ancillary expenses incurred for general borrowings are recognized as expenses based on the amount incurred when incurred and included in the current profit and loss.

(21) Intangible assets

1. Recognition conditions for intangible assets

Intangible assets refer to identifiable non-monetary assets without physical form owned or controlled by an enterprise. If an asset meets one of the following conditions, it meets the identifiable standard in the definition of intangible assets:

- ① Can be separated or divided from the enterprise and sold, transferred, licensed, leased or exchanged alone or with related contracts, assets or liabilities.
- ② Derived from contractual or other legal rights, regardless of whether these rights can be transferred or separated from the enterprise or other rights and obligations.

Intangible assets can only be recognized if they meet the following conditions at the same time:

- ① The economic benefits related to the intangible assets are likely to flow into the enterprise;
- ② The cost of the intangible asset can be measured reliably.

2. Valuation and classification of intangible assets



Intangible assets are initially measured based on actual cost.

For self-developed intangible assets, the cost includes the total expenditure incurred from when the intangible assets recognition conditions are met until the intended use is achieved. Still, expenditures expenditure in previous periods will not be adjusted.

The Company's intangible assets include land use rights, operating rights, trademarks, software, etc.

3. Estimating the useful life of intangible assets with limited-service life

For intangible assets with limited service life, the following factors are usually considered when estimating their service life: ① The usual life cycle of the products produced using the asset and available information on the service life of similar assets; ② The current situation of technology, processes, etc. and estimates of future development trends; ③ market demand for products produced or services provided by the asset; ④ actions expected to be taken by current or potential competitors; ⑤ expected maintenance expenditures to maintain the ability of the asset to bring economic benefits, And the company's expected ability to pay relevant expenses; ⑥ Relevant legal regulations or similar restrictions on the control period of the asset, such as franchise period, lease period, etc.; ⑦ The correlation with the service life of other assets held by the company, etc.

4. Amortization of intangible assets

Intangible assets with limited-service life shall be amortized within the service life using a method consistent with the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method is used for amortization.

Intangible assets with indefinite useful lives are not amortized, but the useful lives of the intangible assets are reviewed every year. Suppose there is evidence that the useful life of an intangible asset is limited. In that case, the company estimates its useful life and uses the straight-line method to amortize it over its useful life.

5. Intangible asset impairment testing method and impairment provision accrual method

On the balance sheet date, if a single intangible asset has signs of impairment, the Company estimates its recoverable amount and performs an impairment test. Provision for impairment of intangible assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of intangible assets is made, it cannot be reversed in subsequent accounting periods.

6. Specific standards for the research stage and development stage of internal research and development projects

The research stage refers to a planned investigation period to obtain new technologies and knowledge, etc.,



and has the following characteristics:

The research stage is based on the planned investigation; the R&D project has been approved by the company's board of directors or relevant management, and the collection of relevant information and market research has begun. The exploratory research phase prepares data and related aspects for further development activities. This phase will not produce phased results.

The development stage refers to applying 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. Has the following characteristics:

The development phase is based on the research phase and, therefore, targets the project's development. R&D projects that have entered the development stage are often more likely to produce results.

7. Development phase expenditures meet specific standards for capitalization conditions

Expenditures incurred during the research phase of the company's internal research and development projects are included in the current profits and losses when incurred. Expenditures incurred during the development phase of the company's internal research and development projects shall be recognized as intangible assets if they meet the following conditions:

- ① Technically, completing the intangible asset to be used or sold is technically feasible.
- ② Have the intention to complete the intangible asset and use or sell it.
- ③ the way intangible assets generate economic benefits includes proving that there is a market for the products produced using the intangible assets or that the intangible assets have a market; if the intangible assets are used internally, their usefulness should be proven.
- ④ Have sufficient technical, financial and other resource support to complete the development of the intangible assets and be able to use or sell the intangible assets.
- ⑤ the expenditures attributable to the development stage of the intangible asset can be measured reliably.

(22) Impairment of long-term assets

The impairment of assets such as long-term equity investments, fixed assets, construction in progress, intangible assets, and goodwill (excluding inventories, investment properties measured using the fair value model, deferred tax assets, and financial assets) of the Company's subsidiaries, associates, and joint ventures is determined according to the following methods:

On the balance sheet date, the Company assesses whether there are any indications that assets may be impaired. If there are signs of impairment, the company estimates their recoverable amount and conducts an



impairment test. Impairment tests are conducted annually for goodwill arising from business combinations, intangible assets with uncertain useful lives, and intangible assets that have not yet reached a usable state, regardless of whether there are signs of impairment.

The recoverable amount is determined based on the higher of two values: the net amount obtained by subtracting the disposal expenses from the fair value of the asset, and the present value of the expected future cash flows of the asset. The company estimates the recoverable amount of an individual asset. If it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which it belongs is determined. The recognition of an asset group is based on whether the main cash inflows generated by the asset group are independent of the cash inflows of other assets or asset groups.

When the recoverable amount of an asset or asset group is lower than the amount it is carrying amount, the Company will reduce its carrying amount to the recoverable amount. The reduced amount will be recognized in the current profit or loss, and a corresponding provision for asset impairment will be made.

In terms of impairment testing for goodwill, the carrying amount of goodwill arising from business combinations is amortized to the relevant asset groups using reasonable methods from the acquisition date. If it is difficult to allocate to the relevant asset groups, it is amortized to the relevant combinations of asset groups. The relevant asset groups or combinations of asset groups are those that can benefit from the synergistic effects of business combinations and are not larger than the reporting segments determined by the company.

During impairment testing, if there are signs of impairment in asset groups or combinations of asset groups related to goodwill, the impairment test is first conducted on the asset groups or combinations of asset groups that do not include goodwill. The recoverable amount is calculated, and the corresponding impairment loss is recognized. Then, the impairment test is conducted on the asset groups or combinations of asset groups that include goodwill. Their carrying amount is compared with the recoverable amount. If the recoverable amount is lower than the carrying amount, the impairment loss of goodwill is recognized.

Once the impairment loss of the assets is recognized, it will not be reversed in subsequent accounting periods.

(23) Long-term deferred expenses

The long-term deferred expenses incurred by the company are valued at actual cost and amortized evenly over the expected benefit period. For long-term deferred expense items that do not benefit future accounting periods, their amortized value is fully recognized in the current profit or loss.



(24) Contract liabilities

The Company recognizes the obligation to transfer goods or services to customers for consideration received or receivable from customers as a contractual liability.

(25) Payroll and employee benefits payable

The Company's employee benefits mainly include short-term, post-employment, termination, and other long-term employee benefits.

1. Accounting treatment method of short-term compensation

During the accounting period, when employees provide services, the company recognizes the actual short-term compensation as a liability. It includes the current profit and loss or related asset costs.

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee welfare fees, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident funds, labour union funds and employee education funds, non-monetary benefits, etc. The company recognizes short-term employee benefits as liabilities during the accounting period when employees provide services and includes them in current profits and losses or related asset costs. Among them, non-monetary benefits are measured at fair value.

2. Accounting treatment of post-employment benefits

Post-employment benefits mainly include defined contribution plans and defined benefit plans. Among them, defined contribution plans mainly include basic pension insurance, unemployment insurance annuities, etc. When incurred, the corresponding deposit amount payable is included in the relevant asset cost or current profit and loss.

3. Accounting treatment method for dismissal benefits

Dismissal benefits are compensation given by the company when the company decides to terminate the labour relationship with employees before the employee's labour contract expires or compensation given to encourage employees to accept layoffs voluntarily. Dismissal benefits are recognized as estimated liabilities when they meet the following conditions:

① The Company has formulated a formal plan for terminating labour relations or proposed voluntary layoffs, which will be implemented soon. The plan or proposal includes the department, position, and number of employees to be terminated or laid off; the amount of compensation for the termination or layoff determined by job category or position by relevant regulations; the time for the proposed termination or layoff, etc.

The Company's authority must approve the dismissal plan or proposal. Unless part of the payment is



postponed for more than one year due to payment procedures and other reasons, the dismissal should generally be completed within one year.

③ The Company cannot withdraw the labour relationship termination plan or layoff proposal unilaterally. Suppose the company has an internal retirement plan for employees. However, the employees have not terminated their labour relationship with the company since these employees cannot bring economic benefits to the Company in the future. In that case, the company promises to provide compensation like dismissal benefits, which is in line with the dismissal mentioned above benefit plan. If the conditions for estimated liabilities are confirmed, they shall be treated like dismissal benefits. The company will recognize the wages and social insurance premiums to be paid to employees who retire within the period from the date when the employees stop providing services to the normal retirement date as long-term employee benefits (dismissal benefits) and will not be recognized in installments due to the payment of employees who retire within the period. Obligations arising from employee wages and social insurance premiums.

4. Accounting treatment methods for other long-term employee benefits

Other long-term employee benefits the Company provides to employees that comply with the defined contribution plan will be accounted for by the defined contribution plan. Otherwise, they will be accounted for by the defined benefit plan.

(26) Provisions

If the obligations related to contingencies meet the following conditions at the same time, the company will recognize them as estimated liabilities:

1. The obligation is a current obligation borne by the enterprise.
2. Fulfilling this obligation will likely cause economic benefits to flow out of the company.
3. The amount of the obligation can be measured reliably.

Estimated liabilities are initially measured based on the best expenditure estimate required to fulfill the relevant current obligations. If there is a range of amounts required for expenditure, the best estimate is determined as the average of the upper and lower limits of the range. If a range of amounts does not exist for the required expenditures, the best estimate is treated as follows:

- ① If the contingency involves a single project, it shall be determined based on the most likely amount.
- ② If the contingencies involve multiple projects, they shall be calculated and determined based on various possible outcomes and related probabilities.

Suppose all or part of the expenses required for the estimated liabilities recognized by the company are expected to be compensated by a third party. In that case, the compensation amount will be recognized separately as an asset only when it is certain that it can be received. The amount of compensation recognized shall not exceed the book value of estimated liabilities.



(27) Revenue recognition principles and measurement methods**1. Revenue recognition principle**

After fulfilling the performance obligations stipulated in the contract, that is, when the customer obtains control over the relevant goods or services (referred to as "goods"), the company recognizes revenue based on the transaction price allocated to this performance obligation.

Performance obligation refers to the commitment in a contract where the company transfers goods or services that can be clearly distinguished to the customer.

Obtaining control over the relevant goods refers to being able to control the use of the goods and obtain almost all the economic benefits from them.

On the contract start date, the Company evaluates the contract, identifies each individual performance obligation contained within it, and determines whether each individual performance obligation is to be fulfilled within a certain time or at a specific point in time.

When one of the following conditions is met, it is considered fulfilling the performance obligation within a certain period. Otherwise, it is considered fulfilling the performance obligation at a certain point in time: 1) The customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; 2) The customer can control the goods or services that are being built during the company's performance process; 3) The goods or services produced during the company's performance process have irreplaceable uses, and the company has the right to collect payments for the performance part that has been completed so far during the entire contract period.

For performance obligations fulfilled within a certain period, the Company recognizes revenue based on the performance progress during that period. When the performance progress cannot be reasonably determined, if the costs incurred are expected to be compensated, revenue is recognized based on the amount of costs incurred until the performance progress can be reasonably determined. For performance obligations fulfilled at a certain point in time, revenue is recognized at the point when the customer obtains control over the relevant goods or services. In determining whether the customer has obtained control over the goods, the company considers the following indicators: 1) the Company has current collection rights for the goods, that is, the customer has current payment obligations for the goods; 2) the company has transferred legal ownership of the goods to the customer, that is, the customer has legal ownership of the goods; 3) the company has physically transferred the goods to the customer, that is, the customer has physically possessed the goods; 4) the Company has transferred the significant risks and rewards of ownership of the goods to the customer, that is, the customer has obtained significant risks and rewards of ownership of the goods; 5) the



customer has accepted the goods; 6) other indicators indicating that the customer has obtained control over the goods.

2. Principle of income measurement

1) The company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price represents the amount of consideration the company expects to be entitled to receive for transferring goods or services to customers, excluding amounts collected on behalf of third parties and amounts expected to be refunded to customers.

2) If there is variable consideration in the contract, the company determines the best estimate of the variable consideration based on the expected value or the most likely amount. However, the transaction price including the variable consideration should not exceed the amount that is highly unlikely to undergo significant reversal of the accumulated recognized revenue when the relevant uncertainties are eliminated.

3) If there is a significant financing component in the contract, the company determines the transaction price based on the amount payable by the assumed customer in cash upon obtaining control of the goods or services. The difference between the transaction price and the contract consideration is amortized using the effective interest method during the contract period. On the contract start date, if the company estimates that the interval between the customer obtaining control of the goods or services and paying the price will not exceed one year, the significant financing component in the contract is not considered.

4) If a contract contains two or more performance obligations, the company allocates the transaction price to each individual performance obligation on the contract start date based on the relative proportion of the individual selling prices of the goods promised under each individual performance obligation. However, if there is conclusive evidence that the contract discount or variable consideration is only related to one or more (but not all) performance obligations in the contract, the company allocates the contract discount or variable consideration to the relevant one or more performance obligations.

The separate selling price refers to the price at which the company sells goods or services to customers individually. If the separate selling price cannot be directly observed, the company comprehensively considers all relevant information that can be reasonably obtained and estimates the separate selling price by maximizing the use of observable input values.

(28) Contract costs

1. Contract performance cost



The costs incurred by the company for the performance of a contract, which do not fall within the scope of other enterprise accounting standards except for the revenue standard, and meet the following conditions, are recognized as contract performance costs and recognized as an asset:

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

The asset is reported in inventory or other non-current assets based on whether its amortization period exceeds one normal operating cycle at the time of initial recognition.

2. Cost of obtaining the contract

If the incremental costs incurred by the company to obtain a contract are expected to be recoverable, they are recognized as contract acquisition costs and recognized as an asset. Incremental costs refer to costs that would not have been incurred if the company did not obtain the contract, such as sales commissions. For those with an amortization period of no more than one year, they are recognized in the current profit or loss when incurred.

3. Amortization of contract costs

The assets related to contract costs mentioned above are amortized on the same basis as the recognition of revenue from goods or services associated with the asset, either at the time of fulfilling the performance obligation or based on the progress of fulfilling the performance obligation and are recorded in the current profit or loss.

4. Impairment of contract costs

For assets related to contract costs, if their carrying amount exceeds the difference between the following two items, the company will make an impairment provision for the excess and recognize it as an asset impairment loss:

- (1) The residual consideration that the enterprise is expected to obtain from the transfer of goods or services related to the asset.
- (2) The estimated cost that will be incurred for transferring the relevant goods or services.

If the factors that caused the impairment of the asset in the previous period have changed, resulting in a difference between (1) and (2) that is higher than the carrying amount of the asset, the previously recognized impairment loss should be reversed and recognized in the current period profit or loss. However, the carrying amount of the asset after reversal should not exceed the carrying amount of the asset on the reversal date assuming no impairment loss was recognized.



