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刊發發售通函

YANCHENG DAFENG XIECHENG INDUSTRIAL DEVELOPMENT CO., LTD.

(鹽城市大豐區諧城實業發展有限公司)

(於中華人民共和國註冊成立之有限公司)

(「發行人」)

於2028年到期之500,000,000人民幣利息為6.3%之有擔保的綠色債券

(「本債券」)

由

YANCHENG DAFENG URBAN DEVELOPMENT INVESTMENT HOLDING GROUP CO., LTD.

(鹽城市大豐區城市發展投資控股集團有限公司)

(於中華人民共和國註冊成立之有限公司)

(「擔保人」)

無條件且不可撤銷地提供擔保

(股份代號: 85097)

本公告乃根據香港聯合交易所有限公司證券上市規則（「**上市規則**」）第37.39A條刊發。

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香港, 2025年11月28日

於本公告日期，發行人董事為季明根先生。

於本公告日期，擔保人董事為桂伯祥先生，董海鵬先生，常元柏先生，王華先生，許婷婷女士，姚堯先生，單君先生以及趙艷紅女士。

附錄

日期為 2025 年 11 月 20 日的發售通函

IMPORTANT NOTICE

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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 Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (鹽城市大豐區諧城實業發展有限公司) (the “**Issuer**”), Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司) (the “**Guarantor**”), Fosun International Securities Limited, Guoyuan Securities Brokerage (Hong Kong) Limited, Haitong International Securities Company Limited, Initial Capital Securities Limited, Soochow Securities International Brokerage Limited, Orient Securities (Hong Kong) Limited, CLSA Limited, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch (Incorporated in the People’s Republic of China with limited liability), China Industrial Securities International Brokerage Limited, Wilson Securities Limited, CEB International Capital Corporation Limited, CMB International Capital Limited, CNCB (Hong Kong) Capital Limited, Guodu Securities (Hong Kong) Limited, TFI Securities and Futures Limited and SunRiver International Securities Group Limited (collectively, the “**Joint Lead Managers**”) that (1) you are not in the United States and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”); (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; and (3) 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, none of the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (each as defined in the attached Offering Circular) or 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 available to you upon request from the Issuer, the Guarantor and the Joint Lead Managers.

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You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached 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 Offering Circular.

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

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YANCHENG DAFENG XIECHENG INDUSTRIAL DEVELOPMENT CO., LTD.
(鹽城市大豐區諸城實業發展有限公司)
(incorporated in the People's Republic of China with limited liability)
CNY500,000,000 6.3 per cent. Guaranteed Green Bonds due 2028
unconditionally and irrevocably guaranteed by
YANCHENG DAFENG URBAN DEVELOPMENT INVESTMENT HOLDING GROUP CO., LTD.
(鹽城市大豐區城市發展投資控股集團有限公司)
(incorporated in the People's Republic of China with limited liability)
Issue Price: 100.0 per cent.

The CNY500,000,000 6.3 per cent. guaranteed green bonds due 2028 (the “**Bonds**”) will be issued by Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (鹽城市大豐區諸城實業發展有限公司) (the “**Issuer**”) and will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof. The Bonds will be unconditionally and irrevocably guaranteed (the “**Guarantee**”) by Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司) (the “**Guarantor**”).

The Bonds will bear interest on their outstanding principal amount from and including 27 November 2025 (the “**Issue Date**”) at the rate of 6.3 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY315.0 per Calculation Amount (as defined in the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”)) on 27 May and 27 November in each year, commencing on 27 May 2026. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 November 2028 (the “**Maturity Date**”).

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. 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) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. 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 of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

Pursuant to the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debt of Enterprises (National Development and Reform Commission Order No. 56) (企業中長期外債審核登記管理辦法(中華人民共和國國家發展和改革委員會令第 56 號)) (the “**NDRC Administrative Measures**”) issued by the National Development and Reform Commission (the “**NDRC**”) of the People's Republic of China (the “**PRC**”) and which came into effect on 10 February 2023 and any implementation rules, regulations, certificates, circulars, notices or policies in connection therewith as issued by the NDRC from time to time (the “**NDRC Measures**”), the Issuer has obtained a certificate from NDRC (“**NDRC Certificate**”) on 23 December 2024 evidencing the registration of the issuance of the Bonds with the NDRC. The Issuer will undertake to (i) file or cause to be filed with the NDRC the requisite information and documents regarding the issue of the Bonds within ten Registration Business Days (as defined in the Terms and Conditions of the Bonds) after the Issue Date in accordance with the NDRC Administrative Measures (the “**NDRC Post-issue Filing**”) (ii) file or cause to be filed with the NDRC other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Administrative Measures and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time; and (iii) comply with all applicable PRC laws and regulations in relation to the NDRC Post-issue Filing. The Issuer will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to the State Administration of Foreign Exchange of the PRC or its local branch (“**SAFE**”) the requisite documents and information 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 (the “**Foreign Debt Registration**”); (ii) use its reasonable endeavours to complete the Foreign Debt Registration and obtain a registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.

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 free and clear of, 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 (each as defined in the Terms and Conditions of the Bonds) or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law, to the extent described in the “*Terms and Conditions of the Bonds — Taxation*”.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 November 2028. The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds (which shall be irrevocable) and in writing to the Trustee (as defined in the Terms and Conditions of the Bonds) and the Principal Paying Agent (as defined in the Terms and Conditions of the Bonds), at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that 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 of the Bonds) as provided or referred to in Condition 8 of the Terms and Conditions of the Bonds 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, as further described in “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Taxation Reasons*”. Following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem all, but not some only, of such holder’s Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount, together with interest accrued up to, but excluding, the Put Settlement Date. See “*Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events*”.

The Bonds are being issued as “Green Bonds” under the Green Finance Framework (as defined below) of the Issuer. See “*Green Finance Framework*” on page 70.

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

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

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

Investors should be aware that there are various risks relating to the Bonds, the Guarantee, the Issuer, the Guarantor and/or their respective subsidiaries (taken as a whole, the “**Group**”), and their respective business and jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See “*Risk Factors*” beginning on page 14 for a description of certain factors to be considered in connection with an investment in the Bonds.

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

The Bonds will be evidenced by beneficial interests in a global certificate (the “**Global Certificate**”), which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on and transfers whereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

The Issuer has been assigned a “BBB” rating by Lianhe Ratings Global Limited (“**Lianhe Ratings**”), with a stable outlook. The Guarantor has been assigned a “AAA” rating by Fareast Credit Rating Co., Ltd. (“**Fareast Credit**”), with a stable outlook. These ratings are only correct as at the date of this Offering Circular. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

Fosun International Securities	Guoyuan Securities (Hong Kong)	Haitong International	Initial Capital Securities	Soochow Securities (Hong Kong)
Joint Bookrunners and Joint Lead Managers				
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Wilson Securities	CEB International	CMB International	CNCB Capital	
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Green Structuring Advisor
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This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor, the Issuer Group and the Group. 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.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer, the Guarantor, the Group, the Guarantee and the Bonds which is material in the context of the issue and offering of the Bonds or giving of the Guarantee (including all information required by applicable laws or which, according to the particular nature of the Issuer, the Guarantor, the Group, the Guarantee and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the Group and of the rights attaching to the Bonds); (ii) the statements contained in this Offering Circular and any other material approved by the Issuer and the Guarantor for use in connection with the offering of the Bonds relating to the Issuer, the Guarantor, the Group and the Guarantee are, as at their respective dates thereof, in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and the Group are, as at their respective dates thereof, honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group, the Guarantee or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds, or the giving of the Guarantee, make any statement in this Offering Circular misleading in any material respect as at their respective dates thereof; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; (vi) this Offering Circular does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statistical, industry and market-related data and forward-looking statements included in this Offering Circular (if any), are based on or derived or extracted from sources which the Issuer and the Guarantor believes to be accurate and reliable in all material respects.

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Any securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Each potential purchaser of any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Guarantor or the Group. Recipients of this document are deemed to represent that they possess, either individually or through their advisers, sufficient investment expertise to understand the risks involved in dealing with any such Bonds or financial instruments. The information contained in this Offering Circular should be considered in the context of the circumstances prevailing at the time and has not been and will not be updated to reflect material developments which may occur after the date of this Offering Circular. None of the Issuer, the Guarantor, the Group, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, advisers or any person who controls any of them, intend or have any duty or obligation to supplement, amend, update or revise any statements contained in this document.

Terms or characteristics may change before closing and the issue of Bonds may not proceed. No consideration has been given to particular investment objectives, finances or needs of any recipient. This Offering Circular is not intended to provide and should not be relied upon for tax, legal or accounting advice, investment recommendations or a credit or other evaluation regarding the Bonds. Any investment decision to purchase the Bonds in the context of a proposed subscription, if any, should be made exclusively on the basis of the final terms and conditions of the Bonds and each investor's own diligence in relation to such a subscription and not on the basis of this Offering Circular. Prospective investors should consult their tax, legal, accounting or other advisers.

Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group or the Bonds.

A rating given by a rating agency is not a recommendation to buy, sell or hold securities and may be subject to revision, qualification, suspension, reduction or withdrawal at any time by the assigning rating agency.

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 MANAGER(S)"), OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S), MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND DIRECTIVES, OVER-ALLOT 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(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) 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(S) (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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” (together, the “**CMI**s”) subject to Paragraph 21 of the SFC 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” (together, the “**OC**s”) 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 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 Securities and Futures Act Product Classification: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all persons (including 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).

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes this information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, 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 that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents.

The statistics set forth in this Offering Circular relating to the PRC and the industries in which the Issuer, the Guarantor and the Group operates were taken or derived from various government and private publications. 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 of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to potentially inconsistent collection methods and other factors, the statistics referred in this Offering Circular should not be unduly relied upon.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE ISSUER AND THE GUARANTOR

This Offering Circular contains certain consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024, which has been extracted from and should be read in conjunction with the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2023 (the “**Issuer’s 2023 Audited Financial Statements**”) and 2024 (the “**Issuer’s 2024 Audited Financial Statements**”, together with the Issuer’s 2023 Audited Financial Statements, the “**Issuer’s Audited Financial Statements**”) included elsewhere in this Offering Circular. The Issuer’s 2023 Audited Financial Statements and Issuer’s 2024 Audited Financial Statements were presented in Chinese in accordance with the Accounting Standards for Business Enterprises in China (“**PRC GAAP**”) and have been audited by Zhongxinghua Certified Public Accountants LLP (“**Zhongxinghua**”), the independent auditors of the Issuer in accordance with Auditing Standards for Chinese Certified Accountants.

This Offering Circular also contains certain consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024, which has been extracted from and should be read in conjunction with the pro forma audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024 (the “**Guarantor’s Audited Pro Forma Financial Statements**”). The Guarantor’s Audited Pro Forma Financial Statements were presented in Chinese in accordance with the PRC GAAP and have been audited by Zhongxi CPAs (Special General Partnership) (“**Zhongxi CPAs**”), the independent auditors of the Guarantor in accordance with Auditing Standards for Chinese Certified Accountants.

As the Guarantor was incorporated on 4 April 2023, the Guarantor’s Audited Pro Forma Financial Statements were prepared on a pro forma basis. Pursuant to the Approval on Agreeing to Transfer the Equity of Jiangsu Fengshou Dadi Investment Development Co., Ltd and Other Companies (《關於同意划轉江蘇豐收大地投資發展有限公司等公司股權的批復》) issued by the State-owned Assets Supervision and Administration Office of the Dafeng District Government (as defined below) on 28 December 2024, as part of the asset-consolidation and establishment of the Guarantor through shareholding structure adjustment, Yancheng Dafeng District Urban Construction Group Co., Ltd. (鹽城市大豐區城市建設集團有限公司) (“**Dafeng Construction**”) would transfer 49 per cent. of the equity interest of Jiangsu Fengshou Dadi Investment Development Co., Ltd. (江蘇豐收大地投資發展有限公司) (“**Fengshou Dadi**”) to the Guarantor with no consideration. In addition, 100 per cent. of the equity interest of the Guarantor would be transferred to the Dafeng District Government with no consideration. On 27 April 2025, Dafeng Construction sought instructions from the State-owned Assets Supervision and Administration Office of the Dafeng District Government in relation to having 100 per cent. of the equity interest of Dafeng Construction transferred to the Guarantor with no consideration. Upon completion of the proposed equity interest transfer, Dafeng Construction will be a wholly-owned subsidiary of the Guarantor. In addition, Yancheng Dafeng District Jinmao State-owned Comprehensive Assets Management Co., Ltd. (鹽城市大豐區金茂國有綜合資產經營有限公司) proposed to entrust to the Guarantor the exercise of the 51 per cent. shareholder voting rights held by it in Fengshou Dadi. Upon completion of the proposed entrustment, Fengshou Dadi will be controlled by and consolidated into the Guarantor. On 15 May 2025, the State-owned Assets Supervision and Administration Office approved the above-mentioned proposals. As at the date of this Offering Circular, the updated corporate information of Dafeng Construction has been officially registered and the updated corporate information of Fengshou Dadi is in the process of being registered.

The Guarantor’s Audited Pro Forma Financial Statements show how the Group’s operations in the relevant years may have appeared had (i) the Guarantor been established on 1 January 2022; and (ii) 100 per cent. of the equity interest of Dafeng Construction and Fengshou Dadi been transferred to or controlled by the Guarantor as of 1 January 2022.

References to the “**Audited Financial Statements**” are to the Issuer’s Audited Financial Statements and the Guarantor’s Audited Pro Forma Financial Statements.

The Issuer publishes, in the PRC, its interim financial information from time to time. Such financial information published by the Issuer in the PRC is normally derived from its management accounts and is not audited by independent auditors. As such, financial information published in the PRC by the Issuer should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information. Such financial information is not included or incorporated by reference in this Offering Circular and should not be relied upon by any investors in making their investment decisions in the Bonds.

PRC GAAP is substantially in line with International Financial Reporting Standards (“IFRS”) except for certain modifications which reflect the PRC’s unique circumstances and environment. For a discussion of certain differences between PRC GAAP and IFRS, see “*Summary of Certain Differences between PRC GAAP and IFRS*”.

CERTAIN DEFINITIONS AND CONVENTIONS

This Offering Circular is prepared using a number of conventions, which should be considered when reading the information contained herein. In this Offering Circular, unless otherwise specified or defined, references to the **“Issuer”** are to Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (鹽城市大豐區諧城實業發展有限公司), references to the **“Issuer Group”** are to the Issuer and its subsidiaries, references to the **“Guarantor”** are to Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司), references to the **“Group”** are to the Issuer, the Guarantor and their respective subsidiaries.

This Offering Circular summarises certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of the Group and the terms of the offering and the Bonds, including the merits and risks involved. In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the **“PRC”** and **“China”** are to the People’s Republic of China (excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan); all references to the **“United States”** and **“U.S.”** are to the United States of America; all references to **“PRC Government”** are to the people’s 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 **“Hong Kong”** are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to **“Renminbi”**, **“RMB”** and **“CNY”** are to the lawful currency of the PRC; and all references to **“U.S.\$”** and **“U.S. dollars”** are to the lawful currency of the United States of America. Historical amounts translated into Renminbi have been translated at historical rates of exchange. Such translations should not be construed as representations that the amounts referred to herein could have been or could be converted into Renminbi at those rates or any other rate at all.

References to **“Dafeng District Government”** are to the People’s Government of Dafeng District of Yancheng (鹽城市大豐區人民政府).

References to **“MOF”** are to the Ministry of Finance of the PRC

References to **“NDRC”** are to the National Development and Reform Commission of the PRC or its competent local counterparts.

References to **“PBOC”** are to the People’s Bank of China, the central bank of the PRC.

References to **“SAFE”** are to the State Administration of Foreign Exchange of the People’s Republic of China or its competent local counterparts.

References to **“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 purposes only. In the event of any inconsistency, the Chinese names prevail.

ROUNDING

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

FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical fact contained in this Offering Circular, including, and without limitation to, those regarding the Issuer’s, the Guarantor’s and the Group’s future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where the Issuer, the Guarantor or the Group participates or is seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should”, “estimate” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond the Issuer’s, the Guarantor’s or the Group’s control, which may cause its actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the Issuer’s, the Guarantor’s and the Group’s present and future business strategies and the environment in which the Issuer, the Guarantor or the Group will operate in the future. Important factors that could cause the Issuer’s, the Guarantor’s or the Group’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- industry risks;
- general economic, political, social conditions and developments in China;
- the Issuer’s, the Guarantor’s and the Group’s business and operating strategies;
- the Issuer’s, the Guarantor’s and the Group’s capital expenditure plans;
- various business opportunities that the Issuer, the Guarantor and the Group may pursue;
- the Issuer’s, the Guarantor’s and the Group’s operations and business prospects;
- the Issuer’s, the Guarantor’s and the Group’s financial condition and results of operations;
- fluctuation in price and availability of raw materials;
- availability and charges of bank loans and other forms of financing;
- changes in competitive conditions and its ability to compete under these conditions;
- changes in currency exchange rates; and
- other factors beyond the Issuer’s, the Guarantor’s and the Group’s control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements’ views only as at the date of this Offering Circular. None of the Issuer and the Guarantor undertakes any obligation to update or revise any forward-looking statements, 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.

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SUMMARY

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

OVERVIEW OF THE ISSUER

Established in April 2014, the Issuer is indirectly wholly-owned by the Guarantor, which is directly and wholly owned by the Dafeng District Government. Playing a pivotal role in the urban construction and development of Dafeng District, the Issuer primarily engages in business of infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses.

The Issuer Group’s principal business segments are as follows:

- *Infrastructure construction.* The infrastructure construction business of the Issuer is primarily undertaken by its wholly-owned subsidiaries, Yancheng Dafeng District Wancheng Engineering Project Management Co., Ltd. (鹽城市大豐區萬城工程項目管理有限公司) (“**Wancheng Engineering**”) and Yancheng Dafeng District Guangsha Development and Construction Co., Ltd. (鹽城市大豐區廣廈開發建設有限公司) (“**Guangxia Development**”). The Issuer Group serves various parties for their infrastructure construction needs. Such parties include the Yancheng City Dafeng District Urban Construction Headquarters and other relevant governmental bodies. The above-mentioned parties may sign construction commission agreements and other agreements with the Issuer Group, which is primarily responsible for the infrastructure construction within Dafeng District in Yancheng City, including but are not limited to the engineering and construction of roads, bridges, squares, tap water pipe network, rainwater and sewage pipe network, greening, street lamps, electric power facilities, etc..
- *Property sales.* The property sales business of the Issuer primarily consists of undertaking resettlement housing projects. Such projects include reconstruction and redevelopment of real estate properties. By selling redeveloped properties to resettlement households, the Issuer Group is able to maintain a healthy cashflow as the related receivables can be secured stably. The development projects of resettlement housing in Dafeng District of Yancheng City is primarily undertaken by Yancheng Dafeng Zhencheng Construction Co., Ltd. (鹽城市大豐區振城建設有限公司) (“**Zhencheng Construction**”), a wholly-owned subsidiary of the Issuer, and the resettlement housing construction and sales are carried out according to the resettlement plan of Dafeng District. Zhencheng Construction possesses Grade II qualification for real estate development.
- *Commodity trading.* The commodity trading business of the Issuer Group is carried out by the Issuer and Nanjing Fengye New Energy Technology Co., Ltd. (南京丰曳新能源科技有限公司) (“**Nanjing Fengye**”). The commodities being traded by the Issuer primarily include coal and metal ores, etc.. The Issuer mainly procures coal from coal mines and large regional procurers in Shandong, Shanxi, Zhejiang and other provinces and its downstream customers are mainly power plants and large-scale energy enterprises. Nanjing Fengye mainly procures methanol from foreign methanol traders designated by downstream customers.
- *Gas and power supply services.* The power supply business of the Issuer Group is primarily carried out by the Issuer, which owns three photovoltaic power generation projects. The Issuer leases out photovoltaic power generation equipment and auxiliary shed charging piles, and the income generated from the power supply business is relatively humble. The gas supply business of the Issuer Group is carried out by Nanjing Fengye.
- *Property leasing.* The property leasing business of the Issuer Group primarily consists of rental income generated from leasing out its properties to external parties. As the Issuer’s self-operated projects gradually being completed and put into use, the Issuer expects to possess much more high-quality properties which can be leased out for an income. As a bonus to the Issuer’s existing income, the property leasing business is likely to provide the Issuer with a stable income in the future.
- *Sewage treatment.* The sewage treatment business of the Issuer Group is primarily carried out by its subsidiary, Yancheng Dafeng District Hucheng Sewage Treatment Co., Ltd. (鹽城市大豐區滄城污水處理有限公司) (“**Hucheng Sewage**”). The self-operated sewage treatment projects of the Issuer Group are mainly sewage treatment projects in Shanghai and Jiangsu agglomeration area.
- *Other businesses.* Other businesses of the Issuer mainly include property management business, advertisement business and other businesses. In the future, as the advantages of the Issuer’s multi-faceted business model

being realised, such diversified business lines will provide the Issuer with more stable cashflow and revenue sources.

RECENT DEVELOPMENTS OF THE ISSUER

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

As at the date of the Offering Circular, the Issuer has prepared an unaudited consolidated financial information of the Issuer as at and for the six months ended 30 June 2025 (the “**Issuer’s 2025 Interim Financial Statements**”). The Issuer’s 2025 Interim Financial Statements have not been audited or reviewed by the independent auditors of the Issuer Group, or any other independent accountants, and maybe subject to adjustments if audited and reviewed.

For the six months ended 30 June 2025, as compared to the same period in the preceding year, the Issuer Group experienced an increase in revenue primarily due to the centralised settlement resulting from the completion of certain projects. The Issuer Group experienced an increase in operating cost primarily due to an increase in costs resulting from the expansion of the operating scale. The Issuer Group experienced an increase in operating profits and net profits primarily due to the centralised settlement resulting from the completion of certain projects. As at 30 June 2025, the Issuer Group’s total assets and total liabilities decreased as compared to the balance as at 31 December 2024 primarily due to the repayment for part of the financial lease borrowing.

Potential investors should note, in particular, that the financial information in the Issuer’s 2025 Interim Financial Statements may differ from future audited or reviewed information and the Issuer’s 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The Issuer’s 2025 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Issuer for the full financial year ending 31 December 2025. The Issuer’s 2025 Interim Financial Statements do not constitute part of this Offering Circular. See “*Risk Factors– Risks relating to the Group and its business - Investors should not place any reliance on financial information which is unreviewed or unaudited*”. As such, the Issuer’s 2025 Interim Financial Statements has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Issuer and in making their investment decisions. The aforementioned financial information as at and for six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Issuer’s financial condition and results of operations.

None of the Joint Lead Managers, the Trustee or the Agents nor any of their respective directors, officers, employees, representatives, agents, advisers, affiliates and any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Issuer’s 2025 Interim Financial Statements or the sufficiency of such financial information for an assessment of the Issuer’s financial condition and results of operation.

OVERVIEW OF THE GUARANTOR

The Guarantor is the core comprehensive management and operational platform of state-owned assets in Dafeng District. The Guarantor has prominent position within Dafeng District and is directly and wholly-owned by the Dafeng District Government. The Guarantor primarily engages in infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc., with a diversified business structure.

The Guarantor plays a vital role in the infrastructure development, as well as the construction and operation of Dafeng District. Leveraging on the strong government support, the Group has played an important role in furthering the social and economic development of Dafeng District by undertaking and completing a number of strategically important infrastructure projects within Dafeng District.

The Group has a diversified business portfolio. As at the date of this Offering Circular, the Group's principal business segments are as follows:

- *Infrastructure construction.* The infrastructure construction business of the Group is primarily undertaken by the Guarantor's subsidiaries, Dafeng Construction, Yancheng Dafeng District Transportation Investment Co., Ltd. (鹽城市大豐區交通投資有限責任公司) ("**Dafeng Transportation Investment**"), Dafeng Ecology Investment Development Corporation (江蘇恆瑞投資開發有限公司) ("**Ecology Investment**") and Jiangsu Mingsheng New Rural Construction and Development Co., Ltd. (江蘇明升新農村建設發展有限公司) ("**Mingsheng Construction**"), adopting the agent construction model. The commissioning parties include Yancheng City Dafeng District Urban Construction Headquarters, Yancheng City Dafeng District Transportation Bureau and Jiangsu Dafeng Economic Development Zone Management Committee ("**Dafeng Economic Development Committee**"), Yancheng Dafeng Xingfeng Engineering Construction Co., Ltd. (鹽城市大豐興豐工程建設有限公司) ("**Xingfeng Engineering**"), the ultimate beneficial owner of which is Dafeng Economic Development Committee, Dafeng Gaoxin Construction Co., Ltd. (大豐高欣建設有限公司) ("**Gaoxin Construction**"), Yancheng Dafeng Haicheng Industrial Development Co., Ltd. (鹽城市大豐區海城實業發展有限公司) ("**Haicheng Industrial**"), Dazhong Street People's Government (大中街道人民政府) and other relevant governmental bodies. The above-mentioned subsidiaries carry out infrastructure construction projects through self-raised funds and, for any project, the commissioning party would usually confirm the final contractual amount as the actual total investment of the project (the "**Project Investment**") adding a certain proportion of the Project Investment, and the undertaking entity would record the income according to a settlement confirmation memorandum.
- *Property sales.* The property sales business of the Group primarily consists of sales of resettlement housing. The resettlement housing projects are primarily carried out by Dafeng Construction and its subsidiary, Ecology Investment, and the Guarantor's subsidiary, Zhencheng Construction. The above-mentioned entities use self-raised funds to bid for resettlement housing land and carry out construction accordingly.
- *Engineering and construction.* From 2022 to 2024, the Group's engineering and construction business was primarily operated by Yancheng Dafeng Road and Bridge Engineering Co., Ltd. (鹽城大豐路橋工程有限公司) ("**Dafeng Road and Bridge**"), a former subsidiary of Dafeng Transportation Investment. In terms of qualifications, Dafeng Road and Bridge possesses grade II qualification for general contracting of highway engineering and construction, grade II qualification for professional contracting of highway pavement engineering, grade II qualification for professional contracting of highway subgrade engineering and grade II qualification for general contracting of municipal public engineering and construction.
- *Commodity trading.* The commodity trading business of the Group is primarily carried out by Dafeng Construction's subsidiaries, Yancheng Dafeng Zecheng Trading Development Co., Ltd. (鹽城市大豐區澤城貿易發展有限公司) ("**Zecheng Trading**"), Jiangsu Hengkai Trading Co., Ltd. (江蘇恆凱貿易有限公司) ("**Hengkai Trading**") and Jiangsu Xingtong Furun Energy Co., Ltd. (江蘇興通富潤能源有限公司) ("**Xingtong Furun**"). The Group mainly trades commodities including minerals, metals, coal, agricultural products, etc., and bases its procurement and inventories demand on actual sales orders.
- *Property leasing.* The property leasing business of the Group is primarily conducted through its subsidiaries, Fengshou Dadi, Ecology Investment and Dafeng Transportation Investment. The Group's property leasing business primarily consists of leasing out its sewage and rainwater network assets, land, factories and office buildings, etc..
- *Other businesses.* Other businesses of the Group primarily include gas and power supply, sewage treatment, civil defence, security escort, etc., and the revenue sources are relatively diversified.

COMPETITIVE STRENGTHS OF THE GROUP

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

- Well-positioned to benefit from the strong economic growth potential of Dafeng District and Yancheng City in general.
- Predominant infrastructure construction and development platform in close alignment with favourable national and local policies.
- Strong support from the Dafeng District Government and other government entities.
- Experienced senior management team and talented professionals.
- Sufficient capital from diversified financing channels.

BUSINESS STRATEGIES OF THE GROUP

The Group intends to focus on the following business strategies:

- Continue to focus on its infrastructure construction business within Dafeng District and maintain its important role in the development of Dafeng District.
- Continue to diversify the Group's businesses and to increase investment in businesses that synergies with the Group's core businesses.
- Continue to develop diversified financing channels to maintain well-capitalised growth.
- Continue to build a professional management team.

RECENT DEVELOPMENTS OF THE GROUP

Performance of the Group as at and for the six months ended 30 June 2025

As at the date of the Offering Circular, the Group has prepared an unaudited consolidated financial information of the Group as at and for the six months ended 30 June 2025 (the “**Group’s 2025 Interim Financial Statements**”). The Group’s 2025 Interim Financial Statements have not been audited or reviewed by the independent auditors of the Group, or any other independent accountants, and maybe subject to adjustments if audited and reviewed.

For the six months ended 30 June 2025, as compared to the same period in the preceding year, the Group experienced a decrease in revenue primarily due to the fact that the income from certain infrastructure construction businesses has not been settled yet. The Group experienced a decrease in operating cost primarily due to the decrease in administrative expenses. The Group experienced a decrease in operating profits and net profits primarily due to the fact that the income from certain infrastructure construction businesses has not been settled yet. As at 30 June 2025, the Group’s total assets increased as compared to the balance as at 31 December 2024 primarily due to undertaking substantial amount of projects and business expansion in general. The Group’s total liabilities increased as compared to the balance as at 31 December 2024 primarily due to the increase in external financing demand.

Potential investors should note, in particular, that the financial information in the Group’s 2025 Interim Financial Statements may differ from future audited or reviewed information and the Group’s 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The Group’s 2025 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Group for the full financial year ending 31 December 2025. The Group’s 2025 Interim Financial Statements do not constitute part of this Offering Circular. See “*Risk Factors– Risks relating to the Group and its business - Investors should not place any reliance on financial information which is unreviewed or unaudited*”. As such, the Group’s 2025 Interim Financial Statements has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for six

months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

None of the Joint Lead Managers, the Trustee or the Agents nor any of their respective directors, officers, employees, representatives, agents, advisers, affiliates and any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Group's 2025 Interim Financial Statements or the sufficiency of such financial information for an assessment of the Group's financial condition and results of operation.

THE ISSUE

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

Issuer	Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (鹽城市大豐區諧城實業發展有限公司)
Guarantor	Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司)
Issue	CNY500,000,000 in aggregate principal amount of 6.3 per cent. guaranteed green bonds due 2028.
Guarantee	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in that respect will be contained in the Deed of Guarantee.
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and regulations and subject to Condition 4(a) (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
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>) of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
Issue Price	100.0 per cent. of the principal amount of the Bonds.
Denomination	The Bonds will be issued 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 6.3 per cent. per annum, payable semi-annually in arrear in equal instalments of CNY315.0 per Calculation Amount (as defined in the Terms and Conditions of the Bonds) on 27 May and 27 November in each year (each an “ Interest Payment Date ”), commencing on 27 May 2026.
Issue Date	27 November 2025.
Maturity Date	27 November 2028.
Use of Proceeds	See “ <i>Use of Proceeds</i> ” and “ <i>Green Finance Framework</i> ”.
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 sole and absolute discretion may, and if so requested in writing by holders of at least 25 per cent. in 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 first been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly become, immediately due and payable at their principal amount together (if applicable) with accrued but unpaid interest.

Cross-Default	The Bonds are subject to a cross-default provision in relation to the Issuer, the Guarantor or any of their respective Subsidiaries (as defined in the Terms and Conditions of the Bonds) as further described in Condition 9(c) (<i>Cross-Default</i>) of the Terms and Conditions of the Bonds, 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 free and clear of, 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 authority therein or thereof having power to tax, unless such withholding or deduction is required by law, as further described in Condition 8 of the Terms and Conditions of the Bonds. 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 20 November 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 amounts which would otherwise have been receivable by them had no such withholding or deduction been required.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
Redemption Taxation Reasons	for The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “Tax Redemption Notice”) to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 of the Terms and Conditions of the Bonds 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, which change or amendment becomes effective on or after 20 November 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 Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due, as further described in Condition 6(b) of the Terms and Conditions of the Bonds.
Redemption Relevant Events	for 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 such holder’s Bonds on the Put Settlement Date (as defined in Condition 6(c) of the Terms and Conditions of the Bonds) at 101 per cent. of their principal amount, together with interest accrued up to, but excluding, the Put Settlement Date. See “<i>Terms and Conditions of the Bonds — Redemption and Purchase — Redemption for Relevant Events</i>”.
Clearing Systems	The Bonds will be evidenced by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited with, a common depository for Euroclear and Clearstream or any Alternative Clearing System (as defined in the Global Certificate). Beneficial interests in the Global Certificate will be shown on and transfers whereof will be effected only through records maintained by Euroclear and

Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.

ISIN XS3236753334.

Common Code 323675333.

Legal Entity Identifier of the Issuer 836800F4Q4VS7P9WPV95.

Governing Law and Jurisdiction Hong Kong law and Hong Kong courts.

Trustee CNCBI Trustee Limited.

Registrar, Principal Paying Agent and Transfer Agent China CITIC Bank International Limited.

Listing Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 28 November 2025.

Green Finance Framework The Bonds are being issued as “Green Bonds” under the Green Finance Framework. See “*Green Finance Framework*”.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER

The summary audited consolidated financial information of the Issuer as at and for the years ended 31 December 2022, 2023 and 2024, as set out below, has been derived from and should be read in conjunction with the Issuer's Audited Financial Statements and the notes thereto included elsewhere in this Offering Circular. See "Presentation of Financial Information".

The Issuer's 2023 Audited Financial Statements and Issuer's 2024 Audited Financial Statements were presented in Chinese in accordance with the PRC GAAP and have been audited by Zhongxinghua, the independent auditors of the Issuer in accordance with Auditing Standards for Chinese Certified Accountants.

PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences Between PRC GAAP and IFRS".

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

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Current asset:			
Currency funds	4,303,553,874.53	2,972,559,967.05	1,292,609,172.43
Trading financial assets	—	—	—
Notes receivable	4,820,000.00	100,000.00	—
Accounts receivable	776,238,328.22	1,191,137,599.31	1,425,919,821.72
Prepayments	77,059,584.41	163,822,623.94	61,073,905.28
Other receivables	2,317,453,011.51	2,008,092,536.24	1,394,879,172.91
Inventories	8,064,172,319.78	8,078,106,747.07	7,651,125,894.79
Other current assets	55,783,501.82	63,593,749.85	52,370,851.74
Total current assets	15,599,080,620.27	14,477,413,223.46	11,877,978,818.87
Non-current assets:			
Other non-current financial assets ..	10,000,000.00	—	—
Investment properties	1,082,428,400.00	3,275,476,010.00	4,073,361,600.00
Fixed assets	14,956,804.79	42,274,228.24	169,228,691.58
Construction in progress	146,914,368.96	413,567,515.46	317,543,422.36
Intangible assets	5,223,390.73	11,818,775.14	7,627,985.11
Long-term prepaid expenses	—	9,023,770.48	—
Deferred tax assets	498,291.61	391,815.09	661,130.18
Total non-current assets	1,260,021,256.09	3,752,552,114.41	4,568,422,829.23
Total assets	16,859,101,876.36	18,229,965,337.87	16,446,401,648.10
Current liabilities:			
Short-term borrowings	535,590,355.82	1,555,921,570.01	458,153,861.26
Notes payable	3,757,090,000.00	1,302,000,000.00	151,040,000.00
Accounts payable	41,100,127.28	175,630,698.32	154,761,175.30
Employee benefits payable	2,114.40	—	207.50
Contractual liability	99,270,847.34	173,753,854.91	209,246,449.22
Taxes payable	37,336,234.58	85,255,153.50	96,991,110.42
Other payables	1,445,272,743.07	239,845,353.63	134,081,877.45
Non-current liabilities maturing			
within one year	872,397,462.57	1,768,312,455.47	2,721,132,289.49
Other current liabilities	151,368,626.34	251,232,707.18	636,832,180.43
Total current liabilities	6,939,428,511.40	5,551,951,793.02	4,562,239,151.07
Non-current liabilities:			
Long-term borrowings	2,147,741,501.62	3,724,445,307.12	2,548,608,941.59
Long-term payables	1,496,058,933.44	2,134,775,128.94	2,740,585,111.13
Deferred income	—	52,526,202.04	32,427,548.58
Deferred tax liabilities	127,856,599.49	103,257,306.74	104,430,009.60
Other non-current liabilities	300,000,000.00	120,000,000.00	—
Total non-current liabilities	4,071,657,034.55	6,135,003,944.84	5,393,624,062.32
Total liabilities	11,011,085,545.95	11,686,955,737.86	9,955,863,213.39
Owners' equity			
Paid-in capital	1,000,000,000.00	1,000,000,000.00	1,000,000,000.00

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Capital reserves	4,437,086,290.20	4,818,348,894.50	4,734,412,750.16
Other comprehensive income	240,616,859.50	115,237,986.49	115,237,986.49
Surplus reserves	8,558,141.28	23,661,715.59	23,981,539.92
Undistributed profits	64,224,101.99	252,659,481.96	277,036,016.00
Total owner's equity attributable to the parent company	5,750,485,392.97	6,209,908,078.54	6,150,668,292.57
Minority interests	97,530,937.44	333,101,521.47	339,870,142.14
Total owners' equity	5,848,016,330.41	6,543,009,600.01	6,490,538,434.71
Total liabilities and owners' equity	16,859,101,876.36	18,229,965,337.87	16,446,401,648.10

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Total operating revenue	960,020,489.45	944,274,974.74	879,551,461.37
Operating revenue	960,020,489.45	944,274,974.74	879,551,461.37
Total operating costs	943,607,150.92	892,293,482.24	840,710,806.84
Operating costs	889,315,305.77	839,464,135.68	786,848,403.87
Taxes and surtaxes	8,891,847.81	20,540,241.34	24,998,496.07
Selling expenses	3,668,158.83	7,014,440.84	7,886,472.21
General and administrative expenses	18,346,251.04	30,006,493.86	27,108,240.22
Financial expenses	23,385,587.47	(4,731,829.48)	6,130,805.53
Including: Interest expenses	74,244,756.78	26,916,285.35	15,743,328.92
Interest income	59,723,825.56	33,008,599.98	22,222,809.58
Asset impairment losses	—	—	—
Other income	17,376,696.08	978,043.69	33,417.19
Investment income	10,650,000.00	—	—
Gains from changes in fair value	(3,791,910.00)	169,886,304.42	4,690,811.45
Credit impairment loss	(968,166.43)	425,906.08	(1,077,260.35)
Operating profits	39,679,958.18	223,271,746.69	42,487,622.82
Non-operating income	205,143.25	438,151.80	35,003.32
Non-operating expenses	656,056.11	3,492,668.75	1,373,682.17
Total profits	39,229,045.32	220,217,229.74	41,148,943.97
Income tax expenses	17,398,028.23	20,262,105.83	11,640,543.83
Net profits	21,831,017.09	199,955,123.91	29,508,400.14
Classified by business continuity:			
Net profit from ongoing operations	21,831,017.09	199,955,123.91	29,508,400.14
Net profit from discontinued operations	—	—	—
Classify by ownership:			
Minority Interest in income	(2,338,853.92)	(3,583,830.37)	4,812,041.77
Net profits attributable to owners of the parent company	24,169,871.01	203,538,954.28	24,696,358.37
Net amount after tax of other comprehensive income	6,885,531.39	(116,712,561.51)	—
Net amount after tax of other comprehensive income attributable to owners of the parent company	6,885,531.39	(125,378,873.01)	—
- Other comprehensive income reclassified into profit or loss	6,885,531.39	(125,378,873.01)	—
- Profit or loss from changes in fair value of investment properties	6,885,531.39	(125,378,873.01)	—
Net amount after tax of other comprehensive income attributable to minority shareholders	—	8,666,311.50	—

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Total comprehensive income	28,716,548.48	83,242,562.40	29,508,400.14
Total comprehensive income attributable to owners of the parent company	31,055,402.40	78,160,081.27	24,696,358.37
Total comprehensive income attributable to minority shareholders	21,831,017.09	5,082,481.13	4,812,041.77

SUMMARY CASH FLOW STATEMENT DATA

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Net cash flows from operating activities.....	(1,937,013,690.98)	220,986,404.11	51,351,867.31
		(1,494,730,531.3	
Net cash flows from investing activities	(23,740,595.17)	3)	(146,913,776.95)
Net cash provided by financing activities	1,983,953,747.81	1,220,172,401.77	256,252,843.50
Effect of foreign exchange rate changes on cash and cash equivalents.....	227,044.27	38,858.64	59,482.07
Net increase in cash and cash equivalents...	23,426,505.93	(53,532,866.81)	160,750,415.93
Beginning balance of cash and cash equivalents.....	220,105,203.92	243,531,709.85	189,998,843.04
Ending balance of cash and cash equivalents.....	243,531,709.85	189,998,843.04	350,749,258.97

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GUARANTOR

The summary consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024, as set out below, has been derived from and should be read in conjunction with the Guarantor's Audited Pro Forma Financial Statements and the notes thereto included elsewhere in this Offering Circular. See "Presentation of Financial Information".

The Guarantor's Audited Pro Forma Financial Statements were presented in Chinese in accordance with the PRC GAAP and have been audited by Zhongxi CPAs, the independent auditors of the Guarantor in accordance with Auditing Standards for Chinese Certified Accountants.

PRC GAAP differs in certain respects from IFRS. See "Summary of Certain Differences Between PRC GAAP and IFRS".

As the Guarantor was incorporated on 4 April 2023, the Guarantor's Audited Pro Forma Financial Statements were prepared on a pro forma basis. Pursuant to the Approval on Agreeing to Transfer the Equity of Jiangsu Fengshou Dadi Investment Development Co., Ltd and Other Companies (《關於同意划轉江蘇豐收大地投資發展有限公司等公司股權的批復》) issued by the State-owned Assets Supervision and Administration Office of the Dafeng District Government on 28 December 2024, as part of the asset-consolidation and establishment of the Guarantor through shareholding structure adjustment, Dafeng Construction would transfer 49 per cent. of the equity interest of Fengshou Dadi to the Guarantor with no consideration. In addition, 100 per cent. of the equity interest of the Guarantor would be transferred to the Dafeng District Government with no consideration. On 27 April 2025, Dafeng Construction sought instructions from the State-owned Assets Supervision and Administration Office of the Dafeng District Government in relation to having 100 per cent. of the equity interest of Dafeng Construction transferred to the Guarantor with no consideration. Upon completion of the proposed equity interest transfer, Dafeng Construction will be a wholly-owned subsidiary of the Guarantor. In addition, Yancheng Dafeng District Jinmao State-owned Comprehensive Assets Management Co., Ltd. (鹽城市大豐區金茂國有綜合資產經營有限公司) proposed to entrust to the Guarantor the exercise of the 51 per cent. shareholder voting rights held by it in Fengshou Dadi. Upon completion of the proposed entrustment, Fengshou Dadi will be controlled by and consolidated into the Guarantor. On 15 May 2025, the State-owned Assets Supervision and Administration Office approved the above-mentioned proposals. As at the date of this Offering Circular, the updated corporate information of Dafeng Construction has been officially registered and the updated corporate information of Fengshou Dadi is in the process of being registered.

The Guarantor's Audited Pro Forma Financial Statements show how the Group's operations in the relevant years may have appeared had (i) the Guarantor been established on 1 January 2022; and (ii) 100 per cent. of the equity interest of Dafeng Construction and Fengshou Dadi been transferred to or controlled by the Guarantor as of 1 January 2022.

The actual financial condition and results of operations following the establishment of the Guarantor may not be consistent with, or evident from, such pro forma financial information. Investors are cautioned not to place undue reliance on such pro forma financial information. See "Presentation of Financial Information".

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

SUMMARY CONSOLIDATED BALANCE SHEET DATA

	As at 31 December		
	2022 (RMB)	2023 (RMB)	2024 (RMB)
Current asset:			
Currency funds	12,305,308,079.94	11,589,351,257.19	8,344,162,386.27
Trading financial assets	—	—	—
Notes receivable	5,710,198.00	1,674,824.20	2,296,845.94
Accounts receivable	11,881,820,574.17	13,615,912,207.00	15,291,728,188.30
Prepayments	1,108,643,479.02	1,165,033,186.10	948,235,729.06
Other receivables	11,754,015,194.44	12,057,155,298.01	12,488,619,080.86
Inventories	27,088,744,064.27	28,417,664,239.18	29,977,672,312.04
Other current assets	784,236,902.67	846,714,112.92	841,873,744.73
Total current assets	64,928,478,492.51	67,693,505,124.60	67,894,588,287.20
Non-current assets:			
Long-term equity investment	9,793,724,640.66	11,082,221,433.60	11,592,087,507.10

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Investments in other equity instruments	100,000,000.00	479,920,856.32	501,687,155.38
Other non-current financial assets	676,394,851.02	646,404,851.02	731,197,942.21
Investment properties	10,755,506,741.23	14,120,316,720.90	15,527,937,406.10
Fixed assets	3,306,383,089.09	3,660,527,006.11	3,797,580,111.13
Construction in progress	1,349,016,382.54	1,971,407,996.85	1,721,552,142.33
Intangible assets	122,775,038.12	125,033,380.61	645,749,949.79
Long-term prepaid expenses	16,520,685.89	28,305,999.87	4,890,836.80
Deferred tax assets	33,814,176.64	34,657,736.66	40,181,953.67
Other non-current assets	868,008,486.11	866,972,078.92	866,972,078.92
Total non-current assets	27,022,144,091.30	33,015,768,060.86	35,429,837,083.43
Total assets	91,950,622,583.81	100,709,273,185.46	103,324,425,370.63
Current liabilities:			
Short-term borrowings	6,693,766,135.78	9,758,069,823.58	7,755,794,369.74
Notes payable	7,075,315,290.68	3,166,966,103.09	2,736,940,000.00
Accounts payable	319,487,451.83	447,011,411.26	633,467,665.62
Contractual liability	490,789,361.04	602,876,142.31	777,755,114.66
Employee benefits payable	4,785,896.37	5,613,767.61	1,249,465.06
Taxes payable	1,308,688,432.44	1,634,629,061.34	1,945,878,566.36
Other payables	5,574,679,521.89	6,674,595,256.06	8,288,940,774.95
Non-current liabilities maturing within one year	10,740,140,803.01	9,712,090,529.60	14,978,875,788.71
Other current liabilities	1,738,666,893.38	1,812,199,771.96	791,454,661.56
Total current liabilities	33,957,564,166.98	33,830,050,330.84	37,923,525,231.63
Non-current liabilities:			
Long-term borrowings	11,224,293,563.83	14,276,369,446.42	14,556,504,998.25
bonds payable	4,776,810,945.24	7,167,110,150.46	6,063,759,559.19
Long-term payables	6,181,537,109.63	6,243,282,399.67	5,424,303,543.60
Deferred income	—	52,526,202.04	—
Deferred tax liabilities	986,602,511.24	999,519,137.99	988,223,472.50
Other non-current liabilities	2,497,350,000.00	2,635,290,000.00	44,766,666.00
Total non-current liabilities	25,666,594,129.94	31,374,097,336.58	27,480,458,239.54
Total liabilities	59,624,158,296.92	65,204,147,667.42	65,403,983,471.17
Owners' equity			
Capital reserves	19,081,525,331.98	20,455,847,718.05	21,106,261,899.97
Other comprehensive income	2,072,870,700.62	2,004,894,208.86	1,975,295,591.57
Special Reserve	226,298.35	292,638.53	—
Undistributed profits	5,031,188,227.02	5,907,035,743.61	6,521,322,024.82
Total owner's equity attributable to the parent company	26,185,810,557.97	28,368,070,309.05	29,602,879,516.36
Minority interests	6,140,653,728.92	7,137,055,208.99	8,317,562,383.10
Total owners' equity	32,326,464,286.89	35,505,125,518.04	37,920,441,899.46
Total liabilities and owners' equity	103,324,425,370.63	100,709,273,185.46	91,950,622,583.81

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Total operating revenue	9,145,383,474.00	9,967,933,742.08	11,271,899,552.65
Revenue from operations	9,145,383,474.00	9,967,933,742.08	11,271,899,552.65
Total operating costs	8,797,570,855.41	9,592,899,106.06	10,811,458,933.21
Operating costs	8,351,388,996.64	9,109,272,045.31	10,358,410,700.55
Taxes and surtaxes	142,957,560.98	254,854,597.39	197,084,612.13

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Selling expenses	41,986,746.07	14,291,000.34	16,252,157.62
General and administrative expenses	140,201,513.29	132,531,082.84	155,950,128.99
Financial expenses	121,036,038.43	81,950,380.18	83,761,333.92
Including: Interest expenses	288,857,459.85	218,811,398.10	188,088,053.76
Interest income	183,627,951.13	151,898,427.42	113,310,999.19
Other income	409,131,948.37	448,941,587.06	293,238,579.44
Investment income	198,705,725.79	206,974,107.76	216,849,662.87
Including: Income from investments in associates and joint ventures	174,421,272.69	184,527,488.13	174,979,843.19
Gains from changes in fair value	106,242,461.03	203,348,736.35	8,824,740.65
Credit impairment loss	(63,022,614.23)	(3,863,340.05)	(22,096,868.09)
Gains from disposal of assets	45,252,955.00	(101,694.54)	5,616,725.78
Operating profits	1,044,123,094.55	1,230,334,032.60	962,873,460.09
Non-operating income	1,410,316.38	147,960,946	1,962,190.52
Non-operating expenses	37,928,081.51	69,726,818.12	83,673,060.51
Total profits	1,007,605,329.42	1,162,086,823.94	881,162,590.10
Income tax expenses	156,626,695.44	146,246,907.52	141,863,571.93
Net profits	850,978,633.98	1,015,839,916.42	739,299,018.17
Classified by business continuity:		1,015,839,916.42	
Net profit from ongoing operations	850,978,633.98	1,015,839,916.42	739,299,018.17
Net profit from discontinued operations	—	—	—
Classify by ownership:		1,015,839,916.42	
Minority Interest in income	850,978,633.98	2	739,299,018.17
Net profits attributable to owners of the parent company	141,254,680.54	139,992,399.83	125,012,736.96
709,723,953.44	875,847,516.59	614,286,281.21	
Net amount after tax of other comprehensive income	(85,124,343.35)	(53,991,865.16)	48,396,114.38
Net amount after tax of other comprehensive income attributable to owners of the parent company	(86,027,356.36)	(67,976,491.76)	(29,598,617.29)
-Other comprehensive income that cannot be reclassified into profit or loss	—	29,370,914.69	7,999,114.91
-Changes in fair value of other equity instrument investments	—	29,370,914.69	7,999,114.91
- Other comprehensive income reclassified into profit or loss	(86,027,356.36)	(97,347,406.45)	(37,597,732.20)
-Others	(86,027,356.36)	(97,347,406.45)	(37,597,732.20)
Net amount after tax of other comprehensive income attributable to minority shareholders	903,013.01	13,984,626.60	(18,797,497.09)
Total comprehensive income	765,854,290.63	961,848,051.26	690,902,903.79
Total comprehensive income attributable to owners of the parent company	623,696,597.08	807,871,024.83	584,687,663.92
Total comprehensive income attributable to minority shareholders	142,157,693.55	153,977,026.43	106,215,239.87

SUMMARY CASH FLOW STATEMENT DATA

	As at 31 December		
	2022	2023	2024
	(RMB)	(RMB)	(RMB)
Net cash flows from operating activities.....	(2,071,106,831.40)	1,998,634,784.76	2,990,988,791.37
Net cash flows from investing activities	(561,991,610.71)	(3,629,670,249.82)	(1,078,878,826.29)
Net cash provided by financing activities	1,483,175,960.34	(2,282,556,214.87)	(988,286,096.91)
Effect of foreign exchange rate changes on cash and cash equivalents.....	1,020,331.64	(6,319,150.56)	(5,886,948.34)
Net increase in cash and cash equivalents.....	(1,148,902,150.13)	645,201,599.25	917,936,919.83
Beginning balance of cash and cash equivalents.....	2,616,081,977.27	1,467,179,827.14	2,112,381,426.39
Ending balance of cash and cash equivalents.....	1,467,179,827.14	2,112,381,426.39	3,030,318,346.22

RISK FACTORS

An investment in the Bonds is subject to a number of risks. Prior to making any investment decision, investors should carefully consider all of the information contained in this Offering Circular, and in particular, the risks and uncertainties described below. The business, financial condition, results of operations or prospects of the Issuer, the Guarantor and the Group could be materially and adversely affected by any of these risks. The Issuer and the Guarantor believe that the following factors may affect the Issuer's and the Guarantor's ability to fulfil their obligations under the Bonds or the Guarantee, as the case may be. Additional considerations and uncertainties not presently known to the Issuer or the Guarantor or which they currently deem immaterial may also have an adverse effect on an investment in the Bonds. All of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Issuer, the Guarantor or the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Circular.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Bonds and the Guarantee are also described below. The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer and the Guarantor to repay principal, interest or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of investment in the Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group's business, financial condition, results of operations and prospects are heavily dependent on the level of economic development in Yancheng City.

The Group operates its business primarily in Yancheng City, Jiangsu Province, primarily engaging in infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc., with a diversified business structure. 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 of Yancheng City and the PRC.

Economic conditions in the PRC generally and in Yancheng City in particular are key factors affecting the development of Yancheng City. China's economy has experienced rapid growth in the past 40 years, however, in recent years there has been a slowdown in the growth rate since the second half of 2013. According to the National Statistics Bureau of the PRC, the annual growth rate of the PRC's gross domestic product (the "GDP") slowed down from 7.8 per cent. in 2013 to 5.0 per cent. in 2024. During the same period, the annual growth rate of GDP in Yancheng City slowed down from 10.0 per cent. to 5.5 per cent. There is no assurance that the level of economic development in Yancheng City will continue to grow at the rates seen in recent years. Any continuing slowdown in the economic development in Yancheng City may affect its development plans, which may decrease the demand for the Group's business and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group's business and prospects depend to a large extent upon the policies and public spending of the Dafeng District Government on infrastructure construction within Yancheng City, particularly within Dafeng District.

The Issuer and the Guarantor are wholly owned by the Dafeng District Government. The Group is primarily tasked to implement the plans of the Dafeng District Government and other government authorities to undertake infrastructure construction projects within Dafeng District of Yancheng City, and its business and prospects have been, and may continue to be, heavily affected by the policies as well as budget and spending of the Dafeng District Government on infrastructure construction within Dafeng District.

There are many factors affecting the amount, timing and priority of the Dafeng District Government's budget and spending on infrastructure construction, such as national and regional policies affecting the development of different industries and fiscal and monetary policies. Government budget and spending are also affected by government income and the general economic conditions in the PRC and Dafeng District of Yancheng City. Any slowdown in the economic growth in the PRC and Yancheng City may adversely affect the financial condition and fiscal income of the Dafeng District Government, which may in turn cause the Dafeng District Government to reduce its spending and budget on infrastructure construction. If the public spending and budget of the Dafeng District Government on infrastructure construction decreases, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

PRC regulations on the administration of the financing platforms and local government debt will have a material impact on the 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**”) 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, 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)) issued by the General Office of NDRC on 6 June 2019 (“**Circular 666**”) 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 China Banking and Insurance Regulatory Commission (“**Circular 15**”) (together with Circular 43, Circular 50, Circular 87, Circular 23, Circular 706, the Joint Opinion and Circular 666, 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.

In July 2021, the China Banking and Insurance Regulatory Commission issued the Circular 15, which provides that the banks and insurance institutions shall not increase any new local government implicit debt in any form. Circular 15 also provides that, the financing provided by banks and insurance institutions shall meet the following requirements: (i) It is not allowed to provide financing which actually will be repaid by government fiscal funds, or guaranteed by the government; (ii) the banks and insurance institutions shall not require or accept guarantee documents issued by local government or their departments; (iii) the banks and insurance institutions shall not require or accept any guarantee using the state-owned assets of local government, public institution or social organisation as guaranty; (iv) the banks and insurance institutions shall not require or accept any guarantee with government reserve land or expected land sale income as guaranty; (v) in PPP projects or government investment fund projects, the banks and insurance institutions shall not stipulate or require local government to repurchase the investment principal, bear the loss of the investment principal or guarantee the minimum return; (vi) financing services provided by banks and insurance institutions shall not be included in government purchase services; (vii) existing local government financing shall be rectified in accordance with relevant regulations; and (viii) it is not allowed to increase any implicit local government debt in any form.

The Group believes that the PRC government will continue to implement the Debt Control Circulars to control local government debts. Accordingly, the Group should rely on the cash flow generated from its operations and external borrowings for financing its operating activities and to satisfy its cash needs for servicing its outstanding indebtedness. Pursuant to the terms of the Bonds and as required by the Debt Control Circulars, neither the Dafeng District Government nor any other PRC governmental entity has any obligation to repay any amount under the Bonds and will not provide a guarantee of any kind for the Bonds. The Bonds are solely to be repaid by the Issuer (and if the Guarantee was called, the Guarantor), and the respective obligations of the Issuer and the Guarantor under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer and the Guarantor as independent legal persons. The liability of the Dafeng District Government is limited to their equity contribution in the Issuer and the Guarantor. If the Issuer and the

Guarantor do not fulfil their obligations under the Bonds, the Trust Deed and the Deed of Guarantee (each as defined in the Terms and Conditions of the Bonds), the Bondholders will only have recourse against the Issuer and/or the Guarantor, and not the Dafeng District Government or any other PRC governmental entity. In addition, any ownership or control by the PRC government (including the Dafeng District Government) of the Issuer and the Guarantor does not necessarily correlate to, or provide any assurance as to, the Group's financial condition.

The PRC government may continue to release new policies or amend existing regulations to control the increase in local governmental debts in China. There is no assurance that the Group's financing and business model and also its indebtedness will not be materially affected by future changes in the regulatory regime concerning the financing platforms of local governments in response to such regulations.

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

As a state-owned enterprise wholly owned by the Dafeng District Government, the Group regularly receives financial support and certain preferential treatments from the Dafeng District Government or other government authorities. These supports come in various forms, such as favourable policies, government subsidies and capital injection. For the years ended 31 December 2022, 2023 and 2024, the Group received governmental fiscal subsidies related to the daily activities of enterprises in the amounts of RMB409.13 million, RMB448.94 million and RMB293.24 million.

However, there is no assurance that the Dafeng District Government and other government authorities will continue to provide such support to the Group or that the existing or other types of government support will not be adjusted or terminated due to any change in government policies or otherwise. If any favourable incentive or government support which is currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

The shareholder may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits.

The Issuer and the Guarantor are wholly owned by the Dafeng District Government. As the Guarantor's sole shareholder, Dafeng District Government, participates in and closely monitors the Group's decision-making process for key issues, reviews the Group's development strategy and investment plans and appoints, and conducts annual appraisals on, the directors and supervisors of the Group. Because of the involvement of the shareholder in the affairs of the Group, the Group may not be able to make decisions, take actions or invest or operate its businesses in manners that are always in its best interests or that aim to maximise its profits.

In addition, the Group's sole shareholder may also exert significant influence on the Group's major business decisions and strategies, including the scope of their operations, investment decisions and dividend policies. There is no assurance that the Group's sole shareholder would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, the Group's sole shareholder may influence the Group's business and strategies but not necessarily in the Group's best interests. The Guarantor's sole shareholder 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 Group's business, financial conditions, results of operations and prospects.

The Group's operating revenue and results of operations may fluctuate significantly from period to period.

The Group's operating revenue and results of operations 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 demands, government policies, incentive measures in business areas where the Group operates, the adjustment of the Group's primary business activities, the Group's ability to develop and complete infrastructure construction projects on time, as well as its accounting policies for revenue recognition.

As a result, the Group's operating income and results of operations may fluctuate significantly from period to period. The Group's operating revenue and results of operations for any period may not be directly comparable with other periods and therefore may not be a useful indicator of its performance in the future.

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

The Group's business requires and will continue to require substantial capital expenditure. The Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans and other borrowings and equity contributions from its shareholder.

The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business activities, changes in general market conditions, the regulatory environment, governmental policies and the competition in certain sectors in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortfall. There is no assurance that the Group's operations are or will be able to generate sufficient cash to satisfy its cash need at all times.

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

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

The Group generally relies on bank loans, proceeds from bond issuances, factoring financing and trust financing to satisfy a portion of its capital requirements. Increasing cost of financing, including calls on outstanding guarantees for loans, may impose heavier financial burden on the Issuer, which may adversely affect the Group's business, financial condition, results of operations and prospects.

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

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

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

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

Certain financing contracts entered into by members of the Group contain operational and financial restrictions on the 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 relevant members of the Group (as borrower) to meet such financial restrictions may be affected by events beyond its control. Such restrictions may also negatively affect the Group's ability to respond to changes in market conditions, take advantage of business opportunities the 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 Group's ability to satisfy its obligations under the Bonds and other debt.

If the relevant members of the Group are 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 relevant members of the Group, 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 relevant members of the Group may contain cross-acceleration or cross-default provisions. As a result, a default by the relevant members of the Group 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 relevant members of the Group will be able to obtain the lenders' waiver in a timely manner or that the assets and cash flow of the relevant members of the Group would be sufficient to repay in

full all of their respective debts as they become due, or that the relevant members of the Group would be able to find alternative financing. Even if the relevant members of the Group could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or acceptable to the relevant members of the Group.

The Group's borrowings may be secured. Third-party security rights may limit the Group's use of the underlying collateral assets and adversely affect its operational efficiency. If the relevant members of the Group are unable to service and repay their debts under such loan facilities on a timely basis, the assets provided as security for such bank loans may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition. Any of these factors could materially and adversely affect the Issuer's and the Guarantor's ability to satisfy their respective obligations under the Bonds and other debt. See also “- *Significant indebtedness may restrict the Group's business activities and increase the Group's exposure to various operational risks.*”

If the Group is unable to comply with the restrictive covenants in its current or future debt, a default under such debt may occur. In such event, the creditors may terminate their credit extended to the Group, accelerate the outstanding 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 Group may contain cross-acceleration or cross-default provisions. As a result, a default by the Group under any other debts may cause the acceleration of not only the defaulted debt but also those debt containing cross-acceleration or cross-default provisions, including the Bonds, or result in a default under these debts. If any of these events occurs, there is no assurance that the Group will be able to obtain the lenders' waiver in a timely manner or at all, or that the assets and cash flow of the Group would be sufficient to repay all of their respective debts in full as they become due or accelerated, or that the Group would be able to secure alternative financing on terms that are acceptable to the Group, or at all.

The Group has historically experienced negative net operating cash flows.

Historically, the Group's negative net operating cash flow has been primarily attributable to delayed collection of project payments and substantial upfront expenditures during the project construction phase. For future development projects that may be launched, project payments may continue to be delayed, possibly settled in installments, and subject to delays due to various factors beyond the Group's control. As the Group continues to expand its infrastructure construction business, significant capital expenditures are expected to remain necessary. Under these circumstances, the Group may continue to rely on external financing to meet its working capital and capital expenditure requirements, which could increase its financial vulnerability and adversely affect its financial condition and operating performance.

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

The Group's inventory level is affected by a number of factors, such as its customers' commitment, ability and priority to pay the Group and the Group's ability to execute the development of its projects according to its business plans. These factors may in turn be affected by the controlling measures of the PRC Government on urban development and real property investment and the government's macroeconomic and monetary policies.

The Group's businesses require a large amount of working capital prior to the completion of the relevant projects. The Group's inventories mainly comprise infrastructure construction, property development and engineering and construction. Such items booked as inventories on the Group's consolidated balance sheet are illiquid assets and may not be sold for cash in an efficient manner. This may limit the Group's ability to respond to changing economic,

financial and investment conditions. There is no assurance that it will be able to sell any of these infrastructure projects to other third parties for price or on the terms satisfactory to them.

Any failure to effectively manage the Group's inventory level will have a material impact on the Group's cash flow and adversely affect its ability to carry on ordinary business activities and to serve its outstanding indebtedness, such as the Bonds, which in turn could materially and adversely affect the Group's business, financial condition, results of operations or prospects.

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

The Group may provide guarantees to third parties. If any of the companies benefiting from guarantees provided by the Group defaults on its borrowings guaranteed by the Group, the lender may exercise its right under the guarantee to demand repayment from the Group. As a result, the Group's business, financial condition and results of operations may be materially and adversely affected.

The Group faces risks associated with contracting with public bodies.

As a state-owned enterprise wholly-owned by the Dafeng District Government primarily undertaking infrastructure construction within Dafeng District of Yancheng City, the Group collaborates with various governmental authorities and their controlled entities in Yancheng City. As such, the Group is exposed to certain inherent risks relating to dealing with public bodies.

Although that the Group currently maintains working relationships with those governmental authorities and entities relevant to its business, there is no assurance that these working relationships will be sustained in the future. Local governments and their controlled entities may have economic or business interests or considerations that are inconsistent with the Group's, take actions contrary to the Group's requests, strategies or objectives, be unable or unwilling to fulfil their obligations, encounter financial difficulties, or have disputes with the Group as to contractual or other matters.

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

The 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 Group.

Certain business activities of the Group, such as infrastructure construction and property sales, 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 takes time to obtain all of these approvals and certificates. Governmental authorities in China have broad discretion in implementing and enforcing applicable laws and regulations and in granting approvals, licences, permits and certificates necessary for the Group to conduct its business. Failure to obtain the necessary approvals, licences or permits in a timely manner could result in delay or suspension of business operations, and a failure to obtain the necessary approvals, licences or permits may subject the relevant entities to regulatory or administrative penalties.

Governmental authorities may also adjust existing regulations or promulgate new regulations from time to time. The Group may encounter problems in obtaining 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 normally conduct regular or special inspections, investigations and inquiries. If any significant non-compliance is found by the governmental authorities, the Group's permits, licences and certificates may be suspended or revoked, and it may receive fines or other forms of penalties, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

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

The Group has substantial indebtedness outstanding. As at 31 December 2024, the Group's total indebtedness (comprising short-term borrowings, non-current liabilities maturing within one year, other current liabilities, long-term borrowings and long-term payables) was RMB43,506.93 million. 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 Center (全國銀行間同業拆借中心) is authorised by 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. Any material fluctuation in the LPR may have a material impact on the Group's interest expenses under its bank loans and debt securities issued and in turn affect its results of operations. Although the Group's business and financial condition may benefit from the currently low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue.

The corporate ratings of the Issuer and Guarantor may be lowered or withdrawn in the future.

The Issuer has been assigned a "BBB" rating by Lianhe Ratings with a stable outlook. The Guarantor has been assigned a "AAA" rating by Fareast Credit, with a stable outlook. However, a rating may not remain for any given period of time and could be lowered or withdrawn entirely by the rating agency. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. The Issuer or the Guarantor has no obligation to inform holders of the Bonds of any such revision, suspension or withdrawal. A reduction, suspension or withdrawal at any time of the corporate ratings may adversely affect the market price of the Bonds.

The Group may not successfully expand its businesses and implement its growth strategy.

The Group may from time to time expand its businesses to new industries and markets in which it has limited operating experience. Such expansion may require the Group to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can succeed in its business. The Group's ability to successfully develop its new businesses and implement this strategy depends on 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 agencies. The success of negotiations with respect to any particular project cannot be assured. There can be no assurance that the Group will be able to successfully expand its businesses, implement its growth strategy, manage or integrate newly-acquired operations with the Group's existing operations. Failure to develop new businesses or implement the Group's growth strategy could have a material adverse impact on its business, financial condition and results of operations.

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

The Group engages third-party contractors for its businesses, for example, infrastructure construction. There is no assurance that the services rendered by any of these independent contractors or subcontractors will always be satisfactory or meet the Group's quality and safety standards. If the performance of any independent contractor is not satisfactory, the Group may need to replace such contractor or take other actions to remedy the situation, which could adversely affect the cost and construction progress of its projects. Further, the completion of its projects may be delayed, and the Group may incur additional costs in some cases due to a contractor's financial or other difficulties. In addition, the Group may be requested on short notice to undertake additional development projects, and there may be a shortage of contractors that meet the Group's quality requirements. Contractors may undertake projects for other companies and developers, engage in risky or unsound practices or encounter financial or other difficulties, which may affect their ability to complete their work for the Group on time or within budget. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on its infrastructure construction business and may not be able to maintain sustainable growth.

The Group is dependent on its infrastructure construction business. For further details on the Group's infrastructure construction business, see "*Description of the Group — Description of the Group's Business —Infrastructure Construction*". There is no assurance that the demand for infrastructure construction will remain strong in the long run. In such case, the Group may experience a significant decrease in its infrastructure construction business if the demand for infrastructure construction weakens, which could have a material and adverse effect on the Group's business, financial condition and results of operations.

Substantiality of the Group's infrastructure construction projects are based in a single geographical region.

Substantiality of the Group's current and anticipated infrastructure construction projects are located within the area of Yancheng City. Any material region-wide adverse events may negatively impact the demand for infrastructure construction projects in Yancheng City, which would in turn affect income and profitability of the Group. Such adverse events include, but not limited to, changes in economic conditions and the regulatory environment, changes in the government's development plans and policies in Yancheng City, slowdown in the infrastructure construction sector,

decrease in investor confidence within the region, significant natural disasters and man-made incidents. Due to the limited geographical coverage of its operations, the Group may not be able to effectively manage any potential losses arising from these adverse events, which may materially and adversely affect the Group's business, financial condition and results of operations.

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

The Group has a number of subsidiaries operating in different industries. Through these subsidiaries, the Group primarily engages in infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc., within Yancheng City. As such, the Group is exposed to risks associated with conducting multiple businesses and operating through a large number of subsidiaries.

For example, the Group is exposed to business, market and regulatory risks relating to different industries and markets, and may from time to time expand its businesses 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 businesses. Furthermore, given the Group's reliance on its subsidiaries, it is critical to ensure that the Guarantor's subsidiaries have sufficient working capital for their operations.

In addition, certain subsidiaries of the Group are still in the early stage of operation and their profitability has not yet emerged. Though the Group has taken necessary measures to improve its subsidiaries' operating performance, there is no assurance that these measures will be effective. If the mentioned condition is not improved in the future, the Group's business, operations and financial performance would be adversely affected. Furthermore, as the Group continues to grow its businesses and expand into various industries, the Group's operations may become more complex, which would increase the difficulty of implementing its management system.

The Guarantor provides direct funding, guarantees and other support to certain of its subsidiaries. If the Guarantor's subsidiary defaults on any borrowings lent or guaranteed by the Guarantor, the Guarantor will not receive the repayment as planned or the relevant lender may exercise its right under the guarantee to demand repayment from the Guarantor. The occurrence of either of these events may result in a funding shortage at the Guarantor level and may materially and adversely affect the Guarantor's ability to provide financial support to its other subsidiaries. If the Guarantor'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 Group's business, financial condition and results of operations.

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

The Group relies heavily on its quality control systems to ensure the safety and quality of its projects and products. Therefore, it needs to maintain an effective quality control system for the Group's infrastructure construction and other operational activities. The effectiveness of the 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 related training programmes as well as its ability to ensure that the Group's and the contractors' employees adhere to its

quality control policies and guidelines. There is no assurance that the quality of the projects undertaken by the Group will always meet the required standard. Any failure or deterioration of the Group's quality control systems could result in defects in its projects, which in turn may subject the Group to contractual, product liability and other claims. Any such claims, regardless of whether they have any merit, could cause the 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 Group could be required to pay substantial monetary damages or penalties. Although the 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 Group's business and operations.

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

There are a number of construction, financing, operating and other risks associated with the infrastructure construction projects of the Group. Projects that the Group undertakes typically require substantial capital expenditures during the construction or development 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 costs, adverse weather conditions, natural disasters, terrorism, labour disputes, disputes with sub-contractors, accidents, changes in governmental priorities and other unforeseen circumstances, many of which are out of the Group's control. Any of these could give rise to delays in the completion of the Group's projects and may result in liabilities, reduced efficiency and lower financial returns, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

Fluctuations in the price of main commodities of the Group could adversely affect the Group's business and financial performance.