(29) Government grants

Government subsidies refer to monetary or non-monetary assets obtained by enterprises from the government free of charge, but do not include capital invested by the government as the owner of the enterprise. Government subsidies are divided into asset-related government subsidies and income-related government subsidies.

Government subsidies that meet all the following conditions will be recognized:

- (1) The enterprise can meet the conditions attached to government subsidies.
- (2) The enterprise can receive government subsidies.

If the government subsidy is a monetary asset, it shall be measured at the received or receivable amount; if the government subsidy is a non-monetary asset, it shall be measured at its fair value. If the fair value cannot be reliably obtained, it shall be measured at its nominal amount.

Government subsidies related to assets should either offset the carrying amount of the relevant assets or be recognized as deferred income. If government subsidies related to assets are recognized as deferred income, they should be amortized into profit or loss over the useful life of the relevant assets using a reasonable and systematic method. Government subsidies measured at their nominal amounts should be directly recognized in current profit or loss.

If the relevant assets are sold, transferred, scrapped, or damaged before the end of their useful life, the unallocated balance of the relevant deferred income should be transferred to the current profit and loss for asset disposal.

Government subsidies related to income should be accounted for in accordance with the following provisions depending on the specific circumstances:

- ① Those used to compensate for related costs or losses of the enterprise in future periods are recognized as deferred income and are included in the current profit or loss or offset against related costs during the period in which the related costs or losses are recognized;
- ② For those used to compensate for the relevant costs or losses incurred by the enterprise, they shall be directly included in the current profits and losses or offset against the relevant costs.

For government subsidies that contain both asset-related and income-related components, accounting treatment should be carried out separately for different components; if it is difficult to distinguish, they should be classified as income-related government subsidies.



Government subsidies related to the daily activities of the enterprise should be recognized in other income or offset against related costs and expenses in accordance with the substance of the economic transaction. Government subsidies unrelated to the daily activities of the enterprise should be recognized in non-operating income and expenses.

If confirmed government subsidies need to be returned, accounting treatment should be carried out in accordance with the following provisions based on the specific circumstances in the current period when the return is required:

- 1) If the book value of the relevant asset is offset during initial recognition, the book value of the asset should be adjusted accordingly.
- 2) If there is any related deferred income, the book balance of the related deferred income shall be offset, and the excess shall be included in the current profit and loss.
- 3) For other circumstances, they shall be directly recorded as the current profit and loss.

(30) Deferred income tax assets / deferred income tax liabilities

Based on the difference between the carrying amount of assets and liabilities and their tax bases (for items not recognized as assets or liabilities, their tax bases can be determined according to tax law, and the difference between this tax base and their carrying amount), the deferred income tax assets or liabilities are recognized based on the applicable tax rate during the expected period of asset recovery or liability settlement.

1. Recognition and measurement of deferred tax assets

1) If there is a deductible temporary difference between the carrying amount of assets and liabilities and their tax base, the deferred tax asset arising from the deductible temporary difference is recognized to the extent that it is probable to obtain taxable income that can be used to offset the deductible temporary difference. However, the deferred tax asset arising from the initial recognition of assets or liabilities in transactions with the following characteristics is not recognized: first, the transaction is not a business combination; second, the transaction does not affect accounting profit or taxable income (or deductible losses) at the time of occurrence.

2) For deductible temporary differences related to investments in subsidiaries, associates, and joint ventures, the company recognizes corresponding deferred tax assets if both of the following conditions are met: First, the temporary difference is likely to reverse in the foreseeable future; second, it is likely to obtain taxable income in the future that can be used to offset the deductible temporary difference.

3) The company recognizes corresponding deferred income tax assets for deductible losses and tax credits that can be carried forward to future years, to the extent that it is likely to obtain future taxable income that can be used to offset the deductible losses and tax credits.

4) On the balance sheet date, the company reviews the carrying amount of deferred tax assets. If it is likely that sufficient taxable income will not be available in future periods to offset the benefit of the deferred tax



assets, the carrying amount of the deferred tax assets is reduced. When sufficient taxable income is likely to be available, the reduced amount should be reversed.

2. Recognition and measurement of deferred tax liabilities

Except for the deferred income tax liabilities arising from the following circumstances, the Company recognizes all deferred income tax liabilities arising from taxable temporary differences:

- 1) Initial recognition of goodwill.
- 2) Initial recognition of assets or liabilities arising from transactions that meet the following characteristics: First, the transaction is not a business combination; second, the transaction does not affect accounting profits or taxable income (or deductible losses) at the time of occurrence.
- 3) For the taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, the following conditions must be met simultaneously: First, the investing enterprise can control the timing of the reversal of the temporary differences; second, it is highly probable that the temporary differences will not reverse in the foreseeable future.

(31) Leasing

A lease refers to a contract in which the lessor transfers the right to use an asset to the lessee for consideration within a certain period.

On the contract inception date, the Company evaluates whether the contract is a lease or contains a lease. A contract is or contains a lease if one party transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration.

To determine whether the contract transfers the right to control the use of identified assets within a certain period, the company conducts the following assessment:

(1) Whether the contract involves the use of identified assets. An identified asset may be expressly designated by a contract or implicitly when the asset is made available to a customer. The asset is physically distinguishable, or if some capacity or other portion of the asset is physically indistinguishable, it substantially represents the entire production capacity of the asset, thereby allowing the customer to obtain almost all the economic benefits generated from using the asset. An asset is not an identified asset if the supplier of the asset has substantial substitution rights for the asset throughout its period of use.

(2) Whether the lessee has the right to substantially obtain all the economic benefits generated from using the identified assets during the use period.

(3) Whether the lessee has the right to direct the use of the identified assets during the period of use.



If the contract contains multiple separate leases simultaneously, the lessee and lessor will split the contract and conduct accounting treatment for each lease. If the contract contains lease and non-lease parts, the lessee and lessor shall separate the lease and non-lease parts. However, for land and building leases for which the Company is the lessee, the Company has chosen not to separate the lease and non-lease components contained in the contract and consolidate each lease component and its related non-lease component into a lease. When splitting the lease and non-lease components contained in the contract, the lessee shall allocate the contract consideration in proportion to the sum of the individual prices of each lease component and the individual prices of the non-lease components.

1. The Company serves as the lessee

On the commencement date of the lease period, the Company recognizes right-of-use assets and lease liabilities for the lease.

The right-of-use asset is initially measured at cost, including the initial measurement amount of the lease liability, the lease payment amount paid on or before the start date of the lease term (deducting the amount related to the lease incentive that has been enjoyed), the initial direct costs incurred, and the amount required for dismantling and moving. The costs expected to be incurred in addition to the leased assets include restoring the site where the leased assets are located or restoring the leased assets to the state agreed upon in the lease terms. The Company uses the straight-line method to depreciate right-of-use assets. Suppose it is reasonably certain that the ownership of the leased asset will be obtained at the expiration of the lease term. In that case, the Company will accrue depreciation over the remaining useful life of the leased asset. Otherwise, the leased asset is depreciated over the shorter lease term and the remaining useful life of the leased asset.

On the balance sheet date, if there are signs of impairment of right-of-use assets, the company estimates its recoverable amount and conducts an impairment test. The recoverable amount is determined as the higher the asset's fair value, the fewer disposal costs, and the present value of the asset's future cash flows. Provision for impairment of right-of-use assets is made for the difference between the recoverable amount and the book value. Once the provision for impairment of right-of-use assets is made, it cannot be reversed in subsequent accounting periods.

Lease liabilities are initially measured based on the present value of the unpaid lease payments at the beginning of the lease term, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be determined, the company's incremental borrowing rate will be used as the discount rate. The company calculates the interest expense of the lease liability in each period during the lease term based on a fixed periodic interest rate. It includes the current profit and loss or related asset costs. Variable lease payments not included in the measurement of lease liabilities are included in the current profit and loss or related asset costs when incurred.



After the start date of the lease period, if the following circumstances occur, the company will remeasure the lease liability based on the present value of the changed lease payments:

- (1) The amount expected to be payable based on the residual value of the guaranteed changes.
- (2) The index or ratio used to determine lease payment changes.
- (3) The company's evaluation results of the purchase option, lease renewal option, lease termination option change, or the actual exercise of the lease renewal or lease termination option are inconsistent with the original evaluation results.

When re-measurement of lease liabilities, the Company adjusts the book value of right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the company will include the remaining amount in the current profit and loss.

The Company has chosen not to recognize right-of-use assets and lease liabilities for short-term leases (lease periods not exceeding 12 months) and low-value asset leases and to include the relevant lease payments on a straight-line basis in each period during the lease term. Current profit and loss or related asset costs.

2. The company acts as the lessor

On the lease commencement date, the Company divides leases into finance and operating leases.

A finance lease is a lease that substantially transfers all the risks and rewards associated with ownership of the leased asset, regardless of whether ownership is ultimately transferred. Operating leases refer to leases other than finance leases.

When the Company acts as a sublease lessor, it classifies the sublease based on the right-of-use assets generated by the original lease rather than the underlying assets of the original lease. Suppose the original lease is a short-term lease, and the Company elects to apply the simplified treatment of short-term leases described above to the original lease. In that case, the Company classifies the sublease as an operating lease.

Under a finance lease, on the start date of the lease period, the Company recognizes finance lease receivables for the finance lease and terminates the recognition of finance lease assets.

When the Company initially measures the financial lease receivables, the net lease investment is regarded as the entry value of the financial lease receivables. The net investment in a lease is the sum of the unguaranteed residual value and the present value of the lease payments that have not yet been received at the start of the lease term, discounted at the interest rate implicit in the lease. The Company calculates and recognizes interest income in each period during the lease term based on fixed periodic interest rates.



Variable lease payments not included in the measurement of net lease investment are included in the current profit and loss when incurred.

Lease receipts from operating leases are recognized as rental income on a straight-line basis over the lease term. The company capitalizes its initial direct expenses related to operating leases, amortizes them during the lease period on the same basis as rental income recognition, and includes them in current profits and installment losses. Variable lease payments not included in lease receipts are included in the current profit and loss when incurred.

(32) Held for sale

1. Recognition criteria for assets held for sale

The Company classifies assets or liabilities that meet the following conditions as held for sale: First, the component must be immediately saleable under its current condition based solely on the customary terms for selling such components. Second, the company has made a resolution to dispose of the component (or non-current asset), and if approval from shareholders is required, it has obtained approval from the shareholders' meeting or the corresponding authority. Third, the company has signed an irrevocable transfer agreement with the transferee. Fourth, the transfer will be completed within one year.

2. Accounting treatment method for assets held for sale

For fixed assets held for sale, the company adjusts the estimated net residual value of such fixed assets to reflect the amount obtained by subtracting the disposal expenses from its fair value. However, this adjusted net residual value should not exceed the original book value of the fixed asset when it meets the conditions for being held for sale. The difference between the original book value and the adjusted estimated net residual value is recognized as an asset impairment loss and recorded in the current period profit or loss.

Intangible assets and other non-current assets or non-current liabilities that meet the conditions for holding for sale shall be treated in accordance with the above principles but excluding deferred income tax assets and financial assets regulated by the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments.

(33) Changes in accounting policies, accounting estimates and error corrections

1. Changes in significant accounting policies

In October 2023, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 17" (Cai Kuai [2023] No. 21), which stipulates the relevant contents regarding the classification of current liabilities and non-current liabilities, the disclosure of supplier financing



arrangements, and the accounting treatment of sale-leaseback transactions. This interpretation is to be implemented from January 1, 2024. This change in accounting policy has no impact on the company's financial statements.

On December 6, 2024, the Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 18" (hereinafter referred to as "Interpretation No. 18"). It further standardizes and clarifies two aspects: "Subsequent measurement of investment properties held as underlying items under the floating charge method" and "Accounting treatment for guarantee-type quality assurance that does not constitute a single performance obligation". The relevant content has been implemented since December 6, 2024. This change in accounting policy has no impact on the company's financial statements.

2. Changes in accounting estimates

None.

3. Correction of significant accounting errors

None.

IV. Taxation

1. The main taxation and tax rates applicable to The Company are as follows:

Taxation	Tax basis	Tax rate (%)
Value added tax	The taxable value-added amount (the taxable amount is calculated based on the taxable sales volume multiplied by the applicable tax rate and the balance after deducting the input tax allowed to be deducted in the current period, simplified tax calculation, etc.)	3, 5, 6, 9, 13
City maintenance and construction tax	Actual turnover tax paid	7
Education surcharge	Actual turnover tax paid	3
Local education surcharge	Actual turnover tax paid	2
Corporate income tax	Taxable income	25, 20
Land-value increment tax	Taxable income	Progressive tax rate with the excess rate

2. Tax incentives



The Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement No. 13 of 2022) stipulates that from January 1, 2022, to December 31, 2024, for small and micro-profit enterprises with annual taxable income exceeding 1 million yuan but not exceeding RMB 3 million, the portion will be included in the taxable income at a reduced rate of 25%, and the enterprise income tax will be paid at a tax rate of 20%.

3. Other notes

Other taxes shall be calculated and paid by relevant national and local regulations.

V. NOTES TO MAJOR ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

(1) Cash and cash equivalents

Item	2024.12.31	2023.12.31
Cash on hand	203,188.49	128,377.50
Bank balances	723,180,442.59	1,065,721,658.47
Other monetary funds	330,148,913.55	25,145,954.52
Total	1,053,532,544.63	1,090,995,990.49

Note: Other monetary funds are note deposits and letter of credit deposit.

(2) Accounts receivable

(a) Disclosed of accounts receivable by Aging

Aging	2024.12.31	2023.12.31
Within 1 year	334,565,509.97	468,637,309.51
1 to 2 years	147,286,131.92	609,188,441.41
2 to 3 years	606,866,980.97	
3 to 4 years		39,657,721.24
4 to 5 years	39,657,721.24	
More than 5 years	125,770.71	125,770.71
Subtotal	1,128,502,114.81	1,117,609,242.87
Less: Provision for bad debts	161,775,157.99	161,988,152.20
Total	966,726,956.82	955,621,090.67

(b) Accounts receivable are listed by type as follows:



Category	2024.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with provision for bad debts individually with a significant amount	525,333,383.73	46.55	159,881,076.10	30.43	365,452,307.63
Accounts receivable with bad debt provision based on the combination of credit risk characteristics	603,168,731.08	53.45	1,894,081.89	0.31	601,274,649.19
Aging combination	41,228,605.30	3.65	838,585.27	2.03	40,390,020.03
Low-risk combination	351,832,204.69	31.18	1,055,496.62	0.30	350,776,708.07
Other combination	210,107,921.09	18.62			210,107,921.09
Total	1,128,502,114.81	100.00	161,775,157.99	14.34	966,726,956.82

(Continued)

Category	2023.12.31				
	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable with provision for bad debts individually with a significant amount	519,685,259.40	46.50	159,881,076.10	30.76	359,804,183.30
Accounts receivable with bad debt provision based on the combination of credit risk characteristics	597,923,983.47	53.50	2,107,076.10	0.35	595,816,907.37
Aging combination	63,320,932.69	5.66	1,128,139.22	1.78	62,192,793.47
Low-risk combination	326,312,293.21	29.20	978,936.88	0.30	325,333,356.33
Other combination	208,290,757.57	18.64			208,290,757.57
Total	1,117,609,242.87	100.00	161,988,152.20	14.49	955,621,090.67

(1) Accounts receivable with provision for bad debts individually with a significant amount

Aging	2024.12.31		2023.12.31	
	Book value	Provision for bad debts	Book value	Provision for bad debts
Zijin Yuecheng project house payment	525,333,383.73	159,881,076.10	519,685,259.40	159,881,076.10
Total	525,333,383.73	159,881,076.10	519,685,259.40	159,881,076.10

(2) Accounts receivable with bad debt provision based on the combination

In the combination, accounts receivable for which bad debt provision is made using the aging analysis method are:



Aging	2024.12.31		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year	35,209,775.29	85.40	352,097.75
1 to 2 years	4,571,782.26	11.09	228,589.11
2 to 3 years	1,321,277.04	3.20	132,127.70
3 to 4 years			
4 to 5 years			
More than 5 years	125,770.71	0.31	125,770.71
Total	41,228,605.30	100.00	838,585.27

(Continued)

Aging	2023.12.31		
	Book balance		Provision for bad debts
	Amount	Proportion (%)	
Within 1 year	53,934,739.33	85.18	539,347.39
1 to 2 years	9,260,422.65	14.62	463,021.12
2 to 3 years			
3 to 4 years			
4 to 5 years			
More than 5 years	125,770.71	0.20	125,770.71
Total	63,320,932.69	100.00	1,128,139.22

Accounts receivable of low-risk combination:

Item	2024.12.31	2023.12.31
Finance Bureau of Guancheng Hui District, Zhengzhou City	207,661,211.40	231,921,692.06
Housing Security Service Center of Guancheng Hui District, Zhengzhou City	80,166,204.59	80,166,204.59
Zhengzhou Guancheng Hui District Urban Management Bureau	23,634,291.03	
Zhengzhou Guancheng Hui District Fire Rescue Brigade	18,710,291.68	
Chuangxin Street Primary School of Guancheng Hui District, Zhengzhou City	10,388,952.56	10,372,267.56
Cultural Tourism and Sports Bureau of Guancheng Hui District, Zhengzhou City	3,969,001.56	
Foreign Language Primary School, Guancheng Hui District, Zhengzhou City	3,000,000.00	3,000,000.00
Zhengzhou Public Security Bureau Guancheng Branch	1,322,656.89	
Office of the Leading Group for Fighting and Dealing with Illegal Fundraising in Guancheng Hui District	900,000.00	450,000.00



Item	2024.12.31	2023.12.31
Disability Federation of Guancheng Hui District, Zhengzhou City	790,000.00	109,000.00
Suzhuang Village Village Committee, Nancao Street Office, Guancheng Hui District, Zhengzhou City	246,544.24	
Shibalihe Street Office, Guancheng Hui District, Zhengzhou City	207,658.14	
Zijingshan South Road Subdistrict Office, Guancheng Hui District, Zhengzhou City	206,738.50	203,129.00
Labor Union Committee of Zijingshan South Road Sub district Office, Guancheng Hui District, Zhengzhou City	150,000.00	
Administrative Committee of Henan Guancheng Economic and Technological Development Zone	187,180.00	90,000.00
Smart City Operation Office of Guancheng Hui District Committee of the Communist Party of China in Zhengzhou City	144,000.00	
Trade Union Committee of Chuangxin Street Primary School, Guancheng Hui District, Zhengzhou City	55,760.00	
Trade Union Committee of Publicity Department of Zhengzhou Guancheng Hui District Committee of the CPC	32,000.00	
Zhengzhou Guancheng Hui District Bureau of Statistics	24,380.00	
Trade Union Committee of Zijingshan South Road Primary School, Guancheng Hui District, Zhengzhou City	24,000.00	
Zhengzhou No.70 Middle School	7,934.10	
Wenxing Road Primary School, Guancheng Hui District, Zhengzhou City	3,400.00	
Subtotal	351,832,204.69	326,312,293.21
Bad debt provision	1,055,496.62	978,936.88
Total	350,776,708.07	325,333,356.33

Accounts receivable of other combination in the portfolio:

Item	2024.12.31	2023.12.31	Reason
Quanwei Tangshan Energy Co., Ltd.		106,971,262.80	The payment period agreed in the contract has not yet expired
Tangshan Xiele International Trade Co., Ltd.	23,443,852.75		The payment period agreed in the contract has not yet expired
Shanghai Laifeng International Trading Co., Ltd.	28,151,486.10		The payment period agreed in the contract has not yet expired
Shanghai Zhansheng Industrial Development Co., Ltd.	46,206,264.58	101,219,494.77	The payment period agreed in the contract has not yet expired
Xiamen Limaofeng International Trade Co., Ltd.	22,524,089.39		The payment period agreed in the contract has not yet expired
Zhengzhou Yijian Group Co., Ltd.		100,000.00	The payment period agreed in the contract has not yet expired



Item	2024.12.31	2023.12.31	Reason
Fuzhou Jianhe Trading Co., Ltd	7,396,513.80		The payment period agreed in the contract has not yet expired
Yifeng (Wuhan) Energy Co., Ltd	82,385,714.47		The payment period agreed in the contract has not yet expired
Total	210,107,921.09	208,290,757.57	

(c) Top five accounts receivable based on debtors

No	Entity	Amount	Proportion of total accounts receivable (%)	Aging	Nature
1	Finance Bureau of Guancheng Hui Autonomous District, Zhengzhou City	207,661,211.40	18.40	1 to 4 years	Project payment
2	Quanwei Tangshan Energy Co., Ltd.	82,385,714.47	7.30	Within 1 year	Good payment
3	Housing Security Service Center of Guancheng Hui Autonomous District, Zhengzhou City	80,166,204.59	7.10	2 to 3 years	Project payment
4	Shanghai Zhansheng Industrial Development Co., Ltd.	46,206,264.58	4.09	Within 1 year	Good payment
5	Shanghai Laifeng International Trading Co., Ltd.	28,151,486.10	2.49	Within 1 year	Good payment
	Total	444,570,881.14	39.38		

(3) Prepayments

(a) Aging analysis prepayments

Aging	2024.12.31		2023.12.31	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,602,816,653.16	64.20	594,191,045.58	62.96
1 to 2 years	546,512,776.89	21.89	7,440,024.54	0.79
2 to 3 years	5,081,715.00	0.21	2,098,577.87	0.22
More than 3 years	342,098,577.87	13.70	340,000,000.00	36.03
Total	2,496,509,722.92	100.00	943,729,647.99	100.00

(b) Top five entities of prepayments

No	Entity	Amount	Proportion of total prepayments (%)	Aging	Nature
1	Zijingshan South Road Subdistrict Office Shilipu Community Resettlement Housing Construction	1,085,000,000.00	43.46	Within 1 year, 1 to 2 years	House payments



No.	Entity	Amount	Proportion of total prepayments (%)	Aging	Nature
	Command				
2	Leadership Group for Urban Renewal Project in Zhongbo District, Erligang Street Office	453,000,000.00	18.15	Within 1 year	Project payments
3	Zhengzhou Shangdu Holding Group Co., Ltd.	340,000,000.00	13.62	More than 5 years	Project payments
4	Zhengzhou Guancheng District State owned Capital Investment and Operation Holding Co., Ltd.	330,128,644.90	13.22	Within 1 year	House payments
5	Henan Yongheng Hyatt Real Estate Development Co., Ltd.	97,859,995.39	3.92	1 to 2 years	Prepayment of house payments
	Total	2,305,988,640.29	92.37		

(4) Other receivables

Item	2024.12.31	2023.12.31
Interest receivable		
Dividends receivable		
Other receivables	1,281,706,616.69	581,408,747.60
Total	1,281,706,616.69	581,408,747.60

(a) Interest receivable

None

(b) Dividends receivable

None

(c) Other receivables**(1) Aging analysis**

Aging	2024.12.31	2023.12.31
Within 1 year	748,220,771.53	451,072,003.19
1 to 2 years	455,984,873.70	47,629,730.74
2 to 3 years	30,991,283.86	9,046,904.63
3 to 4 years	8,399,571.98	41,017,576.40
4 to 5 years	39,565,710.58	13,718,131.32
More than 5 years	42,316,683.68	56,190,003.51
Subtotal	1,325,478,895.33	618,674,349.79
Less: Provision for bad debts	43,772,278.64	37,265,602.19



Aging	2024.12.31	2023.12.31
Total	1,281,706,616.69	581,408,747.60

(2) Details of bad debt provision

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss over the whole duration (credit impairment has occurred)	
Balance as of December 31, 2023	37,265,602.19			37,265,602.19
The book balance of other receivables on December 31, 2023 is:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	6,506,676.45			6,506,676.45
Reversal				
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2024	43,772,278.64			43,772,278.64

(3) Top five other receivables based on debtors

No.	Entity	Amount	Proportion of total other receivables (%)	Aging	Nature
1	Leading Group for the Disposal of Problem Buildings in Xinyuan International New City	246,000,000.00	18.56	Within 1 year	Current payment
2	Zhengzhou Guancheng District State-owned Capital Investment and Operation Holding Co., Ltd.	238,131,797.89	17.97	1 to 2 years	Current payment
3	Henan Zhengshang Shangdu Real Estate Co., Ltd.	106,899,019.67	8.06	1 to 3 years	Current payment
4	Leading Group for the Promotion of Jiatian Future New City Project at the Hanghai East Road Sub district Office	104,000,000.00	7.85	Within 1 year	Current payment
5	Leadership Group for Xiaohu Village Urban Renewal Project (Phase III) of Nancao Street Office	100,000,000.00	7.54	Within 1 year	Current payment
	Total	795,030,817.56	59.98		



(5) Inventories**(a) Categories**

Item	2024.12.31		
	Book balance	Provision for Impairment	Book value
Land and structures	2,036,163,776.59		2,036,163,776.59
Land preparation and development	9,486,947,030.06		9,486,947,030.06
Development costs	7,076,869,373.26		7,076,869,373.26
Packaging materials and low-value consumables	91,418.09		91,418.09
Finish goods	1,830,902.94		1,830,902.94
Raw materials	129,326.97		129,326.97
Materials in transit			
Total	18,602,031,827.91		18,602,031,827.91

(Continued)

Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Land and structures	2,002,309,861.40		2,002,309,861.40
Land preparation and development	8,984,371,823.92		8,984,371,823.92
Development costs	5,046,886,368.27		5,046,886,368.27
Packaging materials and low-value consumables	63,476.29		63,476.29
Finish goods	878,120.83		878,120.83
Raw materials	5,873,037.85		5,873,037.85
Materials in transit	16,844.85		16,844.85
Total	16,040,399,533.41		16,040,399,533.41

(6) Other current assets

Item	2024.12.31	2023.12.31
Prepaid income tax	36,510,865.17	18,485,835.96
Input tax to be deducted	193,836,324.77	58,185,334.35
Total	230,347,189.94	76,671,170.31

(7) Long-term receivables

Item	2024.12.31	2023.12.31
Zhengzhou Guancheng Hui District Health Commission	126,800,926.89	
Total	126,800,926.89	

(8) Long-term equity investments**(a) Classification of long-term equity investments**

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Investment in subsidiaries				
Investment in joint ventures and associates	93,341,390.85	35,781,349.40		129,122,740.25
Subtotal	93,341,390.85	35,781,349.40		129,122,740.25
Less: Impairment of long-term equity investments	600,000.00			600,000.00
Total	92,741,390.85	35,781,349.40		128,522,740.25

(b) Details of investment in joint ventures and associates

Investee	2023.12.31	Changes in current period			
		Additional of investment	Reductional of investment	Investment gains and losses recognized under the equity method	Adjustment in other comprehensive income
Zhengzhou Jianzhong Yudian Automobile Co., Ltd.	2,952,362.98			12,013.47	
Henan Tengfei Building Materials Co., Ltd.	20,394,317.07			621,892.31	
Henan Zhengzhou Real Estate City Fusion Construction Development Co., Ltd.	69,394,710.80			-852,556.38	
Zhengzhou Chuangjia Advertising Planning Co., Ltd.					
Henan Information Management Enterprise Management Partnership Enterprise (Limited Partnership)		36,000,000.00		1,747,605.80	
Total	92,741,390.85	36,000,000.00		1,528,955.20	

(Continued)

Investee	Changes in current period				2024.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Zhengzhou Jianzhong Yudian Automobile Co., Ltd.					2,964,376.45	



Investee	Changes in current period				2024.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Henan Tengfei Building Materials Co., Ltd.					21,016,209.38	
Henan Zhengzhou Real Estate City Fusion Construction Development Co., Ltd.					68,542,154.42	
Zhengzhou Chuangjia Advertising Planning Co., Ltd.						600,000.00
Henan Information Management Enterprise Partnership Enterprise (Limited Partnership)		1,747,605.80			36,000,000.00	
Total		1,747,605.80			128,522,740.25	600,000.00

(9) Other equity instruments investments**(a) Details of other equity instruments investments**

Item	2024.12.31		
	Book balance	Provision for Impairment	Book value
Other equity instruments investments	441,453,190.00		441,453,190.00
Including: Measured at fair value	441,453,190.00		441,453,190.00
Total	441,453,190.00		441,453,190.00

(Continued)

Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Other equity instruments investments	411,453,190.00		411,453,190.00
Including: Measured at fair value	411,453,190.00		411,453,190.00
Total	411,453,190.00		411,453,190.00

(b) Other equity instrument investments measured at fair value at the end of the period

Item	Book balance			
	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Haohuo (Zhengzhou) Network Technology Co., Ltd.	1,000,000.00			1,000,000.00
Zhengzhou Shangdu Holding Group Co., Ltd.	375,000,000.00			375,000,000.00
Zhengzhou Bank Co., Ltd.	10,453,190.00			10,453,190.00
Zhongchu Real Estate Henan Co., Ltd.	20,000,000.00			20,000,000.00
Zhengzhou National Central City Industrial Development Fund Co., Ltd.	4,000,000.00			4,000,000.00



Item	Book balance			
	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Zhengzhou Guancheng Hui Autonomous District Guanrong Equity Investment Fund Partnership (Limited Partnership)	1,000,000.00			1,000,000.00
Zhengzhou South Station Hub Investment and Construction Co., Ltd.		30,000,000.00		30,000,000.00
Total	411,453,190.00	30,000,000.00		441,453,190.00

(Continued)

Investee	Provision for impairment				Shareholding ratio in the investee (%)	Cash dividend in the current period
	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31		
Haohuo (Zhengzhou) Network Technology Co., Ltd.					10.00	
Zhengzhou Shangdu Holding Group Co., Ltd.					22.06	
Zhengzhou Bank Co., Ltd.					0.18	
Zhongchu Real Estate Henan Co., Ltd.					20.00	
Zhengzhou National Central City Industrial Development Fund Co., Ltd.					0.50	
Zhengzhou Guancheng Hui Autonomous District Guanrong Equity Investment Fund Partnership (Limited Partnership)					99.99	
Zhengzhou South Station Hub Investment and Construction Co., Ltd.					10.00	
Total						