The cost of steel, cement and non-ferrous metals, which constitutes a significant portion of the Group's payments to its upstream enterprises or traders contractors, may fluctuate. Any increase in the cost of main sales products may result in additional costs to the Group and may lead to future increases in commodity trading costs. Main sales products costs have fluctuated in recent years. Any increase in the cost of any significant main sales products will adversely impact the Group's overall commodity trading costs, which may pose an adverse effect on the profitability of the Group.

The Group is subject to risks related to default payments and breaches by its lessees or other contractual counterparties.

For the leasing business of the Group, the Group's success is dependent upon the ability of its lessees to perform their contractual obligations under the leases. The ability of each lessee to perform its contractual obligations is, in turn, dependent on its financial condition and cash flow. If a lessee defaults, there can be no assurance that any security deposits paid under the lease will be adequate to cover the lessee's unpaid lease obligations, or that the maintenance reserves collected during the lease term will be sufficient to cover the Group's maintenance expenses or the costs of leasing the properties.

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

Many of the Group's businesses are labour intensive. The Group also relies on third-party contractors to carry out municipal infrastructure construction projects. Increasing awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general, including the Group or the contractors participating in the Group's projects.

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. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law.

In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 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. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees, the 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 Group decides to significantly change or decrease the 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 Group desires.

As such, labour shortages, labour disputes or increases in labour costs of the 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 Group's projects which could materially and adversely affect the Group's business, prospects and results of operations.

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

The 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 infrastructure projects it undertakes;
- 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 Group maintains limited insurance policies, but in the construction projects, the Group usually requires the contractors to maintain the insurance coverage for the projects, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC. However, some of the above-mentioned operational risks may not be covered and even if covered by the insurance policies maintained by the contractors of the Group, 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 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 or not economically insurable. To the extent that the Group or any of its subsidiaries suffers loss or damage that is not covered by insurance or that exceeds the limit of the insurance coverage, the Group's results of operations and cash flow may be materially and adversely affected.

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

The Group is required to comply with extensive environmental, safety and health regulations in the PRC. Failure to comply with such regulations may result in fines or suspension or revocation of the Group's 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 Group will be able to comply with all applicable requirements or obtain these approvals and permits

on a timely basis, if at all. As at the date of this Offering Circular, the Group has not experienced any significant non-compliance with applicable safety 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 Group. Any failure to comply with the current or future environmental, safety and health regulations may materially and adversely affect the Group's business, financial condition and results of operations.

The 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 Group's business.

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

In addition, the 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 Group invests or operates. These key personnel include members of the Group's senior management, 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 Group to offer higher compensation and other benefits in order to attract and retain qualified professionals, which could materially and adversely affect the Group's financial condition and results of operations. As a result, the Group may be unable to attract or retain these personnel to achieve its business objectives and the failure to do so could severely disrupt its business and prospects. For example, the Group may not be able to hire enough qualified personnel to support its new investment projects or business expansion. As the Group expands its business or hires new employees, 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 the events discussed above could lead to unexpected losses to the Group and adversely affect its revenue and financial condition.

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

The Group may be exposed to fraud or other misconduct committed by its employees, representatives, agents, customers or other third parties that could subject it to financial losses and sanctions imposed by governmental authorities, which in turn 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 Group in deciding whether to make investments or dispose of assets;
- improperly using or disclosing confidential information;
- recommending products, services or transactions that are not suitable for the Group's customers;

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

The Group's internal control procedures are designed to monitor its operations 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 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 and business.

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

Financial risks are inherent in the Group's businesses. Although systems and procedures are in place to identify and report on a timely basis the liquidity, foreign exchange, interest rate and credit risks arising from the activities of its businesses, there is no assurance that these systems and procedures will prevent any loss that affects the Group's financial conditions. In addition, many of the current systems have a significant manual component. There are additional risks inherent in any manual risk management system, including human error. The reliability of the systems and the information generated from them 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 controls could have a material adverse effect on the Group's businesses, results of operations and financial conditions.

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

The historical financial information of the Group included in this Offering Circular is not indicative of the future financial results of the Group. This financial information is not intended to represent or predict the results of operations of any future periods. The Group's future results of operations may change materially if the future growth of the Group 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 Group operates its business. Furthermore, the future results of operations of the Group may also fluctuate or change materially due to changes in the Group's business model and/or the accounting treatments applied thereto. In addition,

there is no assurance that the Group will not record an operating loss in the future, which may have an adverse effect on the Issuer's and the Guarantor's ability to pay its debt, including the Bonds.

Investors should not place any reliance on financial information which is unreviewed or unaudited.

The Issuer and/or the Guarantor may publish annual, semi-annual and/or quarterly consolidated financial information in the PRC to satisfy its continuing disclosure obligations relating to its debt securities issued in the PRC according to applicable PRC regulations and rules of the stock exchanges on which the relevant securities are listed if applicable. The semi-annual and/or quarterly consolidated financial information of the Issuer and/or the Guarantor is derived from the Issuer and/or the Guarantor's management accounts and normally is not audited nor reviewed by independent auditors. Unless specifically included in this Offering Circular, such financial information does not form part of this Offering Circular, and should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited or reviewed financial information. The Issuer and the Guarantor are not responsible to holders of the Bonds for the financial information from time to time published in the PRC and therefore investors should not place any reliance on any such financial information. The Issuer's and the Guarantor's published financial information in the PRC may be adjusted or restated by the Issuer and the Guarantor to address retrospective impacts of subsequent changes in applicable accounting standards, the Issuer's and the Guarantor's accounting policies and/or applicable laws and regulations affecting the Issuer and the Guarantor's financial reporting, to reflect the subsequent comments given by the independent auditors during the course of their audit or review or to correct errors in its published financial statements. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date published in the past on the one hand and the financial information with respect to the same period or date subsequently published in the PRC or the relevant financial information (if any) contained in this Offering Circular on the other hand.

The Group is and 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 Group or the Group's subsidiaries 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 Group's reputation, increase the Group's costs of operations and divert the Group's management's attention from daily business operations. In addition, where regulatory bodies or governmental authorities disagree with the Group's conduct in respect of its operations, the 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 Group or its subsidiaries will not be so involved in any major legal or other proceedings in the future which may subject the Group to significant liabilities and may materially and adversely affect the Group's business, financial condition, results of operations and prospects.

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

The Group's business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other events and disasters that are beyond the Group's control may materially and adversely affect the economy, infrastructure and livelihoods of people in China. Some cities in China are under the threat of flood, typhoon, earthquake or drought. The Group's business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur. An outbreak of a health epidemic or

contagious disease, including Coronavirus disease 2019 avian influenza, Severe Acute Respiratory Syndrome, Ebola virus disease, Middle East Respiratory Syndrome, H5N1 influenza, H1N1 influenza or H7N9 influenza, could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business, financial condition and results of operations.

Furthermore, the Group's operations are highly concentrated in Yancheng City, and any labour shortages, or slowdown in the growth of domestic consumption in Yancheng City or the PRC in general could materially and adversely affect the business, results of operations, financial condition and prospects of the Group. All these factors are beyond the Group's control and could materially and adversely affect the Group's results of operations and financial condition and may also cause reputation damage to the Group. In addition, any further disruption to the Group's business activities may negatively affect its liquidity and access to capital.

The Guarantor's Audited Pro Forma Financial Statements are based on estimates and assumptions which may not be indicative of actual future results.

This Offering Circular contains the Guarantor's Audited Pro Forma Financial Statements, which were prepared based on a number of assumptions that the Group believes to be reasonable at the time of preparation. The pro forma financial information contained therein has been derived from historical financial statements and certain adjustments and assumptions have been made after giving effect to the consolidation. The Guarantor's Audited Pro Forma Financial Statements were prepared on a pro forma basis and it shows how the Group's operations in the relevant years may have appeared had (i) the Guarantor been established on 1 January 2022; and (ii) 100 per cent. of the equity interest of Dafeng Construction and Fengshou Dadi been transferred to or controlled by the Guarantor as of 1 January 2022. For details of the assumptions made in preparing the Guarantor's Audited Pro Forma Financial Statements, please refer to "2. Presentation basis of financial statements" from F-519 to F-520. The adjustments and assumptions made in the Guarantor's Audited Pro Forma Financial Statements were based on information at the time of preparing the Guarantor's Audited Pro Forma Financial Statements and such adjustments and assumptions are difficult to be made with complete accuracy. In addition, certain assumptions used in preparing the Guarantor's Audited Pro Forma Financial Statements may not prove to be accurate. As a result, the actual financial condition and results of operations of the Group in the future may not be consistent with, or evident from, the Guarantor's Audited Pro Forma Financial Statements. There are also other factors which may affect the Group's financial condition and results of operations and render the Guarantor's Audited Pro Forma Financial Statements not entirely reflective of the Group's actual performance. The Guarantor's Audited Pro Forma Financial Statements should be read in conjunction with, and is qualified in its entirety by the notes thereto. The Guarantor's Audited Pro Forma Financial Statements are for reference only and do not purport to represent the Group's actual or future financial condition and results of operations. As such, investors are cautioned not to place undue reliance on the Guarantor's Audited Pro Forma Financial Statements and should exercise caution when using such data to evaluate the Group's total returns and financial position.

The Issuer's and Guarantor's auditors have been subject to administrative penalties and there can be no assurance that the Issuer's and Guarantor's auditors will not be subject to further actions from the authorities which might impact their capacity as independent auditors of the Issuer and Guarantor and their business in the future.

Zhongxinghua, the independent auditors of the Issuer appointed to audit the Issuer's financial statements as at and for the years ended 31 December 2022, 2023 and 2024 included elsewhere in this Offering Circular and

Zhongxi CPAs, the independent auditors of the Guarantor appointed to audit the Guarantor's financial statements as at and for the years ended 31 December 2022, 2023 and 2024 included elsewhere in this Offering Circular, have previously received administrative penalties and regulatory measures from the CSRC and its local branches in relation to their audit of certain companies unrelated to the Group (the "**Measures**"). As at the date of this Offering Circular, the consequences of the Measures remain uncertain and there can be no assurance that the Measures would not impact the Issuer's Audited Financial Statements or the capacity of Zhongxinghua as independent auditors of the Issuer or the the Guarantor's Audited Pro Forma Financial Statements or the capacity of Zhongxi CPAs as independent auditors of the Guarantor. The investors should consult their own professional advisers for an understanding of the impact and/or consequences of the Measures.

RISKS RELATING TO THE PRC

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

A substantial part of the Group's assets is located in the PRC and a substantial part of the Group's operating revenue is derived from the PRC. Therefore, the performance of the PRC economy affects, to a significant degree, the Group's business, prospects, financial condition and results of operations.

Although the PRC economy has experienced rapid growth in the past 40 years, there has been a slowdown in the growth of the PRC's GDP since the second half of 2013 and this has raised market concerns that the historic rapid growth of the PRC economy may not be sustainable in the future. The continued growth of the PRC economy has been facing downward pressure, and the annual GDP growth rate declined from 7.8 per cent. in 2013 to 5.0 per cent. in 2024, according to the National Statistics Bureau of the PRC. In May 2017, Moody's downgraded China's sovereign credit rating for the first time since 1989 and changed its outlook from stable to negative, citing concerns on the country's rising levels of debt and expectations of slower economic growth. In September 2017, S&P Global Ratings downgraded China's sovereign credit rating for the first time since 1999, citing similar concerns. In April 2024, Fitch has also revised the outlook on China's long-term foreign-currency issuer default rating to "negative" from "stable". These highlight the country's surging debt burden and concerns over the government's ability to implement reforms.

The future performance of the PRC's economy is not only affected by the economic and monetary policies of the PRC government, but it is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world. For example, the international trade environment and various governments' trade and economic policies, particularly the recent trade conflicts between the PRC and the United States, may cause uncertainties to the PRC's economy and financial, foreign exchange and capital markets. In Europe, several countries are facing difficulties in refinancing sovereign debt. In the United States, recovery in the housing market remains subdued. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. The political uncertainty as regards the structure of the future relationship between the United Kingdom and the European Union following United Kingdom's exit from the European Union may create a negative economic impact and increase volatility in global markets. In addition, conflicts between Russia and Ukraine have been escalated into military actions taken by Russia in Ukraine starting from 16 February 2022. There have been multiple rounds of negotiations between Russia and Ukraine. However, it is unclear how such conflicts, military actions and negotiations will develop in the future. Any further escalation of the conflicts between Russia and Ukraine, or any conflicts between

other nations and/or districts, may lead to additional tension and unexpected adverse consequences in global political and economic conditions which in turn could adversely impact the Group's business, financial condition and results of operations.

As such, there continues to be uncertainty for the overall prospects for the global and the PRC economies this year and beyond. Any material change in the financial markets, the PRC economy or regional economies as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

PRC economic, political and social conditions as well as government policies could adversely affect the Group's business.

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

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC government has implemented a series of measures emphasising on market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC remain owned by the PRC government. The PRC government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government may decide to change its current policies with respect to the Group's core business industries, and, as such, this could have adverse impact on the Group's business and results of operations. In the past, the PRC government has implemented administrative measures to restrain economic growth rates that were considered unsustainably high and to calm inflation fears. Such actions may result in an economic slowdown which could have negative macro-economic effects in the PRC and PRC-related markets. The Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. In addition, the growth of the Group's projects and business operations depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

The PRC legal system is continuously evolving and the legal protections available to the Bondholders may be affected.

Most companies in the Group are incorporated in the PRC and most of the Group's businesses are conducted in the PRC. Hence, the Group's operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes and prior court decisions can only be cited as a reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial laws. As the Chinese legal system develops, such laws and regulations, and their interpretation or enforcement may evolve.

On 1 January 2006, substantial amendments to the PRC Company Law (中華人民共和國公司法) and the PRC Securities Law (中華人民共和國證券法) came into effect. Since then, the PRC Company Law and the PRC Securities Law have been updated and amended for several times. As a result, the State Council and the CSRC may revise the special regulations and mandatory provisions and adopt new rules and regulations to implement and to reflect the amendments to the PRC Company Law and the PRC Securities Law. The Group cannot guarantee that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have an adverse effect on the rights of the Bondholders.

It may be difficult to effect service of process or enforce any judgments obtained from non-PRC courts against the Group or its directors and senior management who reside in the PRC.

A substantial part of the Group's assets is located within the PRC. In addition, most of the Group's directors and senior management reside within the PRC, and assets of the directors and senior management may also be located within the PRC. As a result, it may not be possible to effect service of process outside the PRC upon most of the Group's directors and senior management, including for matters arising under applicable securities laws. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with the PRC or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements.

The PRC has not entered into treaties or agreements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. 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 by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the **"2019 Arrangement"**) which came into effect on 29 January 2024.

The 2019 Arrangement applies to the reciprocal recognition and enforcement of legally effective judgments in civil and commercial cases between courts of Mainland China and Hong Kong, and also applies to the reciprocal recognition and enforcement of legally effective judgments in relation to civil damages awarded in criminal cases. The 2019 Arrangement sets forth certain procedural requirements for the application of recognition and enforcement by courts in Mainland China of judgments rendered by Hong Kong courts and vice versa. It also provides for certain grounds for rejecting an application for recognition and enforcement.

Although the 2019 Arrangement establishes a more comprehensive mechanism for reciprocal recognition and enforcement of judgments in civil and commercial matters between Hong Kong and Mainland China, the recognition and enforcement of a Hong Kong court judgment in Mainland China is subject to the satisfaction of relevant procedural requirements and may be rejected if certain grounds are established. It could also be costly and time consuming to seek recognition and enforcement of a Hong Kong court judgment in Mainland China, which may adversely affect the Noteholders' ability to enforce their rights under the Bonds.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom or most other European countries, or Japan. Hence, the recognition and enforcement in the PRC of court judgments from any of these jurisdictions may be difficult.

The Group is subject to restrictions on the remittance of Renminbi into and out of the PRC and governmental controls on currency conversion, and may be affected by the risks relating to fluctuations in exchange rates in the future.

The PRC Government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. Substantially all of the Group's revenue is denominated in Renminbi, a portion of which may need to be converted into other currencies in order to meet the Group's foreign currency obligations, such as payments of principal and interests under the Bonds or other foreign currency denominated debt, if any. Under the existing PRC laws and regulations on foreign exchange, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE provided that certain procedural requirements are complied with. Approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC Government may, at its discretion, take measures to restrict access to foreign currencies for current account and capital account transactions under certain circumstances. If the foreign exchange control system prevents the Group from obtaining sufficient foreign currencies to satisfy the Group's foreign currency demands, the Group may not be able to pay interest and/or principal to Bondholders or other foreign currency denominated debt, if any. In addition, there can be no assurance that new laws or regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC. The proceeds from the offering of the Bonds will be received in U.S. dollars. As a result, any appreciation of Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets and the Group's proceeds from the offering of the Bonds. Conversely, any depreciation of Renminbi may adversely affect the Group's ability to service the Bonds.

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

Facts, forecasts and other statistics in this Offering Circular relating to the PRC, its economy or the relevant industry in which the Group operates have been directly or indirectly derived from official government publications and certain other public industry sources. Although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Group, the Joint Lead Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, directors, agents, advisers or representatives or any person who controls any of them, and, therefore, the

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

RISKS RELATING TO THE BONDS AND THE GUARANTEE

The PRC government (including the Dafeng District Government) has no obligation to pay any amount under the Bonds.

The PRC government (including the Dafeng District Government) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds or the Guarantee. This position has been reinforced by the Circular of the Ministry of Finance on Issues relevant to the Regulation on the Financing Activities Conducted by Financial Institutions for Local Governments and State-owned Enterprises 《(財政部關於規範金融企業對地方政府和國有企業投融資行為有關問題的通知》(財金[2018]23號)) (the “**MOF Circular**”) which was promulgated on 28 March 2018 and took effect on the same day, and the Circular of the National Development and Reform Commission and the Ministry of Finance on Improvement of Market Regulatory Regime and Strict Prevention of Foreign Debt Risks and Local Government Indebtedness Risks 《(國家發展改革委財政部關於完善市場約束機制嚴格防範外債風險和地方債務風險的通知》) (the “**Joint Circular**”) which was promulgated on 11 May 2018 and took effect on the same day. In addition, the Issuer confirms that the bonds are not and will not be deemed as implicit government debt as prohibited by the Circular 15.

The PRC government and Dafeng District Government have no obligation to pay any amount under the Bonds or the Guarantee. Investments in the Bonds are relying solely on the credit risk of the Issuer and the Guarantor. In the event the Issuer or the Guarantor does not fulfil its obligations under the Bonds, or the Guarantee (as the case may be), investors will only be able to claim as an unsecured creditor against the Issuer and/or the Guarantor and their respective assets, and not any other person including the PRC government, Dafeng District Government or any other local or municipal government. The controlling relationships between the Issuer, the Guarantor and their shareholder, the Dafeng District Government, does not necessarily correlate to, or provide any assurance to the Issuer’s or the Guarantor’s financial conditions. The repayment obligation under the Bonds and the Guarantee remains the sole obligation of the Issuer and the Guarantor respectively.

Any failure to complete the relevant filings under the NDRC Measures and the relevant registration with SAFE within the prescribed time frame following the issue of the Bonds or to comply with the continuing reporting obligations under the NDRC Measures may have adverse consequences for the Issuer and/or the investors of the Bonds.

The NDRC issued the NDRC Measures on 5 January 2023, which came into effect on 10 February 2023. According

to the NDRC Measures, domestic enterprises and their overseas controlled entities shall obtain the Certificate of Review and Registration of Enterprise Borrowing of Foreign Debts (企業借用外債審核登記證明) (the “**Certificate of Review and Registration**”) of any debt securities denominated in Renminbi or a foreign currency, with a maturity term of over one year issued outside of the PRC, from the NDRC prior to the issue of such securities and notify the NDRC of the particulars of the relevant issues within 10 working days after the date of the issuance. In addition, pursuant to the NDRC Measures, enterprises are required, among others, to (i) report on the status of the foreign debt within 10 working days after the expiration of the relevant Certificate of Review and Registration, (ii) report on use of proceeds, principal and interest repayment status and arrangement and key business indicators within five working days prior to the end of January and July each year, and (iii) promptly report on any material event that may affect the due performance of their debt obligations. The NDRC Measures sets forth certain legal liabilities and disciplinary measures which would be imposed on enterprises and intermediaries if they fail to comply with the relevant requirements. According to the NDRC Measures, for any enterprise that fails to report relevant information as required thereunder, the review and registration authorities shall, depending on the seriousness of the circumstances, impose disciplinary measures such as conducting interviews and issuing public warnings on such enterprise concerned and its principal responsible person. Furthermore, conduct in violation of the NDRC Measures committed by enterprises will be published on, among others, the Credit China (信用中國) website and the National Enterprise Credit Information Publicity System (國家企業信用信息公示系統). Any failure to complete the relevant filings under the NDRC Measures within the prescribed time frames following the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds. 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**”) issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to 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 Issuer is required to register the Bonds within 15 working days after execution of the foreign debt agreement(s) and complete such registration in accordance with the Foreign Debt Registration Measures. The Issuer does not foresee any obstacle in completing the registration within the abovementioned period. However, before such registration of the Bonds is completed, it is uncertain whether the Bonds are enforceable as a matter of PRC law and it may be difficult for Bondholders to recover amounts due from the Issuer or the Guarantor, and the Issuer or the Guarantor (as the case may be) 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 or the Guarantee (as the case may be). 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.

On 11 January 2017, the PBOC issued the Cross Border Financing Circular, which came into effect on the same day. To further enlarge the space of cross-border financing activities, facilitating the use of overseas low-cost capital by domestic enterprises and lowering the financing cost of the real economy, the PBOC further improved the framework of the policy on the basis of overall assessment on implementation of the macro-prudential management of cross-border financing. A one-year transitional period has been set for this pilot programme, during which foreign-invested

enterprises and foreign invested financial institutions in the PRC will be required to follow the new Cross-Border Financing Circular or the existing Foreign Debt Registration Measures. After the one-year transitional period, the new Cross Border Financing Circular automatically becomes applicable for foreign-invested financial institutions. The PBOC and SAFE will decide the cross-border financing management mode applicable to foreign-invested enterprises upon the overall assessment on implementation of the new Cross Border Financing Circular.

The Issuer has been informed by the local counterpart of SAFE that the Issuer would need to follow the Foreign Debt Registration Measures for the purposes of the Bonds. Neither the PBOC nor SAFE has promulgated implementation rules of the Cross-Border Financing Circular as at the date of this Offering Circular. The filing process for the aforesaid selection and the interpretation and enforcement of the Cross-Border Financing Circular thus involve substantial uncertainties due to its recent promulgation and publication. In the unlikely event that having exercised all reasonable endeavours, the Issuer is still unable to complete the Foreign Debt Registration within the abovementioned period, a Non-Registration Event may be triggered. Following the occurrence of a Non-Registration Event, the Issuer shall, at the option of any Bondholder, redeem on the Put Settlement Date all but not some only, of the Bonds of such Bondholder at 101 per cent. of their principal amount, together with accrued interest up to (but excluding) the Put Settlement Date. Failure to complete any applicable registration and filing procedure necessary to, amongst other things, enable the Issuer and the Guarantor lawfully to enter into, exercise their rights and perform and comply with their obligations under and in respect of the Bonds, the Trust Deed and the Deed of Guarantee and ensure that those obligations are legal, valid, binding and enforceable may also constitute an Event of Default pursuant to which the Bonds could be accelerated. In the event of a failure to complete the registration of the Bonds with SAFE, there is no assurance that the Issuer or the Guarantor (as the case may be) will be able to remit funds from the PRC to repay the principal amount of the Bonds and any accrued interest upon acceleration. While it is possible for the Issuer or the Guarantor (as the case may be) to obtain funding outside the PRC, it may not be able to do so in a timely manner, or at all.

The Issuer and the Guarantor may have only limited sources of funding in order to meet their debt obligations.

The Issuer and the Guarantor operate their business mainly through themselves and their subsidiaries. Accordingly, the Issuer and the Guarantor may have limited sources of funding available to them to service their debts and their ability to meet the obligations under their debt obligations. These mainly include income from the themselves, dividends and repayments on intercompany loans received from their subsidiaries, as well as divestments of investment assets and obtaining external financing.

With respect to dividends and repayments of intercompany loans from its subsidiaries, if a subsidiary of the Issuer or the Guarantor incurs any debt, such debt may impair the Issuer's or the Guarantor's subsidiaries from distributing dividends or making other distributions to the Issuer or the Guarantor ultimately. In addition, PRC laws require that dividends can only be paid out of the net income calculated according to PRC GAAP and financial regulations in the PRC. In addition, the PRC laws require the companies incorporated in the PRC to set aside part of their net income as statutory reserves. These statutory reserves are not available for distribution as cash dividends. Such restrictions may have an adverse effect on the Issuer's or the Guarantor's ability to service its debts and its ability to meet its debt obligations as the Issuer or the Guarantor relies heavily on dividends and repayments from its subsidiaries.

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

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

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

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

A trading market for the Bonds may not develop.

The Bonds will be a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market for the Bonds will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including but not limited to prevailing interest rates, the Group's financial condition and results of operations and the market for similar securities. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only, 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. Further, the Bonds will be issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof, may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred is not less than the minimum specified denomination, and may consequently be allocated to a limited number of investors. All of these factors may limit liquidity of Bonds.

The liquidity of the Bonds will be adversely affected if the Bonds are held by or allocated to limited investors. Bondholders should note that they may need to hold the Bonds until maturity as there may not be an active secondary market for the Bonds. None of the Joint Lead Managers is 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, Holders of the Bonds will only be able to resell the Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. It is investors' obligation to ensure that offers and sales of the Bonds within any countries comply with applicable securities laws.

See the section entitled “Subscription and Sale”. Neither the Issuer, the Guarantor nor the Group can predict whether an active trading market for the Bonds will develop or be sustained.

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

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

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

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders.

Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders in accordance with the Terms and Conditions of the Bonds) 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 to the Issuer and the Guarantor pursuant to Condition 9 (*Events of Default*) of the Terms and Conditions of the Bonds and the taking of steps and/or actions and/or the instituting of proceedings against the Issuer and the Guarantor pursuant to Condition 13 (*Enforcement*) of the Terms and Conditions of the Bonds), the Trustee may (at its sole and absolute discretion) request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions and/or steps and/or institutes proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such actions and/or steps and/or institute such proceedings if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions and/or steps can be taken and/or 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 such circumstances or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Bondholders to take such actions and/or steps and/or institute such proceedings directly.

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

In connection with the issue of the Bonds, the Issuer engaged CCX Green Finance International Limited to provide second party opinions on the Green Finance Framework (the “**Second Party Opinion**”) confirming that the Green Finance Framework aligns with Green Bond Principles 2025 by International Capital Market Association and Green Loan Principles 2025 by Loan Market Association/Asia Pacific Loan Market Association/Loan Syndications and Trading Association. The Green Finance Framework outlines the eligibility criteria of “Eligible Green Projects” (as described in the Green Financing Framework) and how the Issuer manages and reports on the use of proceeds.

It is the Issuer’s intention to apply an amount equal to the proceeds from the offering of the Bonds specifically for Eligible Green Projects. Prospective investors should have regard to the information set out in this Offering Circular regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Bonds together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer, the Green Structuring Advisor, any Joint Lead Manager or the Trustee or the Agents that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects.

Furthermore, it will not be an Event of Default (as defined in the Terms and Conditions of the Bonds) if (i) the Issuer fails to comply with the obligations set out in the Green Finance Framework and/or (ii) any Second Party Opinion issued in connection with such Green Finance Framework were to be withdrawn. Such failure may affect the value of the Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green, social or equivalently labelled assets. Therefore, the Bonds may not be a suitable investment for all investors seeking exposure to green or equivalently labelled assets.

There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green”, “social”, “sustainable” or other equivalent label and therefore no assurance can be provided to potential investors that the Eligible Green Projects meet or will continue to meet the relevant eligibility criteria or meet all investor expectations regarding social impact. Although applicable social projects are expected to be selected in accordance with the categories recognised in various principles described in the Green Finance Framework and are expected to be developed in accordance with applicable legislation and standards, there can be no guarantee that adverse social and/or environmental developments will not occur during the design, construction, commissioning and/or operation of any such Eligible Green Projects. In addition, where any negative impacts are insufficiently mitigated, green or social projects may become controversial, and/or may be criticised by activist groups or other stakeholders.

None of the Green Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents, or their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them makes any representation or warranty, express or implied, concerning any information in the Green Finance

Framework, and nothing contained in the Green Finance Framework is, or shall be relied upon as, a promise or representation, from the Green Structuring Advisor or the Joint Lead Managers. None of the Green Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them accept any responsibility for the contents of the Green Finance Framework.

No assurance can be provided with respect to the suitability or reliability of any Second Party Opinion or that the Bonds will conform to the Green Finance Framework. Neither the independent assurance provider nor the Green Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them have undertaken, or are responsible for, any assessment of the eligibility of projects within the definition of Eligible Green Projects or the monitoring of the use of proceeds from the offering of the Bonds. None of the Issuer, the Green Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them makes any representation or assurance as to the suitability for any purpose of any Second Party Opinion or (i) whether the Bonds will meet investor criteria and expectations regarding environmental/social impact and sustainability performance for any investors, or (ii) the characteristics of the Eligible Social Projects, including their environmental, social and sustainability criteria, or (iii) whether the use of an amount equivalent to the net proceeds will be used for Eligible Social Projects. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular regarding the use of proceeds and its purchase of the Bonds should be based upon such investigation as it deems necessary.

In the event that the Bonds are included in any dedicated “green”, “social”, “environmental”, “sustainable” or other equivalently-labelled index, no representation or assurance is given by the Issuer, the Green Structuring Advisor, the Joint Lead Managers, the Trustee or the Agents or their respective directors, officers, employees, representatives, agents, advisers or affiliates or any person who controls any of them or any other person that such listing or admission, or inclusion in such index, satisfies any present or future investor expectations or requirements as regards to any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable laws or regulations or by its own constitutive documents or other governing rules or investment portfolio mandates.

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

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) which took effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018 respectively 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 holders would be treated as incomes derived from sources within the PRC and be subject to PRC enterprise income tax. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject

to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the “**Double Taxation Arrangement**”) which was promulgated on 21 August 2006, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied.

Pursuant to the EIT Law, the PRC Individual Income Tax Law (the “**IIT Law**”) which took effect on 30 June 2011 and amended and became effective on 31 August 2018, and the implementation regulations in relation to both the EIT Law and IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals respectively, subject to adjustment by applicable treaty. As the Issuer is a PRC resident enterprise for tax purposes, interest paid to non-resident Bondholders is 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 rate stipulated by applicable treaty rate, if any).

Under the Notice on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner (Cai Shui [2016] No. 36) (關於全面推開營業稅改征增值稅試點的通知(財稅[2016]36 號)) (“**Circular 36**”), and according to the Value-Added Tax Law of the PRC (中華人民共和國增值稅法) which was promulgated on 25 December 2024 and will come into effect on 1 January 2026, the selling of financial product will be subject to PRC VAT if the financial product is issued within the PRC or the sellers of the financial product are PRC entities or individuals, therefore, the Issuer will be obligated to withhold VAT of six 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 of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

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

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

Each potential investor in any Bond 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 relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant 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 relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has 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 institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

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

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be registered in the name of a nominee of, and will be deposited with a common depositary for Euroclear and Clearstream (each, a “**Clearing System**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive bonds. The relevant Clearing System(s) 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 System(s).

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

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

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

In relation to any Bond which has a principal amount consisting of a minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the Bonds may be traded in amounts in excess of the minimum specified denomination that are not integral multiples of such minimum specified denomination. In such a case a Bondholder who, as a result of trading such amounts, holds a principal amount of less than the minimum specified denomination will not receive a definitive certificate in respect of such holding (should definitive 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.

The Bonds and the Guarantee will be unsecured obligations.

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

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

If any of these events were to occur, the Issuer's or the Guarantor's assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on 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 100 per cent. of their principal amount, together with any interest accrued to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer or, as the case may be, the Guarantor would be obliged to pay Additional Tax Amounts (as defined in Condition 8 (*Taxation*) of the Terms and Conditions of the Bonds), as further described in Condition 6(b) (*Redemption for Taxation Reasons*) of the Terms and Conditions of the Bonds.

If the Issuer redeems the Bonds prior to their maturity date, 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 or the Guarantor may not be able to meet their outstanding obligations under the Bonds.

Following the occurrence of a Relevant Event, the Issuer may (and at maturity, will) be required to redeem all of the Bonds. If such an event were to occur, the Issuer may not have sufficient cash on 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 Guarantor (whom will be required to make payments pursuant to the Guarantee) would have sufficient funds 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. Failure to repay, repurchase or redeem tendered Bonds by or on behalf of the Issuer or the Guarantor may constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Guarantor's other indebtedness.

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

The Issuer may, from time to time, and without prior consultation with the Bondholders create and issue further bonds (see "Terms and Conditions of the Bonds — Further Issues") or otherwise raise additional capital through such means and in such manner as the Issuer or the Group 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 Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.

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

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

The Guarantor's obligations under the Guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of each of the Guarantor's existing and future subsidiaries (including the Issuer) and effectively subordinated to the Issuer's and Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

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

subsidiaries, and the Guarantor's ability to make payments under the Guarantee depends partly on the receipt of dividends, distributions, interest or advances from its subsidiaries. The ability of such subsidiaries to pay dividends to the Guarantor is subject to various restrictions under applicable laws. The Guarantor's subsidiaries are separate legal entities that have no obligation to pay any amounts due under the Guarantee or make any funds available therefor, whether by dividends, loans or other payments. The Guarantor's right to receive assets of any of the Guarantor's subsidiaries, upon that subsidiary's liquidation or reorganisation, will be effectively subordinated to the claim of that subsidiary's creditors (except to the extent that the Guarantor are creditors of that subsidiary). Consequently, the Guarantee will be effectively subordinated to all liabilities, including trade payables and lease obligations, of any of the Guarantor's subsidiaries and any subsidiaries that the Guarantor may in the future acquire or establish. The outstanding indebtedness of the subsidiaries of the Guarantor may also contain covenants restricting the ability of such subsidiaries to pay dividends in certain circumstances for so long as such indebtedness remains outstanding. Moreover, the Guarantor's interests in its subsidiaries and joint ventures could be reduced in the future. The Guarantee is the Guarantor's unsecured obligations and will (i) rank equally in right of payment with all the Guarantor's other present and future unsubordinated and unsecured indebtedness; and (ii) be effectively subordinated to all of the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. Accordingly, 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 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 Guarantee 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 Guarantor's other unsecured and unsubordinated creditors, including trade creditors. If there are not sufficient assets remaining to pay all these creditors, then all or a portion of the Bonds then outstanding would remain unpaid.

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Bonds (as defined below) substantially in the form in which they (other than the text in italics) will be endorsed on the definitive certificates and referred to in the global certificate.

The issue of the CNY500,000,000 in aggregate principal amount of 6.3 per cent. guaranteed green bonds due 2028 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) and consolidated and forming a single series therewith) was authorised by a resolution of the board of directors of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (鹽城市大豐區諧城實業發展有限公司) (the “**Issuer**”) passed on 31 October 2024 and a resolution of the shareholder of the Issuer passed on 31 October 2024 and the giving of the Guarantee (as defined in Condition 3(a)) was authorised by a resolution of the board of directors of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司) (the “**Guarantor**”) passed on 24 September 2025. The Bonds are constituted by a trust deed (as amended, supplemented, restated and/or replaced from time to time, the “**Trust Deed**”) dated 27 November 2025 (the “**Issue Date**”) between and among the Issuer, the Guarantor and CNCBI Trustee Limited (the “**Trustee**”, which expression, where the context so permits, shall include all persons for the time being trustee or trustees under the Trust Deed, and shall include any successor thereof) 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 have the benefit of a deed of guarantee (as amended, supplemented, restated and/or replaced from time to time, the “**Deed of Guarantee**”) dated 27 November 2025 executed by the Guarantor and the Trustee for itself and the holders of the Bonds relating to the Bonds. The Bonds are the subject of an agency agreement (as amended, supplemented, restated and/or replaced from time to time, the “**Agency Agreement**”) relating to the Bonds dated 27 November 2025 between and among the Issuer, the Guarantor, the Trustee, China CITIC Bank International Limited as registrar (the “**Registrar**”, which expression shall include any successor thereof appointed from time to time in connection with the Bonds), as transfer agent (the “**Transfer Agent**”, which expression shall include any successor and additional transfer agents appointed from time to time in connection with the Bonds) and as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor thereof appointed from time to time in connection with the Bonds) and any other agents named therein. References herein to “**Paying Agents**” includes the Principal Paying Agent and “**Agents**” means the Principal Paying Agent, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time with respect to the Bonds including their respective successors. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee, and are deemed to have notice of those provisions of the Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection by Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal office of the Trustee (being at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) following prior written request and proof of holding and identity satisfactory to the Trustee.