(10) Investment properties



Item	Plant and buildings	Total
I. Amount of 2023.12.31	1,301,431,700.00	1,301,431,700.00
II. Changes in the current period	850,456,678.22	850,456,678.22
Add: Transfer from fixed assets	392,942,155.27	392,942,155.27
Purchases	427,124,211.01	427,124,211.01
Changes of fair value	30,390,311.94	30,390,311.94
Transfer from inventories		
Less: disposal		
Other transfer out		
Changes of fair value		
III. Amount of 2024.12.31	2,151,888,378.22	2,151,888,378.22

(II) Fixed assets**(a) Categories**

Item	2024.12.31	2023.12.31
Fixed assets	132,611,006.32	146,335,673.03
Disposal of fixed assets		
Total	132,611,006.32	146,335,673.03

(b) Details of fixed assets

Item	Plant and buildings	Machinery	Transport equipment	Office equipment and others	Total
I. Total Cost					
1. 2023.12.31	135,536,709.62	2,331,589.14	91,951,865.30	5,834,371.65	235,654,535.71
2. Increase in the current period	2,894,665.77	11,332,304.45	17,024.83	8,114,535.14	22,358,530.19
(1) Purchases	702,459.74	606,245.25	17,024.83	1,459,352.09	2,785,081.91
(2) Transfer from construction in progress	25,361.80	5,333,744.25		6,655,183.05	12,014,289.10
(3) Increase arising from business combination					
(4) Others	2,166,844.23	5,392,314.95			7,559,159.18
3. Decrease in the current period	5,457,342.02	447,201.00	5,026,880.00	52,959.00	10,984,382.02
(1) Disposal or retirement	65,027.07	447,201.00	5,026,880.00	42,250.00	5,581,358.07
(2) Transfer in investment properties					0.00
(3) Other decreases	5,392,314.95			10,709.00	5,403,023.95
4. 2024.12.31	132,974,033.37	13,216,692.59	86,942,010.13	13,895,947.79	247,028,683.88
II. Accumulated depreciation					



Item	Plant and buildings	Machinery	Transport equipment	Office equipment and others	Total
1. 2023.12.31	19,241,853.95	950,627.76	65,767,866.82	3,358,514.15	89,318,862.68
2. Increase in the current period	3,992,067.14	697,663.32	21,448,060.59	1,194,562.74	27,332,353.79
(1) Charge for the current period	3,992,067.14	697,663.32	21,448,060.59	1,194,562.74	27,332,353.79
(2) Increase arising from business combination					
3. Decrease in the current period		361,487.44	1,833,510.86	38,540.61	2,233,538.91
(1) Disposal or retirement		361,487.44	1,833,510.86	27,831.61	2,222,829.91
(2) Transfer in investment properties					
(3) Other decreases				10,709.00	10,709.00
4. 2024.12.31	23,233,921.09	1,286,803.64	85,382,416.55	4,514,536.28	114,417,677.56
III. Provision for impairment					
1. 2023.12.31					
2. Increase in the current period					
(1) Charge for the current period					
3. Decrease in the current period					
(1) Disposal or retirement					
4. 2024.12.31					
IV. Carrying amount					
1. 2024.12.31	109,740,112.28	11,929,888.95	1,559,593.58	9,381,411.51	132,611,006.32
2. 2023.12.31	116,294,855.67	1,380,961.38	26,183,998.48	2,475,857.50	146,335,673.03

(12) Construction in progress**(a) Details of construction in progress**

Item	2024.12.31		
	Book balance	Provision for Impairment	Book value
Fuminli Street District	950,062,791.66		950,062,791.66
Parking lot project			
Jindai Digital Innovation Park project	261,598,714.76		261,598,714.76
Procurement and installation of transformers for municipal greening management and maintenance			
Xinya Business Building project			
Zhangguang Building Renovation Project			
Zhengzhou South Station Hub Industrial Park Urban Renewal Project (Phase I)			
Exhibition Hall Sand Table Renovation			



Item	2024.12.31		
	Book balance	Provision for Impairment	Book value
Zhengzhou Shangdu Cultural Center	578,217.65		578,217.65
New Moon Land Project	67,383.66		67,383.66
Guancheng District Zhongbo Area Urban Renewal Project	3,880,000.00		3,880,000.00
Environmental transformation around the Shang Dynasty royal city ruins	96,365,183.23		96,365,183.23
Tawan Street and Nitai area	1,599,056.62		1,599,056.62
Guancheng Cultural Block Project	175,667,763.84		175,667,763.84
Equality Street Cultural and Creative Block	1,834,862.39		1,834,862.39
Total	1,491,653,973.81		1,491,653,973.81

(Continued)

Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Fuminli Street District	976,555,702.25		976,555,702.25
Parking lot project	1,216,791.46		1,216,791.46
Jindai Digital Innovation Park project	182,138,820.42		182,138,820.42
Procurement and installation of transformers for municipal greening management and maintenance	228,346.49		228,346.49
Xinya Business Building project	211,804,772.99		211,804,772.99
Zhangguang Building Renovation Project	10,361,816.60		10,361,816.60
Zhengzhou South Station Hub Industrial Park Urban Renewal Project (Phase I) Exhibition Hall Sand Table Renovation	2,810,170.62		2,810,170.62
Zhengzhou Shangdu Cultural Center			
New Moon Land Project			
Guancheng District Zhongbo Area Urban Renewal Project			
Environmental transformation around the Shang Dynasty royal city ruins			
Tawan Street and Nitai area			
Guancheng Cultural Block Project			
Equality Street Cultural and Creative Block			
Total	1,385,116,420.83		1,385,116,420.83

(13) Right-of-use assets

Item	Plant and buildings	Others	Total
I. Total Cost			



Item	Plant and buildings	Others	Total
1. 2023.12.31	126,603,865.74		126,603,865.74
2. Increase in the current period	2,262,392.33		2,262,392.33
3. Decrease in the current period			
4. 2024.12.31	128,866,258.07		128,866,258.07
II. Accumulated depreciation			
1. 2023.12.31	5,067,055.10		5,067,055.10
2. Increase in the current period	11,408,605.17		11,408,605.17
(1) Charge for the current period	11,408,605.17		11,408,605.17
3. Decrease in the current period			
(1) Disposal or retirement			
4. 2024.12.31	16,475,660.27		16,475,660.27
III. Provision for impairment			
1. 2023.12.31			
2. Increase in the current period			
(1) Charge for the current period			
3. Decrease in the current period			
(1) Disposal or retirement			
4. 2024.12.31			
IV. Carrying amount			
1. 2024.12.31	112,390,597.80		112,390,597.80
2. 2023.12.31	121,536,810.64		121,536,810.64

(14) Intangible assets

Item	Land use rights	Software	Franchise	Parking lots use rights	Total
I. Total Cost					
1. 2023.12.31	467,576.00	2,403,369.64	21,077,873.58	2,971,428.56	26,920,247.78
2. Increase in the current period	45,827,162.86	761,830.33			46,588,993.19
(1) Purchases		761,830.33			761,830.33
(2) Internal R&D					
(3) Increase arising from business combination					
(4) Transfer from construction in progress	45,827,162.86				45,827,162.86
3. Decrease in the current period			20,844,100.00		20,844,100.00



Item	Land use rights	Software	Franchise	Parking lots use rights	Total
(1) Disposal					
(2) Others			20,844,100.00		20,844,100.00
4. 2024.12.31	46,294,738.86	3,165,199.97	233,773.58	2,971,428.56	52,665,140.97
II. Accumulated amortization					
1. 2023.12.31		329,285.15	1,303,387.99	189,665.66	1,822,338.80
2. Increase in the current period	97,921.29	260,376.66	438,461.16	94,832.83	891,591.94
(1) Charge for the current period	97,921.29	260,376.66	438,461.16	94,832.83	891,591.94
3. Decrease in the current period			1,702,287.45		1,702,287.45
(1) Disposal					
(2) Others			1,702,287.45		1,702,287.45
4. 2024.12.31	97,921.29	589,661.81	39,561.70	284,498.49	1,011,643.29
III. Provision for impairment					
1. 2023.12.31					
2. Increase in the current period					
(1) Charge for the current period					
3. Decrease in the current period					
(1) Disposal					
4. 2024.12.31					
IV. Carrying amount					
1. 2024.12.31	46,196,817.57	2,575,538.16	194,211.88	2,686,930.07	51,653,497.68
2. 2023.12.31	467,576.00	2,074,084.49	19,774,485.59	2,781,762.90	25,097,908.98

Note: The land use right of RMB 467,576.00 was obtained through allocation, with an uncertain period of use and no provision for amortization.

(15) Long-term prepaid expenses

Item	2023.12.31	Increases in the current period	Amortization in the current period	Other decreases	2024.12.31
Decoration costs	2,948,690.97	35,189,014.31	4,931,881.94		33,205,823.34
Franchise fee	309,071.11		33,265.57		275,805.54
Service fee	7,987.84	293,918.86	30,517.10		271,389.60
Total	3,265,749.92	35,482,933.17	4,995,664.61		33,753,018.48

(16) Deferred tax assets and deferred tax liabilities



(a) Deferred tax assets before offset

Item	2024.12.31		2023.12.31	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	45,621,659.76	11,405,396.72	39,372,333.80	9,843,083.45
Lease liabilities	110,812,034.72	27,703,008.68	115,489,695.32	28,872,423.83
Impairment of investment properties			3,980,800.00	995,200.00
Total	156,433,694.48	39,108,405.40	158,842,829.12	39,710,707.28

(b) Deferred tax liabilities before offset

Item	2024.12.31		2023.12.31	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Land and structure valuation	170,225,551.00	42,556,387.75	170,225,551.00	42,556,387.75
Investment real estate valuation	261,665,762.24	65,416,440.56	229,716,785.64	57,429,196.41
Right-of-use assets	112,390,597.80	28,097,649.45	127,061,663.68	31,765,415.92
Total	544,281,911.04	136,070,477.76	527,004,000.32	131,751,000.08

(17) Other non-current assets

Item	2024.12.31	2023.12.31
Land and building acquisition funds for the Shangcheng Road campus of Zhengzhou Electric Power College	306,638,300.00	306,638,300.00
Fixed assets	134,480,000.00	134,480,000.00
Zhengdong New District Transportation Hub Relocation Command	100,000,000.00	100,000,000.00
Chaohu Ecological Park acquisition funds	24,285,000.00	24,285,000.00
Land and structures	93,095,700.00	93,108,206.00
Jindai Community Health Service Center	13,414,483.89	13,338,586.79
Bailout funds	2,160,844,492.63	2,178,894,492.63
Prepaid small program development project funds		103,200.00
Assets of Zhengzhou South Station Hub Industrial Park Urban Renewal Project	3,196,475.43	
Total	2,835,954,451.95	2,850,847,785.42

Note 1: In 2012, the Company and the New Shangcheng Group Command of Guancheng Hui District signed the "Contract for the Overall Acquisition of Shangcheng Road Campus of Zhengzhou Electric Power College" with Zhengzhou Electric Power College, agreeing to acquire 84,705.80 square meters of land and 26 buildings with an area of 81,054.20 square meters at the Shangcheng Road Campus of Zhengzhou Electric



Power College. The Company has paid RMB 306,638,300.00 for the acquisition from 2012 to 2016. As of December 31, 2024, the relevant assets have not yet been transferred.

Note 2: Fixed assets of RMB 134,480,000.00 are in accordance with the "Notice of the General Office of the National Development and Reform Commission and the General Office of the Ministry of Finance on Further Enhancing the Ability of Corporate Bonds to Serve the Real Economy and Strictly Preventing Local Debt Risks" (Fagaibancaijin [2018] No. 194). The company adjusted the public welfare assets to other non-current assets for accounting. As of December 31, 2024, the relevant assets have not yet completed the transfer procedures.

Note 3: The Zhengdong New District Transportation Hub Resettlement Command paid the Company for the funds to purchase the Wuzhou New Village buildings.

Note 4: The acquisition payment for Chaohu Ecological Park was paid by the Company to the People's Government of Nancao Township, Guancheng Hui District, Zhengzhou City in 2012 for the acquisition of the Chaohu Ecological Park project. As of December 31, 2024, the relevant assets have not yet been transferred.

Note 5: The land and structures are held by Henan Xindoucai Paper Packaging Co., Ltd., a subsidiary of the Company. The State-owned Land Acquisition Contract has been signed with Zhongyuan Land Reserve Center and Guancheng Hui District Land Reserve Center of Zhengzhou City. According to the contract, the acquisition compensation will be paid according to a certain proportion of the net transaction price after the land is transferred. As of December 31, 2024, the land has been collected and stored, but the acquisition compensation has not yet been paid.

Note 6: The Jindai Construction relief funds are applied for by Zhengzhou Jindai Construction Investment Co., Ltd. as the district-level borrowing entity from Zhengzhou Real Estate Group Investment Management Co., Ltd., and are specifically used to support the subsequent construction of sold, overdue and difficult-to-deliver residential projects within the jurisdiction of the Guancheng Hui District People's Government that have been registered with relevant national departments and approved by the China Development Bank.