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

The Bonds are issued in the specified denomination of CNY1,000,000 and integral multiples of CNY10,000 in excess thereof (the “**Authorised Denomination**”).

The Bonds are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a) (*Transfer*), each Certificate shall represent the entire holding of Bonds by the same holder. Title to the Bonds shall pass by transfer and registration in the register that the Issuer shall procure to be kept by the Registrar at the specified office of 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 an interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the holder.

*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**”) or any Alternative Clearing System (as defined in the Global Certificate). The 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.

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

2. Transfers of Bonds

- (a) **Transfer:** A holding of Bonds may, subject to Condition 2(d) (*Closed Periods*), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Bonds to be transferred, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such Transfer Agent may reasonably require. 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; *provided, however, that* a Bond may not be transferred unless the principal amount of Bonds transferred and (where not all of the Bonds held by a Bondholder are being transferred) the principal amount of the balance of Bonds not transferred are Authorised Denominations. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of title to a Bond will be valid unless and until entered on the Register. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be made available (at the Issuer’s expense) for inspection by the Registrar to any Bondholder following prior written request and proof of holding and identity satisfactory to the Registrar at all reasonable times during normal 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)) at the specified office for the time being of the Registrar.

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

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

Except in the limited circumstances described in the Global Certificate, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

- (c) **Formalities Free of Charge:** Certificates, on transfer, shall be issued and registered, without charge to the relevant Bondholder, by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require) by the relevant holder of any taxes, duties or other governmental charges that may be imposed or levied in relation to it, (ii) the Registrar or the Transfer Agent being satisfied in its sole and absolute discretion with the documents of title or identity of the person making the application and (iii) the Registrar or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.
- (d) **Closed Periods:** No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the due date for any payment of principal, premium (if any) or interest in respect of that Bond or redemption of that Bond; (ii) during the period of 15 days prior to (and including) the date of redemption pursuant to Condition 6(b) (*Redemption for Taxation Reasons*), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)(ii) (*Method of Payment*); and (iv) after the exercise of the put option in Condition 6(c) (*Redemption for Relevant Events*).

3. Guarantee and Status

- (a) **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. Its 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.
- (b) **Status:** The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable 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 shall, and each of the Issuer and the Guarantor shall procure 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) of the Bondholders.
- (b) **Notification to NDRC:** The Issuer undertakes that it will (i) file or cause to be filed with the NDRC the requisite information and documents regarding the issue of the Bonds within ten Registration Business Days after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debt of Enterprises (National Development and Reform Commission Order No.56) 《企業中長期外債審核登記管理辦法》 (中華人民共和國國家發展和改革委員會令第 56 號) (the “**NDRC Administrative Measures**”) issued by the NDRC and which came into effect on 10 February 2023 (the “**NDRC Post-issue Filing**”), (ii) file or cause to be filed with the NDRC other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Administrative Measures and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time, and (iii) comply with all applicable PRC laws and regulations in relation to the NDRC Post-issue Filing.
- (c) **Undertaking relating to Foreign Debt Registration:** The Issuer undertakes that it will (i) within 15 Registration Business Days after the Issue Date, submit or cause to be submitted to SAFE the requisite documents and information 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 (the “**Foreign Debt Registration**”), (ii) use its reasonable endeavours to complete the Foreign Debt Registration and obtain a registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from SAFE on or before the Registration Deadline and (iii) comply with all applicable PRC laws and regulations in relation to the Bonds.
- (d) **Notification of Submission of the NDRC Post-issue Filing and the Foreign Debt Registration:** The Issuer shall:
 - (i) within 10 Registration Business Days after the submission of the NDRC Post-issue Filing, (i) provide the Trustee with a certificate in English signed by an Authorised Signatory of the Issuer confirming the completion of the NDRC Post-issue Filing and copies of the relevant documents evidencing the submission of the NDRC Post-issue Filing, each certified in English by an Authorised Signatory of the Issuer as a true and complete copy of the original (together, the “**NDRC Registration Documents**”), and (ii) give notice to the Bondholders (in accordance with Condition 16 (*Notices*)) confirming the completion of the submission of the NDRC Post-issue Filing; and
 - (ii) on or before the Registration Deadline and within 15 Registration Business Days after the receipt of the registration certificate or filing evidence (or any other document evidencing the completion of the Foreign Debt Registration) from 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 of the Issuer confirming the completion of the Foreign Debt Registration; and (B) copies of the relevant documents evidencing the completion of the Foreign Debt Registration, each 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) of this Condition 4(d)(ii) together, the “**SAFE Registration Documents**” and together with the NDRC Registration Documents, the “**Registration Documents**”). In addition, the Issuer shall, within ten Registration Business Days after the SAFE Registration Documents are provided to the Trustee, give notice substantially in the form set out in the Trust Deed to the Bondholders (in accordance with Condition 16) confirming the completion of the Foreign Debt Registration.

The Trustee may rely conclusively without investigation or verification or liability on the Registration Documents and shall have no obligation or duty to monitor or ensure or to assist with the NDRC Post-issue Filing and/or the Foreign Debt Registration and/or other post-issue filing or reporting or to verify the accuracy, completeness, validity and/or genuineness of the Registration Documents and/or any other documents in relation to or in connection with the NDRC Post-issue Filing and/or the Foreign Debt Registration and/or other post-issue filing or reporting or any translation thereof or to translate or procure the accuracy or completeness of any translation into English of any such Registration Documents, certificate, confirmation or other document or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing and/or the Foreign Debt Registration and/or other post-issue filing or reporting, and shall not be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

- (e) **Provision of Financial Information:** So long as any Bond remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor shall provide the Trustee with (A) a Compliance Certificate (on which the Trustee may conclusively rely without investigation or verification and without liability to any Bondholder or any other person as to such compliance) within 14 days of a written request by the Trustee and at the time of provision of the Audited Financial Reports; (B) a copy of the relevant Audited Financial Reports within 150 days of the end of each Relevant Period prepared in accordance with the Accounting Standards for Business Enterprises in China (audited by a nationally or internationally recognised firm of independent accountants); and (C) a copy of the Unaudited Financial Reports within 90 days of the end of each Relevant Period prepared on a basis consistent with the Audited Financial Reports, and in the case of (B) and (C), if such reports shall be in the Chinese language, together with an English translation of the same (at the cost of the Issuer or the Guarantor (as the case may be)) translated by (aa) a nationally or internationally recognised firm of independent accountants or (bb) a professional translation service provider and checked by a nationally or internationally recognised firm of independent accountants, together with a certificate in English signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) certifying that such translation is complete and accurate.

The Trustee shall be entitled to rely conclusively without further enquiry or investigation upon such Compliance Certificates of the Issuer or the Guarantor (as the case may be) given as contemplated in this Condition 4 and in the Trust Deed and shall not be liable to any Bondholder or any other person for so relying upon such certificates. The Trustee shall not be required to review the Audited Financial Reports or the Unaudited 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, obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing any of the foregoing.

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

“Audited Financial Reports” means, for a Relevant Period, the annual audited consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer or the Guarantor (as the case may be) and its Subsidiaries together with any statements, reports (including any directors’ and auditors’ reports) and notes attached to or intended to be read with any of them;

“Authorised Signatory” means any director or any other officer of the Issuer or the Guarantor (as the case may be), who has been duly authorised by the Issuer or the Guarantor (as the case may be), to sign any certificate or document required in connection with the Bonds, the Trust Deed, the Agency Agreement and (in the case of the Guarantor) the Deed of Guarantee on behalf of, and so as to bind on, the Issuer or the Guarantor (as the case may be), and which the Issuer or the Guarantor (as the case may be) has notified in writing to the Trustee and the Agents as provided in the Agency Agreement;

“Compliance Certificate” means a certificate of the Issuer or the Guarantor (as the case may be) in English in substantially the form scheduled to the Trust Deed signed by an 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 the certificate:

- (i) no Event of Default (as defined in Condition 9 (*Events of Default*)) or Potential Event of Default or Relevant Event 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 obligations and covenants under the Trust Deed, the Deed of Guarantee (in the case of the Guarantor), the Agency Agreement and the Bonds (as the case may be), or if non-compliance had occurred, giving details of it;

“NDRC” means the National Development and Reform Commission of the PRC or any relevant local branch thereof;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

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

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

“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, the PRC;

“Registration Deadline” means the day falling 180 Registration Business Days after the Issue Date;

“Relevant Indebtedness” means any indebtedness issued outside of the PRC which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock 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, shall not include any indebtedness under any transferrable loan facility, bilateral bank loan or syndicated bank loan (including any drawing down of any existing credit line or facility));

“Relevant Period” means (i) in relation to the Audited Financial Reports, each period of twelve months ending on the last day of the Issuer’s or, as the case may be, the Guarantor’s financial year (being 31 December of that financial year); and (ii) in relation to the Unaudited Financial Reports, each period of six months ending on the last day of the Issuer’s or, as the case may be, the Guarantor’s first half financial year (being 30 June of that financial year);

“SAFE” means the State Administration of Foreign Exchange or its local branches.

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

“Unaudited Financial Reports” means, for a Relevant Period, the semi-annual unaudited and unreviewed consolidated balance sheet, income statement, statement of cash flows and statement of changes in owners’ equity of the Issuer or the Guarantor (as the case may be) together with any statements, reports (including any directors’ reports, if any) and any notes attached to or intended to be read with any of them (if any).

5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 6.3 per cent. per annum (the **“Rate of Interest”**), payable semi-annually in arrear in equal instalments of CNY315.0 per Calculation Amount (as defined below) on 27 May and 27 November in each year (each an **“Interest Payment Date”**), commencing on 27 May 2026.

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

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

Interest in respect of any Bond shall be calculated per CNY10,000 in principal amount of the Bonds (the “**Calculation Amount**”). Interest shall, save as provided above in relation to equal instalments, be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant day-count fraction, rounding the resulting figure to the nearest CNY0.01 (CNY0.005 being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Bond divided by the Calculation Amount.

6. **Redemption and Purchase**

- (a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 27 November 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 (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (*Notices*) (which shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, at their principal amount (together with interest accrued up to but excluding the date fixed for redemption), if the Issuer or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 8 (*Taxation*) 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, which change or amendment becomes effective on or after 20 November 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 Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor (as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the giving of any Tax Redemption Notice pursuant to this Condition 6(b), the Issuer or the Guarantor (as the case may be) shall deliver to the Trustee (A) a certificate in English signed by any Authorised Signatory of the Issuer or 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 the Guarantor (as the case may be) taking reasonable measures available to it and (B) an opinion, in form and substance satisfactory to and addressed to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer or the Guarantor (as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments. The Trustee shall be entitled (but shall not be obliged) and without liability to any person for doing so, to accept and rely conclusively without further enquiry or investigation upon such certificate and opinion 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 they shall be conclusive and binding on the Bondholders.

Neither the Trustee nor any of the Agents shall be responsible for monitoring or taking any steps to ascertain whether any of the circumstances mentioned in this Condition 6(b) has occurred or for calculating or verifying the calculations of any amount payable under any notice of redemption under this Condition 6(b) or any Put Exercise Notice under Condition 6(c) or have any duty to verify the accuracy, validity and/or genuineness of any documents in relation thereto or in connection therewith and none of them shall be liable to the Bondholders or any other person for not doing so.

- (c) **Redemption for Relevant Events:** 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 such holder's Bonds on the Put Settlement Date (as defined below in this Condition 6(c)) at 101 per cent. of their principal amount, together with interest accrued up to, but excluding, the Put Settlement Date. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form scheduled to the Agency Agreement, obtainable from the specified office of any Paying Agent (a "**Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, by (i) not later than 30 days following a Relevant Event (the "**Initial Exercise Period**") or, (ii) if later, within 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16 (*Notices*) (the "**Substituted Exercise Period**").

The "**Put Settlement Date**" shall be the fourteenth business day after the expiry of (i) the Initial Exercise Period where the option is exercised during the Initial Exercise Period and the Substituted Exercise Period does not commence before expiry of the Initial Exercise Period or (ii) in all other circumstances, the Substituted Exercise Period.

A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem, on the Put Settlement Date, the Bonds that are the subject of the Put Exercise Notices delivered as aforesaid. Not later than 14 days (in the case of a Change of Control) or five days (in the case of a Non-Registration Event) following the day on which the Issuer or the Guarantor becomes aware of the occurrence of a Relevant Event, the Issuer or the Guarantor, as the case may be, shall procure that notice regarding such Relevant Event shall be delivered to the Trustee and the Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 16 (*Notices*)) stating:

- (i) the Put Settlement Date;
- (ii) the date of the Change of Control or the Non-Registration Event;
- (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 their right to require redemption of the Bonds pursuant to this Condition 6(c); and
- (vii) that a Put Exercise Notice, once validly given, may not be withdrawn.

Unless it has received notice from the Issuer pursuant to this Condition 6(c), the Trustee shall be entitled to assume that no Relevant Event has occurred. Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur, nor shall they be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so. Neither the Agents nor the Trustee shall have any obligation or duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with a Relevant Event, nor shall they be liable to

Bondholders, the Issuer, the Guarantor or any other person for not doing so. Neither the Agents nor the Trustee shall be responsible for calculating or verifying any calculations of any amounts payable under any notice of redemption or Put Exercise Notice, nor shall they be liable to Bondholders, the Issuer, the Guarantor or any other person for not doing so.

So long as the Bonds are evidenced by the Global Certificate, the right of any Bondholder to redeem its Bonds following the occurrence of a Relevant Event will be effected in accordance with the rules and procedures for the time being of the relevant clearing systems.

- (d) **Notice of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 (*Redemption and Purchase*) shall be redeemed on the date specified in the Tax Redemption Notice or, as the case may be, on the Put Settlement Date. If there is more than one notice of redemption given in respect of any Bond (which shall include a Tax Redemption Notice given by the Issuer or the Guarantor pursuant to Condition 6(b) (*Redemption for Taxation Reasons*) and a Put Exercise Notice given by a Bondholder pursuant to Condition 6(c) (*Redemption for Relevant Events*)), the notice given first in time shall prevail.
- (e) **Purchase:** the Issuer, the Guarantor or any of 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 such Subsidiary, shall not entitle such holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for certain purposes, including without limitation for the purposes of calculating quorums at meetings of the Bondholders and for the purposes of Conditions 9 (*Events of Default*), 12(a) (*Meetings of Bondholders*) and 13 (*Enforcement*).
- (f) **Cancellation:** All Certificates representing Bonds purchased by or on behalf of any of the Issuer, the Guarantor or any of their respective Subsidiaries may 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.
- (g) **Definitions:** For the purposes of these Conditions:

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

- (i) the Guarantor ceases to directly or indirectly hold or own 100 per cent. of the issued share capital of the Issuer; or
- (ii) the People’s Government of Dafeng District ceases to directly or indirectly Control the Guarantor; or
- (iii) when the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor’s assets to any person or persons, acting together, other than any of the Guarantor or any of its Subsidiaries.

“**Control**” means, with respect to a person (where applicable) (i) the ownership, acquisition or control of no less than 70 per cent. of the voting rights of the issued share capital of such person, whether obtained directly or indirectly or (ii) the possession, directly or indirectly, of the power to nominate or designate no less than 70 per cent. of the members then in office of such 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. For the avoidance of doubt, a person is deemed to Control another person so long as it fulfils one of

the two foregoing requirements and the terms “**Controlling**” and “**Controlled**” have meanings correlative to the foregoing;

“**Non-Registration Event**” occurs when the Registration Conditions are not complied with on or before the Registration Deadline;

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

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

a “**Relevant Event**” means a Change of Control or a Non-Registration Event;

7. Payments

(a) Method of Payment:

- (i) Payments of principal, premium and interest (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of the Principal Paying Agent or any other Paying Agent if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.
- (ii) Interest on each Bond shall be paid on the due date for payment to the person shown on the Register at the close of business on the fifth Payment Business Days 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 holder of such Bond. In this Condition 7, the “**registered account**” of a Bondholder means the Renminbi account maintained by or on behalf of it with a bank 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 being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested in writing by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of premium (if any) or interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of premium (if any) or interest so paid.

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

- (b) **Payments Subject to Laws:** Payments will be subject in all cases to (i) any fiscal or other laws and regulations and directives applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or

otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

- (c) **Payment Initiation:** Payment instructions (for value on the due date, or if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or if the due date is not a Payment Business Day, the next succeeding Payment Business Day) or, in the case of payments of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar (if required to do so), on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.
- (d) **Appointment of Agents:** The Principal Paying Agent, the Registrar, and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Agents, subject to the provisions of the Agency Agreement, act solely as agents of the Issuer and the Guarantor 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 or the Transfer Agent and to appoint additional or other Agents, in each case in accordance with the Agency Agreement, provided that the Issuer and the Guarantor shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case as approved in writing by the Trustee.

Notice of any such termination or appointment or any change of any specified office of an Agent shall promptly be given by the Issuer (failing whom, the Guarantor) to the Bondholders in accordance with Condition 16 (*Notices*).

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

8. **Taxation**

All payments of principal, premium (if any) and interest by or on behalf of the Issuer or the Guarantor in respect of the Bonds or under the Guarantee shall be made free and clear of, and without set-off or counterclaim, and free and clear of, 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 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 20 November 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 amounts which would otherwise have been receivable by them had no such withholding or deduction been required.

In the event that any such PRC deduction or withholding in excess of the Applicable Rate is required, the Issuer (or the Guarantor, as the case may be) 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:** held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the PRC other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented (where presentation is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (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.

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.

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

Neither the Agents nor the Trustee shall in any event be responsible or liable for paying any tax, duty, governmental charges, assessments, withholding, deduction 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, nor shall they be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any person to pay such tax, duty, governmental charges, assessments, withholding, deduction or other payment in any jurisdiction or to provide any notice or information in relation to the Bonds to 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, governmental charge, assessments, withholding, deduction or other payment imposed by or in any jurisdiction.

9. Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its sole and absolute discretion may, and if so requested in writing by holders of at least 25 per cent. in 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 first been indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Bonds are, and they shall accordingly become, immediately due and payable at their principal amount together (if applicable) with accrued but unpaid interest.

- (a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any) of the Bonds when due or (ii) interest on any of the Bonds when due and 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 the Bonds, the Trust Deed, the Deed of Guarantee or the Agency Agreement (other than where such default gives rise to a right of redemption pursuant to Condition 6(c) (*Redemption for Relevant Events*)) and such default (i) is incapable of remedy or (ii) if capable of remedy, remains unremedied for 30 days after notice 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:** (i) any other present or future indebtedness of the Issuer or the Guarantor or any of their respective Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or the Guarantor or any of their respective Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred in aggregate equals or exceeds CNY200,000,000 or its equivalent in any other currency (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) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or 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 45 days; or
- (e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any of their respective Principal Subsidiaries over the whole or any material part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Principal Subsidiaries 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 45 days; or
- (f) **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 be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement

or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or all or any material part of a particular type of) the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or

- (g) **Winding-up:** an order of any court of competent jurisdiction is made or an effective resolution is passed for the winding-up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries (save for a voluntary solvent winding-up of any Principal Subsidiary), or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except (i) for the purpose of and followed by a solvent winding-up or dissolution, reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, (B) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer, the Guarantor (as the case may be) and/or another of their respective Subsidiaries, or (ii) a disposal of or by a Principal Subsidiary to another person on an arm's length basis where the proceeds resulting from such disposal are transferred or vested in the Issuer or the Guarantor and/or another of their respective Subsidiaries; or
- (h) **Nationalisation:** any step is taken by any person acting under the authority of any national, regional or local government with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries or the Issuer, the Guarantor or any of their respective Subsidiaries is prevented by any person from exercising normal control over all or any material part of their respective undertakings, assets and revenues; or
- (i) **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer or 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, (ii) to ensure that those obligations are legally binding and enforceable or (iii) to make the Bonds and the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or
- (j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds and/or the Trust Deed and/or the Deed of Guarantee; or
- (k) **Unenforceability of Guarantee:** any part of the Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by the Guarantor; or
- (l) **Analogous Events:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Condition 9(d) to Condition 9(k) (both inclusive).

In this Condition 9, "**Principal Subsidiary**" means any Subsidiary of the Issuer or the Guarantor:

- (i) whose revenue or (in the case of a Subsidiary which itself has Subsidiaries) consolidated revenue, as shown by its latest audited income statement is at least five per cent. of the consolidated revenue as

shown by the latest published audited consolidated income statement of the relevant company and its Subsidiaries including, for the avoidance of doubt, the relevant company and its consolidated Subsidiaries' share of revenue of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests;

- (ii) 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 as shown by the latest published audited consolidated income statement of the relevant company and its Subsidiaries including, for the avoidance of doubt, the relevant company and its consolidated Subsidiaries' share of net profit of Subsidiaries not consolidated and of jointly controlled entities and after adjustments for minority interests; or
- (iii) 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 amount which equals the amount included in the consolidated total assets of the relevant company and its Subsidiaries as shown by the latest published audited consolidated balance sheet of the relevant company and its Subsidiaries including, for the avoidance of doubt, the investment of the relevant company in each Subsidiary whose accounts are not consolidated with the consolidated audited accounts of the relevant company and after adjustment for minority interests;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (A) 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 relevant company relate, the reference to the then latest consolidated audited accounts of the relevant company for the purposes of the calculation above shall, until consolidated audited accounts of the relevant company for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the relevant company adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such accounts;
- (B) if at any relevant time in relation to the relevant company or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenue, net profit or total assets of the relevant company and/or any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the relevant company;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenue, net profit or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the relevant company; and
- (D) if the accounts of any subsidiary (not being a Subsidiary referred to in proviso (i) above of this definition) are not consolidated with those of the relevant company, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the relevant company prepared for this purpose by the relevant company; or

- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall become a Principal Subsidiary upon such transfer but shall cease to be a Principal Subsidiary at the date on which the first published audited accounts (consolidated, if appropriate) of the relevant company 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 (i), (ii) or (iii) above of this definition.

A certificate in English (substantially in the form appended to the Trust Deed) signed by any Authorised Signatory of the Issuer or the Guarantor that in its opinion a Subsidiary is or is not, or was or was not, at any particular time or during any particular period a Principal Subsidiary may be relied upon by the Trustee without liability and without further enquiry or evidence and shall, in the absence of manifest error, be conclusive and binding on all parties and the Trustee shall be entitled to conclusively rely upon each such certificate without further investigation or verification and without liability to the Bondholders or any other person for such reliance.

10. Prescription

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

11. Replacement of Certificates

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

12. Meetings of Bondholders, Modification and Waiver

- (a) **Meetings of Bondholders:** The Trust Deed contains provisions for convening meetings of the Bondholders to consider matters affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement and/or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee, and shall be convened by the Trustee if so requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any 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 whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of certain proposals, *inter alia*, (i) to modify the maturity date of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable 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 Bondholders or the majority required to pass an Extraordinary Resolution, or (v) to modify or cancel the Deed of Guarantee (other than as provided in Condition 12(b)), in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

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

- (b) **Modification of these Conditions, Trust Deed, Agency Agreement and the Deed of Guarantee** : The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, each such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders in accordance with Condition 16 (*Notices*) as soon as practicable. The Trustee may request, and may conclusively rely without further enquiry or investigation and without liability upon, any certificate in English signed by an Authorised Signatory of the Issuer or of the Guarantor and/or an opinion of counsel concerning compliance with the above conditions in respect of any such modification, authorisation or waiver.
- (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 the interests of, or be responsible or liable 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 Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13. Enforcement

The Trustee may, at its sole and absolute discretion and without further notice, take any 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 Deed of Guarantee, the Agency Agreement and/or the Bonds, and/or take action (including legal action) to protect or preserve the rights and interests of the Bondholders, but it need not take any such steps and/or actions and/or institute any such proceedings unless: (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in aggregate principal amount of the Bonds then outstanding, (b) it shall have been

indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer 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 action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

14. Indemnification of the Trustee

Under the Trust Deed, the Trustee is entitled to be indemnified and/or 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 any steps and/or actions and/or instituting any proceedings to enforce its rights under the Bonds, the Deed of Guarantee, the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and payment or taking other steps and/or actions and/or instituting other proceedings unless first indemnified and/or secured and/or pre-funded to its satisfaction, and to be paid or reimbursed its fees, costs, expenses, indemnity payments, liabilities and other amounts in priority to the claims of the Bondholders. In addition, the Trustee and its 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 and/or the Guarantor without accounting for any profit, (ii) to act as trustee for the bondholders of any other securities issued by or relating to, the Issuer, the Guarantor and any entity related to the Issuer or the Guarantor; (iii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders and (iv) to retain any profit made or any other amount or benefit received thereby or in connection therewith without accounting for such profits.

The Trustee and the Agents may rely conclusively without further enquiry or investigation and without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, information or certificate from or any opinion or advice of any accountants, auditors, lawyers, valuers, auctioneers, surveyors, brokers, financial advisers, financial institution or any other expert, whether or not addressed to them and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely without further enquiry or investigation conclusively on any such report, confirmation, information, certificate, opinion or advice and, in such event, such report, confirmation, information, certificate, opinion or advice shall be binding on the Issuer, the Guarantor and the Bondholders. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Guarantor, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice.

None of the Trustee or the Agents shall have any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, or ascertain whether an Event of Default, a Potential Event of Default or a Relevant Event or any event which could lead to the occurrence of an Event of Default, a Potential Event of Default or a Relevant Event has occurred, nor shall they be liable to the Issuer, the Guarantor, the Bondholders or any other person for not doing so.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to its exercising any such discretion or power, taking or refraining from taking any such action, making any

such decision, or giving any such direction, to seek directions or clarification from the Bondholders by way of an Extraordinary Resolution or given as otherwise contemplated or permitted by the Trust Deed and/or the Bonds, and to be 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 for any loss or liability incurred by the Issuer, the Guarantor or 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 where the Trustee is seeking such directions or clarification from Bondholders or in the event that no such directions or clarification are received by the Trustee.

None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer, the Guarantor or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively without further enquiry or investigation on any instructions, direction, request or resolution of Bondholders given by Bondholders holding the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed or passed as otherwise provided in the Trust Deed.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor and any other person appointed by the Issuer or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same, and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

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

15. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date and the first payment of interest on them and the timing for complying with the requirements set out in these Conditions in relation to the making of the NDRC Post-issue Filing and the Foreign Debt Registration the corresponding 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 further bonds issued pursuant to this Condition 15. Any further bonds consolidated and forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed and be guaranteed by the Guarantor pursuant to a deed supplemental to the Deed of Guarantee or an additional deed of guarantee. However, such further bonds may only be issued if such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed.

16. Notices

Notices to the holders of Bonds shall be valid if mailed to them at the Issuer's (failing whom the Guarantor's) expense at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday or a public holiday) after the date of mailing. The Issuer, failing whom the Guarantor, 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, on the first date on which publication is made.

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 the Bondholders shall be validly given by the delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given at the time of delivery to the relevant clearing system(s).

17. **Contracts (Rights of Third Parties) Ordinance**

No person shall have any right to enforce any term or condition of the Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee under the Contracts (Rights of Third Parties) Ordinance (Cap. 623) but this shall not affect any right or remedy which exists or is available apart from such Ordinance 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 Bonds, the Trust Deed, the Agency Agreement, the Deed of Guarantee and any non-contractual obligations arising out of or in connection with them, are all governed by, and shall be construed in accordance with, Hong Kong 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 Trust Deed, the Agency Agreement and the Deed of Guarantee and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Trust Deed, the Agency Agreement or the Deed of Guarantee (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of such courts and waived any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Agent for Service of Process:** Each of the Issuer and the Guarantor has irrevocably appointed The Law Debenture Corporation (H.K.) Limited at its office (currently at Suite 1301, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong) as its authorised agent to receive service of process in any Proceedings in Hong Kong based on 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 the Guarantor, as the case may be)). If for any reason such agent shall cease to be such agent for service of process, the Issuer and the Guarantor shall forthwith appoint a new agent for service of process in Hong Kong and shall deliver to the Trustee a copy of the agent’s acceptance of that appointment within 30 days of such cessation. Nothing herein shall affect the right to serve process in any other manner permitted by law.
- (d) **Waiver of Immunity:** Each of the Issuer and the Guarantor 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.

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be CNY500,000,000. Such proceeds, after deducting commissions and other expenses payable in connection with the offering of the Bonds, are expected to be used for the Group's project construction and the replenishment of its working capital in accordance with the NDRC Certificate and the Green Finance Framework.

GREEN FINANCE FRAMEWORK

The Group has developed the Green Finance Framework to demonstrate how it intends to enter into green financing transaction. The Framework has received a “second party opinion” from each Lianhe Green Development Company Limited.

For the avoidance of doubt, references made to “Group” within this section are to the Garantor and its subsidiaries only.

I. Introduction of the Group

Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. established in April 2014, the group is indirectly wholly-owned by the Dafeng District Government. Playing a pivotal role in the urban construction and development of Dafeng District, the company primarily engages in business of infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses.

The group principal business segment contains infrastructure construction, property sales, commodity trading and so on. The infrastructure construction is primarily undertaken by its wholly-owned subsidiaries, Yancheng Dafeng District Wancheng Engineering Project Management Co., Ltd. and Yancheng Dafeng District Guangsha Development and Construction Co., Ltd. The Group serves various parties for their infrastructure construction needs. The property sales business of the group primarily consists of undertaking resettlement housing projects. Such projects include reconstruction and redevelopment of real estate properties. The commodity trading business of the Group is carried out by the group and Nanjing Fengye New Energy Technology Co., Ltd. The commodities being traded by the group primarily include coal and metal ores, etc.. Other business mainly include gas and power supply, property leasing, sewage treatment, property management business, advertisement business and other businesses. In the future, as the advantages of the group’s multi-faceted business model being realised, such diversified business lines will provide the group with more stable cashflow and revenue sources.

II. Green Finance Framework

The Framework has been developed to demonstrate how the Group and its affiliates intend to enter into the Green Finance Transactions ("GFT") to fund projects that will deliver environmental benefits to support the Group's business strategy and vision. Fundraising will include bonds, loans and other debt instruments, and GFT with structures tailored to contribute to green development by application of the proceeds to Eligible Projects as defined in the Framework.

- With respect to bonds, bonds issued under GFF will be in alignment with the Green Bond Principles (GBP) 2025¹ released by International Capital Market Association (ICMA) or the Climate Bonds Standard V4.3² issued by Climate Bonds Initiative (CBI)², or the Green Finance Endorsed Projects Catalogue (2025 Edition)³ jointly announced by the People's Bank of China (PBOC), the National Financial Regulatory Administration (NFRA) and the China Securities Regulatory Commission (CSRC) or as they may be subsequently amended.

¹ In alignment with ICMA Green Bond Principles, June 2025, <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/green-bond-principles-gbp/>

² In alignment with the Climate Bond Standard V4.3, https://www.climatebonds.net/files/documents/CBI_Standard_V4.3_FINAL_2025-08-20-102147_gbqn.pdf

³ In alignment with the Green Finance Endorsed Projects Catalogue (2025 Edition), <http://www.pbc.gov.cn/goutongjiaoliu/113456/113469/5779612/index.html>

- With respect to loans, loans issued under GFF will be in alignment with the Green Loan Principles ("GLP") 2025⁴ released by Asia Pacific Loan Market Association ("APLMA"), the Loan Market Association ("LMA") and the Loan Syndications and Trading Association ("LSTA") or as they may be subsequently amended.
- Other forms of financing may conform to other green finance principles as may have been established at the time of such financing transaction being undertaken.

In aligning with the above principles and guidelines, the Group's GFF is presented through the GBP's/GLP's four core components as well as its recommendation for external review:

- 1) Use of Proceeds
- 2) Process for Project Evaluation and Selection
- 3) Management of Proceeds
- 4) Reporting
- 5) External Review

Bond(s) issued under the Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such bonds and loans entered into under the Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

GFTs may be done in any jurisdiction and market reflecting the Group's current and future business needs.

III. Use of Proceeds

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

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

1) Eligible Green Projects Categories and Description/Condition of Eligible Green Projects

Eligible Green Projects Categories UNSDG Alignment	Description/Condition of Eligible Green Projects	Environmental Objective
 Pollution Prevention and Control	• Investments and expenditures in projects that prevent and reduce waste and pollution, such as but not limited to ✓ Construction, upgrading, and operation of facilities for the safe treatment, recycling, and disposal of solid waste, including landfills for hazardous wastes listed on the National Hazardous Waste List;	Pollution prevention and control

⁴ In alignment with LMA Green Loan Principles, March 2025, <https://www.lsta.org/content/green-loan-principles/>

	✓ Projects that promote the recycling and reuse of construction and demolition waste, industrial by-products, and other solid wastes into secondary raw materials (e.g., recycled aggregates).	
Energy Efficiency 	• Increase energy efficiency and reduce building and facility energy consumption by at least 15 per cent. by investing in and spending on projects such as, but not limited to: ✓ In the design and construction process, in accordance with the requirements of "Intelligent Building Design Standards (GB/T 50314-2015)", adopt timely and feasible intelligent technology to realize the functions of saving resources and optimizing environmental quality management, including but not limited to effective utilization and management of renewable energy based on building equipment monitoring systems, Building Information Modeling (BIM) technology, etc.; or ✓ Install energy-efficient equipment, replace and/or maintain existing equipment to reduce energy consumption or avoid greenhouse gas emissions, including but not limited to smart metering systems, high-efficiency HVAC systems, etc. Relevant products should comply with the current national standards "Energy-saving Design Standards for Public Buildings" (GB50189-2015), "Energy-saving Domestic Water Appliances" (CJ/T164-2014) and other standards; or ✓ Renovation of green lighting, using LED lamps, high/low pressure sodium lamps, metal halide lamps, tri-color double-ended straight fluorescent lamps (Type TS, T5), etc., as well as the use of natural light sources, intelligent lighting control systems, etc. Relevant lighting products should meet the first-level energy efficiency requirements of relevant national and/or regional energy efficiency standards; or	Climate change mitigation

	✓ Energy Conservation and Environmentally-friendly Renovation of Existing Buildings: Technical indicators of the building meet relevant national or local energy conservation standards for existing buildings and relevant requirements for energy-saving renovation activities of building energy systems after renovation. Renovation, operation and purchase of the existing buildings which have obtained relevant national green building star-level within the validity period; and the renovation, operation and purchase of existing buildings that have reached the national-relevant green building star-level within the validity period after renovation. For example, the building technology complies with technological standards such as the "Statistical Standard for Civil Buildings" (GB 50352), the "Standard for Energy-Saving in Public Buildings" (GB 50189) and the "Standard for the Evaluation of Green Retrofit of Existing Buildings" (GBT 51141).	
Green Buildings  	• Buildings must meet regionally, nationally, or internationally recognized green building standards or certifications, including but not limited to the following: ✓ China Green Building Evaluation Label (2 stars or above) ✓ U.S. Leadership in Energy and Environmental Design (LEED) (Gold or above) ✓ Hong Kong BEAM (Gold or above) ✓ Building Research Establishment Environmental Assessment Method (BREEAM) (Very Good or above) Any other green building certification with the same standard as the above	Climate change mitigation

2) Exclusion Criteria

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

- activities that violate national laws, regulations or international conventions and agreements, or are subject to international bans;
- production or trade in arms and ammunition;
- production or trade in alcoholic beverages (other than beer and wine);
- production or trade in tobacco;
- gambling, casinos and equivalent businesses;
- production or trade in radioactive materials (radioactive sources considered insignificant and/or adequately shielded, such as quality control equipment, are not covered);
- production or activities involving harmful or exploitative forms of forced labor or harmful child labor.

IV. Project Evaluation and Selection

The overall principle includes two parts as follows.

- 1) Select national and regional key green projects with a certain scale effect or demonstration effect.
- 2) Adhere to the principle of diversification in the selection of project types and regions.

Specific screening criteria: two-tier green project screening mechanism

Eligible green projects will be selected according to above eligibility criteria.

Stage 1 Evaluation Procedure:

Review and select green projects preliminarily in accordance with the Green Bond Principles (GBP) 2025 released by International Capital Market Association (ICMA), or the Climate Bonds Standard V4.3 issued by Climate Bonds Initiative (CBI), or the Green Finance Endorsed Projects Catalogue (2025 Edition) jointly announced by the People's Bank of China (PBOC), the National Financial Regulatory Administration (NFRA) and the China Securities Regulatory Commission (CSRC).

Stage 2 Evaluation Procedure:

Further review and confirm on the green projects based on the direct and indirect environmental KPis.

- 1) Direct environmental KPis: environmental KPis disclosed in the supporting documents for the projects, which are expected to be quantitative.
- 2) Indirect environmental KPis:
 - i. According to the supporting documents for the projects, energy-saving technologies or producing methods have been adopted in the projects.
 - ii. The projects are in line with the policies and initiatives on the sustainable development at low carbon emissions, energy-savings and emissions reduction in the national or international markets.

Accountability Mechanisms for the Group's Green Finance

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

- Finance and Capital Department
- Financing Management Department
- Project Management Department

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

The GFWG will:

- Meet at least two times each year to select and evaluate green projects to invest in for the current year and the next year
- Ratify Eligible Green Projects, which are initially proposed by the constituent team members
- Undertake regular monitoring of the asset pool to ensure the eligibility of Green Projects with the criteria set out in the Group's GFF Section 1, Use of Proceeds, whilst replacing any ineligible Green Projects with eligible new Green Projects
- Ensure that projects comply with the Group's Environmental Risk Management framework as well as applicable local governmental regulations and ensure that projects no longer meeting the selection criteria detailed in the Framework will be removed and/or substituted on a best efforts basis throughout the life of the bond/loan
- Ensure that the proceeds of bonds/loans will be periodically adjusted to match allocation to eligible projects made during that period
- Facilitate regular reporting on any GFT in alignment with our Reporting commitments
- Manage any future updates to the Framework
- Ensure that the approval of Eligible Green Projects will follow the Group's existing credit/loan/investment approval processes

V. Management of Proceeds

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

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

1. GFT Details: ISIN (if applicable), Pricing Date, Maturity Date and etc.
2. Eligible Green Project Allocation List: Information including:
 - The Eligible Projects List, including for each Eligible Project, the Eligible Green Project category, project description, project location, Group's ownership percentage, total project cost, amount allocated, settled currency, etc.
 - Amount of unallocated Proceeds.

Management of the unallocated proceeds

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

V. Reporting

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

- 1) List of Eligible Green projects
- 2) The amount of Proceeds allocated to each Eligible Green Project category
- 3) When possible, descriptions of the Eligible Green Projects financed, such as project locations, amount allocated, etc.
- 4) Selected examples of projects financed
- 5) Percentage of financing vs. refinancing
- 6) Amount of unallocated Proceeds

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

Impact Reporting

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

Eligible Green Projects Categories	Impact Indicators
Pollution Prevention and Control	Annual absolute (gross) amount of waste that is separated and/or collected, and treated (including composted) or disposed of (in tonnes p.a. and in % of total waste)
Energy Efficiency	- Amount of energy saved (in MWh) - Annual energy efficiency improvement in percentage
Green Buildings	- The number and type of green building certifications obtained - Obtained certification level

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

VII. External Review

Pre-issuance:

The Group has engaged CCX Green Finance International Limited ("CCXGFI") to provide a second party opinion on the Green Finance Framework to review and confirm its alignment with the GBP and GLP. CCXGFI has

reviewed the Green Finance Framework and on November 18, 2025 provided its Second Party Opinion. The objective of the Second Party Opinion is to provide investors with an independent assessment. The Second Party Opinion is a statement of opinion, not a statement of fact. No representation or assurance is given by the Issuer and the Joint Lead Managers as to the suitability or reliability of the Second Party Opinion or any opinion or certification of any third party made available in connection with the Bonds issued as Green Bonds. The Second-Party Opinion together with the Green Finance Framework will be published on the Group's website. Neither the Green Finance Framework nor the Second Party Opinion is incorporated into this Offering Circular and neither the Green Finance Framework nor the Second Party Opinion forms part of this Offering Circular.

Post-issuance:

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

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the consolidated capitalisation and indebtedness of the Issuer as at 31 December 2024 and as adjusted to give effect to the issue of the Bonds to be issued before deducting commissions and other fees expenses payable by the Issuer in connection with the offering of the Bonds. The following table should be read in conjunction with the Issuer's Audited Financial Statements and the related notes included elsewhere in this Offering Circular.

	As at 31 December 2024	
	Actual	As Adjusted
	(RMB)	(RMB)
	(audited)	(unaudited)
	(in million)	
Current indebtedness		
Short-term borrowings.....	458.15	458.15
Non-current liabilities maturing within one year	2,721.13	2,721.13
Other current liabilities	636.83	636.83
Total current indebtedness	3816.11	3816.11
Non-current indebtedness		
Long-term borrowings	2,548.61	2,548.61
Long-term payables	2,740.59	2,740.59
Bonds to be issued ⁽¹⁾	—	500.00
Total non-current indebtedness	5,289.20	5,789.20
Total indebtedness⁽²⁾	9,105.31	9,605.31
Total owners' equity	6,490.54	6,490.54
Total capitalisation⁽³⁾	15,595.85	16,095.85

Notes:

- (1) This 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.
- (2) Total indebtedness equals the sum of current indebtedness and non-current indebtedness.
- (3) Total capitalisation represents the sum of total indebtedness and total owners' equity.

As at 31 December 2024, the total indebtedness of the Issuer amounted to approximately RMB9,105.31 million. Since 31 December 2024, the Issuer continued utilising external financing in the ordinary course of business to finance its operation. The Issuer may, from time to time, enter into bank loans and other financing arrangements and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the Issuer's consolidated capitalisation and indebtedness since 31 December 2024.

The following table sets forth the consolidated capitalisation and indebtedness of the Guarantor as at 31 December 2024 and as adjusted to give effect to the issue of the Bonds to be issued before deducting commissions and other fees expenses payable by the Guarantor in connection with the offering of the Bonds. The following table should be read in conjunction with the Guarantor's Audited Pro Forma Financial Statements and the related notes included elsewhere in this Offering Circular.

	As at 31 December 2024	
	Actual	As Adjusted
	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(audited)</i>	<i>(unaudited)</i>
	<i>(in million)</i>	
Current indebtedness		
Short-term borrowings.....	7,755.79	7,755.79
Non-current liabilities maturing within one year.....	14,978.88	14,978.88
Other current liabilities.....	791.45	791.45
Total current indebtedness	23,526.12	23,526.12
Non-current indebtedness		
Long-term borrowings.....	14,556.50	14,556.50
Long-term payables	5,424.30	5,424.30
Bonds to be issued ⁽¹⁾	-	500.00
Total non-current indebtedness	19,980.80	20,480.80
Total indebtedness⁽²⁾	43,506.92	44,006.92
Total owners' equity	37,920.44	37,920.44
Total capitalisation⁽³⁾	81,427.36	81,927.36

Notes:

- (1) This 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.
- (2) Total indebtedness equals the sum of current indebtedness and non-current indebtedness.
- (3) Total capitalisation represents the sum of total indebtedness and total owners' equity.

As at 31 December 2024, the total indebtedness of the Guarantor amounted to approximately RMB43,506.93 million. Since 31 December 2024, the Guarantor continued utilising external financing in the ordinary course of business to finance its operation. The Guarantor may, from time to time, enter into bank loans and other financing arrangements and issue debt securities in the capital market in the ordinary course of business to finance its operations and to refinance existing debt.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the Guarantor's consolidated capitalisation and indebtedness since 31 December 2024.

DESCRIPTION OF THE ISSUER

OVERVIEW OF THE ISSUER

Established in April 2014, the Issuer is indirectly wholly-owned by the Guarantor, which is directly and wholly owned by the Dafeng District Government. Playing a pivotal role in the urban construction and development of Dafeng District, the Issuer primarily engages in business of infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses.

The Issuer Group's principal business segments are as follows:

- *Infrastructure construction.* The infrastructure construction business of the Issuer is primarily undertaken by its wholly-owned subsidiaries, Wancheng Engineering and Guangxia Development. The Issuer Group serves various parties for their infrastructure construction needs. Such parties include the Yancheng City Dafeng District Urban Construction Headquarters and other relevant governmental bodies. The above-mentioned parties may sign construction commission agreements and other agreements with the Issuer Group, which is mainly responsible for the infrastructure construction and development within Dafeng District in Yancheng City, including but are not limited to the engineering and construction of roads, bridges, squares, tap water pipe network, rainwater and sewage pipe network, greening, street lamps, electric power facilities, etc..
- *Property sales.* The property sales business of the Issuer primarily consists of undertaking resettlement housing projects. Such projects include reconstruction and redevelopment of real estate properties. By selling redeveloped properties to resettlement households, the Issuer Group is able to maintain a healthy cashflow as the related receivables can be secured stably. The development projects of resettlement housing in Dafeng District of Yancheng City is primarily undertaken by Zhencheng Construction, a wholly-owned subsidiary of the Issuer, and the resettlement housing construction and sales are carried out according to the resettlement plan of Dafeng District. Zhencheng Construction possesses Grade II qualification for real estate development.
- *Commodity trading.* The commodity trading business of the Issuer Group is carried out by the Issuer and Nanjing Fengye. The commodities being traded by the Issuer primarily include coal and metal ores, etc.. The Issuer mainly procures coal from coal mines and large regional procurers in Shandong, Shanxi, Zhejiang and other provinces and its downstream customers are mainly power plants and large-scale energy enterprises. Nanjing Fengye mainly procures methanol from foreign methanol traders designated by downstream customers.
- *Gas and power supply services.* The power supply business of the Issuer Group is primarily carried out by the Issuer, which owns three photovoltaic power generation projects. The Issuer leases out photovoltaic power generation equipment and auxiliary shed charging piles, and the income generated from the power supply business is relatively humble. The gas supply business of the Issuer Group is carried out by Nanjing Fengye.
- *Property leasing.* The property leasing business of the Issuer Group primarily consists of rental income generated from leasing out its properties to external parties. As the Issuer's self-operated projects gradually being completed and put into use, the Issuer expects to possess much more high-quality properties which can be leased out for an income. As a bonus to the Issuer's existing income, the property leasing business is likely to provide the Issuer with a stable income in the future.
- *Sewage treatment.* The sewage treatment business of the Issuer Group is primarily carried out by its subsidiary, Hucheng Sewage. The self-operated sewage treatment projects of the Issuer Group are mainly sewage treatment projects in Shanghai and Jiangsu agglomeration area.
- *Other businesses.* Other businesses of the Issuer mainly include property management business, advertisement business and other businesses. In the future, as the advantages of the Issuer's multi-faceted business model being realised, such diversified business lines will provide the Issuer with more stable cashflow and revenue sources.

RECENT DEVELOPMENTS OF THE ISSUER

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

As at the date of the Offering Circular, the Issuer has prepared an unaudited consolidated financial information of the Issuer as at and for the six months ended 30 June 2025 (the "Issuer's 2025 Interim Financial Statements").

The Issuer's 2025 Interim Financial Statements have not been audited or reviewed by the independent auditors of the Issuer Group, or any other independent accountants, and maybe subject to adjustments if audited and reviewed.

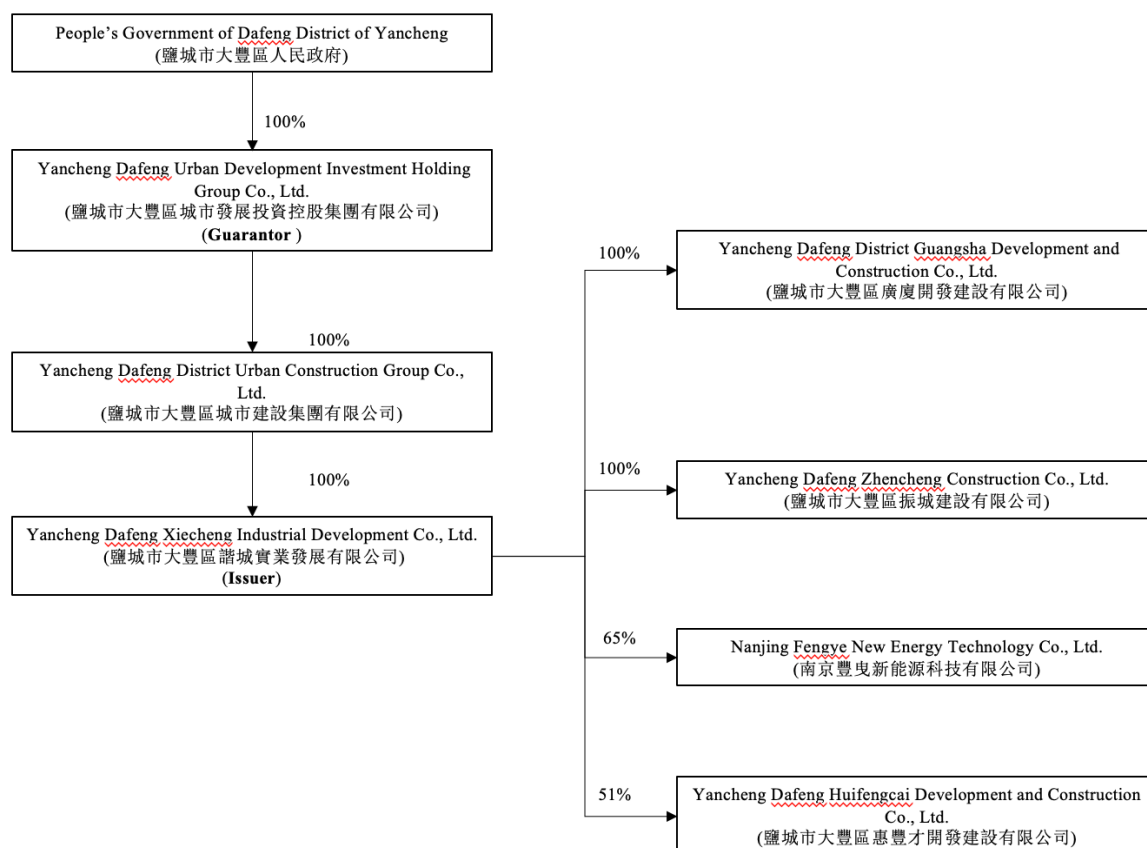
For the six months ended 30 June 2025, as compared to the same period in the preceding year, the Issuer Group experienced an increase in revenue primarily due to the centralised settlement resulting from the completion of certain projects. The Issuer Group experienced an increase in operating cost primarily due to an increase in costs resulting from the expansion of the operating scale. The Issuer Group experienced an increase in operating profits and net profits primarily due to the centralised settlement resulting from the completion of certain projects. As at 30 June 2025, the Issuer Group's total assets and total liabilities decreased as compared to the balance as at 31 December 2024 primarily due to the repayment for part of the financial lease borrowing.

Potential investors should note, in particular, that the financial information in the Issuer's 2025 Interim Financial Statements may differ from future audited or reviewed information and the Issuer's 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The Issuer's 2025 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Issuer for the full financial year ending 31 December 2025. The Issuer's 2025 Interim Financial Statements do not constitute part of this Offering Circular. See "*Risk Factors—Risks relating to the Group and its business - Investors should not place any reliance on financial information which is unreviewed or unaudited*". As such, the Issuer's 2025 Interim Financial Statements has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Issuer and in making their investment decisions. The aforementioned financial information as at and for six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations.

None of the Joint Lead Managers, the Trustee or the Agents nor any of their respective directors, officers, employees, representatives, agents, advisers, affiliates and any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Issuer's 2025 Interim Financial Statements or the sufficiency of such financial information for an assessment of the Issuer's financial condition and results of operation.

ISSUER GROUP STRUCTURE

The following chart presents a simplified corporate structure showing the shareholder and principal subsidiaries of the Issuer Group as at the date of this Offering Circular.



HISTORY AND DEVELOPMENT

In April 2014, the Issuer (formerly known as Dafeng Xiecheng Industrial Development Co., Ltd. (大豐市諧城實業發展有限公司)) was established by Dafeng City Urban Construction State-owned Assets Operation Co., Ltd. (大豐市城建國有資產經營有限公司) (renamed as Yancheng Dafeng District Urban Construction State-owned Assets Operation Co., Ltd. (鹽城市大豐區城建國有資產經營有限公司) in May 2016 and currently known as Yancheng Dafeng District Urban Construction Group Co., Ltd. (鹽城市大豐區城市建設集團有限公司)) with an initial registered capital of RMB100.00 million. As at the date of this Offering Circular, the Issuer has a registered capital of RMB1,000.00 million and is wholly-owned by the Dafeng District Government.

The table below sets forth the historical milestones in the Issuer's development:

Year	Milestone Event
April 2014	The Issuer was established by Dafeng City Urban Construction State-owned Assets Operation Co., Ltd. (大豐市城建國有資產經營有限公司) (renamed as Yancheng Dafeng District Urban Construction State-owned Assets Operation Co., Ltd. (鹽城市大豐區城建國有資產經營有限公司) in May 2016 and currently known as Yancheng Dafeng District Urban Construction Group Co., Ltd. (鹽城市大豐區城市建設集團有限公司)) with an initial registered capital of RMB100.00 million.
September 2015	The Issuer changed its registered name from Dafeng Xiecheng Industrial Development Co., Ltd. (大豐市諧城實業發展有限公司) to Yancheng Dafeng Xiecheng Industrial

Development Co., Ltd. (鹽城市大豐區諧城實業發展有限公司).

December 2023 The registered capital of the Issuer was increased from RMB100.00 million to RMB1,000.00 million.

RELATIONSHIP WITH THE DAFENG DISTRICT GOVERNMENT

The Issuer is indirectly wholly-owned by the Dafeng District Government. As a state-owned enterprise based in Dafeng District, Yancheng City, the Issuer Group has extensive connections with the Dafeng District Government and other entities controlled by them. The Issuer Group has also received various assets and capital injections, subsidies and other grants and tax incentives from the Dafeng District Government and other entities controlled by it.

Notwithstanding the Issuer's extensive relationships with the Dafeng District Government and other entities controlled by it, the Issuer is not part of, and is operationally and financially separated from, the Dafeng District Government. Its functions and departments are separate from those of, and do not share any premises with, the Dafeng District Government. The director, supervisor 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 Dafeng District Government. The Dafeng District Government as the ultimate equity holder of the Issuer is only responsible for the liability of the Issuer up to the limit of its equity contribution to the Issuer. Neither the Dafeng District Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Dafeng District Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer, and the obligations of the Issuer under the Bonds or the Trust Deed shall solely be fulfilled by the Issuer as an independent legal person. 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 kind 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 relationships between the Issuer and the Dafeng District Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Dafeng 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 Group's business, financial condition, results of operations and prospects*" and "*The shareholder may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits*" in the section entitled "*Risk Factors — Risks relating to the Group and Its Business*".

DESCRIPTION OF THE ISSUER GROUP'S BUSINESS

Overview

The Issuer Group has developed a diversified business portfolio covering infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses.

The following table sets out a breakdown by business segment of the Issuer Group's total operating income for the years ended 31 December 2022, 2023 and 2024:

	For the year ended 31 December					
	2022		2023		2024	
	Amount	per cent. of total	Amount	per cent. of total	Amount	per cent. of total
	(RMB in millions)	(per cent.)	(RMB in millions)	(per cent.)	(RMB in millions)	(per cent.)
Infrastructure construction	252.13	26.41	264.26	27.69	252.34	26.44

Property sales	428.13	44.85	127.87	13.40	208.96	21.89
Commodity trading	135.21	14.17	371.44	38.91	72.52	7.60
Gas and power supply services	137.03	14.36	153.23	16.05	272.47	28.55
Property leasing	0	0	0.85	0.09	4.33	0.45
Sewage treatment	1.63	0.17	13.23	1.39	11.40	1.19
Others	0.37	0.04	5.96	0.62	2.17	0.23
Total operating income	954.50	100.00	936.86	100.0	824.19	100.0

Infrastructure Construction

Overview

The infrastructure construction business of the Issuer is primarily undertaken by its wholly-owned subsidiaries, Wancheng Engineering and Guangxia Development. The Issuer Group serves various parties for their infrastructure construction needs. Such parties include the Yancheng City Dafeng District Urban Construction Headquarters and other relevant governmental bodies. The above-mentioned parties may sign construction commission agreements and other agreements with the Issuer Group, which is mainly responsible for the infrastructure construction and development within Dafeng District in Yancheng City, including but are not limited to the engineering and construction of roads, bridges, squares, tap water pipe network, rainwater and sewage pipe network, greening, street lamps, electric power facilities, etc..

During the infrastructure construction project period, the Issuer Group is responsible for project quality, investment, progress control, financing and loan repayment, to satisfy the funding and timely loan repayment requirements. After the completion of the projects, the Issuer Group shall organise the completion acceptance inspection and conduct the handover procedures with the commissioning parties within the specified time for the qualified projects. For any project, the commissioning party would usually confirm the final contractual amount as the Project Investment adding a certain proportion, usually being 5 to 25 per cent. of the Project Investment, and the undertaking entity would record the income according to a settlement confirmation memorandum..

Project Description

Completed Projects

The following table sets forth particulars of the Issuer Group's certain material completed infrastructure construction projects as at 31 December 2024:

Project	Construction period	Collection period	Planned investment	Cumulative investment	Proposed collection	Collection
			<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Chengxi Market (城西菜場)	2012-2022	2020-2028	726	726	871	310
Sewage Pipe Network Maintenance Project (污水管網維修項目)	2017-2019	2020-2026	478	570	574	136
Maoyou Education Service Center of Dafeng District (大豐區卯酉教育服務中心)	2021-2023	2019-2028	1,100	1,150	1,320	-
Renovation and Upgrading of the Former Xinfeng Middle School (原新豐中學改造提升)	2021-2022	2023-2026	200	192	240	-
Total			2,504	2,638	3,005	446

Projects under Construction

As at 31 December 2024, the Issuer Group had one infrastructure construction project, being Rural Housing Improvement Project in Dafeng District (鹽城市大豐區農房改善工程), under construction with an estimated total investment of approximately RMB2,600 million and total investment of RMB2,663 million. Such project includes land reclamation and infrastructure such as water supply and drainage, roads, as well as other public service facilities

Projects under Planning

As at 31 December 2024, the Issuer Group has no infrastructure construction projects under planning.

Property sales

Overview

The property sales business of the Issuer primarily consists of undertaking resettlement housing projects. Such projects include reconstruction and redevelopment of real estate properties. By selling redeveloped properties to resettlement households, the Issuer Group is able to maintain a healthy cashflow as the related receivables can be secured stably. The development projects of resettlement housing in Dafeng District of Yancheng City is primarily undertaken by Zhencheng Construction, a wholly-owned subsidiary of the Issuer, and the resettlement housing construction and sales are carried out according to the resettlement plan of Dafeng District. Zhencheng Construction possesses Grade II qualification for real estate development.

The Issuer Group uses self-raised funds to bid for resettlement housing land and carries out construction accordingly. The Issuer Group carries out targeted sales to resettlement households eligible for resettlement housing purchase after the completion of the resettlement housing projects. The Issuer Group and the resettlement households shall sign the commodity house purchase and sales contracts, and the price of the resettlement house shall be determined by the relevant government departments according to the resettlement housing land price. If the price of the resettlement house exceeds the resettlement compensation received by the corresponding resettlement households, the resettlement households shall bear and pay the difference themselves, and the Issuer Group shall issue value-added tax invoices to the resettlement households.

Project Description

Completed Projects

As at 31 December 2024, for the completed resettlement housing projects of the Issuer Group, the total sellable area is 352,100 square meters, the sold area is 135,200 square meters, the confirmed income is RMB733 million, and the collection amount is RMB392 million. The following table sets forth particulars of the Issuer Group's certain material completed projects as at 31 December 2024:

Project	Sellable area	Sold area	Planned investment	Confirmed income	Collection amount
	<i>(square meters)</i>	<i>(square meters)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Dehui Garden (德惠花園)	26,100	22,400	51	66	54
Xindongyuan Residential Area (新東苑小區)	21,100	17,100	38	44	36
Jingshang Mingcheng Resettlement Housing Project (景尚名城保障房項目)	155,200	80,000	760	532	302
Kangxin Yayuan Resettlement Housing Project (康馨雅苑保障房項目)	149,700	15,700	720	91	0
Total	352,100	135,200	1,569	733	392

Projects under Construction

As at 31 December 2024, the Issuer Group mainly has 2 resettlement housing projects under construction, with a planned investment of RMB3,650 million and a cumulative investment of RMB1,420 million. The following table sets forth particulars of the Issuer Group's certain material projects that are under construction as at 31 December 2024:

Project	Planned investment	Cumulative investment	Sellable area
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(square meters)</i>
Dehui Garden Phase II Affordable Housing (德惠花園二期保障房)	1,050	609	159,800
Second Phase Resettlement Housing Project of Runfu Garden (潤富花園二期安置房項目)	2,600	811	265,000
Total	3,650	1,420	424,800

Projects under Planning

As at 31 December 2024, the Issuer Group has no planned resettlement housing projects.

Commodity trading

The commodity trading business of the Issuer Group is carried out by the Issuer and Nanjing Fengye. The commodities being traded by the Issuer primarily include coal and metal ores, etc.. The Issuer mainly procures coal from coal mines and large regional procurers in Shandong, Shanxi, Zhejiang and other provinces and its downstream customers are mainly power plants and large-scale energy enterprises. Nanjing Fengye mainly procures methanol from foreign methanol traders designated by downstream customers.

The Issuer Group's commodity trading business bases its procurement and inventories demand on actual sales orders. According to the procure demand from downstream customers, the Issuer Group procures commodities from raw material suppliers, and the suppliers deliver commodities directly to downstream customers. The Issuer Group does not undertake warehousing and logistics work.

The table below sets forth the major customers of the Issuer Group's commodity trading operating income for the year ended 31 December 2024:

Major customers	Major commodities provided to the Issuer Group	Amount of purchase
Nantong Xinao VEHICLE Gas Development Co., Ltd. (南通新奧車用燃氣公司)	Natural gas	118.14
Jiangsu Huagang Dingcheng Gas Co., Ltd. (江蘇華港鼎程燃氣有限公司)	Natural gas	91.88
Yan Cheng Xin Cheng Xin Ao Gas Company Limited (遼寧德峰石化集團有限公司)	Sulfur	25.12
Jiangsu Binfa Energy Development Co., Ltd. (江蘇濱發能源發展有限公司)	Natural gas	23.33
Yancheng Zhongmao Energy Co., Ltd. (鹽城中卯能源有限公司)	Natural gas	12.76
Total		271.23

The table below sets forth the major suppliers of the Issuer Group's commodity trading operating income for the year ended 31 December 2024:

Major suppliers	Major commodities provided by the Issuer Group	Sales amount <i>(RMB in millions)</i>
Taixing Xinao Coal.gas. Co., Ltd. (泰興新奧燃氣有限公司)	Natural gas	111.85

Shandong Ningxing Energy Co., Ltd. (山东宁兴能源有限公司)	Natural gas	69.29
Yan Cheng Xin Cheng Xin Ao Gas Company Limited (盐城新城新奥燃气有限公司)	Natural gas	31.93
Yancheng Dafeng Zecheng Trading Development Co., Ltd. (盐城市大丰区泽城贸易发展有限公司)	Sulfur	25.00
Jiangsu Xinao Clean Energy Co., Ltd. (江苏新奥清洁能源有限公司)	Natural gas	17.30
Total		255.37

Gas and power supply services

The power supply business of the Issuer Group is primarily carried out by the Issuer, which owns three photovoltaic power generation projects. The Issuer leases out photovoltaic power generation equipment and auxiliary shed charging piles, and the income generated from the power supply business is relatively humble. The gas supply business of the Issuer Group is carried out by Nanjing Fengye. Natural gas is procured from Jiangsu Natural Gas Co., Ltd. (江蘇省天然氣有限公司), a subsidiary of Jiangsu Guoxin Investment Group Limited (江蘇省國信集團有限公司), and natural gas is sold to natural gas consumption entities with stable demand such as Suzhou Towngas Co., Ltd. (蘇州港華燃氣有限公司), Dafeng Ganghua Gas Co., Ltd. (大豐港華燃氣有限公司) and Nanjing China Resources Gas Co., Ltd. (南京華潤燃氣有限公司) at the same time. On the whole, the Issuer Group's gas supply and power supply business has developed steadily and will provide stable income for the Issuer Group in the future.

Property leasing

The property leasing business of the Issuer Group primarily consists of rental income generated from leasing out its properties to external parties. As the Issuer's self-operated projects gradually being completed and put into use, the Issuer expects to possess much more high-quality properties which can be leased out for an income. As a bonus to the Issuer's existing income, the property leasing business is likely to provide the Issuer with a stable income in the future.

Sewage treatment

The sewage treatment business of the Issuer Group is primarily carried out by its subsidiary, Hucheng Sewage. The self-operated sewage treatment projects of the Issuer Group are mainly sewage treatment projects in Shanghai and Jiangsu agglomeration area. Such sewage treatment project is located in Shanghai-Jiangsu Dafeng Industrial Linkage Cluster Area (滬蘇大豐產業聯動集聚區). Covering the land area of 2.73 hectares, the sewage treatment project is primarily a sewage treatment plant with the sewage treatment scale of 10,000 cubic meters per day. The total investment of this sewage treatment project is RMB96 million. The project income mainly comes from sewage treatment. The project was completed and put into operation in 2022, with sewage treatment revenue of RMB1.63 million, RMB13.23 million and RMB11.40 million for the years ended 31 December 2022, 2023 and 2024. In the future, this project will bring a new business and profit growth to the Issuer.

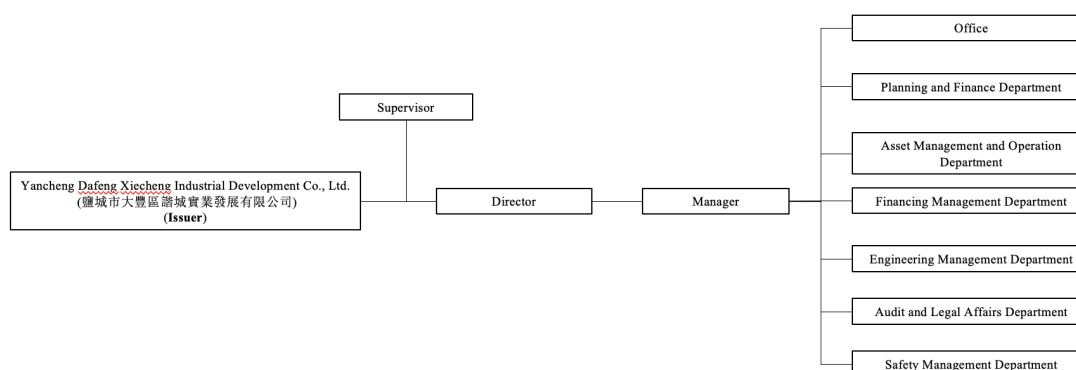
Other businesses

Other businesses of the Issuer mainly include property management business, advertisement business and other businesses. In the future, as the advantages of the Issuer's multi-faceted business model being realised, such diversified business lines will provide the Issuer with more stable cashflow and revenue sources.

CORPORATE GOVERNANCE STRUCTURE

The Issuer Group has established a sound corporate governance structure comprising the director, supervisor and operating management entities.

The following diagram sets forth a simplified corporate governance structure of the Issuer as at the date of this Offering Circular:



ENVIRONMENTAL 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 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 31 December 2024, the Issuer Group had approximately 60 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 statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation 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 according to applicable PRC regulations. 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, holiday entitlement, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

From time to time, the Issuer Group 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 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 change on its business, financial condition or results of operations.

DIRECTOR, SUPERVISOR AND SENIOR MANAGEMENT OF THE ISSUER

DIRECTOR

The Issuer has one director. The director of the Issuer is responsible for reporting to shareholders and implementing shareholders' resolutions; determining operation and investment plans, annual investment plans and investment proposals; formulating annual budget, profit sharing and loss recovery plans, plans for increase or decrease of registered capital and issuance of debt securities; drafting plans on mergers, spinoffs, changes of corporate forms as well as the winding up and dissolution of the Issuer; determining internal management structure of the Issuer; appointing, removing and determining the remuneration of senior management; determining the basic management system of the Issuer; and other responsibilities stipulated in relevant laws and regulations or the Issuer's articles of association or granted by the Issuer's shareholders. The director of the Issuer is appointed for a term of three years, which is renewable upon re-election or re-appointment.

The following table sets forth certain information concerning the Issuer's director as at the date of this Offering Circular:

Name	Age	Position
Mr. Ji Minggen (季明根).....	47	Director and general manager

Mr. Ji Minggen (季明根), aged 47, has successively held positions as the instructor at the Dafeng Municipal Party School (大豐市委黨校), the clerk, the officer and the deputy director at the Dafeng Municipal Party Member Audio-Visual Education Center and the Remote Office (大豐市黨員電化教育中心、遠程辦), the deputy director of the Dafeng District Party Member Audio-Visual Education Center and the Remote Office (大豐區黨員電化教育中心、遠程辦) and the deputy director of the Cadre Section and the Youth Cadre Section of the Organization Department of Dafeng District Committee (大豐區委組織部幹部科、青乾科). He currently serves as the deputy general manager of Dafeng Construction, the deputy general manager of the Guarantor and the legal representative, the director and the general manager of the Issuer. He obtained a bachelor's degree.

SUPERVISOR

The Issuer has one supervisor. The supervisor is responsible for monitoring the Issuer's financial matters; overseeing the performance of the directors and senior management and making proposals on the removal of the directors and senior management who violate laws, administrative regulations, the Issuer's articles of association or the shareholders' resolutions; demanding the directors and senior management to correct their improper conducts when their conducts harm the interests of the Issuer; making proposals to shareholders; initiating actions against directors or senior management in accordance with Article 151 of the PRC Company Law; and other responsibilities stipulated in relevant laws and regulations or the Issuer's articles of association or granted by the Issuer's shareholders. The supervisor of the Issuer is appointed for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets forth certain information concerning the Issuer's supervisor as at the date of this Offering Circular:

Name	Age	Position
Ms. Jin Suqin (金素芹).....	49	Supervisor

Ms. Jin Suqin (金素芹), aged 49, has served as the accountant and the employee supervisor of Dafeng Construction since October 2008. She currently serves as the supervisor of the Issuer. She obtained a junior college degree.

SENIOR MANAGEMENT

The senior management is primarily responsible for managing the production and operation work of the Issuer and implementing the decisions of director of the Issuer; implementing the annual business plans and investment proposals; formulating the internal management organisation plans; and other responsibilities stipulated in relevant laws and regulations or the Issuer's articles of association.

The following table sets forth certain information concerning the Issuer’s senior management as at the date of this Offering Circular:

Name	Age	Position
Mr. Ji Minggen (季明根).....	47	Director and general manager

For Mr. Ji Minggen ’s biography, see “– *Director*” above.