(18) Short-term borrowings

(a) Categories of borrowings

Item	2024.12.31	2023.12.31
Pledged loan		100,000,000.00
Secured loan	300,000,000.00	
Guaranteed loan	1,261,745,174.95	938,550,000.00



Item	2024.12.31	2023.12.31
Unsecured loan	95,000,000.00	100,000,000.00
Factoring	232,725,382.31	
Total	1,889,470,557.26	1,138,550,000.00

(b) Detail of short-term borrowings

Borrowing unit	Loan unit	Closing balance	Starting date	Ending date	Terms of borrowings
Zhengzhou Jindai Dingfeng Real Estate Co., Ltd	Zhengzhou Bank Co., Ltd. Guancheng Branch	104,000,000.00	2024-9-27	2025-8-29	Guaranteed loan
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	20,000,000.00	2024-7-31	2025-7-30	Guaranteed loan
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhongyuan Bank Zhengzhou Branch	10,000,000.00	2024-9-29	2025-9-29	Reverse factoring
Zhengzhou Jindai Supply Chain Management Co., Ltd.	Zhengzhou Bank Guancheng Branch	10,000,000.00	2024-12-27	2025-12-26	Reverse factoring
Zhengzhou Jindai Construction Investment Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	195,000,000.00	2024-12-5	2025-12-4	Guaranteed loan
Zhengzhou Jindai Construction Investment Co., Ltd.	Zhengzhou Bank Co., Ltd. Jindai Industrial Park Branch	190,000,000.00	2024-12-6	2025-12-5	Guaranteed loan
Zhengzhou Jindai Construction Investment Co., Ltd.	Zhongyuan Bank Zhengzhou Branch	5,000,000.00	2024-2-6	2025-2-6	Reverse factoring
Zhengzhou Jindai Construction Investment Co., Ltd.	Postal Savings Bank of China Zhengzhou Branch	3,000,000.00	2024-3-8	2025-3-6	Reverse factoring
Henan Xinyue Industrial Co., Ltd	Zhongyuan Bank Zhengzhou Branch	10,000,000.00	2024-6-21	2025-6-21	Reverse factoring
Henan Xinyue Industrial Co., Ltd	Postal Savings Bank of China Zhengzhou Branch	10,000,000.00	2024-8-7	2025-8-1	Reverse factoring
Henan Xinyue Industrial Co., Ltd	Postal Savings Bank of China Zhengzhou Branch	20,000,000.00	2024-9-9	2025-9-3	Reverse factoring
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhengzhou Bank Co., Ltd. Guancheng Branch	69,000,000.00	2024-5-13	2025-5-12	Guaranteed loan



Borrowing unit	Loan unit	Closing balance	Starting date	Ending date	Terms of borrowings
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Agricultural Bank of China Co., Ltd. Zhengzhou Guancheng Branch	50,000,000.00	2024-2-8	2025-2-5	Secured loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Agricultural Bank of China Co., Ltd. Zhengzhou Guancheng Branch	50,000,000.00	2024-3-9	2025-3-7	Secured loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Agricultural Bank of China Co., Ltd. Zhengzhou Guancheng Branch	100,000,000.00	2024-11-12	2025-11-5	Secured loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Agricultural Bank of China Co., Ltd. Zhengzhou Guancheng Branch	100,000,000.00	2024-12-19	2025-12-18	Secured loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zheshang Bank Co., Ltd. Zhengzhou Branch Business Department	95,000,000.00	2024-7-16	2025-7-16	Unsecured loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Huaxia Bank Co., Ltd. Zhengzhou Branch Business Department	35,000,000.00	2024-12-30	2025-6-30	Guaranteed loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhongyuan Bank Co., Ltd.	100,000,000.00	2024-7-9	2025-1-9	Guaranteed loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zhengzhou Bank Co., Ltd.	100,000,000.00	2024-7-18	2025-1-18	Guaranteed loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Zheshang Bank Co., Ltd. Zhengzhou Branch Business Department	95,000,000.00	2024-7-16	2025-7-16	Guaranteed loan
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	Huaxia Bank Co., Ltd. Zhengzhou Branch Business Department	45,000,000.00	2024-12-30	2025-6-30	Guaranteed loan
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd.	Zhengzhou Bank Guancheng Branch	126,000,000.00	2024-1-19	2025-1-18	Guaranteed loan
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd.	Zhengzhou Bank Guancheng Branch	135,000,000.00	2024-1-23	2025-1-22	Guaranteed loan



Borrowing unit	Loan unit	Closing balance	Starting date	Ending date	Terms of borrowings
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	5,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	5,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	5,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	3,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	5,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	1,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	1,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	2,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	Zhengzhou Bank Guancheng Branch	2,000,000.00	2024-12-31	2025-12-30	Reverse factoring
Zhengzhou Hankai Real Estate Co., Ltd	Zhongyuan Bank Zhengzhou Branch	10,000,000.00	2024-6-27	2025-6-27	Reverse factoring
Zhengzhou Shangding Municipal Engineering Co., Ltd	Zhongyuan Bank Zhengzhou Branch	3,694,803.19	2024-6-26	2025-6-26	Reverse factoring
Zhengzhou Shangding Municipal Engineering Co., Ltd	Zhongyuan Bank Zhengzhou Branch	1,619,080.11	2024-6-27	2025-6-26	Reverse factoring
Zhengzhou Shangding Municipal Engineering Co., Ltd	Zhongyuan Bank Zhengzhou Branch	4,527,063.51	2024-9-26	2025-9-26	Reverse factoring
Zhengzhou Shangding Municipal Engineering Co., Ltd	Zhongyuan Bank Zhengzhou Branch	1,639,610.45	2024-9-26	2025-9-26	Reverse factoring
Zhengzhou Shangding Real Estate Co., Ltd	Zhongyuan Bank Zhengzhou Branch	7,745,174.95	2024-2-23	2025-1-12	Guaranteed loan
Zhengzhou Guankai New City Real Estate Co., Ltd	Zhongyuan Bank Zhengzhou Branch	100,000,000.00	2024-9-12	2025-9-12	Reverse factoring



Borrowing unit	Loan unit	Closing balance	Starting date	Ending date	Terms of borrowings
Zhengzhou Guancheng Construction and Development Co., Ltd	Zhongyuan Bank Zhengzhou Branch	3,000,000.00	2024-2-23	2025-2-22	Reverse factoring
Zhengzhou Guancheng Construction and Development Co., Ltd	Zhongyuan Bank Zhengzhou Branch	2,254,825.05	2024-2-23	2025-1-12	Reverse factoring
Zhengzhou Guancheng Construction and Development Co., Ltd	Zhongyuan Bank Zhengzhou Branch	3,000,000.00	2024-3-6	2025-3-6	Reverse factoring
Zhengzhou Guancheng Construction and Development Co., Ltd	Zhongyuan Bank Zhengzhou Branch	1,000,000.00	2024-3-7	2025-3-6	Reverse factoring
Zhengzhou Guancheng Construction and Development Co., Ltd	Zhongyuan Bank Zhengzhou Branch	4,990,000.00	2024-11-20	2025-11-20	Reverse factoring
Zhengzhou Guancheng Construction and Development Co., Ltd	Huaxia Bank Zhengzhou Branch Business Department	14,600,000.00	2024-11-8	2025-4-8	Guaranteed loan
Zhengzhou Guancheng Construction and Development Co., Ltd	Huaxia Bank Zhengzhou Branch Business Department	25,400,000.00	2024-12-2	2025-5-2	Guaranteed loan
	Total	1,889,470,557.26			

(19) Notes payable

Item	2024.12.31	2023.12.31
Bank acceptance		
Commercial acceptance		25,000,000.00
Total		25,000,000.00

(20) Accounts payables**(a) Details by aging**

Aging	2024.12.31	2023.12.31
Within 1 year (Inclusive)	117,815,091.35	432,348,423.52
1 to 2 years (Inclusive)	252,376,281.95	24,541,124.90
2 to 3 years (Inclusive)	10,836,628.83	440.00
More than 3 years	5,228,340.95	5,408,895.33
Total	386,256,343.08	462,298,883.75

(2) Accounts payable by the top five at the end of the period

No.	Entity	Amount	Proportion of total accounts payable (%)	Aging	Nature
1	China Railway Seventh Bureau Group Co., Ltd.	103,344,728.48	26.76	Within 1 year, 1 to 2 years	Project payment
2	Zhengzhou First Construction Group Co., Ltd.	44,557,385.67	11.54	Within 1 year, 1 to 2 years	Project payment
3	Zhengzhou Tengfei Construction Engineering Group Co., Ltd.	31,545,151.97	8.17	1 to 2 years	Project payment
4	China Construction Xinjiang Construction Engineering (Group) Co., Ltd.	10,665,819.99	2.76	Within 1 year	Project payment
5	Henan Longxiang Hehe Construction Co., Ltd.	10,337,720.08	2.68	1 to 2 years	Project payment
	Total	200,450,806.19	51.91		

(21) Receipts in advance**(a) Receipts in advance by aging**

Item	2024.12.31	2023.12.31
Within 1 year (Inclusive)	273,274.29	354,195.79
1 to 2 years	192,084.00	
2 to 3 years		
More than 3 years		
Total	465,358.29	354,195.79

(22) Contract liabilities

Item	2024.12.31	2023.12.31
Project receipts in advance	3,006,992,764.63	2,869,280,356.13
Housing receipts in advance	185,714,360.17	192,140,093.10
Prepaid property fees, utilities, etc	2,491,111.45	
Total	3,195,198,236.25	3,061,420,449.23

(23) Payroll and employee benefits payable**(a) Payroll and employee benefits payable**

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
1. Short-term benefits	2,506,144.30	73,024,104.12	73,042,118.98	2,488,129.44
2. Post-employment benefits – Defined contribution plan	32,967.48	5,942,389.67	5,942,389.67	32,967.48
3. Termination benefits				
4. Other benefits due within one year				
Total	2,539,111.78	78,966,493.79	78,984,508.65	2,521,096.92



(b) Disclosure of Short-term benefits

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
1. Wages or salaries, bonuses, allowances and subsidies	2,405,225.76	64,091,946.53	64,113,376.80	2,383,795.49
2. Staff welfare	31,632.00	2,398,594.93	2,398,594.93	31,632.00
3. Social security contributions		3,040,030.60	3,040,030.60	
Including: 1. Medical insurance		2,680,696.92	2,680,696.92	
2. Work injury insurance		91,263.99	91,263.99	
3. Maternity insurance		268,069.69	268,069.69	
4. Housing funds	20,919.00	2,973,405.00	2,973,405.00	20,919.00
5. Labor union and employee education costs	48,367.54	520,127.06	516,711.65	51,782.95
6. Short-term paid absence from work				
7. Short-term profit-sharing plan				
8. Others				
Total	2,506,144.30	73,024,104.12	73,042,118.98	2,488,129.44

(c) Disclosure of defined contribution plan

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
1. Basic medical insurance	29,137.96	5,361,393.80	5,361,393.80	29,137.96
2. Unemployment insurance		536,139.39	536,139.39	
3. Enterprise annuity	3,829.52	44,856.48	44,856.48	3,829.52
Total	32,967.48	5,942,389.67	5,942,389.67	32,967.48

(24) Taxes payable

Item	2024.12.31	2023.12.31
Enterprise income tax	9,659,299.18	14,080,060.20
Value added tax	15,025,953.62	20,663,594.30
Urban land usage tax	1,107,841.64	1,076,018.14
House property tax	2,744,554.39	3,164,754.88
City maintenance and construction tax	2,783,903.24	3,593,658.98
Educational surcharge	1,193,101.40	1,535,058.98
Local educational surcharge	795,400.92	1,032,478.30
Stamp duty	628,925.12	565,372.12



Item	2024.12.31	2023.12.31
Individual income tax	119,344.27	35,884.66
Land value-added tax	39,428.56	39,428.56
Total	34,097,752.34	45,786,309.12

(25) Other payables

Item	2024.12.31	2023.12.31
Interest payables		
Dividends payable	951,242.96	474,700.03
Other payables	4,438,073,136.65	2,929,373,533.14
Total	4,439,024,379.61	2,929,848,233.17

(a) Interest payables

None

(b) Dividends payable

Aging	2024.12.31	2023.12.31
Henan Yuanfang Property Management Co., Ltd.	951,242.96	474,700.03
Total	951,242.96	474,700.03

(c) Other payables**(1) Other payable presented by aging**

Aging	2024.12.31	2023.12.31
Within 1 year (Inclusive)	2,912,379,837.84	2,649,176,322.99
1 to 2 years (Inclusive)	1,250,161,217.26	181,597,241.96
2 to 3 years (Inclusive)	181,590,089.96	9,165,268.65
More than 3 years	93,941,991.59	89,434,699.54
Total	4,438,073,136.65	2,929,373,533.14

(2) Top five of other payables

No.	Entity	Amount	Proportion of total other payables (%)	Aging	Nature
1	Zhengzhou Guancheng Hui District Urban Organic Renewal Center	2,360,600,234.23	53.19	Within 1 year, 1 to 2 years	Current payment
2	Zhengzhou Guancheng Hui District Shilipu Urban Village Reconstruction Work Command	491,000,000.00	11.06	Within 1 year, 1 to 2 years	Current payment



No.	Entity	Amount	Proportion of total other payables (%)	Aging	Nature
3	Zhengzhou Guancheng District State owned Capital Investment and Operation Holding Co., Ltd	452,368,167.26	10.19	Within 1 year	Current payment
4	Zhengzhou Guancheng Hui District Zhongbo Group (formerly Yangzhuang Village) Urban Village Renovation Work Command Center	245,000,000.00	5.52	Within 1 year	Borrowings
5	Comprehensive Coordination Office for Key Work of New Urbanization, Nancao Street Office, Guancheng Hui District, Zhengzhou City	199,500,000.00	4.50	Within 1 year	Current payment
	Total	3,748,468,401.49	84.46		

(26) Current portion of non-current liabilities**(a) Categories of current portion of non-current liabilities**

Item	2024.12.31	2023.12.31
Current portion of long-term borrowings	1,547,246,551.32	813,794,004.00
Current portion of long-term payables	388,795,102.86	337,085,418.09
Current portion of bond payables		
Current portion of lease liabilities	14,194,006.89	11,957,460.87
Current portion of special payables		
Total	1,950,235,661.07	1,162,836,882.96

(b) Details of current portion of long-term borrowings

Item	2024.12.31	2023.12.31
Guaranteed loan	1,536,946,551.32	360,000,000.00
Secured loan		
Pledged loan		
Unsecured loan	10,300,000.00	453,794,004.00
Total	1,547,246,551.32	813,794,004.00

(27) Other current liabilities

Item	2024.12.31	2023.12.31
Zhongyuan Trust Co., Ltd	150,000,000.00	
Pending output tax	45,351.50	
Guaranteed loans		
Unsecured loans		



Item	2024.12.31	2023.12.31
Total	150,045,351.50	

(28) Long-term borrowings**(a) Categories of borrowings**

Item	2024.12.31	2023.12.31
Guaranteed loans	5,472,181,996.00	3,990,215,996.00
Unsecured loans	389,650,000.00	80,000,000.00
Total	5,861,831,996.00	4,070,215,996.00