DESCRIPTION OF THE GROUP

OVERVIEW

The Guarantor is the core comprehensive management and operational platform of state-owned assets in Dafeng District. The Guarantor has prominent position within Dafeng District and is directly and wholly-owned by the Dafeng District Government. The Guarantor primarily engages in infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc., with a diversified business structure.

The Guarantor plays a vital role in the infrastructure development, as well as the construction and operation of Dafeng District. Leveraging on the strong government support, the Group has played an important role in furthering the social and economic development of Dafeng District by undertaking and completing a number of strategically important infrastructure projects within Dafeng District.

The Group has a diversified business portfolio. As at the date of this Offering Circular, the Group's principal business segments are as follows:

- *Infrastructure construction.* The infrastructure construction business of the Group is primarily undertaken by the Guarantor's subsidiaries, Dafeng Construction, Dafeng Transportation Investment, Ecology Investment and Mingsheng Construction, adopting the agent construction model. The commissioning parties include Yancheng City Dafeng District Urban Construction Headquarters, Yancheng City Dafeng District Transportation Bureau and Dafeng Economic Development Committee, Xingfeng Engineering, the ultimate beneficial owner of which is Gaoxin Construction, Haicheng Industrial, Dazhong Street People's Government (大中街道人民政府) and other relevant governmental bodies. The above-mentioned subsidiaries carry out infrastructure construction projects through self-raised funds and, for any project, the commissioning party would usually confirm the final contractual amount as the Project Investment adding a certain proportion of the Project Investment, and the undertaking entity would record the income according to a settlement confirmation memorandum.
- *Property sales.* The property sales business of the Group primarily consists of sales of resettlement housing. The resettlement housing projects are primarily carried out by Dafeng Construction and its subsidiary, Ecology Investment, and the Guarantor's subsidiary, Zhencheng Construction. The above-mentioned entities use self-raised funds to bid for resettlement housing land and carry out construction accordingly.
- *Engineering and construction.* From 2022 to 2024, the Group's engineering and construction business was primarily operated by Dafeng Road and Bridge, a former subsidiary of Dafeng Transportation Investment. In terms of qualifications, Dafeng Road and Bridge possesses grade II qualification for general contracting of highway engineering and construction, grade II qualification for professional contracting of highway pavement engineering, grade II qualification for professional contracting of highway subgrade engineering and grade II qualification for general contracting of municipal public engineering and construction.
- *Commodity trading.* The commodity trading business of the Group is primarily carried out by Dafeng Construction's subsidiaries, Zecheng Trading, Hengkai Trading and Xingtong Furun. The Group mainly trades commodities including minerals, metals, coal, agricultural products, etc., and bases its procurement and inventories demand on actual sales orders.
- *Property leasing.* The property leasing business of the Group is primarily conducted through its subsidiaries, Fengshou Dadi, Ecology Investment and Dafeng Transportation Investment. The Group's property leasing business primarily consists of leasing out its sewage and rainwater network assets, land, factories and office buildings, etc..
- *Other businesses.* Other businesses of the Group primarily include gas and power supply, sewage treatment, civil defence, security escort, etc., and the revenue sources are relatively diversified.

COMPETITIVE STRENGTHS OF THE GROUP

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

Well-positioned to benefit from the strong economic growth potential of Dafeng District and Yancheng City in general.

Yancheng City is located in the central part of coastal area of Jiangsu Province, bordering the Yellow Sea to the east, Huai'an to the west, Nantong to the south and Lianyungang to the north. It is a dual node of the northern wing of the Yangtze River Delta and the Huaihe River Ecological Economic Belt. As a core city of coastal development strategy of Jiangsu Province, it is positioned as a land-sea linkage hub of the "Belt and Road Initiative" and a highland for industrial transfer and reception in the Yangtze River Delta. Its coastal location not only provides a natural advantage for port logistics, but also, through deep-water ports such as Binhai Port (with a planned annual throughput of 200 million tons) and Dafeng Port, has become the gateway to the sea of the Huaihe River Ecological Economic Belt, achieving a transformation from "coastal location" to "hub advantage". For the year ended 31 December 2024, Yancheng City recorded a GDP of approximately RMB777.92 billion, representing a year-on-year growth of 5.5 per cent. for the previous year.

The Group believes that Yancheng City will continue to benefit from developments along the eastern region of the PRC, and as a result there will be significant business opportunities and strong growth potentials for the Group's business.

Predominant infrastructure construction platform in close alignment with favourable national and local policies.

Playing a pivotal role in the urban construction and development of Dafeng District, the Group will actively participate in various projects. The business development opportunities are extensive, and the Group holds a significant position within the industry. The region and market that the Group operates within have steady and rigid demands for its services and are expected less likely to be influenced by macroeconomic policy adjustments. Therefore, the Group foresees rapid expansion of its operations within the region and such expansion will further strengthen the Group's important market position as the provider of infrastructure construction within Dafeng District.

Strong support from the Dafeng District Government and other government entities.

The Group is wholly-owned by the Dafeng District Government at the date of this Offering Circular. The Guarantor has prominent position within Dafeng District and is directly and wholly-owned by the Dafeng District Government. The Group has extensive business involvement with and support from its shareholder, the Dafeng District Government, together with the other government-controlled entities, is committed to urbanisation and multi-front economic growth in recent years.

The Group has received financial support in the form of capital injections and government subsidies to support the Group's operations. For the years ended 31 December 2022, 2023 and 2024, the Group received governmental fiscal subsidies related to the daily activities of enterprises in the amounts of RMB409.13 million, RMB448.94 million and RMB293.24 million. The Group will concentrate on infrastructure construction and other business segments, and become a major platform for investment and construction of major projects.

The description of business involvement with and support from the Dafeng District Government and its controlled entities in this section means the support provided to the Group's or the Group's business operations and should not be read as any indication that Dafeng District Government will provide any financial support to the Group in respect of its obligations under the Bonds.

Experienced senior management team and talented professionals.

The Group has an experienced management team with extensive knowledge in the industries in which the Group operates. The Group believes that the management team's industry knowledge and technical expertise has enable the Group to make prudent business decisions so as to strengthen its operations in the relevant sectors in Yancheng City. Please see "Director, Supervisor and Senior Management of the Issuer" and "Directors and Senior Management of the Guarantor" for further information.

The Group's experienced management team is also supported by a dedicated team of staff with extensive technical and industry knowledge. In addition, since its establishment the Group has accumulated extensive experiences in the industries in which the Group operates. The Group has, over years of undertaking similar projects, created an effective system of investment decision making and construction and operation management. The Group believes

that the existing system derived from its extensive experiences in the industries in which the Group operates has enabled the Group to decrease investment cost, guaranteed project quality, hence allowing the Group to enjoy various advantages from an operational standpoint.

The Group believes that the skills and knowledge of its management team and employees, as well as the Group's experience in its infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses, will continue to have a positive impact on operations of the Group and in turn will further contribute to the growth and expansion of the Group.

Sufficient capital from diversified financing channels.

The Group has established close and extensive cooperation with various financial institutions and has maintained good long-term relationships with these institutions, providing the Group accesses to diversified financing channels for its development, operation and expansion plans.

As at 31 December 2024, the Group had banking facilities in aggregate of approximately RMB41.911 billion, of which approximately RMB14.927 billion were unutilised.

The Group believes that the Group has a robust liquidity position with access to different funding sources and facilities. As at the date of this Offering Circular, the Issuer has been assigned a "BBB" rating by Lianhe Ratings, with a stable outlook. The Guarantor has been assigned a "AAA" rating by Fareast Credit, with a stable outlook. The Group's strong financing capability has enabled it to fulfil capital requirements of its businesses and capitalise on various business opportunities.

BUSINESS STRATEGIES OF THE GROUP

The Group intends to focus on the following business strategies:

Continue to focus on its infrastructure construction business within Dafeng District and maintain its important role in the development of Dafeng District.

The Group intends to continue focus on undertaking its infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses. Over the past few years, the Group has built up a strong presence and achieved an important market position in the industries in which the Group operates in Yancheng City and Dafeng District. Leveraging its extensive industry experience, the Group believes that it will continue to play an important role in the development of Yancheng City and Dafeng District.

While completing infrastructure construction projects within Dafeng District, the Group will continuously optimise and adjust its business structure, organizational structure and professional structure, and will emphasise transitioning from competing development to orderly management, from administrative management to asset management, and from policy advantages to market advantages, aiming to enhance the Group's overall strength and ensure its important position in the relevant industries within the Dafeng District.

Continue to diversify the Group's businesses and to increase investment in businesses that synergies with the Group's core businesses.

While the Group primarily focuses on infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc., with a diversified business structure. The Group believes that its diversified business portfolio will bring attractive returns and the Group plans to increase investment in these businesses and utilise its abundant resources in Yancheng City to strengthen its market position and increase its operating income. Furthermore, the Group also plans to expand into other industries that would create synergy with the Group's existing businesses. The Group will continue to invest in areas that are in line with the Group's business strategies to strengthen its market position and increase its profitability. The Group believes that its diverse sources of income will contribute to a steady growth of the Group's operating income.

Continue to develop diversified financing channels to maintain well-capitalised growth.

The Group has traditionally funded its business operation and working capital through bank loans and issuance of debt securities. The Group intends to explore and employ new financing channels. In addition, the Group is seeking to build and reinforce close co-operative relationships with financial institutions to secure funding on more

favourable terms to better support the Group's financing needs for development and to maintain a reasonable and balanced debt structure.

Continue to build a professional management team.

The Group believes that its experienced management team has been and will be a key factor in contributing to its growth and development. The Group also believes that its experienced management team will be important in achieving and maintaining an important market position in the industries in which the Group operates, in particular its infrastructure construction, property sales, commodity trading, gas and power supply services, property leasing, sewage treatment and other businesses within Yancheng City. The Group will continue to build a professional management team with well-qualified and experienced personnel, carry out regular training so as to enable the Group to continue to improve the efficiency of its operations and achieve its strategic goals.

RECENT DEVELOPMENTS OF THE GROUP

Performance of the Group as at and for the six months ended 30 June 2025

As at the date of the Offering Circular, the Group has prepared an unaudited consolidated financial information of the Group as at and for the six months ended 30 June 2025 (the "Group's 2025 Interim Financial Statements"). The Group's 2025 Interim Financial Statements have not been audited or reviewed by the independent auditors of the Group, or any other independent accountants, and maybe subject to adjustments if audited and reviewed.

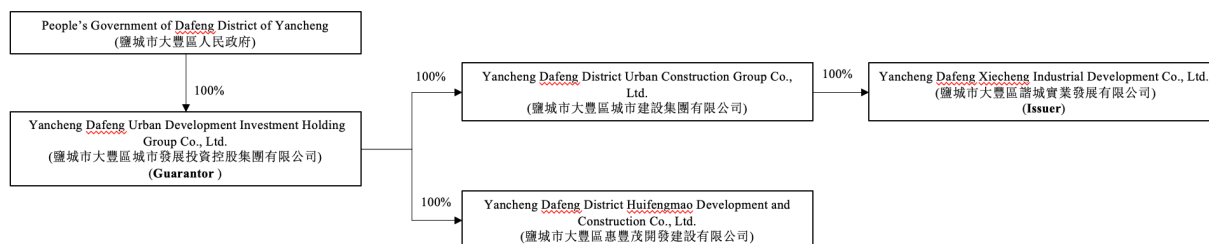
For the six months ended 30 June 2025, as compared to the same period in the preceding year, the Group experienced a decrease in revenue primarily due to the fact that the income from certain infrastructure construction businesses has not been settled yet. The Group experienced a decrease in operating cost primarily due to the decrease in administrative expenses. The Group experienced a decrease in operating profits and net profits primarily due to the fact that the income from certain infrastructure construction businesses has not been settled yet. As at 30 June 2025, the Group's total assets increased as compared to the balance as at 31 December 2024 primarily due to undertaking substantial amount of projects and business expansion in general. The Group's total liabilities increased as compared to the balance as at 31 December 2024 primarily due to the increase in external financing demand.

Potential investors should note, in particular, that the financial information in the Group's 2025 Interim Financial Statements may differ from future audited or reviewed information and the Group's 2025 Interim Financial Statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review. The Group's 2025 Interim Financial Statements should not be taken as an indication of the financial condition or results of operations of the Group for the full financial year ending 31 December 2025. The Group's 2025 Interim Financial Statements do not constitute part of this Offering Circular. See "*Risk Factors– Risks relating to the Group and its business - Investors should not place any reliance on financial information which is unreviewed or unaudited*". As such, the Group's 2025 Interim Financial Statements has not been set out in detail in this Offering Circular and does not form part of this Offering Circular and potential investors should not rely on such financial information in their evaluation of the financial condition of the Group and in making their investment decisions. The aforementioned financial information as at and for six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the year ending 31 December 2025 or any period thereafter. Consequently, potential investors must exercise caution when using such data to evaluate the Group's financial condition and results of operations.

None of the Joint Lead Managers, the Trustee or the Agents nor any of their respective directors, officers, employees, representatives, agents, advisers, affiliates and any person who controls any of them makes any representation or warranty, express or implied, regarding the accuracy of the Group's 2025 Interim Financial Statements or the sufficiency of such financial information for an assessment of the Group's financial condition and results of operation.

GROUP STRUCTURE

The following chart presents a simplified corporate structure showing the shareholder and principal subsidiaries of the Group as at the date of this Offering Circular .



HISTORY AND DEVELOPMENT

In April 2023, the Guarantor (formerly known as Yancheng Dafeng District Huiyu Urban Renewal Co., Ltd. (鹽城市大豐區惠宇城市更新有限公司)) was established by Dafeng Construction with an initial registered capital of RMB400.00 million. As at the date of this Offering Circular, the Guarantor has a registered capital of RMB2,000.00 million and is wholly-owned by the Dafeng District Government.

The table below sets forth the historical milestones in the Guarantor's development:

Year	Milestone Event
April 2023	The Guarantor was established by Dafeng Construction with an initial registered capital of RMB400.00 million.
December 2024	Pursuant to the Approval on Agreeing to Transfer the Equity of Jiangsu Fengshou Dadi Investment Development Co., Ltd and Other Companies (《關於同意劃轉江蘇豐收大地投資發展有限公司等公司股權的批復》) issued by the State-owned Assets Supervit (as defined below) on 28 December 2024, as part of the asset-consolidation and establishment of the Guarantor through shareholding structure adjustment, Dafeng Construction would transfer 49 per cent. of the equity interest of Fengshou Dadi to the Guarantor with no consideration. In addition, 100 per cent. of the equity interest of the Guarantor would be transferred to the Dafeng District Government with no consideration.
April 2025	On 27 April 2025, Dafeng Construction sought instructions from the State-owned Assets Supervision and Administration Office of the Dafeng District Government in relation to having 100 per cent. of the equity interest of Dafeng Construction transferred to the Guarantor with no consideration. Upon completion of the proposed equity interest transfer, Dafeng Construction will be a wholly-owned subsidiary of the Guarantor. In addition, Yancheng Dafeng District Jinmao State-owned Comprehensive Assets Management Co., Ltd. (鹽城市大豐區金茂國有綜合資產經營有限公司) proposed to entrust to the Guarantor the exercise of the 51 per cent. shareholder voting rights held by it in Fengshou Dadi. Upon completion of the proposed entrustment, Fengshou Dadi will be controlled by and consolidated into the Guarantor. On 15 May 2025, the State-owned Assets Supervision and Administration Office approved the above-mentioned proposals. As at the date of this Offering Circular, the updated corporate information of Dafeng Construction has been officially registered and the updated corporate information of Fengshou Dadi is in the process of being registered.
June 2025	The Guarantor changed its registered name from Yancheng Dafeng District Huiyu Urban Renewal Co., Ltd. (鹽城市大豐區惠宇城市更新有限公司) to Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (鹽城市大豐區城市發展投資控股集團有限公司).
June 2025	100 per cent. equity interest of the Guarantor was transferred from Dafeng Construction to the Dafeng District Government.

June 2025

The registered capital of the Guarantor was increased from RMB400.00 million to RMB2,000.00 million.

RELATIONSHIP WITH THE DAFENG DISTRICT GOVERNMENT

The Guarantor is wholly owned by the Dafeng District Government. As a state-owned enterprise based in Dafeng District, Yancheng City, the Group has extensive connections with other entities directly or indirectly controlled by the Dafeng District Government.

Notwithstanding the Guarantor's extensive relationships with the Dafeng District Government and other entities controlled by it, the Guarantor is not part of, and is operationally and financially separated from, the Dafeng District Government. Its functions and departments are separate from those of, and do not share any premises with, the Dafeng District Government. The board of directors and the senior management of the Guarantor are not government officers. The Guarantor has its own budget and financial reporting system and its assets and liabilities are separate from those of the Dafeng District Government. The Dafeng District Government as the ultimate equity holder of the Guarantor is only responsible for the liability of the Guarantor up to the limit of its equity contribution to the Issuer. Neither the Dafeng District Government nor any other PRC governmental entity has any payment or other obligations under the Bonds or the Trust Deed and they will not provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Dafeng District Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds or the Trust Deed. The Bonds are solely to be repaid by the Issuer, and if the Guarantee was called, the Guarantor, and the obligations of the Issuer and Guarantor under the Bonds and the Guarantee, respectively, shall solely be fulfilled by the Issuer and Guarantor as independent legal persons, respectively. Investments in the Bonds are on the credit risk of the Issuer and Guarantor, rather than that of the Dafeng District Government or any other PRC governmental entity. In the event that the Issuer and the Guarantor does not fulfil its obligations under the Bonds or the Guarantee, investors will only be able to claim as an unsecured creditor against the Issuer, the Guarantor and their respective assets, and not any other person, including the Dafeng District Government nor any other PRC governmental entity.

The detailed description "fth' relationships between the Group and the Dafeng District Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Dafeng District Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Group. See also the risk factors entitled "*A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition, results of operations and prospects*" and "*The shareholder may exert significant influence on the Group, and could cause the Group to make decisions or modify the scope of its operations, or impose new obligations on the Group, which may not be in the Group's best interests or may not maximise the Group's profits*" in the section entitled "*Risk Factors — Risks relating to the Group and its business*".

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group has developed a diversified business portfolio covering infrastructure construction, property sales, engineering and construction, commodity trading, property leasing and other businesses, such as gas and power supply and sewage treatment, etc.

The following table sets out a breakdown by business segment of the Group's total operating income for the years ended 31 December 2022, 2023 and 2024:

	For the year ended 31 December					
	2022		2023		2024	
	Amount (RMB in millions)	per cent. of total (per cent.)	Amount (RMB in millions)	per cent. of total (per cent.)	Amount (RMB in millions)	per cent. of total (per cent.)
Infrastructure construction	3,353.63	36.95	3,557.41	36.12	3,597.97	32.42

Property sales	421.88	4.65	132.91	1.35	210.11	1.89
Engineering and construction	203.99	2.25	229.66	2.33	288.03	2.60
Commodity trading	4,570.46	50.36	5,355.81	54.38	6,350.86	57.22
Property leasing	206.78	2.28	237.68	2.41	217.39	1.96
Others	319.41	3.52	336.02	3.41	434.58	3.92
Total operating income	9,076.15	100.00	9,849.49	100.0	11,098.94	100.0

Infrastructure Construction

Overview

The infrastructure construction business of the Group is primarily undertaken by the Guarantor's subsidiaries, Dafeng Construction, Dafeng Transportation Investment, Ecology Investment and Mingsheng Construction, adopting the agent construction model. The commissioning parties include Yancheng City Dafeng District Urban Construction Headquarters, Yancheng City Dafeng District Transportation Bureau and Dafeng Economic Development Committee, Xingfeng Engineering, the ultimate beneficial owner of which is Gaoxin Construction, Haicheng Industrial, Dazhong Street People's Government (大中街道人民政府) and other relevant governmental bodies. The above-mentioned subsidiaries carry out infrastructure construction projects through self-raised funds and, for any project, the commissioning party would usually confirm the final contractual amount as the Project Investment adding a certain proportion of the Project Investment, and the undertaking entity would record the income according to a settlement confirmation memorandum.

Project Description

Completed Projects

The following table sets forth particulars of the Group's certain material completed infrastructure construction projects as at 31 December 2024:

Project	Construction period	Collection period	Planned investment	Cumulative investment	Proposed collection amount	Collection amount
			<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
Rural Road Upgrading and Renovation Project (農村公路提檔升級及改造工程)	2016-2019	2019-2028	3,084	3,864	3,701	565
Dafeng Section of the Linhai Expressway (臨海高等級公路大豐段)	2015-2021	2019-2028	1,870	2,265	2,244	129
Eastern Section of Provincial Road 331 in Yancheng (331 省道鹽城東段工程)	2017-2021	2019-2028	1,250	996	1,500	300
Chengxi Market (城西菜場)	2012-2022	2020-2028	726	726	871	310
Changxin Road Project (常新路項目)	2017-2019	2021-2026	350	356	420	54
Nanxiang Avenue (Jinfeng Road - Yihe) (南翔大道 (金豐路-一河))	2012-2022	2022-2026	956	1,151	1,147	200
S351 (Reconstruction and Expansion Project of the	2016-2018	2019-2026	1,500	1,319	1,800	592

Section from Cao Miao to Cao Yan in Dafeng) (S351 (大豐草廟至草堰段改擴建工程))						
Reconstruction and Expansion Project of the Southern Section of Provincial Road 226 in Dafeng (226 省道大豐南段改擴建工程項目)	2017-2019	2020-2028	1,530	1,956	1,836	402
Sewage Pipe Network Maintenance Project (污水管網維修項目)	2017-2019	2020-2026	478	570	574	136
Expansion and Renovation Project of Tonggang Avenue (通港大道改擴建工程項目)	2010-2014	2023-2026	682	855	818	110
Dasi River Renovation Project (大泗河改造項目)	2013-2014	2020-2026	202	282	242	102
Shengfeng Road (from Shugang Road to the Knowledge Youth Museum) (盛豐路 (疏港路至知青館))	2014-2016	2022-2026	128	145	154	-
Maoyou Education Service Center of Dafeng District (大豐區卯酉教育服務中心)	2021-2023	2019-2028	1,100	1,150	1,320	-
Black and Odorous River Project (黑臭河工程)	2019-2020	2023-2026	361	361	433	123
Renovation and Upgrading of the Former Xinfeng Middle School (原新豐中學改造提升)	2021-2022	2023-2026	200	192	240	-
Total			14,417	16,189	17,299	3,023

Projects under Construction

As at 31 December 2024, the Group had certain material infrastructure construction projects under construction with a planned total investment of approximately RMB10.122 billion and cumulative invest amount of approximately RMB4.898 billion. The following table sets forth particulars of the Group's certain material infrastructure construction projects that are under construction as at 31 December 2024:

Project	Planned investment	Cumulative investment
	<i>(RMB in billions)</i>	<i>(RMB in billions)</i>
Xihekou Dazhong Street Project (西河口大中街道項目)	2.620	1.848
Rainwater and Sewage Diversion Project (雨污分流工程)	0.571	0.236
Xinfengli Urban Renewal Project (新豐里城市更新工程)	0.500	0.307
Landscape Greening Project of Yancheng Beautiful Rural Tourism Road Line 1 (Dafeng Section) and Line 6 (鹽城美麗鄉村旅遊公路 1 號線(大豐段)及 6 號線景觀綠化工程)	0.700	0.097
People's Road Shanghai-style Street Project (人民路海派風情街工程)	0.260	0.151
Demolition project for the Infrastructure of Dazhong Town	1.740	1.175

(大中鎮基礎設施工程拆遷項目)

Urban Renewal Project of the Plot South of Dazhong Daliu Road

(大中大劉路南側地塊城市更新項) 1.900 0.241

Urban Renewal Project of the Area North of Yimin Road

(益民路北側片區城市更新項目) 1.831 0.843

Total 10.122 **4.898**

Projects under Planning

As at 31 December 2024, the Group had certain material infrastructure construction projects under planning with a planned investment of RMB6.749 billion. The following table sets forth particulars of the Group's certain material infrastructure construction projects that are under planning as at 31 December 2024:

Project	Planned investment
	(RMB in billions)
Comprehensive Water Environment Improvement Project of the West Estuary of Dafeng	
(大豐西河口水環境綜合整治項目)	1.750
Project of the Connection Line from Dafeng Interchange to Dafeng Port of Shenhai Expressway	
(沈海高速大豐互通至大豐港連接線項目)	1.100
Industrial Upgrading Project of the Plot on the West Side of Dongning Road	
(東寧路西側地塊產業升級項目)	1.600
Urban Renewal Project of the Southern Area of Tonggang Avenue	
(通港大道南片區城市更新項目)	1.253
Urban Renewal Project of the Area North of Feida Road	
(飛達路北側片區城市更新項目)	1.046
Total	6.749

Self-operated Projects

The Group's self-operated projects are mainly managed and carried out by Ecology Investment, Hucheng Sewage and Yancheng Dafeng District Haicheng Tourism Development Co., Ltd. (鹽城市大豐區海城旅遊發展有限公司). As of 31 December 2024, the Group's major self-operated projects under construction include Haibo Express Logistics Intelligent Warehousing Center (海博快遞物流智能倉儲中心), Dafeng New World Project (大豐新天地項目), and Investment and Construction of the Industrial Product Warehousing, Exhibition and Sales Center in the Development Zone (投資建設開發區工業產品倉儲展示銷售中心), etc. The estimated total investment is approximately RMB3,558 million and the total cumulative investment is approximately RMB2,269 million. All funds for self-operated projects project are self-raised. As of 31 December 2024, all the above-mentioned projects were still under construction and had not yet generated any income. As of 31 December 2024, the Group has no self-operated projects under planning.

The following table sets forth particulars of the Group's certain material self-operated projects under construction as at 31 December 2024:

Project	Planned investment	Cumulative investment
	(RMB in millions)	(RMB in millions)
Haibo Express Logistics Intelligent Warehousing Center		
(海博快遞物流智能倉儲中心)	673	630
Dafeng New World Project (大豐新天地項目)	825	775
Shuangrui Construction Project of Supporting Factory Buildings		
For The Annual Production of 450 Sets of Large-Megawatt		
Offshore Wind Turbine Blades	200	25

(雙瑞年產 450 套大兆瓦海上風電葉片項目配套廠房建設項目)

Investment in the Renovation of the Original Yongfang Grain and Oil Assets to Build a Budget Hotel and a Warehousing and Logistics Center

(投資改造原永芳糧油資產建設快捷酒店、倉儲物流中心)

460

241

Investment and Construction of the Industrial Product Warehousing, Exhibition and Sales Center in the Development Zone

(投資建設開發區工業產品倉儲展示銷售中心)

700

368

Expansion Project for 25,000 Tons per Day Industrial Wastewater Treatment and 2,000 Tons per Day Domestic Wastewater Treatment

(2,5000 噸/日工業廢水處理及 2,000 噸/日生活廢水處理擴建項目)

250

10

Artes's 12GWH Annual Battery Cell Supporting Factory Construction Project (Phase I)

阿特斯年產 12GWH 電芯配套廠房建設項目（一期）

450

220

Total

3,558

2,269

Property sales

Overview

The property sales business of the Group primarily consists of sales of resettlement housing. The resettlement housing projects are primarily carried out by Dafeng Construction and its subsidiary, Ecology Investment, and the Guarantor's subsidiary, Zhencheng Construction. The above-mentioned entities use self-raised funds to bid for resettlement housing land and carry out construction accordingly.

The Group carries out targeted sales to resettlement households eligible for resettlement housing purchase after the completion of the resettlement housing projects. The Group and the resettlement households shall sign the commodity house purchase and sales contracts, and the price of the resettlement house shall be determined by the relevant government departments according to the resettlement housing land price. If the price of the resettlement house exceeds the resettlement compensation received by the corresponding resettlement households, the resettlement households shall bear and pay the difference themselves.

Project Description

Completed Projects

As at 31 December 2024, for the completed resettlement housing projects of the Group, the total sellable area is 352,100 square meters, the sold area is 135,200 square meters, the confirmed income is RMB733 million, and the collection amount is RMB392 million. The following table sets forth particulars of the Group's certain material completed projects as at 31 December 2024:

Project	Sellable area	Sold area	Planned investment	Confirmed income	Collection amount
	(square meters)	(square meters)	(RMB in millions)	(RMB in millions)	(RMB in millions)
Dehui Garden (德惠花園)	26,100	22,400	51	66	54
Xindongyuan Residential Area (新東苑小區)	21,100	17,100	38	44	36
Jingshang Mingcheng Resettlement Housing Project (景尚名城保障房項目)	155,200	80,000	760	532	302
Kangxin Yayuan Resettlement Housing Project	149,700	15,700	720	91	0

(康馨雅苑保障房項目)

Total	<u>352,100</u>	<u>135,200</u>	<u>1,569</u>	<u>733</u>	<u>392</u>
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Projects under Construction

As at 31 December 2024, the Group mainly has 2 resettlement housing projects under construction, with a planned investment of RMB3,650 million and a cumulative investment of RMB1,420 million. The following table sets forth particulars of the Group's certain material projects that are under construction as at 31 December 2024:

Project	Planned investment	Cumulative investment	Sellable area
	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(square meters)</i>
Dehui Garden Phase II Affordable Housing (德惠花園二期保障房)	1,050	609	159,800
Second Phase Resettlement Housing Project of Runfu Garden (潤富花園二期安置房項目)	2,600	811	265,000
Total	<u>3,650</u>	<u>1,420</u>	<u>424,800</u>

Projects under Planning

As at 31 December 2024, the Group has no planned resettlement housing projects.

Engineering and construction

From 2022 to 2024, the Group's engineering and construction business was primarily operated by Dafeng Road and Bridge, a former subsidiary of Dafeng Transportation Investment. In terms of qualifications, Dafeng Road and Bridge possesses grade II qualification for general contracting of highway engineering and construction, grade II qualification for professional contracting of highway pavement engineering, grade II qualification for professional contracting of highway subgrade engineering and grade II qualification for general contracting of municipal public engineering and construction.

In terms of business model, Dafeng Road and Bridge obtains the engineering and construction projects through public bidding and signs the contracts with the project contracting parties. The contracts include project construction, commencement and completion project period, total contract price and payment method, etc., and Dafeng Road and Bridge charges the project payment by stages according to the contracts. The Group's engineering and construction business is mainly within Yancheng City, and a small part involves other cities and counties around Yancheng City.

In April 2025, Dafeng Road and Bridge was removed from the consolidation scope of the Group. The engineering and construction business of the Group is undertaken by Yancheng Dafeng District Wancheng Engineering Project Management Co., Ltd. (鹽城市大豐區萬城工程項目管理有限公司), a subsidiary of Dafeng Construction.

The following table sets forth particulars of the Group's certain material completed engineering and construction projects as at 31 December 2024:

Project	Construction period	Collection period	Planned investment	Cumulative investment	Proposed collection amount	Collection amount
			<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>	<i>(RMB in millions)</i>
S226-LJ3 Section of the Reconstruction and Expansion Project of the Southern Section of Provincial Road 226 in Dafeng	2018-2020	2019-2023	123	123	135	27

(226 省道大豐南段改擴建工程 S226-LJ3 標段)						
2019TZ-B Section of 2019 Yancheng City Ordinary National and Provincial Trunk Road Maintenance Major and Medium Repair Extension Project						
(2019 年鹽城市普通國省幹線公路養護大中修調增項目 2019TZ-B 標段)	2019-2020	2020-2022	47	47	52	10
Rural Road Network Improvement Project of 2018 Panwan Town, Sheyang County						
(射陽縣盤灣鎮 2018 年農村公路路網完善工程)	2018-2019	2020-2022	7	7	8	2
2020TDSJSG-Y3 Section of 2020 Xinghua City Southwest and Southeast Rural Road Upgrading Project Construction Project						
(2020 年興化市西南片、東南片農村公路提檔升級工程施工項目 2020TDSJSG-Y3 標段)	2020-2021	2020-2023	72	72	79	16
C937 Tizha Road (Ginkgo Avenue) Widening and Renovation Project (Second Time)						
(C937 堤閘路 (銀杏大道) 拓寬改造工程 (二次))	2021-2021	2019-2023	32	3	35	7
Major Repair Project of Shuangmao Line in Dongtai City (Passing under the Intersection of Xinyi Hotel on the East Side of the High-Speed Railway Entrance)						
(東台市雙蟒線 (下穿高鐵路口鑫誼酒店東側交叉)) 大修工程)	2021-2021	2020-2022	3	12	3	1
YF4 Section of the 343 National Road Project from Dafeng to Yandu						
(343 國道大豐至鹽都段工程 YF4 標段)	2022-2023	2020-2022	12	14	13	3
HHDDSG1 Section of the West Extension Project of Huanghai Avenue in Haian City						
(海安市黃海大道西延工程 HHDDSG1 標)	2021-2023	2020-2023	14	123	15	3
Reconstruction and Expansion Project of the Southern Section of Provincial Road 226 in Dafeng (S226-LJ3 Section)						
(226 省道大豐南段改擴建工程 (S226-LJ3 標段))	2018-2021	2019-2023	123	16	135	27
Yancheng Dafeng District 2021 Beautiful Rural Tourism Road - Haiyi Line (Shijiawan to S226)						
(鹽城市大豐區 2021 年美麗鄉村旅遊公路-海益線 (施家灣至 S226))	2021-2023	2020-2022	16	3	18	4

Total	422	422	464	93
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Commodity trading

The commodity trading business of the Group is primarily carried out by Dafeng Construction's subsidiaries, Zecheng Trading, Hengkai Trading and Xingtong Furun. The Group mainly trades commodities including minerals, metals, coal, agricultural products, etc., and bases its procurement and inventories demand on actual sales orders.

In terms of payment mode, when the Group procures commodities, it receives commodity invoices issued by the suppliers according to signed procure and sales contracts, commodity rights transfer documents or commodities settlement documents issued by the suppliers, and confirms inventory. The Group pays to the suppliers upon receipt of commodity rights transfer settlement. When procuring commodities, the Group issues value-added tax invoices to the suppliers of commodities according to the delivery notes and other documents issued by the signed procure and sales contracts to confirm the revenue and tax of commodities, and carry forward the cost of commodities.

The table below sets forth the major customers of the Group's commodity sales operating income for the periods indicated:

Major customers	Major commodities provided by the Group	Sales amount <i>(RMB in millions)</i>	Per cent. of total sales amount <i>(per cent.)</i>
For the year ended 31 December 2022			
Yancheng Lianxin Steel Co., Ltd. (鹽城市聯鑫鋼鐵有限公司)	Metal	428	9.37
Zhejiang Ruifeng Materials Industry Co., Ltd. (浙江物產瑞豐物資有限公司)	Metal	412	9.02
JOYSTONE ASIA LIMITED	Coal	345	7.54
Hainan Xiangshi Industrial Co., Ltd. (海南象石實業有限公司)	Metal	283	6.19
Hainan Jizhao International Industrial Development Co., Ltd. (海南冀兆國際實業發展有限公司)	Metal	211	4.62
Total		1,679	36.74
For the year ended 31 December 2023			
Fujian Nanping LIYUAN Trading Co., Ltd. (福建省南平市立遠貿易有限公司)	Iron	492	9.18
Zhongchan Zhongda International Trade Group Co., Ltd. (物產中大國際貿易集團有限公司)	Iron	402	7.50
Hainan Liangang Supply Chain Co., Ltd. (海南漣鋼供應鏈有限公司)	Iron	364	6.80
Yangchun New Iron & Steel Co., Ltd. (陽春新鋼鐵有限責任公司)	Iron	362	6.76
Zhongqi Yunshang (Beijing) Logistics Co., Ltd. (中企雲商(北京)物流有限公司)	Petroleum coke	345	6.44
Total		1,965	36.68
For the year ended 31 December 2024			
Yangchun New Iron & Steel Co., Ltd. (陽春新鋼鐵有限責任公司)	Iron	1,329	20.93
Hunan Valin Lianyuan Iron and Steel Co., Ltd. (湖南華菱漣源鋼鐵有限公司)	Iron	822	12.95
Fujian Nanping LIYUAN Trading Co., Ltd. (福建省南平市立遠貿易有限公司)	Iron	533	8.40
Lianyungang Zunbang Trade Co., Ltd.	Iron	329	5.18

(連雲港尊邦貿易有限公司)
Beijing Topiron Resources Co., Ltd.
(北京建邦興業國際礦產資源有限公
司)

	Iron	301	4.74
Total		3,315	52.19

Property leasing

The property leasing business of the Group is primarily conducted through its subsidiaries, Fengshou Dadi, Ecology Investment and Dafeng Transportation Investment. The Group's property leasing business primarily consists of leasing out its sewage and rainwater network assets, land, factories and office buildings, etc..