(b) Detail of long-term borrowings

Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Henan Xinyue Industrial Co., Ltd	2024-3-29	2034-3-27	35,460,000.00	1,530,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Dingfeng Real Estate Co., Ltd	2022-9-30	2027-9-29	270,000,000.00	90,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-1-18	2038-1-9	50,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-5-12	2038-1-9	70,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-7-27	2038-7-26	99,800,000.00	200,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-9-26	2038-1-9	24,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-12-13	2038-1-9	18,630,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2023-12-29	2038-1-9	45,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2024-1-17	2038-1-9	27,060,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2024-6-28	2038-1-9	64,400,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd	2024-9-27	2038-1-9	32,550,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd	2023-7-19	2047-12-21	121,860,157.60	1,369,216.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd	2023-10-30	2047-12-21	9,662,064.40	108,562.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd	2023-12-15	2047-12-21	10,877,778.00	122,222.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Leasing Co., Ltd	2024-1-22	2047-12-21	15,822,222.00	177,778.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhongmei Yu Hotel Co., Ltd	2023-8-25	2033-8-24	8,820,000.00	720,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhongmei Yu Hotel Co., Ltd	2023-9-27	2033-9-26	833,000.00	68,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Jianzhongmei Yu Hotel Co., Ltd	2023-11-24	2033-11-23	7,987,000.00	652,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd	2022-5-30	2025-5-29	75,000,000.00	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd	2023-1-17	2026-1-17	99,850,000.00	100,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd	2023-3-31	2025-8-21	120,000,000.00	120,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jindai Construction Investment Co., Ltd	2023-6-7	2026-6-6	8,500,000.00	1,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd	2023-1-10	2026-1-10	99,850,000.00	100,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd	2022-5-30	2025-5-29	75,000,000.00	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd	2022-11-7	2025-11-6	80,000,000.00	80,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd	2023-6-28	2026-6-27	85,000,000.00	85,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd	2024-11-27	2027-11-25	50,000,000.00	1,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Guancheng Construction and Development Co., Ltd.	2023-11-30	2033-11-29	150,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd.	2024-1-11	2033-11-29	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd.	2024-5-17	2033-11-29	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guancheng Construction and Development Co., Ltd.	2024-11-19	2033-11-29	22,350,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-2-29	2027-2-28	59,950,000.00	100,000.00	Unsecured loan	
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-9-14	2027-7-12	80,000,000.00	100,000.00	Unsecured loan	
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-11-28	2027-7-22	160,000,000.00	100,000.00	Unsecured loan	
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-6-8	2025-6-7	150,000,000.00	150,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-6-24	2025-6-23	75,000,000.00	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-7-19	2025-7-18	80,000,000.00	80,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-8-23	2025-8-22	160,000,000.00	160,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-9-15	2025-9-14	156,000,000.00	156,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2022-10-11	2025-10-10	160,000,000.00	160,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2023-6-7	2026-6-6	4,880,000.00	580,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2023-6-26	2026-6-25	85,000,000.00	10,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-11-27	2027-11-25	100,000,000.00	2,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-11-29	2027-11-28	184,220,000.00	3,684,400.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-11-29	2027-11-25	415,780,000.00	8,315,600.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-12-30	2027-12-29	20,000,000.00	400,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	2024-8-26	2027-8-25	100,000,000.00	10,000,000.00	Unsecured loan	
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd.	2022-5-30	2025-5-29	75,000,000.00	75,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd.	2022-9-19	2025-9-18	56,000,000.00	56,000,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Shangcheng City Construction Investment Development Co., Ltd	2023-6-7	2026-6-6	36,750,000.00	25,500,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Hankai Real Estate Co., Ltd	2024-7-31	2039-7-30	52,190,000.00	170,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Hankai Real Estate Co., Ltd	2024-9-25	2039-7-30	10,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Hankai Real Estate Co., Ltd	2024-11-14	2039-7-30	16,600,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Hankai Real Estate Co., Ltd	2024-12-26	2039-7-30	11,360,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd	2023-11-16	2038-11-8	170,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd	2023-12-29	2038-11-8	250,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd	2024-4-26	2038-11-8	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jing'an Real Estate Co., Ltd	2024-12-20	2038-11-8	86,410,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd	2023-6-30	2038-6-15	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Zheyu Real Estate Co., Ltd	2023-12-18	2038-6-15	30,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd	2024-1-17	2038-6-15	30,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd	2024-4-26	2038-6-15	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Zheyu Real Estate Co., Ltd	2024-12-20	2038-6-15	100,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guankai New City Real Estate Co., Ltd	2023-3-20	2028-3-13	828,666,325.32	34,333,165.32	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guankai New City Real Estate Co., Ltd	2023-12-28	2038-12-27	419,960,000.00	800,000.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guankai New City Real Estate Co., Ltd	2024-3-29	2039-1-31	202,800,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Guankai New City Real Estate Co., Ltd	2024-3-29	2039-1-31	135,200,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong New City Real Estate Co., Ltd	2023-6-29	2052-12-24	300,000,000.00	3,507,804.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong New City Real Estate Co., Ltd	2024-2-7	2052-12-24	160,000,000.00	3,507,804.00	Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



Borrowing unit	Starting date	Ending date	2024.12.31	Due within one year	Terms of borrowings	Guarantor
Zhengzhou Jianzhong New City Real Estate Co., Ltd	2024-6-2	2052-12-24	90,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Zhengzhou Jianzhong New City Real Estate Co., Ltd	2024-10-18	2052-12-24	79,000,000.00		Guaranteed loan	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.
Total			7,409,078,547.32	1,547,246,551.32		

(29) Lease liabilities

Item	2024.12.31	2023.12.31
Unpaid lease payments	151,343,729.24	144,063,306.13
Less: Unrecognized financing costs	41,069,145.12	28,588,222.47
Less: Current portion of lease liabilities	14,194,006.89	11,957,460.87
Total	96,080,577.23	103,517,622.79

(30) Long-term payables

Item	2024.12.31	2023.12.31
Long-term payables	349,528,734.38	303,145,161.11
Special payables	2,583,390,516.17	2,497,912,800.37
Total	2,932,919,250.55	2,801,057,961.48

(a) Long-term payables

Item	2024.12.31	2023.12.31
Financial leasing	349,528,734.38	303,145,161.11
Total	349,528,734.38	303,145,161.11

(b) Special payables

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Repair fee	1,878,800.37	477,715.80		2,356,516.17
Relief funds	2,175,034,000.00	10,000,000.00		2,185,034,000.00
Special bond funds for the comprehensive renovation of the surrounding environment of the Shang Dynasty Royal City Ruins	320,500,000.00			320,500,000.00



Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Special bond funds for the Jindai Digital Entrepreneurship Park	500,000.00	20,000,000.00		20,500,000.00
Comprehensive Improvement Project for Shopping Mall Cultural Block		55,000,000.00		55,000,000.00
Total	2,497,912,800.37	85,477,715.80		2,583,390,516.17

(31) Deferred income

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Government subsidies for natural disaster recovery and reconstruction	40,035,933.78		40,035,933.78	
Total	40,035,933.78		40,035,933.78	

(32) Other non-current liabilities

Item	2024.12.31	2023.12.31
Amount of tax to be transferred	125,466,673.42	83,165,475.57
Total	125,466,673.42	83,165,475.57

(33) Paid-in capital

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Finance Bureau of Guancheng Hui District, Zhengzhou City	1,387,846,000.00			1,387,846,000.00
Total	1,387,846,000.00			1,387,846,000.00

(34) Capital reserves

Item	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31
Other capital reserves	8,685,296,590.38	1,030,000,000.00	19,315,513.40	9,695,981,076.98
Total	8,685,296,590.38	1,030,000,000.00	19,315,513.40	9,695,981,076.98

In 2024, the capital reserve increased by RMB 1,010,684,486.60, due to:

1. Zhengzhou Guancheng Hui District Urban Organic Renewal Center allocated RMB 1,030,000,000.00 of capital to the Company in 2024;
2. Zhengzhou Guancheng Construction and Development Co., Ltd. transferred assets and reduced capital reserves by RMB 19,315,513.40.



(35) Other comprehensive income

Item	2024.12.31	2023.12.31
The fair value of self-used fixed assets converted into investment properties measured at fair value on the conversion date exceeds the book value.	134,383,110.01	131,075,769.81
Total	134,383,110.01	131,075,769.81

(36) Surplus reserve

Item	2023.12.31	Increase in the current period	Decrease in the current period	Accounting policy changes	2024.12.31
Statutory surplus reserve	22,266,569.06				22,266,569.06
Discretionary surplus reserve					
Total	22,266,569.06				22,266,569.06

(37) Undistributed profits

Items	2024.12.31	2023.12.31
Undistributed profits at beginning of current period	-330,983,213.84	-88,923,932.59
Add: changes of accounting policy		-512.11
Accounting Error Correction		
Merger of companies under common control		
Other adjustments		
After adjustment of undistributed profits at beginning of current period	-330,983,213.84	-88,924,444.70
Increase in the current period	53,565,380.35	48,584,978.27
Add: Transfer in of net profit of current period	53,565,380.35	48,584,978.27
Other adjustment factors		
Decrease in the current period	101,184,707.04	290,643,747.41
Including: Transfer to surplus reserve		
Transfer to general reserve		
Declaration of dividends on ordinary shares	101,184,707.04	290,643,747.41
Transfer to capital		
Other decreases		
Undistributed profits at the end of the reporting period	-378,602,540.53	-330,983,213.84

(38) Operating revenue and cost of sales

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	2,622,739,808.65	2,514,572,668.64	2,714,881,801.55	2,573,832,648.45
Revenue from selling goods	2,334,682,691.05	2,322,507,715.70	2,017,236,522.31	2,005,674,751.45
Land consolidation and development income	8,260,262.50	8,260,262.50	55,891,635.00	55,891,635.00
Land transfer income			41,794,106.62	41,742,076.12
Construction income	56,861,892.81	43,868,157.75	255,680,363.47	242,064,116.54
Real estate business income			113,547,395.34	103,566,679.45
Rent income	51,763,826.68	9,000,492.65	36,905,660.11	969,466.41
Building materials sales income	66,600,326.28	63,576,038.68	81,954,856.73	77,277,607.36
Property fee income	31,253,588.55	19,675,043.60	15,499,532.91	11,604,588.47
Parking fee income	5,202,157.70	2,376,524.19	6,789,053.27	2,191,439.81
Greening management and maintenance income	49,474,215.08	27,740,298.92	75,981,995.01	21,113,098.43
Labor dispatch business	7,813,846.24	7,290,732.52	11,659,005.50	11,687,030.18
Hotel revenue	10,576,222.66	7,364,629.23		
Other income	250,779.10	2,912,772.90	1,941,675.28	50,159.23
2. Other business subtotals	30,655,266.87	10,092,136.91	36,098,321.90	20,842,078.57
Other income	2,345.19		221,002.53	
Interest income	28,839,382.12	8,572,426.89	34,452,284.15	20,218,002.30
Guarantee fee	734,823.40		737,969.42	
Utility fee income	1,078,716.16	1,519,710.02	687,065.80	624,076.27
Total	2,653,395,075.52	2,524,664,805.55	2,750,980,123.45	2,594,674,727.02

(39) Taxes and surcharges

Item	2024	2023
City maintenance and construction tax	1,839,116.88	909,003.44
Educational surcharge	789,716.07	389,468.81
Local educational surcharge	525,361.76	259,945.88
House property tax	6,732,550.70	4,227,439.51
Land usage tax	5,179,846.22	4,670,165.87



Item	2024	2023
Land value-added tax	2,091.94	
Stamp duty	6,020,991.93	7,275,245.47
Vehicle and vessel usage tax	1,500.00	
Environmental protection tax	19,308.00	
Others	36,634.27	
Total	21,147,117.77	17,731,268.98

(40) Selling expenses

Item	2024	2023
Business promotion expenses	17,787,440.23	2,519,738.00
Design fees	397,283.02	
Promotional expenses	26.30	
Investment service fee	398,039.60	
Advertising expenses	295,399.01	
Exhibition expenses	237,331.68	
Total	19,115,519.84	2,519,738.00

(41) General and administrative expenses

Item	2024	2023
Depreciation	29,686,682.47	29,365,423.58
Employee salaries	41,243,553.25	38,610,276.53
Consulting service expenses	8,941,274.74	6,073,787.31
Water and electricity expenses	1,778,173.32	2,060,043.23
Office expenses	1,479,885.86	1,863,616.72
Leasing expenses	2,193,260.89	5,339,305.47
Leased asset maintenance and appraisal expenses	292,615.41	224,408.45
Asset amortization	7,016,976.18	3,683,628.31
Maintenance expenses	49,390.70	38,257.91
Business promotion expenses	759,532.49	1,482,503.88
Business entertainment expenses	32,223.80	17,605.21
Employment security fund for the disabled	32,998.66	124,364.53
Travel expenses	193,987.72	155,703.12



Item	2024	2023
Labor insurance expenses	70,845.31	130,047.43
Transfer expenses	70,464.88	79,758.84
Vehicle expenses	879.06	109,670.33
Training expenses	66,016.42	107,328.48
Recruitment expenses	69,198.41	145,686.79
Litigation expenses	351,785.24	16,285.57
Labor and other expenses	6,545,607.88	207,055.53
Party building expenses	225,774.07	205,185.51
Others	201,050.02	
Total	101,302,176.78	90,039,942.73

(42) Research and development expenses

Item	2024	2023
Expense based expenditure	4,579,127.74	3,135,908.53
Total	4,579,127.74	3,135,908.53

(43) Financial expenses

Item	2024	2023
Financial expenses	29,129,320.41	7,365,620.70
Less: Interest income	4,870,997.21	1,957,778.84
Charges	4,489,605.39	360,869.82
Others	85,996.66	104,667.04
Total	28,833,925.25	5,873,378.72

(44) Other income

Item	2024	2023
Tax reduction and exemption	747,382.20	718,280.86
Unemployment and job retention refunds	25,588.16	84,121.71
Housing acquisition office compensation		1,688,652.00
South Station working expenses		6,586,417.27
Zhengzhou "four major" enterprise subsidies		100,000.00



Rewards	500,000.00	
Others	49,627.96	
Total	1,322,598.32	9,177,471.84

(45) Investment income

Item	2024	2023
Income from long-term equity investments under equity method	1,829,000.19	12,694.55
Debt restructuring income	33,610,520.11	
Total	35,439,520.30	12,694.55

(46) Gains from changes in fair value

Item	2024	2023
Changes in fair value of investment properties	25,980,525.00	31,127,517.08
Total	25,980,525.00	31,127,517.08

(47) Credit impairment losses

Item	2024	2023
I. Bad debt provision	-6,293,682.24	-5,451,838.62
II. Impairment on debt investments		
III. Impairment on other debt investments		
IV. Bad debt provision of long-term receivables		
V. Impairment on Goodwill		
VI. Others		
Total	-6,293,682.24	-5,451,838.62

(48) Gain from disposal of assets

Item	2024	2023
Gain from disposal of fixed assets (Losses are shown as "-")	-65,131.95	2,483,304.24
Gain from disposal of intangible assets (Losses are shown as "-")		1,136,770.72
Others		-5,250.00
Total	-65,131.95	3,614,824.96



(49) Non-operating income**(a) Details of non-operating income**

Item	2024	2023
Total gains on disposal of non-current assets		
Including: Gains on disposal of fixed assets		
Gains on disposal of intangible assets		
Gain on debt restructuring		
Gains on exchange of non-monetary assets		
Donations received		
Government grants	109,000,000.00	
Accounts payable that unable to pay		1,000,000.00
Fine income	191,337.62	36,659.73
Others	95,386.70	121,364.23
Total	109,286,724.32	1,158,023.96

(b) Government grants included in profit or loss

Item	2024	2023
Operating subsidies	109,000,000.00	
Total	109,000,000.00	

(50) Non-operating expenses

Item	2024	2023
Total losses on disposal of non-current assets	251,344.00	31,252.49
Including: Losses on disposal of fixed assets	251,344.00	31,252.49
Losses on disposal of intangible assets		
Losses on debt restructuring		
Donations to third parties	52,000.00	
Inventory loss		
Compensation, fine	17,213,518.54	1,199,928.44
Others		
Total	17,516,862.54	1,231,180.93



(51) Income tax expenses

Item	2024	2023
Current tax expenses	37,739,450.65	12,857,392.03
Deferred tax expenses	3,819,332.82	7,931,303.23
Total	41,558,783.47	20,788,695.26

(52) Notes of items in consolidated cash flow statement**(a) Cash received relating to other operating activities**

Item	2024	2023
Current and temporary loans	2,069,292,320.30	3,644,391,893.99
Subsidy income	109,000,000.00	129,262.28
Interest income from financial institutions	4,870,997.21	1,957,778.84
Fine and others	191,337.62	3,333,654.63
Total	2,183,354,655.13	3,649,812,589.74