According to the Notice on Allocating Sewage and Rainwater Pipe Network Assets to Jiangsu Fengshou Land Investment Development Co., Ltd. (《關於划撥污水、雨水管網資產至江蘇豐收大地投資發展有限公司經營管理的通知》) issued by the State-owned Assets Office of Dafeng District, Fengshou Dadi receive 1,216.24 kilometers sewage and rainwater pipe network within Dafeng District free of charge in 2020, with an asset evaluation value of RMB2.121 billion. Due to the demand of Yancheng Dafeng District Minsheng Water Service Co., Ltd. (鹽城市大豐區民生水務有限公司) (“**Minsheng Water**”), the Group signed a property lease agreement with Minsheng Water on the use of the above properties, and agreed that the lease period shall be from 1 January 2021 to 31 December 2040, among which the first five years shall be pipeline trial operation, and the rental shall be reduced and charged, and the rental shall be RMB135 million. From 2026, the rental shall be increased by 5 per cent. comparing to the rental of the previous year. According to the lease agreement, considering the trial operation stage, the rental from the beginning of 2021 to the end of 2023 can be paid before 2024, and the rental can be paid in one lump sum or in two installments every year in the later period.

In addition, Ecology Investment leases out part of its self-built and purchased factories and office buildings, while Dafeng Transportation Investment leases out part of idle land to the external entities, recorded certain rental income every year.

Others

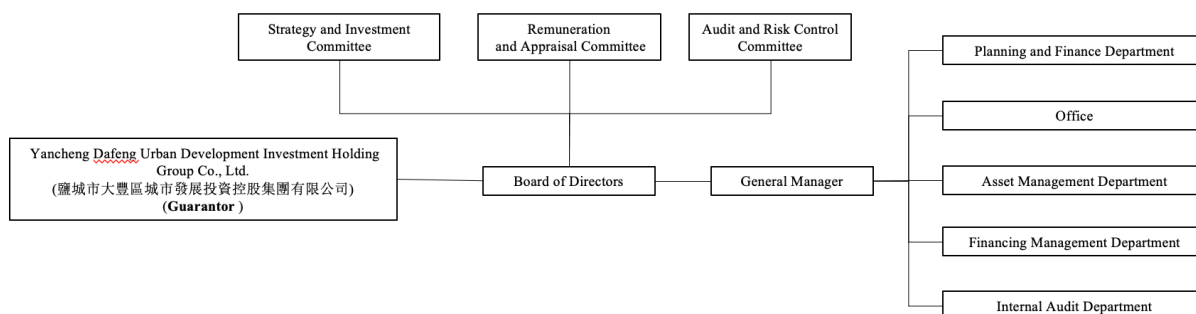
Other businesses of the Group primarily include gas and power supply, sewage treatment, civil defence, security escort, etc., and the revenue sources are relatively diversified.

The gas supply business of the Group is carried out by Nanjing Fengye. Natural gas is procured from Jiangsu Natural Gas Co., Ltd. (江蘇省天然氣有限公司), a subsidiary of Jiangsu Guoxin Investment Group Limited (江蘇省國信集團有限公司), and natural gas is sold to natural gas consumption entities with stable demand such as Suzhou Towngas Co., Ltd. (蘇州港華燃氣有限公司), Dafeng Ganghua Gas Co., Ltd. (大豐港華燃氣有限公司) and Nanjing China Resources Gas Co., Ltd. (南京華潤燃氣有限公司) at the same time.

CORPORATE GOVERNANCE STRUCTURE

The Group has established a sound corporate governance structure comprising the directors and operating management entities.

The following diagram sets forth a simplified corporate governance structure of the Guarantor as at the date of this Offering Circular:



ENVIRONMENTAL MATTERS

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

INSURANCE

The Group maintains insurance policies, which the Group believes to be consistent with the relevant law and industry and business practice in the PRC. The Group maintains insurance coverage in the types which it believes are commensurate with its risk of loss and industry practice. Consistent with what the Group believes to be customary practice in the PRC, it does not carry any business interruption insurance, key-man insurance or insurance covering potential environmental damage claims. Such 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 31 December 2024, the Group had approximately 1200 full-time employees. In accordance with the applicable regulations of local governments in regions where the Group has business operations, the Group makes contributions to the statutory pension plan, medical insurance, unemployment insurance, maternity insurance and workers' compensation insurance. The amount of contributions is based on the specified percentages of employees' aggregate salaries as required by relevant PRC authorities. The Group also makes contributions to an employee housing fund according to applicable PRC regulations. In addition to statutory contributions, the Group provides annual bonuses to employees. The Group enters into an employment contract with each of its employees in accordance with applicable PRC laws. Such contracts include provisions on wages, holiday entitlement, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

LEGAL PROCEEDINGS

From time to time, the Group, together with its subsidiaries, 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 Group is not aware of any legal proceedings, claims, disputes, penalties or liabilities currently pending or threatened against the Group that may have a material adverse change on its business, financial condition or results of operations.

DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

DIRECTORS

The board of directors of the Guarantor currently consists of eight directors, including one chairman and an employee representative director.

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

Name	Age	Position
Mr. Gui Boxiang (桂伯祥).....	51	Chairman of the board and executive director
Mr. Dong Haipeng (董海鵬)	46	Director and general manager
Mr. Chang Yuanbo (常元柏)	49	Director
Mr. Wang Hua (王華)	47	Director
Ms. Xu Tingting (許婷婷)	33	Director
Mr. Yao Yao (姚堯)	34	Director
Mr. Shan Jun (單君)	44	Director
Ms. Zhao Yanhong (趙艷紅)	38	Employee representative director

Mr. Gui Boxiang (桂伯祥), aged 51, has successively held positions as the clerk at Chuandong Tongshang Traffic Management Office of Dafeng Transportation Bureau (大豐市交通局川東通商交管所), an accountant at Dafeng Transportation Bureau (大豐市交通局), the deputy secretary at Youth League Committee of Dafeng Municipal Transportation Bureau (大豐市交通局團委), the deputy director of the Nanyang Central Traffic Management Office of Dafeng Transportation Bureau (大豐市交通運輸局南陽中心交管所), the deputy director of the Nanyang Central Traffic Management Office of Transportation Bureau of Dafeng District, Yancheng City (鹽城市大豐區交通運輸局南陽中心交管所), the chairman and the general manager of Yancheng Dafeng District Tongda Transportation Service Co., Ltd.(鹽城市大豐區通達交通服務有限公司), an executive deputy general manager of Dafeng Transportation Investment and the general manager of Dafeng Transportation Investment. He is currently the chairman, the executive director and the legal representative of Dafeng Construction and chairman, the executive director and the legal representative of the Guarantor. He obtained a bachelor's degree.

Mr. Dong Haipeng (董海鵬), aged 46, has successively held the positions as the technician at Simaoyou Gate Management Office in Dafeng District, Yancheng City (鹽城市大豐區四卯西閘管理所), the deputy director of Simaoyou Gate Management Office, Dafeng District, Yancheng City (鹽城市大豐區四卯西閘管理所), the deputy director and the deputy secretary of the Zhugang Gate Management Office, Dafeng District, Yancheng City (鹽城市大豐區竹港閘管理所), the secretary and the deputy director of Zhugang Gate Management Office, Dafeng District, Yancheng City (鹽城市大豐區竹港閘管理所), the director and the secretary of Zhugang Gate Management Office, Dafeng District, Yancheng City (鹽城市大豐區竹港閘管理所), the person in charge of the Engineering Management Section of the Water Conservancy Bureau of Dafeng District, Yancheng City (鹽城市大豐區水利局工程管理科), the general manager of Yancheng Dafeng District Water Affairs Investment and Development Co., Ltd. (鹽城市大豐區水務投資發展有限公司), the chairman and the general manager of Ecology Investment. He is currently the director and the general manager of Dafeng Construction and director and general manager of the Guarantor.

Mr. Chang Yuanbo (常元柏), aged 49, has successively held the positions as the clerk in the Office of the Dafeng Municipal Committee (大豐市委辦公室), the clerk of Office of the Technical Service Center of the Office of the CPC Dafeng Municipal Committee (大豐市委辦公室事業技術服務中心辦公室) and the deputy director of the Technical Service Center of the Office of the Dafeng District Committee (大豐區委辦公室事業技術服務中心). He is currently the deputy general manager of Yancheng Dafeng District Transportation Holding Group Co., Ltd. (鹽城市大豐區交通控股集團有限公司), the director of Dafeng Construction and the director of the Guarantor. He is a member of the Communist Party of China.

Mr. Wang Hua (王華), aged 47, successively held the positions as the government communicator in Longdi Town, Dafeng City (District) (大豐市(區)龍堤鎮政府), the staff member of the Statistics Station of Longdi Town,

Dafeng City (District) (大豐市(區)龍堤鎮統計站), the organization Officer of Xinfeng Town, Dafeng City (District)(大豐市(區)新豐鎮), the deputy secretary of the Party Committee of Yubei Village, Xinfeng Town, Dafeng City (District) (大豐市(區)新豐鎮裕北村黨委), the first secretary and the deputy director of the Party and Government Office of Chiqi Village, Dafeng City (District) (大豐市(區)赤旗村), the party branch secretary of Quanxin Village, Xinfeng Town, Dafeng District (大豐區新豐鎮全心村), the member of the Party Working Committee of Dutch Flower Sea in Dafeng District (大豐區荷蘭花海黨工委) and the secretary of the Party Branch of Quanxin Village (全心村). He is currently the deputy general manager of Yancheng Doulougang Ecological Tourism Resort Group Co., Ltd. (鹽城市斗龍港生態旅遊度假集團有限公司), the director of Dafeng Construction and the director of the Guarantor. He obtained a junior college degree and is a member of the Communist Party of China.

Ms. Xu Tingting (許婷婷), aged 33, has successively held the positions as the commodity accountant at Yancheng Golden Eagle Julong Lake Shopping Center (鹽城金鷹聚龍湖購物中心), the general ledger supervisor at Yancheng Golden Eagle Julong Lake Shopping Center (鹽城金鷹聚龍湖購物中心), the general ledger supervisor at Jiangsu Donghe Machinery Co., Ltd. (江蘇東禾機械有限公司), the general ledger supervisor at Jiangsu Nonghua Smart Agriculture Technology Co., Ltd.(江蘇農華智慧農業科技股份有限公司). She currently serves as the financial director of Yancheng Dafeng Fenghua Hengyu Investment Group Co., Ltd. (鹽城市大豐區豐華恆裕投資集團有限責任公司), the director and a member of the audit and risk control committee of Dafeng Construction and the director and a member of the audit and risk control committee of the Guarantor. She obtained a bachelor's degree.

Mr. Yao Yao (姚堯), aged 34, has successively held the position as the accountant of Dafeng Yitong Cultural Products Co., Ltd.(大豐市益童文化用品有限公司), the financing personnel of Yancheng Dafeng District Haicheng Industrial Development Co., Ltd. (鹽城市大豐區海城實業發展有限公司) and the manager of the financing department of Yancheng Dafeng Haicheng Industrial Development Co., Ltd. (鹽城市大豐區海城實業發展有限公司). He is currently serves as the deputy general manager of Yancheng Dafeng Haicheng Industrial Development Co., Ltd. (鹽城市大豐區海城實業發展有限公司), the director of Dafeng Construction and the director of the Guarantor. He obtained a bachelor's degree.

Mr. Shan Jun (單君), aged 44, has successively held the position as the clerk at Yancheng Haijing Group Salt Industry Co., Ltd.(鹽城海晶集團鹽業有限公司), the chief accountant of Jiangsu Dafeng Coastal Development Group Co., Ltd.(江蘇大豐沿海開發集團有限公司) and the finance section chief of Coastal Forest Farm, Dafeng District, Yancheng City (鹽城市大豐區沿海林場). He currently serves as the manager of the financing department of Ecology Investment, the director and the chairman of the audit and risk control committee of Dafeng Construction and the director and the chairman of the audit and risk control committee of the Guarantor. He obtained a bachelor's degree.

Ms. Zhao Yanhong (趙艷紅), aged 38, has successively held positions as the financing specialist, the deputy manager of the financing department and the employee director of Dafeng Construction. She is currently an employee director and a member of the audit and risk control committee of Dafeng Construction and the employee director and a member of the audit and risk control committee of the Guarantor. She obtained a bachelor's degree.

SENIOR MANAGEMENT

The following table sets forth certain information concerning the Guarantor's senior management as at the date of this Offering Circular:

Name	Age	Position
Mr. Dong Haipeng (董海鵬)	46	Director and general manager
Mr. Ji Minggen (季明根)	47	Deputy general manager
Mr. Qian Liuliu(錢劉留)	49	Deputy general manager
Mr. Chen Huiwen (陳輝文)	47	Deputy general manager
Mr. Zhang Xin (張鑫)	43	Deputy general manager
Ms. Liu Qian (劉倩)	36	Financial officer

For Mr. Dong Haipeng (董海鵬)'s biography, see “– Directors” above.

Mr. Ji Minggen (季明根), aged 47, has successively held positions as the instructor at the Dafeng Municipal Party School (大豐市委黨校), the clerk, the officer and the deputy director at the Dafeng Municipal Party Member Audio-Visual Education Center and the Remote Office (大豐市黨員電化教育中心、遠程辦), the deputy director of the Dafeng District Party Member Audio-Visual Education Center and the Remote Office (大豐區黨員電化教育中心、遠程辦) and the deputy director of the Cadre Section and the Youth Cadre Section of the Organization Department of Dafeng District Committee (大豐區委組織部幹部科、青乾科). He currently serves as the deputy general manager of Dafeng Construction, the deputy general manager of the Guarantor and the legal representative, the director and the general manager of the Issuer. He obtained a bachelor's degree.

Mr. Qian Liuliu (錢劉留), aged 49, successively held positions as the typist in the government office's printing room, the typists and confidential staff in the government office's printing room and confidential room, the clerk of the Information Supervision Section of the Government Office (政府辦信息督查科), the clerk (deputy section chief) of Dafeng Electronic Government Affairs Center (大豐市電子政務中心) (the Information Supervision Section of the Government Office (政府辦信息督查科)), the clerk of the Information Network Center of the People's Government of Dafeng City (大豐市人民政府信息網絡中心) (the Information Supervision Section of the Government Office (政府辦信息督查科工作)), the deputy director of the General Duty Room of the Dafeng Municipal Committee and Municipal Government (大豐市委市政府總值班室) (in charge of the overall work of the Information Supervision Section (信息督查科)). He is currently the deputy general manager of Dafeng Construction and the deputy general manager of the Guarantor. He obtained a bachelor's degree.

Mr. Chen Huiwen (陳輝文), aged 47, has successively held the positions as the technical director of Dafeng Highway and Bridge Engineering Company (大豐市公路橋梁工程公司) (currently known as Dafeng Hongda Road and Bridge Engineering Co., Ltd. (大豐市弘達路橋工程有限公司)), the clerk of the Construction Division of Dafeng Municipal Transportation Bureau (大豐市交通運輸局建設股), the rural road construction administrator of Rural Road Office, Transportation Bureau of Dafeng City (大豐市交通運輸局農路辦) and the deputy director of the Rural Road Construction and Management Office (農村公路建設管理辦公室). He is currently the deputy general manager of Dafeng Construction and deputy general manager of the Guarantor. He obtained a bachelor's degree.

Mr. Zhang Xin (張鑫), aged 47, has successively held the positions as the clerk at the Urban Flood Control Management Office of the Water Conservancy Bureau of Dafeng City, Jiangsu Province (江蘇省大豐市水利局城區防汛管理所), the clerk of the Development and Reform Commission of Dafeng City, Jiangsu Province (江蘇省大豐市發改委), the clerk of the Service Industry Development Bureau of Dafeng City, Jiangsu Province (江蘇省大豐市服務業發展局), the deputy director of the Planning Section of the Service Industry Development Bureau of Dafeng City, Jiangsu Province (江蘇省大豐市服務業發展局規劃科), the deputy director of the Planning Section of the Service Industry Development Office of Dafeng City, Jiangsu Province (江蘇省大豐市服務業發展辦公室規劃科), the director of the Planning Section of the Service Industry Development Office of Dafeng City, Jiangsu Province (江蘇省大豐市服務業發展辦公室規劃科), the director of the Planning Section, Service Industry Development Office, Dafeng District, Yancheng City, Jiangsu Province (江蘇省鹽城市大豐區服務業發展辦公室規劃科), the director of the Development and Reform Commission of Dafeng District, Yancheng City, Jiangsu Province (江蘇省鹽城市大豐區發展和改革委員會), the fourth-level director of the Development and Reform Commission of Dafeng District, Yancheng City, Jiangsu Province (江蘇省鹽城市大豐區發展和改革委員會), the director and the fourth-level director of the Service Industry and Economic Trade Division and the Development and Reform Commission of Dafeng District, Yancheng City, Jiangsu Province (江蘇省鹽城市大豐區發展和改革委員會服務業和經濟貿易科) and the director and the fourth-level director of the Industry Division the Development and Reform Commission of Dafeng District, Yancheng City, Jiangsu Province (江蘇省鹽城市大豐區發展和改革委員會工業科). He is currently the deputy general manager of Dafeng Construction and the deputy general Manager of the Guarantor. He obtained a bachelor's degree.

Ms. Liu Qian (劉倩), aged 36, has successively held the positions as the cost accounting accountant of Yancheng Zhongnan Century City Real Estate Investment Co., Ltd. (鹽城中南世紀城房地產投資有限公司), the financial manager of Yancheng Jinshi Business Hotel, Commercial Company of Jiangsu Zhongnan Construction Group (江蘇中南建設集團商業公司鹽城金石商務酒店), the deputy financial manager of Zhongnan City Shopping Center, Yancheng Zhongnan Century City Real Estate Investment Co., Ltd. (鹽城中南世紀城房地產投資有限公司中南城購物中心) and the financial manager of Zhongnan City Shopping Center, Dongtai Zhongnan Jinyue

Property Co., Ltd.(東台中南錦悅銘業有限公司中南城購物中心). She currently serves as the financial director of Dafeng Construction and financial officer of the Guarantor. She obtained a bachelor's degree.

PRC LAWS AND REGULATIONS

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

REGULATIONS RELATING TO OVERSEAS FINANCING

NDRC Registration

On 14 September 2015, the NDRC issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資[2015]2044 號)) (the “**NDRC Circular**”), which became effective on the same day. In order to encourage the use of low-cost capital in the international capital markets in promoting investment and steady growth and to facilitate cross-border financing, the NDRC Circular abolished the case-by-case quota review and approval system for the issuance of foreign debts by PRC enterprises. The NDRC issued the NDRC Measures (“**NDRC Measures**”) on 5 January 2023, which came into effect from 10 February 2023 and replaced the NDRC Circular.

For the purposes of the NDRC Measures, the medium- and long-term foreign debts of enterprises mentioned in the NDRC Measures refer to debt instruments with a tenor of more than one year that are borrowed from overseas by enterprises within the territory of the PRC and by overseas companies or branches controlled by them, denominated in local or foreign currency, and of which principal and interest on the foreign debts are repaid as agreed. Debt instruments include, but are not limited to, senior debts, perpetual debts, capital debts, medium-term Bonds, convertible bonds, exchangeable bonds, financial leasing, and commercial loans. According to this definition, offshore bonds issued by both PRC enterprises and their controlled offshore enterprises or branches shall be regulated by the NDRC Measures.

According to the NDRC Measures, domestic enterprises and their overseas controlled entities prior to issuing any foreign debts with a tenor of more than one year shall obtain from the NDRC a certificate of review and registration of enterprise borrowing of foreign debts (企業借用外債審核登記證明) (the “**Certificate of Review and Registration**”) and shall report certain details of the foreign debts to the NDRC within ten working days upon the completion of issuance through the online system for the review, registration, management and service of enterprise foreign debts established by the NDRC (the “**NDRC Online Reporting System**”). An enterprise shall, with the Certificate of Review and Registration, go through the relevant procedures of foreign exchange registration, account opening, proceeds receipt, payment and remittance, and use of proceeds in accordance with the applicable laws and regulations.

The materials to be submitted by an enterprise shall include an application report attached with the relevant documents, setting out details such as necessity of the issuance, issuance plan of the currency, size, interest rate, maturity, use of proceeds, repayment plan and risk prevention measures. NDRC shall decide whether to accept an application within five working days of receipt and shall issue a Certificate of Examination and Registration within three months from the date of accepting the application.

To issue foreign debts, an enterprise shall meet the following basic conditions:

- established in accordance with the applicable law, exists legally, operates in compliance with applicable regulations, and has a sound and well-operated organisational structure;
- having a reasonable demand for funds raised from foreign debt, the purposes of which meet the NDRC Measures; and having good credit status, solvency and a sound risk prevention and control mechanism for foreign debts; and
- (together with its controlling shareholders and actual controllers) in the latest three years, not having (i) committed any criminal crimes such as corruption, bribery, embezzlement of property, misappropriation of property, or disruption of the order of socialist market economy, or (ii) been investigated by competent authorities for being suspected of committing a crime or committing a major violation of laws and regulations.

According to the NDRC Measures, an enterprise shall complete the NDRC Post-issue Filing within ten working days in the PRC after the completion of the bond issuance. After the issuance, the NDRC Measures further require that enterprises shall, within the first five working days of the end of January and July each year, submit to NDRC the information on utilisation of proceeds raised from foreign debts, repayment of principal and interest and payment schedule, and major business indicators. Furthermore, for any major event that may affect the issuer's performance of debt obligations, such issuer shall timely submit relevant information and take risk control and isolation measures to prevent default or cross default of domestic bonds.

In the case of any concealment, false record, misleading statement or material omission in the reported and disclosed information relating to the issuance of foreign debts in the examination and registration application or in obtaining the Certificate of Examination and Registration or other violations of the requirements as set out in the NDRC Measures, NDRC shall give warnings or revoke the Certificate of Examination and Registration, or list the enterprise as an enterprise with poor credit in the national credit information platform, as applicable.

The NDRC Measures also provide that underwriting institutions, law firms, accountants and other intermediaries involved in debt securities issuance which do not comply with the registration requirement under the NDRC Measures or its related laws and regulations, will be subject to fines or sanctions as applicable.

SAFE Registration

Pursuant to the Administrative Measures for Foreign Debt Registration and its operating guidelines, 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.

PBOC Circular Regarding Cross-border Financing

In early 2016, PBOC introduced a pilot macro-prudential management system for cross-border financing (the “**MP Financing Management System**”) which specifically applied to 27 designated banks and nonfinancial enterprises registered in four free trade zones in Shanghai, Tianjin, Guangdong and Fujian (the “**FTZ**”). On 29 April 2016, the PBOC issued the Circular on Implementing Overall Macroprudential 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 “**2016 PBOC Circular**”) to extend the MP Financing Management System nationwide. On 11 January 2017, the PBOC issued the Notice on the Relevant Issues of the Full Scale Macro-prudential Management of 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)》 (銀發[2017]9 號)) (the “**2017 PBOC Circular**”), which came into effect on the same day. Under the 2017 PBOC Circular, enterprises are required to file with SAFE after a cross-border financing agreement is signed and at least three working days prior to the drawdown of the loan or issue of debt securities, and report the relevant capital settlement information after making such capital settlement. In addition, the enterprises are also required to update the information with respect to the cross-border financing every year. In the event that the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprises are required to complete the change of the filing in due course. The 2017 PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities.

REGULATIONS RELATING TO PRC CURRENCY CONTROLS

Current Account Items

Under PRC foreign exchange control regulations, current account items refer to any transaction for international receipts and payments involving goods, services, earnings and other frequent transfers. Prior to July 2009, all current account items were required to be settled in foreign currencies with limited exceptions. Following progressive reforms, Renminbi settlement of imports and exports of goods and of services and other current account items became permissible nationwide in 2012, except that the key enterprises on a supervision list determined by the PBOC and five other relevant authorities in the PRC would be subject to enhanced scrutiny when banks process current account cross-border repatriations.

On 5 July 2013, the PBOC promulgated the Circular on Policies related to Simplifying and Improving Cross-border Renminbi Business Procedures (關於簡化跨境人民幣業務流程和完善有關政策的通知) (the “**2013 PBOC Circular**”) which simplified the procedures for cross-border Renminbi trade settlement under current account items. On 1 November 2014, the PBOC introduced a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group. On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (關於進一步便利跨國企業集團開展跨境雙向人民幣資金池業務的通知) (the “**2015 PBOC Circular**”), which, inter alia, has lowered the eligibility requirements for multinational enterprise groups and increased the cap for net cash inflow. The 2015 PBOC Circular also provides that enterprises within a pilot free trade zone in the PRC, such as the China (Shanghai) Pilot Free Trade Zone (“**Shanghai FTZ**”) may establish an additional cash pool in the local scheme in such pilot free trade zone, but each onshore company within the group may only elect to participate in one cash pool.

The regulations referred to above are subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying these regulations and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to the approval of, and/or registration or filing with, the relevant PRC authorities. Until recently, settlement of capital account items, for example, the capital contribution of foreign investors to foreign-invested enterprises in the PRC, were generally required to be made in foreign currencies. Under progressive reforms by the PBOC, the MOFCOM and the SAFE, foreign investors are now permitted to make capital contribution, share transfer, profit allocation and liquidation and certain other transactions in Renminbi for their foreign direct investment within the PRC. Cross-border Renminbi payment infrastructure and trading facilities are being improved. Approval, registration and filing requirements for capital account payments in Renminbi are being removed gradually. The Circular on Reforming the Administrative Approach of the Foreign Exchange Capital Settlement for Foreign Invested Enterprises (關於改革外商投資企業外匯資金結匯管理方式的通知) became effective on 1 June 2015 (the “**2015 SAFE Circular**”). In addition to the option to settle foreign current capital through payment-based foreign exchange settlement (支付結匯制), the 2015 SAFE Circular allows foreign-invested enterprises to settle up to 100 per cent. (subject to future adjustment at discretion of SAFE) of the foreign currency capital (which has been processed through the SAFE’s equity interest confirmation procedure for capital contribution in cash or registered by a bank on the SAFE’s system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs on a voluntary basis. In principle, the Renminbi proceeds through the aforementioned voluntary settlement shall be deposited into designated bank account called capital account item — account for foreign currency settlement pending payment (資本項目-結匯待支付帳戶) (the “**Account for Foreign Currency Settlement Pending Payment**”) as opened by such foreign-invested enterprise, and accordingly all future payments shall be processed from such Account for Foreign Currency Settlement Pending Payment. A negative list with respect to the usage of the foreign currency capital and the Renminbi proceeds settled therefrom is set forth under the 2015 SAFE Circular. In particular, a foreign-invested enterprise with investment as its main business (including the foreign-invested investment company (外商投資性公司), foreign-invested venture capital enterprise (外商投資創業投資企業) or foreign-invested private equity investment enterprise (外商投資股權投資企業)) is permitted to use the Renminbi proceeds settled from its foreign currency capital (whether directly settled, or from the Renminbi deposit in its Account for Foreign Currency Settlement Pending Payment as previously settled through voluntary settlement) to make equity contribution to its invested enterprises directly, without further filings with SAFE. PRC entities are also permitted to borrow Renminbi-denominated loans from foreign lenders (which are referred to as “foreign debt”) and lend Renminbi-denominated loans to foreign borrowers (which are referred to as “outbound loans”), as long as such PRC entities have the necessary quota, approval or registration. PRC entities may also denominate security or guarantee arrangements in Renminbi and make payments thereunder to parties in the PRC as well as other jurisdictions (which is referred to as “cross-border security”). Under current rules promulgated by SAFE, foreign debts borrowed, outbound loans extended, and the cross-border security provided by a PRC onshore entity (including a financial institution) in Renminbi shall, in principle, be regulated under the current PRC foreign debt, outbound loan and cross-border security regimes applicable to foreign currencies. However, there remains

potential inconsistencies between the provisions of the SAFE rules and the provisions of the 2013 PBOC Circular. It is not clear how regulators will deal with such inconsistencies in practice.

According to the 2015 PBOC Circular, qualified multinational enterprise groups can extend Renminbi-denominated loans to, or borrow Renminbi-denominated loans from, eligible offshore member entities within the same group by leveraging the cash pooling arrangements. The Renminbi funds will be placed in a special deposit account and may not be used to invest in stocks, financial derivatives, or non-self-use real estate assets, or purchase wealth management products or extend loans to enterprises outside the group.

Recent reforms introduced were aimed at controlling the remittance of Renminbi for payment of transactions categorised as capital account items. There is no assurance that the PRC government will continue to gradually liberalise the control over Renminbi payments of capital account item transactions in the future. The relevant regulations are relatively new and will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

In April 1988, the National People's Congress of the PRC (the "NPC") passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the Standing Committee of the NPC (the "SCNPC") amended the Land Administration Law of the PRC (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land Use Rights of State-owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Provisional Regulations on Grant and Transfer**") implemented by the State Council on 19 May 1990 and it was lastest amended on 29 November 2020, a system of assignment and transfer of the right to use state-owned land was adopted. A land user shall pay land premium to the government as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Law of the PRC on the Administration of Urban Real Estate (中華人民共和國城市房地產管理法), the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) provide that the land use rights for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations regarding the Grant of State-Owned Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有土地使用權規定) issued by the Ministry of Land and Resources (the "**MLR**") on 9 May 2002 and implemented on 1 July 2002 (the "**2002 Regulations**") and revised on 28 September 2007 with the name Regulations regarding the Grant of State-Owned Construction Land Use Rights by Way of Public Bidding, Auction and Listing Procedure (招標拍賣掛牌出讓國有建設用地使用權規定) (the "**2007 Regulations**") effective on 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and commercial residential properties, and land for which there are two or more intended users must be granted by way of the public bidding, auction and listing procedure. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to the approval of the city or county government. The grantee shall apply for land registration and obtain the land use rights certificate upon full payment of the land premium for the land according to the land grant contract. In the event that the land premium for the land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of public bidding, auction and listing procedure must be made

20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MLR and the Ministry of Supervision issued the Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Public Bidding, Auction and Listing Procedure on a Land Exchange (關於繼續開展經營性土地使用權招標拍賣挂牌出讓情況執法監察工作的通知) on 18 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with due to reasons stemming from historical legal legacy issues. In the Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land (國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知), issued by the General Office of the State Council on 29 April 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a period of approximately six months so that the PRC government could rectify irregularities in land development in China.

In the case of tenders, the local land bureau granting the land use rights should examine the qualifications of the intended bidders and encourage those who are qualified to participate in the bidding process by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted through tenders, a tender evaluation committee consisting of an odd number of members of at least five people (including a representative of the grantor and relevant expert) shall be formed by the land bureau which is responsible for initiating the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land premium before obtaining a land use rights certificate.

Where land use rights are granted by way of the public bidding, auction and listing procedure, a public bidding, auction and listing procedure will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Where land use rights are granted through a listing administered by the local government, a public notice will be issued by the local land bureau to specify, among other things, the location, area, purpose of use of the land and the period for receiving bids. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions stipulated by the local land bureau. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

On 11 June 2003, the MLR promulgated the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定) and implemented it on 1 August 2003. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commercial residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of public bidding, auction and listing.

On 18 November 2009, the MOF, the MLR, the PBOC, the National Audit Office and the Ministry of Supervision issued the Notice on Further Strengthening the Land Transfer Revenue and Expenditure Management (關於進一步加強土地出讓收支管理的通知) jointly, which stipulates:

- The city or county land resource department must specify the land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land transfer contract, lease contract and letter of decision on appropriation. If the land use conditions have been changed upon approval according to law, the city or county land resource management department must specify the additional price of the land that shall be paid in the land transfer and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual fails to pay up the land price as required, the city or county land resource management department must neither approve nor issue the state-owned land use certificate nor issue a partial certificate according to the proportion of the land price paid.
- In principle, the term for paying the full land transfer price by instalments agreed between the city or county land resource management department and land transferee pursuant to law shall not exceed one year. The proportion of first payment shall not be less than 50.0 per cent. of the total land transfer price.

Planning of Construction Projects

On 1 January 2008, the SCNPC implemented the PRC City and Countryside Planning Law (中華人民共和國城鄉規劃法) which was amended on 24 April 2015 and 23 April 2019, pursuant to which a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area. After obtaining the construction works planning permit, a construction project developer shall apply for a construction work commencement permit from the construction authority under the local people's government at the county level or a higher construction authority in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) issued by MOHURD on 25 June 2014 and implemented on 25 October 2014. The Measures was recently amended on 30 March 2021. According to the Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects (國務院辦公廳關於加強和規範新開工項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfil certain conditions, including, among others, compliance with national industrial policies, development plans, land supply policy and market access standards, completion of all approval and filing procedures, compliance with zoning plans in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permits or construction start-up reports.

In accordance with the Regulations on Administration of Development of Urban Real Estate (城市房地產開發經營管理條例) and the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) implemented by the State Council on 30 January 2000 and amended on 7 October 2017 and 23 April 2019, the Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and City Infrastructure (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) implemented by MOHURD on 4 April 2000 and amended on 19 October 2009 and the Rules for the Confirmation of the Completion of Housing Construction and City Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) implemented by MOHURD and implemented on 2 December 2013, after the completion of construction of a project, the construction project must undergo inspection and receive the relevant approvals from local authorities which include approvals from planning bureau, fire safety authorities and environmental protection authorities.

Real Estate Registration

According to the Interim Regulations on Real Estate Registration (不動產登記暫行條例) issued by the State Council on 24 November 2014, enforced on 1 March 2015 and amended on 24 March 2019 and 10 March 2024, PRC will apply a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the interim regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties. However, the first registration application for the real estate without registration record shall be filed by either party involved. Any interested party may apply to inquire about or copy the real estate registration materials in accordance with the law and the registration. The competent authorities shall not refuse to provide the information which has been registered. Furthermore, the Interim Regulation confirmed that various real estate ownership certificates issued prior to the implementation of the interim regulation shall remain valid.

The MLR implemented the Implementing Rules of the Interim Regulations on Real Estate Registration (不動產登記暫行條例實施細則) (the “**Rules**”) on 1 January 2016, which was amended on 16 July 2019 and 21 May 2024. The Rules stipulate that after the acceptance of an application for real estate registration, the real estate registration authority shall perform a site inspection. The owners and interested parties may inquire and obtain the relevant real estate registration information. The Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, which shall establish a real estate registration information management system and an information safety and confidentiality system. No individual or entity shall disclose such real estate registration information.

Bidding and Tendering Management

Bidding and tendering for various construction projects have been provided for in the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法) promulgated by the SCNPC on 30 August 1999 which became effective on 1 January 2000 and was amended on 27 December 2017, Regulation on the Implementation of the Bidding and Tendering Law of the People's Republic of China (中華人民共和國招標投標法實施條例) promulgated by State Council on 20 December 2011 which became effective on 1 February 2012

and was amended on 1 March 2017, 19 March 2018 and 2 March 2019 and which amendment became effective on the same date, 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 NDRC, MOC, MOR, MOT, Ministry of Information Industry of the People's Republic of China, Ministry of Water Resources of the People's Republic of China, and Civil Aviation Administration of China promulgated on 8 March 2003 which became effective on 1 May 2003 and was amended on 11 March 2013 and which amendment became effective on 1 May 2013. The Administrative Measures for the Bidding and Tendering of Housing Construction and City 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 and it was amended on 28 September 2018 and 13 March 2019 and became effective on the same date.