(b) Cash paid relating to other operating activities

Item	2024	2023
Current and temporary loans	1,695,346,916.09	2,633,082,357.99
Trivia expenses	35,845,631.76	15,166,251.94
Non-operating expenses	17,265,518.54	626,972.44
Financial institution charges	4,575,602.05	360,869.82
Total	1,753,033,668.44	2,649,236,452.19

(c) Cash payments relating to other financing activities

Item	2024	2023
Financing lease	1,015,000,000.00	768,211,342.20
Relief funds and other	68,058,875.78	921,034,000.00
Special bond funds	75,000,000.00	500,000.00
Notes	841,886,097.15	
Total	1,999,944,972.93	1,689,745,342.20

(d) Cash payments relating to other financing activities

Item	2024	2023
Relief funds	68,058,875.78	921,034,000.00
Financing fees and other	3,456,513.76	7,500,000.00
Pay rent	11,957,460.87	15,821,976.91
Bank acceptance bill deposit	387,000,000.00	25,000,000.00
Repay finance lease payments	636,148,702.82	415,215,479.94
Total	1,106,621,553.23	1,384,571,456.85

(53) Notes on matters related to consolidated cash flow statement**(a) Reconciliation of net profit to cash flow from operating activities:**

Supplementary information	2024	2023
I. Reconciliation of net profit to cash flow from operating activities:		
Net profit	60,347,310.33	54,623,977.05
Add: Asset impairment losses		
Credit impairment losses	6,293,682.24	5,451,838.62
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets, etc.	27,332,353.79	29,448,256.20
Amortization of right-of-use assets	11,408,605.17	4,311,197.58
Amortization of intangible assets	793,670.65	756,550.14
Amortization of long-term prepaid expenses	4,995,664.61	2,553,330.63
Losses from disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "—")	65,131.95	-3,614,824.96
Losses on retirement of fixed assets (gains are indicated by "—")		31,252.49
Losses on changes in fair value (gains are indicated by "—")	-25,980,525.00	-31,127,517.08
Financial expenses (income is indicated by "—")	29,129,320.41	7,365,620.70
Losses arising from investments (gains are indicated by "—")	-35,439,520.30	-12,694.55
Decrease in deferred tax assets (increase is indicated by "—")	602,301.88	-30,356,848.54
Increase in deferred tax liabilities (decrease is indicated by "—")	3,217,030.94	45,776,799.79
Decrease in inventories (increase is listed with "-")	-2,561,632,294.50	-4,958,618,275.29
Decrease in receivables from operating activities (increase is indicated by "—")	-2,424,153,512.04	-919,177,031.93
Increase in payables from operating activities (decrease is indicated by "—")	2,721,505,510.78	2,456,122,675.68
Other		
Net cash flow from operating activities	-2,181,515,269.09	-3,336,465,693.47
2. Significant investing and financing activities that do not involve cash receipts and payments		
Conversion of debt into capital		



Supplementary information	2024	2023
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes of cash and cash equivalents:		
Closing balance of cash	723,383,631.08	1,065,850,035.97
Less: Opening balance of cash	1,065,850,035.97	915,506,126.68
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-342,466,404.89	150,343,909.29

(b) Composition of cash and cash equivalents

Item	2024	2023
1. Cash	723,383,631.08	1,065,850,035.97
Including: cash on hand	203,188.49	128,377.50
Bank deposits	723,180,442.59	1,065,721,658.47
Other monetary funds		
Deposits with the central bank		
Deposits with other banks		
Placements with banks		
2. Cash equivalents		
Including: Investments in debt securities due within three months		
3. Closing balance of cash and cash equivalents	723,383,631.08	1,065,850,035.97
Including: Restricted cash and cash equivalents of the Company and subsidiaries within the Group		

(54) Assets with restricted ownership or right-of-use

Item	Closing balance of book value (RMB 10,000)	Reason of restricted
Cash and cash equivalent	33,014.89	Deposit
Inventories	888,290.80	Secured loans
Shareholding	1,000.00	Pledged shareholding
Total	922,305.69	

VI. CHANGES OF THE SCOPE OF CONSOLIDATION

(a) Newly established subsidiaries in this period



Henan Dingcheng Huixin Engineering Management Co., Ltd. is established in this period.

(b) Transfer of subsidiaries in the current period

None

(c) Cancellation of subsidiaries in the current period

Zhengzhou Jianzhong Wangdong Urban and Rural Development Co., Ltd. and Henan Dingyuan Huixin Engineering Management Co., Ltd. were deregistered in this period and will no longer be included in the consolidation scope.

VII. EQUITY IN OTHER ENTITIES

(a) Equity in subsidiaries

(1) Composition of the Group

No.	Company Name	Registered capital (RMB 10,000)	Industry	Equity (%)	Class
1	Zhengzhou Guancheng Construction and Development Co., Ltd.	10,000.00	Other housing construction industries	100.00	1
2	Zhengzhou Shangding Real Estate Co., Ltd.	20,000.00	Real estate leasing operation	100.00	2
3	Zhengzhou Shangding Parking Service Co., Ltd.	1,000.00	Municipal facility management	100.00	2
4	Zhengzhou Shangding Municipal Engineering Co., Ltd.	1,000.00	Provide construction equipment services	100.00	2
5	Zhengzhou Xincheng Real Estate Co., Ltd.	800.00	Other real estate industries	100.00	2
6	Zhengzhou Xincheng Property Management Co., Ltd.	300.00	Estate management	100.00	3
7	Zhengzhou Xincheng Construction Engineering Co., Ltd.	5,000.00	Other road, tunnel, and bridge engineering constructions	51.00	2
8	Zhengzhou Jianzhong Xincheng Real Estate Co., Ltd.	5,000.00	Real estate development and operation	100.00	2
9	Zhengzhou Guankai Xincheng Real Estate Co., Ltd.	10,000.00	Real estate development and operation	100.00	2
10	Zhengzhou Baimao Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	3
11	Henan Yonglin Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	3
12	Zhengzhou Dingjian Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	3
13	Zhengzhou Hekang Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	3
14	Zhengzhou Tuoyou Leasing Co., Ltd.	200.00	Real estate development and operation	100.00	3



No.	Company Name	Registered capital (RMB 10,000)	Industry	Equity (%)	Class
15	Zhengzhou Bairui Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
16	Zhengzhou Jing'an Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
17	Zhengzhou Hengshi Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
18	Zhengzhou Taijia Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
19	Zhengzhou Chengguan Leasing Co., Ltd	200.00	Real estate development and operation	100.00	3
20	Zhengzhou Xukai Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
21	Zhengzhou Qihua Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
22	Zhengzhou Weitao Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
23	Zhengzhou Ruihe Real Estate Co., Ltd	200.00	Real estate development and operation	100.00	3
24	Zhengzhou Dingning Industrial Co., Ltd.	300.00	Other unspecified business service industries	100.00	2
25	Zhengzhou Zheyu Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
26	Zhengzhou Changpu Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
27	Zhengzhou Xuya Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
28	Zhengzhou Hankai Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
29	Zhengzhou Taihui Real Estate Co., Ltd.	5,000.00	Real estate development and operation	100.00	2
30	Zhengzhou Tuofu Real Estate Co., Ltd.	10,000.00	Real estate development and operation	100.00	2
31	Zhengzhou Shanghua Warehousing Operation Management Office	23.00	Wholesale of rice, flour products, and edible oil	100.00	2
32	Zhengzhou Huijun Real Estate Co., Ltd.	10,000.00	Real estate development and operation	100.00	2
33	Zhengzhou Shangrong Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
34	Zhengzhou Yongning Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
35	Zhengzhou Guanfa Anju Leasing Co., Ltd	5,000.00	Other unspecified business service	100.00	2



No.	Company Name	Registered capital (RMB 10,000)	Industry	Equity (%)	Class
			industries		
36	Henan Dingcheng Huixin Engineering Management Co., Ltd.	300.00	Engineering Management Services	100.00	2
37	Zhengzhou Jindai Construction Investment Co., Ltd.	10,000.00	Construction	100.00	1
38	Zhengzhou Jindai Dingcheng Real Estate Co., Ltd.	30,000.00	Real estate leasing operation	100.00	2
39	Zhengzhou Jindai Dingfeng Real Estate Co., Ltd.	20,000.00	Real estate leasing operation	100.00	2
40	Zhengzhou Jindai Supply Chain Management Co., Ltd.	10,000.00	Real estate leasing operation	100.00	2
41	Zhengzhou Jindai Shuangchuang Technology Co., Ltd.	5,000.00	Other unspecified information technology service industries	100.00	2
42	Zhengzhou Hongda Hardware and Plumbing Co., Ltd.	4,000.00	Other unspecified wholesaling industries	100.00	2
43	Henan Xinyue Industrial Co., Ltd.	11,600.00	Manufacturing of distribution switch control equipment	100.00	2
44	Zhengzhou Bingmeiren Beauty Cosmetics Co., Ltd.	2,400.00	Manufacturing of household beauty and health care appliances	100.00	2
45	Henan Xindoucai Paper Packaging Co., Ltd.	310.00	Retail of other daily necessities	100.00	2
46	Zhengzhou Jintu Land Development Consulting Service Co., Ltd.	120.00	Other real estate industries	100.00	2
47	Zhengzhou Jindai Yuanfang Property Management Co., Ltd.	367.50	Other unspecified business service industries	60.00	2
48	Henan Jindai Dingfeng Construction Engineering Co., Ltd.	5,000.00	Other housing construction industries	51.00	2
49	Zhengzhou Jianzhonghui Life Service Co., Ltd.	1,000.00	Domestic service	100.00	2
50	Zhengzhou Boming Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
51	Zhengzhou Shangtai Real Estate Co., Ltd.	200.00	Real estate development and operation	100.00	2
52	Zhengzhou Jianzhong Taiyun Catering Management Co., Ltd.	100.00	Dinner service	100.00	2
53	Zhengzhou Jianzhong New Energy Technology Co., Ltd.	1,000.00	Promotion services for new energy technologies	100.00	2
54	Zhengzhou Shangcheng Urban Construction Investment Development Co., Ltd.	12,000.00	Real estate leasing operation	100.00	1
55	Zhengzhou Shangcheng Yian Property Service Co., Ltd.	100.00	Other resident service industries	100.00	2
56	Henan Jinxia Real Estate Co., Ltd.	1,000.00	Real estate development and operation	100.00	2
57	Zhengzhou Jiayuanmei Property Management Co., Ltd.	60.00	Estate management	100.00	2
58	Zhengzhou Guancheng Jinliao Real Estate Comprehensive Service Center	60.00	Real estate agency services	100.00	2
59	Zhengzhou Guancheng Urban Hotel	10.00	Other accommodation industries	100.00	2
60	Zhengzhou Shangcheng Bodu Cultural Media Co.,	100.00	Other advertising	100.00	2



No.	Company Name	Registered capital (RMB 10,000)	Industry	Equity (%)	Class
	Ltd		services		
61	Zhengzhou Shangcheng Haofeng Commercial Operation Management Co., Ltd.	100.00	Commercial complex management services	100.00	2
62	Zhengzhou Jianzhong International Trade Co., Ltd.	50,000.00	Other unspecified retail industries	51.00	1
63	Zhengzhou Jianzhonghualou Agricultural Development Co., Ltd.	10,000.00	Other agriculture	51.00	1
64	Zhengzhou Jianzhong Mall Cultural Tourism Development Management Co., Ltd.	1,000.00	Travel agencies and related services	100.00	1
65	Zhengzhou Jianzhong Leasing Co., Ltd.	5,000.00	Other unspecified business service industries	100.00	1
66	Zhengzhou Jianzhong Meiyu Hotel Co., Ltd.	100.00	Commercial complex management services	100.00	2
67	Zhengzhou Jianzhong Jiayu Hotel Co., Ltd.	100.00	Commercial complex management services	100.00	2
68	Zhengzhou Guancheng Talent Development Co., Ltd.	1,000.00	Vocational skills training	100.00	1
69	Zhengzhou Jianzhong Chenyu Hotel Co., Ltd.	100.00	Other accommodation industries	100.00	2

(2) Important non-wholly owned subsidiaries

Name of subsidiaries	Share-holding of non-controlling interest (%)
Zhengzhou Xincheng Construction Engineering Co., Ltd.	49.00
Zhengzhou Jindai Yuanfang Property Management Co., Ltd.	40.00
Henan Jindai Dingfeng Construction Engineering Co., Ltd.	49.00
Zhengzhou Jianzhong International Trade Co., Ltd.	49.00
Zhengzhou Jianzhonghua Building Agricultural Development Co., Ltd.	49.00

(b) Equity in joint-ventures or associates

Name of joint-ventures or associates	Main place of business	Registered place	Nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associated enterprises
				Direct	Indirect	
Zhengzhou Jianzhong Yudian Automobile Co., Ltd.	Zhengzhou, Henan	No. 102, 1st Floor, Building 6, No. 20, Wenzhi Road, Guancheng Hui District, Zhengzhou City, Henan Province	Leasing industry	40.00		Equity method
Henan Tengfei Building Materials Co., Ltd.	Zhengzhou, Henan	The middle section of Yitong Road, Yecao Village, Nancuo Township,	Wholesale industry	40.00		Equity method



Name of joint-ventures or associates	Main place of business	Registered place	Nature	Shareholding (%)		Accounting treatment of investments in joint ventures or associated enterprises
				Direct	Indirect	
		Guancheng Hui District, Zhengzhou City, Henan Province				
Henan Zhengzhou Real Estate and City Integration Construction Development Co., Ltd.	Zhengzhou, Henan	No. 31, Wenzhi Road, Guancheng Hui District, Zhengzhou City, Henan Province	Land management industry	40.00		Equity method
Henan Information Management Enterprise Management Partnership Enterprise (Limited Partnership)	Zhengzhou, Henan	Room 210, No. 66 Zhongcheng Street, Guancheng Hui District, Zhengzhou City, Henan Province	Other comprehensive management services	30.00		Equity method

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(a) The relevant information of the parent company of the Company is disclosed as follows:

Parent Company	Place of registration	Business nature	Registered capital	The shareholding ratio of the parent company to the company (%)	The proportion of voting rights of the parent company to the company (%)
Finance Bureau of Guancheng Hui District, Zhengzhou City	No. 2, Shangcheng Road, Guancheng District, Zhengzhou City, Henan Province			100.00	100.00

(b) Subsidiaries of the company

Please refer to the Note VII. (a) for details.

(c) Other related parties

None

(d) Related party transactions

None

(e) Related guarantee information



Refer to Note V (18) Short-term borrowings and Note V (28) Long-term borrowings.

(f) Receivables and payables of related parties

Related party	Item	2024.12.31	2023.12.31
Finance Bureau of Guancheng Hui District, Zhengzhou City	Accounts receivable	207,661,211.40	231,921,692.06
	Contract liabilities	243,716,032.14	122,177,958.74
Henan Tengfei Building Materials Co., Ltd.	Accounts receivable		
	Contract liabilities	131,087.80	24,894.44
	Accounts payable	4,927,533.13	17,697,657.25

IX. COMMITMENTS AND CONTINGENCIES

(a) Significant commitments

None

(b) Contingent event

Important contingencies existing on the balance sheet date, contingent liabilities arising from the company's debt guarantees for other entities and their financial impacts:

Guarantee	Guarantor	Guarantee balance (RMB 10,000)	Starting date	Ending date	Whether it is overdue
Henan Zheng Reil Estate City Integration Construction Development Co., Ltd.	Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.	8,000.00	2023-11-15	2033-11-15	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	7,941.60	2024-12-16	2025-12-16	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	2,206.00	2024-12-23	2025-12-22	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,412.00	2024-9-6	2025-9-5	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	882.40	2024-1-21	2025-1-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	1,103.00	2024-3-8	2025-3-7	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	2,603.08	2024-4-13	2026-4-12	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,412.00	2024-3-20	2025-3-19	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	32,110.00	2022-6-24	2037-6-24	None



Guarantee	Guarantor	Guarantee balance (RMB 10,000)	Starting date	Ending date	Whether it is overdue
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,284.79	2024-3-29	2026-3-29	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	8,272.50	2024-8-14	2026-8-4	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	7,541.60	2022-12-20	2025-12-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	419.14	2023-3-29	2046-3-19	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	1,038.88	2023-8-11	2025-8-10	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,475.99	2023-4-28	2026-4-26	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	2,206.00	2023-6-26	2048-6-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	1,141.69	2023-8-2	2048-6-20	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,412.00	2024-2-3	2049-1-31	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	2,577.80	2024-9-23	2049-1-31	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	4,412.00	2023-12-21	2026-12-21	None
Zhengzhou Shangdu Holding Group Co., Ltd.	Zhengzhou Guancheng Construction Development Co., Ltd.	3,750.20	2024-6-13	2025-6-13	None
A total of 82 small business customers in Henan Jinma Steel Market and Zhengzhou Zidong Steel Enterprise Park Small Business Financing Program	Henan Xindoucai Paper Packaging Co., Ltd.	59,610.00	2018/3/26	2023/3/25	Yes
Total		167,812.67			

Note: Because the loans of 25 companies including Zhongtou Trading, Guoji Materials, Jiuyi Trading, Zewen Trading, Yaobang Trading, Xiuzhi Trading, Xiuyuan Steel Pipe, Wuyu Trading, Shunding Trading, Shengjia Steel, Shengzhilong, and Runyaogang Iron and Steel were overdue and not repaid. According to the court's ruling, Henan Xindoucai Paper Packaging Co., Ltd. must bear joint and several liability for the principal and interest of the above loans. As of the date of the audit report, due to the uncertainty of the proceeds from the auction and sale of the pledged property, as well as the amount to be borne by the joint liability guarantor, it is impossible to reasonably estimate the supplementary compensation amount that Henan Xindoucai Paper Packaging Co., Ltd. needs to bear.



X. SUBSEQUENT EVENTS

None

XI. OTHER SIGNIFICANT EVENTS

On December 12, 2020, according to the "Approval of the People's Government of Guancheng Hui District, Zhengzhou City on the Equity Transfer and Asset Injection Plan for the Market-oriented Reform of State-owned Enterprises in Guancheng Hui District, Zhengzhou City" (Guan Zheng [2020] No. 49) issued by the People's Government of Guancheng Hui District, Zhengzhou City, 100% of the equity of Henan Jinxia Real Estate Co., Ltd., Zhengzhou Jiayuanmei Property Management Co., Ltd., Zhengzhou Guancheng Jinqiao Real Estate Comprehensive Service Center and Zhengzhou Guancheng Metropolis Hotel held by the Guancheng Hui District Affordable Housing Service Center of Zhengzhou City will be transferred to our company free of charge. As of December 31, 2024, the above four companies have not yet completed the change of industrial and commercial information.

In 2022, the new subsidiary Zhengzhou Shanghua Warehousing Operation Management Office was transferred to the company. The industrial and commercial inquiry shows that the competent department is the Zhengzhou Municipal Finance Bureau. As of December 31, 2024, the company's industrial and commercial change procedures after the transfer have not been completed.

XII. NOTES TO MAJOR ACCOUNT OF THE COMPANY'S FINANCIAL STATEMENTS**(1) Other receivables**

Item	2024.12.31	2023.12.31
Interest receivable		
Dividends receivable	20,000,000.00	20,000,000.00
Other receivables	11,423,551,229.67	9,253,450,632.97
Total	11,443,551,229.67	9,273,450,632.97

(a) Interest receivable

None

(b) Dividend receivables

Item	2024.12.31	2023.12.31
Zhengzhou Guancheng Construction and Development Co., Ltd.	10,000,000.00	10,000,000.00
Zhengzhou Jindai Construction Investment Co., Ltd.	10,000,000.00	10,000,000.00



Item	2024.12.31	2023.12.31
Total	20,000,000.00	20,000,000.00

(c) Other receivables

(1) Disclosure by aging

Aging	2024.12.31	2023.12.31
Within 1 year	3,739,026,765.15	5,531,423,538.31
1 to 2 years	5,349,941,803.35	3,693,456,447.95
2 to 3 years	2,334,540,002.79	3,239,282.00
3 to 4 years	1,000,000.00	
4 to 5 years		11,000,000.00
More than 5 years	35.00	15,000,035.00
Subtotal	11,424,508,606.29	9,254,119,303.26
Less: Provision for bad debts	957,376.62	668,670.29
Total	11,423,551,229.67	9,253,450,632.97

(2) Provision for bad debts

Bad debt provision	Stage I	Stage II	Stage III	Total
	Expected credit loss in the next 12 months	Expected credit loss in the whole duration (no credit impairment)	Expected credit loss over the whole duration (credit impairment has occurred)	
Balance as of December 31, 2023	668,670.29			668,670.29
The book balance of other receivables on December 31, 2023 is:				
--Transfer to stage II				
--Transfer to stage III				
--Reserve to stage II				
--Reserve to stage I				
Provision	288,706.33			288,706.33
Reversal				
Elimination				
Write-off				
Other changes				
Balance as of December 31, 2024	957,376.62			957,376.62



(d) Top five other receivables based on debtors

No.	Entity	Amount	Proportion of total other receivables (%)	Aging	Nature
1	Zhengzhou Guancheng Construction and Development Co., Ltd.	10,119,171,294.06	88.57	1 to 3 years	Current payment
2	Zhengzhou Jianzhong Leasing Co., Ltd.	927,445,488.53	8.12	Within 1 year	Current payment
3	Zhengzhou Guancheng District State-owned Capital Investment and Operation Holding Co., Ltd.	237,977,221.89	2.08	1 to 2 years	Current payment
4	Zhengzhou Shangding Real Estate Co., Ltd.	25,869,317.73	0.23	1 to 4 years	Current payment
5	Zhengzhou Jindai Supply Chain Management Co., Ltd.	29,725,600.00	0.26	Within 1 year	Current payment
	Total	11,340,188,922.21	99.26		

(2) Long-term equity investments

(a) Long-term equity investment classification

Item	2024.12.31		
	Book balance	Provision for Impairment	Book value
Investment in subsidiaries	5,173,373,862.42		5,173,373,862.42
Investment in joint ventures and associates	68,542,154.42		68,542,154.42
Total	5,241,916,016.84		5,241,916,016.84

(Continued)

Item	2023.12.31		
	Book balance	Provision for Impairment	Book value
Investment in subsidiaries	4,499,622,939.71		4,499,622,939.71
Investment in joint ventures and associates	69,394,710.80		69,394,710.80
Total	4,569,017,650.51		4,569,017,650.51

(b) Details of investment in subsidiaries

Investee	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31	Provision for impairment	Closing balance of Provision for impairment
Zhengzhou Guancheng Construction and Development Co., Ltd.	3,218,072,572.56	21,429,194.44		3,239,501,767.00		
Zhengzhou Jindai Construction Investment Co., Ltd.	642,395,192.22	13,748,056.94		656,143,249.16		
Zhengzhou Shangcheng Urban Construction	295,110,070.47	25,691,200.71		320,801,271.18		



Investee	2023.12.31	Increase in the current period	Decrease in the current period	2024.12.31	Provision for impairment	Closing balance of Provision for impairment
Investment Development Co., Ltd.						
Zhengzhou Jianzhong International Trade Co., Ltd.	102,000,000.00			102,000,000.00		
Zhengzhou Jianzhong Hualou Agricultural Development Co., Ltd.	3,000,000.00			3,000,000.00		
Zhengzhou Jianzhong Leasing Co., Ltd.	76,500,000.00			76,500,000.00		
Zhengzhou Jianzhong Shangcheng Cultural Tourism Development Management Co., Ltd.	162,545,104.46	612,682,470.62		775,227,575.08		
Zhengzhou Guancheng Talent Development Co., Ltd.		200,000.00		200,000.00		
Total	4,499,622,939.71	673,750,922.71		5,173,373,862.42		

(c) Details of investment in joint ventures and associates

Investee	2023.12.31	Changes in current period			
		Additional of investment	Reductional of investment	Investment gains and losses recognized under the equity method	Adjustment in other comprehensive income
Henan Zhengzhou Real Estate and City Integration Construction Development Co., Ltd.	69,394,710.80			-852,556.38	
Total	69,394,710.80			-852,556.38	

(Continued)

Investee	Changes in current period				2024.12.31	Closing balance of impairment provision
	Changes in other equity	Declaration of cash dividends or profits	Provision for impairment	Others		
Henan Zhengzhou Real Estate and City Integration Construction Development Co., Ltd.					68,542,154.42	
Total					68,542,154.42	



(3) Operating revenue and cost of sales

Item	2024		2023	
	Revenue	Cost	Revenue	Cost
1. Principal operating activities subtotal	233,474,103.18	207,816,665.56	100,921,502.00	78,817,778.25
Construction income	31,693,430.64	29,774,138.19	22,926,143.25	22,926,143.25
Land development income			55,891,635.00	55,891,635.00
Rental income	23,637,082.24	48,331.88	22,103,723.75	
Revenue from selling goods	178,143,590.30	177,994,195.49		
2. Other business subtotals	10,742,216.98		5,870,824.28	
Interest income	10,742,216.98		5,868,849.06	
Other income			1,975.22	
Total	244,216,320.16	207,816,665.56	106,792,326.28	78,817,778.25



(There is no context on this page. It is the signature and seal page of notes to the financial statements for the year ended December 31, 2024 of Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.)

Legal representative:



[Handwritten signature]

Chief accountant:



[Handwritten signature]

Head of accounting department:

[Handwritten signature]



Zhengzhou Jianzhong Construction Development (Group) Co., Ltd.



June 18, 2025



子



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(副本) (1-1)

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名称 河南守正创新会计师事务所（特殊普通合伙）

出资额 伍佰万圆整

类型 特殊普通合伙企业

成立日期 2020年04月03日

执行事务合伙人 李强龙

主要经营场所

经营范围 审查企业会计报表；出具审计报告；验证企业资本；出具验资报告；办理企业合并、分立、清算事宜中的审计业务；代理记账；会计咨询；税务咨询；管理咨询。

河南自贸试验区郑州片区（郑东）
东风南路与金水东路交叉口绿地
新都会9号楼9层906



登记机关

2024 年 09 月 30 日

国家企业信用信息公示系统网址：<http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过
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国家市场监督管理总局监制



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1. 《会计师事务所执业证书》是证明持有人经财政部门依法审批，准予执行注册会计师法定业务的凭证。
2. 《会计师事务所执业证书》记载事项发生变动的，应当向财政部门申请换发。
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会计师事务所 执业证书

名称：河南守正创新会计师事务所（特殊

普通合伙）

首席合伙人：李强龙

主任会计师：

经营场所：

河南自贸试验区郑州片区（郑东）
东风南路与金水东路交叉口绿地新
都会9号楼9层906

组织形式：特殊普通合伙

执业证书编号：41010191

批准执业文号：豫财会（2020）17号

批准执业日期：2020年11月3日



2024年 11月 1 日

中华人民共和国财政部制





2022年03月31日 星期四

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会计司

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从事证券服务业务会计师事务所备案名单及基本信息

新增2022.03.01-2022.03.31

序号	会计师事务所名称	统一社会信用代码	执业证书编号	备案管理会计师事务所类型	备案公示日期
1	深圳富达会计师事务所(普通合伙)	91440300MA50Q89T96	47470052	挂牌公司年报审计业务	2022-3-30
2	深圳振兴会计师事务所(普通合伙)	914403007723502060	47470128	*证券公司年报审计业务	2022-3-30
3	深圳利江会计师事务所(普通合伙)	914403007739625822	47470150	挂牌公司年报审计业务	2022-3-30
4	中审国瑞(武汉)会计师事务所(普通合伙)	91420106MA48F41E79T	42010425	挂牌公司年报审计业务	2022-3-30
5	河南守正创新会计师事务所(普通合伙)	91410106MA4435B2P2S	41010501	债券发行人与上市公司年报审计业务	2022-3-30
6	辽宁崇永会计师事务所(普通合伙)	91210103MA1191B40P	21010255	挂牌公司年报审计业务	2022-3-30

注:本表信息根据会计师事务所首次备案材料生成,行政机关仅对备案材料完备性进行审核,会计师事务所对提供信息的真实、准确、完整负责,为会计师事务所从事证券服务业务备案,不代表对其执业能力的认可。

附件下载:

从事证券服务业务会计师事务所备案名单及基本信息(新增2022.03.01-2022.03.31).xlsx

发布日期: 2022年03月30日



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批准注册协会: 河南省注册会计师协会
Authorized Institute of CPAs

发证日期: 2015 年 11 月 24 日
Date of Issuance

姓名

Full name

性别

Sex

出生日期

Date of birth

工作单位

Working unit

身份证号码

Identity card No.



注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调出

Agree the holder to be transferred from

亚太河南分所



同意调入

Agree the holder to be transferred to

河南守正创新会计师



注册会计师工作单位变更事项登记

Registration of the Change of Working Unit by a CPA

同意调出

Agree the holder to be transferred from



事务所
CPAs

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同意调入

Agree the holder to be transferred to

事务所
CPAs

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Stamp of the transfer-in Institute of CPAs

年 月 日
ly fm d



姓名: 潘美玲
Full name: 潘美玲
Sex: 女
Age: 1985-12-10
Date of birth: 1985-12-10
Work unit: 河南中元创新会计师事务所
Working unit: 河南中元创新会计师事务所
Member ID: 4101056309776
Identification No: 4101056309776



年度检查合格
Annual Review Registration

本证书自检查合格之日起有效一年。
This certificate is valid for another year after this review.



证书编号: 410101910015
Certificate No: 410101910015

批准注册协会: 河南省注册会计师协会
Authorized Association: Henan Provincial Association of Accountants

发证日期: 2024年05月13日
Date of Issuance: 2024.05.13

年 月 日
Year Month Day

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No. 127 Zidong Road, Guancheng Hui District
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Zhengzhou Henan Province, PRC

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China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower, 3 Connaught Road
Central, Hong Kong

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Zhengzhou Henan Province, PRC