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

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

In accordance with the Bidding and Tendering Law of the People's Republic of China and Measures for the Construction Bidding and Tendering of Construction Projects, if any project that should undergo bidding as required by law fails to go through the bidding process or the bidding process 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 1.0 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 directly in charge of the entity or other person directly liable. Further, in accordance with the provisions of the Interpretations of the Supreme People's Court on Issues of Law Application during the Trial of Construction Contracts for Building Projects (I) (最高人民法院關於審理建設工程施工合同糾紛案件適用法律問題的解釋(一)) issued by the Supreme People's Court on 25 October 2004 and which became effective on 1 January 2005, and the recent amendment was made 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 People's Republic of China (建築法) which became effective on 1 March 1998 and amended on 22 April 2011 which amendment became effective on 1 July 2011, modified on 23 April 2019, 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, became effective on the same date, and was amended on 7 October 2017 and 23 April 2019, Administrative Measures for Quality Management of Construction Project Survey (建設工程勘察質量管理辦法) amended by MOC on 22 November 2007 and 1 April 2021 and became effective on the same date, Administrative Measures for Completion Acceptance Record of Building Construction and City 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, Measures for Completion Acceptance of Port Works (港口工程竣工驗收辦法) promulgated by MOT on 12 April 2005 which became effective on 1 June 2005 and amended on 5 September 2014 and 19 April 2016, which replaced by the Regulations on the Administration of Port Engineering Construction (港口工程建設管理規定) promulgated by MOT on 15 January 2018 and was amended on 28 November 2018 and 28 November 2019. Measures for Completion (Delivery) Acceptance of Highway Works (公路工程竣(交)工驗收辦法) promulgated by MOT on 31 March 2004 and its implementation rules (公路工程竣(交)工驗收辦法實施細則) which was promulgated on 27 January 2010 and Measures for the Management of Construction Project Quality Deposits (建設工程質量保證金管理辦法) issued by the MOHURD and the MOF on 20 June 2017 and became effective on 1 July 2017.

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 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 People's Republic of China (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 which became effective on 1 January 2015, Law on Environmental Impact Assessment of the People's Republic of China (中華人民共和國環境影響評價法) promulgated by SCNPC on 28 October 2002 which became effective on 1 September 2003 and last amended on 29 December 2018, Administrative Regulations on Environmental Protection of Construction Projects (建設項目環境保護管理條例) issued by State Council on 29 November 1998 and became effective on the same date and amended on 16 July 2017 and became effective on 1 October 2017, and Administrative Measures for Environmental Protection Acceptance of Construction Projects upon Completion (建設項目竣工環境保護驗收管理辦法) promulgated by SEPA on 27 December 2001 which became effective on 1 February 2002 and amended on 22 December 2010 which amendment became effective on the same date and became invalid on 4 January 2021.

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

Environmental Protection

The Environmental Protection Law (環境保護法), promulgated on 26 December 1989 by the Standing Committee of the National People's Congress, which became effective on 26 December 1989, as amended on 24 April 2014, establishes the legal framework for environmental protection in the PRC. The Ministry of Ecology and Environment of the State Council (the "MEE") 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 (大氣污染防治法), promulgated on 5 September 1987 by the Standing Committee of the National People's Congress, which became effective on 1 June 1988 and was recently amended on 26 October 2018 and became effective on the same date, establishes the legal framework for air pollution prevention in the PRC. The MEE 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 specific local standards and may impose penalties for violation.

Water Pollution

The Water Pollution Prevention Law (水污染防治法), promulgated on 11 May 1984 by the Standing Committee of the National People's Congress, which became effective on 1 November 1984, and last amended on 27 June 2017, establishes the legal framework for water pollution prevention in the PRC. The MEE 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 its respective jurisdictions by formulating more specific local standards, and may impose penalties for violation, including suspending operations.

Construction Projects

The Environmental Impact Appraisal Law (環境影響評價法), promulgated by the Standing Committee of the National People's Congress on 28 October 2002, which became effective on 1 September 2003 and was last amended on 29 December 2018, Administrative Regulations 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, which became effective on 29 November 1998 and was amended on 16 July 2017.

REGULATIONS ON LABOUR

Employment Contracts

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

Employee Funds

Under applicable PRC laws, regulations and rules, including the Social Insurance Law (社會保險法), promulgated by the Standing Committee of the National People's Congress on 28 October 2010, which became effective on 1 July 2011, and was recently amended on 29 December 2018 and became effective on the same date. The Interim Regulations on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例), promulgated by the State Council on 22 January 1999, which became effective on 22 January 1999 and last amended on 24 March 2019, 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.

REGULATIONS ON WORK SAFETY

According to the Work Safety Law of the People's Republic of China (安全生產法) effective from 1 November 2002 and last amended on 10 June 2021 and became effective on 1 September 2021, if anything relating to work safety shall be subject to examination and approval according to the provisions of the relevant laws and regulations (including approval, verification, permission, registration, certification, granting licences, and etc.), the departments responsible for work safety supervision and administration must carry out the examination and approval by strictly following the relevant laws and regulations as well as the conditions and procedures for safe production as required by national or industrial standards. In the event that the administrative department in charge of examination and approval discovers or receives reports that any entity has unlawfully engaged in relevant activities without obtaining approval or without passing the examinations for acceptance, it shall revoke the unlawful act without delay and handle the case according to the law.

Administrative Regulations on the Safety of Hazardous Chemicals (危險化學品安全管理條例), which was promulgated on 26 January 2002 and last amended on 7 December 2013, firstly provides that the State implements the licensing system for the operation of hazardous chemicals (including storage management, hereinafter the same), and without being licensed, any units and individuals shall not deal in hazardous chemicals. Secondly, it provides that the enterprises dealing in hyper-toxic chemicals or hazardous chemicals to make explosives shall file applications to the production safety supervision and administration departments of the local people's

governments at municipality (with districts) level and the enterprises dealing in other hazardous chemicals shall file applications to the production safety supervision and administration departments of the local people's governments at county level (if the enterprise has storage facilities, it shall file applications to the production safety supervision and administration department of the local people's government at municipality (with districts) level). Thirdly, the authorities mentioned above shall examine such documents pursuant to laws, conduct on-site verification on the business premises and storage facilities of the applicants, and make the decision of approval or refusal (if the application is approved, the licences for dealing in hazardous chemicals shall be issued). At last, the applicants shall not deal in hazardous chemicals until they hold the licenses for dealing in hazardous chemicals to handle registration at AICs.

TAXATION

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

PRC TAXATION

The following summary accurately describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of PRC for the PRC tax purposes. These beneficial owners are referred to as non-resident Bondholders in this “PRC Taxation” section. 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 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 and Value-Added Tax

Pursuant to the EIT Law, the IIT Law and the implementation rules in relation to both the EIT Law and the IIT Law, PRC income tax at a rate of 10 per cent. or 20 per cent. is normally applicable to PRC-source income derived by non-resident enterprises or individuals, respectively, subject to adjustment by applicable treaty. As the 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). Such income tax shall be withheld by the Issuer that is acting as the obligatory withholder, and the Issuer 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-resident enterprise or individual 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 individual who neither is domiciled in China nor stays in China or who is not domiciled in China but has stayed in the aggregate for less than 183 days of a tax year in China shall pay individual income tax for any income obtained within the PRC. There is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply respectively unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to the Arrangement, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, will be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds if such capital gains are not connected with an office or establishment that the Bondholders have in the PRC and all the other relevant conditions are satisfied. On 23 March 2016, the MOF and the State Administration of Taxation issued Circular 36, which introduced a new VAT from 1 May 2016. Under Circular 36, VAT is applicable where the entities or individuals provide services within the PRC. The operating revenues generated from the provision of taxable sale of services by entities and individuals, such as financial services, shall

be subject to VAT if the seller or purchaser of the services is within PRC. In the event that the seller is an entity or individual which does not have a business establishment in the PRC, the purchaser of the services shall act as the withholding agent. According to the Explanatory Notes to Sale of Services, Intangible Assets and Real Property attached to Circular 36, financial services refer to the business activities of financial and insurance operation, including loan services, financial services of direct charges, insurance services and the transfer of financial instruments, and the applicable VAT rate is 6 per cent.

Under Circular 36, according to the VAT Law, the selling of financial product will be subject to PRC VAT if the financial product is issued within the PRC or the sellers of the financial product are PRC entities or individuals. Therefore, with the implementation of the VAT Law, it will be clearer that the payments of the interest and other interest like earnings under the Bonds received by a holder of the Bonds from the Issuer will be subject to VAT because the Issuer is a PRC enterprises. The Issuer will be obligated to withhold VAT of 6 per cent. on payments of interest and other amounts on the Bonds paid by the Issuer to Bondholders that are non-resident enterprises or individuals. However, there is uncertainty as to whether gains derived from a sale or exchange of Bonds consummated outside of the PRC between non-PRC resident Bondholders will be subject to VAT. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. Circular 36 together with other laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

However, despite the withholding of the PRC tax by the Issuer as mentioned above, the Issuer has agreed to increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required, as further set out in “*Terms and Conditions of the Bonds – Taxation.*”

Stamp Duty

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

HONG KONG TAXATION

Withholding Tax

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

Profits Tax

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

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

- (a) 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;
- (b) Interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation (such as a partnership), carrying on a trade, profession or business in Hong Kong and is in respect of the funds of the trade, profession or business;
- (c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the IRO) and arises through or from the carrying on by the financial institution of its business in Hong Kong, notwithstanding that the money in respect of which the interest is received or accrues are made available outside Hong Kong; or

- (d) 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), even if the money in respect of which the interest is received or accrues are made available outside Hong Kong.

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 the 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 Securities will be subject to Hong Kong profits tax.

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

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 (Cap. 112) of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) 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 Amendment Ordinance also provides 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 advisers to ascertain the applicability of any exemptions to their individual position.

Stamp duty

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

Estate duty

No Hong Kong estate duty is payable in respect of the Bonds.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS

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

GOVERNMENT GRANT

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 or loss.

REVERSAL OF AN IMPAIRMENT LOSS

Under PRC GAAP, once an impairment loss is recognised for a long-term asset (including investment property valued under cost model, long-term equity investments, fixed assets, intangible assets and goodwill, among others), 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. The increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognised.

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.

RELATED PARTY DISCLOSURES

Under PRC GAAP, state-controlled companies without other related party relationship are not treated as related parties.

Under IFRS, state-controlled companies are all treated as related parties.

In making an investment decision, each prospective investor must rely upon its own examination of the Issuer and the Guarantor, the terms of the offering and other disclosure contained herein. Each prospective investor should consult its 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.

SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

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

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

Under the Global Certificate, the Issuer, for value received, promises to pay to the Registered Holder (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 of the Bonds may become repayable in accordance with the Conditions) the amount payable upon redemption under the Terms and Conditions of the Bonds in respect of the Bonds represented by the Global Certificate and to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Terms and Conditions of the Bonds together with such other sums and additional amounts (if any) as may be payable under the Terms and Conditions of the Bonds, in accordance with the Terms and Conditions of the Bonds.

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 (an “**Alternative Clearing System**”) through which the Bonds are cleared 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.

Payment

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

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, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holder of the Bonds in respect of which such Global Certificate is issued.

Notices

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

Bondholders’ Redemption

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

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 by the Issuer following its redemption or purchase by the Issuer, the Guarantor or their respective Subsidiaries will be effected by reduction in the principal amount of the Bonds in the register of the Bondholders, whereupon the Registrar shall procure the making of an appropriate entry on the Schedule hereto.

Meetings

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall 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 the Bonds for which the Global Certificate is issued.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement, among others, with the Joint Lead Managers dated 20 November 2025 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at an issue price of 100.0 per cent. of their principal amount, in the amount set forth below:

Joint Lead Manager	Principal amount of the Bonds to be subscribed (CNY)
Fosun International Securities Limited.....	190,000,000
Guoyuan Securities Brokerage (Hong Kong) Limited.....	50,000,000
Haitong International Securities Company Limited.....	50,000,000
Initial Capital Securities Limited.....	50,000,000
Soochow Securities International Brokerage Limited.....	50,000,000
Orient Securities (Hong Kong) Limited.....	10,000,000
CLSA Limited.....	10,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch.....	10,000,000
China Industrial Securities International Brokerage Limited.....	10,000,000
Wilson Securities Limited.....	10,000,000
CEB International Capital Corporation Limited.....	10,000,000
CMB International Capital Limited.....	10,000,000
CNCB (Hong Kong) Capital Limited.....	10,000,000
Guodu Securities (Hong Kong) Limited.....	10,000,000
TFI Securities and Futures Limited.....	10,000,000
SunRiver International Securities Group Limited.....	10,000,000
Total.....	<u>500,000,000</u>

The Subscription Agreement provides that the Joint Lead Managers will be indemnified against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made by such investor to the Issuer and the Bonds being issued.

In connection with the issue of the Bonds, any of the Joint Lead Managers acting as a stabilisation coordinator (the “**Stabilisation Coordinator**”) (or any person acting on behalf of the Stabilisation Coordinator) 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 Coordinator (or any person acting on behalf of the Stabilisation Coordinator) shall act as principal and not as agent of the Issuer or the Guarantor. However, there is no assurance that the Stabilisation Coordinator (or any person acting on behalf of the Stabilisation Coordinator) will undertake stabilisation action. Any loss or profit sustained as a consequence of any such overallotment or stabilisation shall be for the account of the Joint Lead Managers.

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

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer and/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 trade 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 and/or the Guarantor, 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 and/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 transaction occurs, the trading price and liquidity of the Bonds may be impacted. 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.

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. 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.

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 and/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 and/or the Guarantor.

IMPORTANT NOTICE TO CAPITAL MARKET INTERMEDIARIES (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 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 with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer the Guarantor or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

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

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

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

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

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

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks 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) 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: ficc@fosunhn.net, dcm@initialsc.com and DCM1@sris.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 the OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the OCs. By submitting an order and providing such information to the OC, 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 the 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 book building 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.

SELLING RESTRICTIONS

General

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

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any

country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Joint Lead Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Joint Lead Managers.

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

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.

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

Each of the Joint Lead Managers has represented and agreed that neither it nor any of their respective affiliates (as defined in Rule 501(b) of Regulation D under the Securities Act (“**Regulation D**”)), nor any person acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer and sale of the Bonds in the United States.

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 (“**FSMA**”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

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

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

to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each of the Managers acknowledges that each of the Offering Circulars has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Managers represents and agrees that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such 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, the Offering Circulars or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each of the Joint Lead Managers has represented 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 re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

The People’s Republic of China

Each of the Joint Lead Managers has agreed that the offer of the Bonds is not an offer of securities within the meaning of the PRC Securities Law or other pertinent laws and regulations of the PRC and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the securities laws of the People’s Republic of China.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds will be lodged and cleared through Euroclear and Clearstream with Common Code of 323675333 and ISIN of XS3236753334.
2. **Legal Entity Identifier:** The Legal Entity Identifier of the Issuer is 836800F4Q4VS7P9WPV95.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the execution, issue and performance of its obligations under the Bonds, the Trust Deed, the Agency Agreement. The issue of the Bonds was authorised by resolutions of director of the Issuer on 31 October 2024 and the shareholder of the Issuer on 31 October 2024. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving of the Guarantee 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 a resolution of the board of directors of the Guarantor on 24 September 2025.
4. **No Material Adverse Change:** Save as disclosed in this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer, the Guarantor or the Group since 31 December 2024.
5. **Litigation:** Save as disclosed in this Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that the Issuer or the Guarantor believes are material in the context of the Bonds or the Guarantor, and so far as the Issuer or the Guarantor aware, no such proceedings are pending or threatened.
6. **Financial Statements of the Issuer and the Guarantor:** The Issuer's Audited Consolidated Financial Statements as at and for the years ended 31 December 2022, 2023 and 2024, which are included elsewhere in this Offering Circular, have been audited by Zhongxinghua, the independent auditors of the Issuer, respectively. The Guarantor's Audited Pro Forma Consolidated Financial Statements as at and for the years ended 31 December 2022, 2023 and 2024, which are included elsewhere in this Offering Circular, have been audited by Zhongxi CPAs, the independent auditors of the Guarantor.
7. **Available Documents:** As long as any Bond is outstanding, copies of the following documents will be available for inspection by the Bondholders at all reasonable times during normal business hours (being between 9:00 a.m. (Hong Kong time) to 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal place of business of the Trustee (being at the Issue Date at 80/F, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, and at the specified office of the Principal Paying Agent from time to time, following prior written request and proof of identity and holding to the satisfaction of the Trustee:
 - the Trust Deed;
 - the Agency Agreement; and
 - the Deed of Guarantee.
8. **Listing:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only and it is expected that permission to deal in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on 28 November 2025.

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**Yancheng Dafeng Xiecheng Industrial Development Co.,
Ltd.**

Consolidated and parent company financial statements for



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Address: 20/F, Tower B, Lize SOHO, No. 20 Lize Road, Fengtai District, Beijing
zip code: 100073

Tel: (010) 51423818

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ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Location: 20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing PR
China

Tel: 010-51423818 Fax: 010-51423816



Audit Report

ZXHSZ (2025) No. 022259

All shareholders of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.:

I. Audit Opinions

We have audited the financial statements of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (hereinafter referred to as "Xiecheng Industrial"), including the consolidated and parent company balance sheets as of December 31, 2024, the consolidated and parent company income statements, consolidated and parent company cash flow statements, consolidated and parent company statements of changes in equity and related financial statement notes for the years of 2024.

In our opinion, the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material respects, and fairly reflect the consolidated and parent company's financial status of Xiecheng Industrial as of December 31, 2024, as well as the consolidated and parent company's operating results and cash flows for the year of 2024.

II. Basis for Forming Audit Opinions

We carried out the audit work in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under these standards are further elaborated in the section of "Accountants' Responsibilities for Auditing Financial Statements" in the Audit Report. According to the Chinese Code of Professional Ethics for Certified Public Accountants, we are independent of the Xiecheng Industrial and fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate, which provides a basis for issuing the audit opinions.

III. Responsibilities of Management and Governance for Financial Statements

The management is responsible for preparing the financial statements in accordance with

the provisions of the Accounting Standards for Business Enterprises, so as to achieve a fair reflection, and design, implement and maintain necessary internal controls to ensure that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Xiecheng Industrial's going concern capability, disclosing going concern-related matters (where applicable) and applying going concern assumptions, except that the Management plans to liquidate the Xiecheng Industrial, terminate operations or have no other realistic alternative.

The Management layer is responsible for supervising the financial reporting process of the Xiecheng Industrial.

IV. Responsibilities of Certified Public Accountants for Auditing Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue audit report containing audit opinions. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit carried out according to auditing standards can always find a material misstatement when it exists. Misstatement, which may result from fraud or error, is generally considered material if it is reasonably expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the financial statements on the basis of the financial statements.

In performing audit work in accordance with auditing standards, we used professional judgment and maintain professional skepticism. At the same time, we also carried out the following work:

(1) Identified and assessed the risks of material misstatement in the financial statements caused by fraud or error, designed and implemented audit procedures to deal with these risks, and obtained sufficient and appropriate audit evidence as the basis for issuing audit opinions. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal control, the risk of failure to detect material misstatement due to fraud is higher than the risk of failure to detect material misstatement due to error.

(2) Understood the internal control related to audit in order to design appropriate audit

procedures, but the purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluated the appropriateness of the accounting policies selected by the Management and the rationality of making accounting estimates and related disclosures.

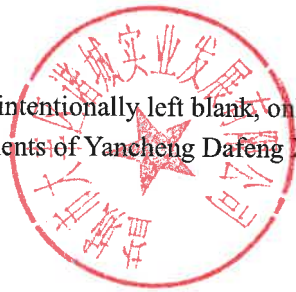
(4) Drew a conclusion on the appropriateness of the Management's use of the going concern assumption. At the same time, according to the obtained audit evidence, it is concluded whether there is significant uncertainty in matters or situations that may lead to major doubts about the Xiecheng Industrial's ability to continue operations. If we conclude that there is material uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report; if the disclosure is insufficient, we should express a modified opinion. Our conclusions are based on the information available as of the audit report date. However, future events or circumstances may lead to the Xiecheng Industrial's unsustainable operation.

(5) Evaluated the overall presentation, structure and content of the financial statements, and evaluated whether the financial statements fairly reflect relevant transactions and events.

(6) Obtained sufficient and appropriate audit evidence on the financial information of entities or business activities in the Company to express audit opinions on the financial statements. We are responsible for guiding, supervising and executing the Group audit. We take full responsibility for the audit opinions.

We communicated with the Governance on the planned audit scope, schedule and major audit findings, including the internal control deficiencies deserving attention that we identified during the audit.

(The remainder of this page is intentionally left blank, only for signature page of the Audit Report on the Financial Statements of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. for the year 2024)



Zhongxinghua Certified Public
Accountants LLP

Chinese Certified Public Accountants:
Wang Jun

Beijing, China

Chinese Certified Public Accountants:
Zhu Jingjing

May 8, 2025

Consolidated Balance Sheet

December 31, 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note VI	Closing amount	Beginning balance
Current assets:			
Monetary capital	1	1,292,609,172.43	2,972,559,967.05
Settle the reserve			
Lending money			
Transactional financial assets			
Financial assets measured at fair value and whose changes are recorded into current profits and losses			
Derivative financial assets			
Notes receivable	2		100,000.00
Accounts receivable	3	1,425,919,821.72	1,191,137,599.31
Receivables financing			
Advance payment	4	61,073,905.28	163,822,623.94
Premiums receivable			
Accounts receivable reinsurance			
Reinsurance contract reserve receivable			
Other receivables	5	1,394,879,172.91	2,008,092,536.24
Buying back the sale of financial assets			
Inventory	6	7,651,125,894.79	8,078,106,747.07
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	7	52,370,851.74	63,593,749.85
Total current assets		11,877,978,818.87	14,477,413,223.46
Non-current assets:			
Granting loans and advances			
Debt investment			
Other Debt Investment			
Held-to-maturity investments			
Long-term receivables			
Long - term equity investment			
Other equity instrument investment			
Other non-current financial assets			
Investment real estate	8	4,073,361,600.00	3,275,476,010.00
Fixed assets	9	169,228,691.58	42,274,228.24
Construction in progress	10	317,543,422.36	413,567,515.46
Capitalized biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	11	7,627,985.11	11,818,775.14
Development expenditures			
Goodwill			
Long - term deferred expenses			9,023,770.48
Deferred income tax assets	12	661,130.18	391,815.09
Other non-current assets			
Total non-current assets		4,568,422,829.23	3,752,552,114.41
Total assets		16,446,401,648.10	18,229,965,337.87

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Balance Sheet (Continued)

December 31, 2024

Preparation Company: Yaucheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note VI	Closing amount	Beginning balance
Current liabilities:			
Short-term borrowings	13	458,153,861.26	1,555,921,570.01
Transactional financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	14	151,040,000.00	1,302,000,000.00
Accounts payable	15	154,761,175.30	175,630,698.32
Advance receipts			
Payroll payable	16	207.50	
Contract liability	17	209,246,449.22	173,753,854.91
Taxes and dues payable	18	96,991,110.42	85,255,153.50
Other payables	19	134,081,877.45	239,845,353.63
Held-for-sale liabilities			
Non-current liabilities due within one year	20	2,721,132,289.49	1,768,312,455.47
Other current liabilities	21	636,832,180.43	251,232,707.18
Total current liabilities		4,562,239,151.07	5,551,951,793.02
Non-current liabilities:			
Long-term borrowings	22	2,548,608,941.59	3,724,445,307.12
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables	23	2,740,585,111.13	2,134,775,128.94
Long-term staff compensation payable			
Estimated liabilities			
Deferred income			52,526,202.04
Deferred income tax liabilities	12	104,430,009.60	103,257,306.74
Other non-current liabilities	24		120,000,000.00
Total non-current liabilities		5,393,624,062.32	6,135,003,944.84
Total liabilities		9,955,863,213.39	11,686,955,737.86
Owner's equity:			
Paid-in capital	25	1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves	26	4,734,412,750.16	4,818,348,894.50
Less: inventory stock			
Other comprehensive incomes	27	115,237,986.49	115,237,986.49
Special reserves			
Surplus reserves	28	23,981,539.92	23,661,715.59
General risk reserve			
Undistributed profits	29	277,036,016.00	252,659,481.96
Total owner's equity attributable to the parent company		6,150,668,292.57	6,209,908,078.54
Minority Shareholders' equity		339,870,142.14	333,101,521.47
Total owner's equity		6,490,538,434.71	6,543,009,600.01
Total liabilities and owner's equity		16,446,401,648.10	18,229,965,337.87

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Income Statement

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note VI	Amount in the current period	Amount in previous period
I. Total operating incomes		879,551,461.37	944,274,974.74
Including: Operating incomes	30	879,551,461.37	944,274,974.74
II. Total operating Costs		840,710,806.84	892,293,482.24
Including: Operating Costs	30	786,848,403.87	839,464,135.68
Taxes and surcharges	31	24,998,496.07	20,540,241.34
Sales expenses		7,886,472.21	7,014,440.84
Administrative expenses		27,108,240.22	30,006,493.86
R&D expenses			
Financial expenses	32	-6,130,805.53	-4,731,829.48
Including: interest expenses		15,743,328.92	26,916,285.35
Interest incomes		22,222,809.58	33,008,599.98
Plus: other incomes	33	33,417.19	978,043.69
Investment income (losses indicated with "-")	34		
Including: income from investments in associated enterprises and joint ventures			
Revenue from derecognition of financial assets measured in amortized cost			
Net exposure hedging income (loss is indicated with "-")			
Gains from changes in fair value(losses indicated with "-")	35	4,690,811.45	169,886,304.42
Impairment loss of credit (losses indicated with "-")	36	-1,077,260.35	425,906.08
Impairment loss of assets (losses indicated with "-")			
Income from disposal of assets (losses indicated with "-")			
III. Operating profit (losses indicated with "-")		42,487,622.82	223,271,746.69
Plus: non-operating incomes	37	35,003.32	438,151.80
Less: non-operating expenses	38	1,373,682.17	3,492,668.75
IV.Total profits (losses indicated with" "-")		41,148,943.97	220,217,229.74
Less: Income tax expenses	39	11,640,543.83	20,262,105.83
V. Net profits (Net losses indicated with "-")		29,508,400.14	199,955,123.91
(I) classification by business continuity			
1.Net profit from continuous operation (Net losses indicated with "-")		29,508,400.14	199,955,123.91
2. Net profit from termination of operation (Net losses indicated with "-")			
(II) classification by ownership			
1. Net profit attributable to the shareholders of the parent company (Net losses indicated with "-")		24,696,358.37	203,538,954.28
2. Minority shareholders' profit and loss (Net losses indicated with "-")		4,812,041.77	-3,583,830.37
VI. Net post-tax amount of other comprehensive income			-116,712,561.51
(I) Owners' total comprehensive income attributable to the parent company			-125,378,873.01
1. Other comprehensive incomes cannot be reclassified into profits or losses			
(1) Re-measure the amount of changes in the benefit plan			
(2) Other comprehensive incomes cannot be transferred to profits or losses under the equity method			
(3) Changes in fair values of other equity instrument investment			
(4) Changes in fair value of enterprise's own credit risk			
(5) Others			
2. Other comprehensive incomes to be reclassified into profits and losses			-125,378,873.01
(1) Other comprehensive incomes to be transferred to profits or losses under the equity method			
(2) Changes in fair value of other debt investments			
(3) Changes in fair values of available-for-sale financial assets investment			
(4) Amount of financial assets reclassified into other comprehensive income			
(5) Reclassification of held-to-maturity investments as profit or loss on available-for-sale financial assets			
(6) Provision for credit impairment of other creditor's rights investment			
(7) Cash flow hedging reserve			
(8) Translation difference of the foreign-currency statements			
(9) Profits and losses from changes in fair values of investment real estate			-125,378,873.01
(II) Net after-tax of other comprehensive income attributable to minority shareholders			8,666,311.50
VII. total comprehensive income		29,508,400.14	83,242,562.40
(I) Total comprehensive income attributable to owners of the parent company		24,696,358.37	78,160,081.27
(II) Total comprehensive income attributable to minority shareholders		4,812,041.77	5,082,481.13

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Departme

Consolidated Statement of Cash Flow

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	Amount in the current period	Amount in previous period
I. Cash flows from operating activities:			
Cash received from sale of commodities and provision of labor services		729,232,771.25	711,340,174.58
Refund of taxes and levies			16,790,035.20
Other cash received related to operating activities		2,200,654,200.42	2,062,029,303.68
Subtotal of cash inflows of operating activities		2,929,886,971.67	2,790,159,513.46
Cash paid for purchase of commodities and labor services		1,082,743,673.40	2,100,935,229.95
Cash paid to and for employees		14,629,018.81	14,678,550.27
Tax payments		41,123,246.37	41,004,653.02
Other cash paid related to operating activities		1,740,039,165.78	412,554,676.11
Subtotal cash outflow from operating activities		2,878,535,104.36	2,569,173,109.35
Net cash flows from operating activities		51,351,867.31	220,986,404.11
II. cash flow from investment activities:			
Cash received from return on investments			
Cash received from investment income			
Net cash from disposal of fixed assets, intangible assets and other long-term assets			374,884.30
Net cash from disposal of subsidiaries and other business units			
Other cash received from investment related activities			
Subtotal of cash inflows of investment activities			374,884.30
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		146,049,093.71	1,495,105,415.63
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for investment related activities		864,683.24	
Subtotal of cash outflows of investment activities		146,913,776.95	1,495,105,415.63
Net cash flows from investment activities		-146,913,776.95	-1,494,730,531.33
III. Cash flows from financing activities:			
Cash received from investment absorption			633,010,110.00
Including: the subsidiary receives cash from minority shareholders' investments			
Cash received from obtaining loans		1,360,055,000.00	5,907,520,495.15
Other cash received related to financing activities		4,353,701,210.55	6,490,556,679.87
Subtotal of cash inflows of financing activities		5,713,756,210.55	13,031,087,285.02
Cash paid to repay debts		2,951,979,811.37	2,274,810,320.74
Cash paid to distribute dividends, profits or pay interest		26,625,188.09	182,678,433.03
Including: dividends and profits paid by subsidiaries to minority shareholders			
Other cash paid related to financing activities		2,478,898,367.59	9,353,426,129.48
Subtotal of cash outflows of financing activities		5,457,503,367.05	11,810,914,883.25
Net cash flows from financing activities		256,252,843.50	1,220,172,401.77
IV. impact of exchange rate changes on cash and cash equivalents		59,482.07	38,858.64
V. Net increase in cash and cash equivalents		160,750,415.93	-53,532,866.81
Plus: opening balance of cash and cash equivalents		189,998,843.04	243,531,709.85
VI. Closing balance of cash and cash equivalents		350,749,258.97	189,998,843.04

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Depa

Consolidated Statement of Changes in Owner's Equity

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Amount in the current period												
	Owners' equities attributable to the parent company											Minority Shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal		
		Preferred stock	Perpetual bond	Other									
I. Closing balance of previous year	1,000,000,000.00				4,818,348,894.50		115,237,986.49		23,661,715.59	252,659,481.96	6,209,908,078.54	333,101,521.47	6,543,009,600.01
Plus: changes to accounting policies													
Correction of prior period errors													
Other													
II. Opening balance of this year	1,000,000,000.00				4,818,348,894.50		115,237,986.49		23,661,715.59	252,659,481.96	6,209,908,078.54	333,101,521.47	6,543,009,600.01
III. Increase of this year (decrease indicated with "-")					-83,936,144.34				319,824.33	24,376,534.04	-59,239,785.97	6,768,620.67	-52,471,165.30
(I) Total comprehensive income										24,696,358.37	24,696,358.37	4,812,041.77	29,508,400.14
(II) Investments of owners and reduced capital					-83,936,144.34						-83,936,144.34	1,956,578.90	-81,979,565.44
1. Investments of owners and reduced capital												1,956,578.90	1,956,578.90
2. Capital investments of other equity instrument holders													
3. Amount of the share-based payments in the owners' equity													
4. Other					-83,936,144.34						-83,936,144.34		-167,872,288.68
(III) Distribution of profits									319,824.33	-319,824.33			
1. Withdrawal of surplus reserves									319,824.33	-319,824.33			
2. extraction of general risk reserve													
3. Distribution to owners													
4. Other													
(IV) Internal carry-over shareholders' equity													
1. Conversion of capital reserve into capital													
2. Conversion of surplus reserve into capital													
3. Conversion of surplus reserve into capital													
4. Set the amount of changes in the benefit plan to carry forward retained earnings													
5. Carry-forward of other comprehensive income to retained earnings													
6. Other													
(V) Special reserve													
1. Withdrawal of this period													
2. Utilization of this period													
(VI) Other													
IV. Closing balance of this year	1,000,000,000.00				4,734,412,750.16		115,237,986.49		23,981,539.92	277,036,016.00	6,150,668,292.57	339,870,142.14	6,490,538,434.71

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Statement of Changes in Owner's Equity

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Amount in previous period												
	Owners' equities attributable to the parent company											Minority Shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal		
		Preferred stock	Perpetual bond	Other									
I. Closing balance of previous year	1,000,000,000.00				4,437,086,290.20		240,616,859.50		8,558,141.28	64,224,101.99	5,750,485,392.97	97,530,937.44	5,848,016,330.41
Plus: changes to accounting policies													
Correction of prior period errors													
Other													
II. Opening balance of this year	1,000,000,000.00				4,437,086,290.20		240,616,859.50		8,558,141.28	64,224,101.99	5,750,485,392.97	97,530,937.44	5,848,016,330.41
III. Increase of this year (decrease indicated with "-")					381,262,604.30		-125,378,873.01		15,103,574.31	188,435,379.97	459,422,685.57	235,570,584.03	694,993,269.60
(I) Total comprehensive income							-125,378,873.01			203,538,954.28	78,160,081.27	5,082,481.13	83,242,562.40
(II) Investments of owners and reduced capital					381,262,604.30						381,262,604.30	230,488,102.90	611,750,707.20
1. Investments of owners and reduced capital					381,262,604.30						381,262,604.30	230,488,102.90	611,750,707.20
2. Capital investments of other equity instrument holders													
3. Amount of the share-based payments in the owners' equity													
4. Other													
(III) Distribution of profits									15,103,574.31	-15,103,574.31			
1. Withdrawal of surplus reserves									15,103,574.31	-15,103,574.31			
2. extraction of general risk reserve													
3. Distribution to owners													
4. Other													
(IV) Internal carry-over shareholders' equity													
1. Conversion of capital reserve into capital													
2. Conversion of surplus reserve into capital													
3. Conversion of surplus reserve into capital													
4. Set the amount of changes in the benefit plan to carry forward retained earnings													
5. Carry-forward of other comprehensive income to retained earnings													
6. Other													
(V) Special reserve													
1. Withdrawal of this period													
2. Utilization of this period													
(VI) Other													
IV. Closing balance of this year	1,000,000,000.00				4,818,348,894.50		115,237,986.49		23,661,715.59	252,659,481.96	6,209,908,078.54	333,101,521.47	6,543,009,600.01

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Balance Sheet

December 31, 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note XI	Ending balance	Beginning balance
Current assets:			
Monetary capital		644,979,643.89	1,880,607,020.40
Transactional financial assets			
Financial assets measured at fair value and whose changes are recorded into current profits and losses			
Derivative financial assets			
Notes receivable			
Accounts receivable	1	11,431,125.27	16,444,797.99
Receivables financing			
Advance payment		62,891,400.00	142,603,519.24
Other receivables	2	1,750,353,350.54	1,169,575,261.37
Inventory		287,447,906.44	250,917,842.13
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		2,018,757.70	2,079,671.86
Total current assets		2,759,122,183.84	3,462,228,112.99
Non-current assets:			
Debt investment			
Other Debt Investment			
Long-term receivables			
Long - term equity investment	3	3,853,888,494.69	3,832,629,091.89
Other equity instrument investment			
Other non-current financial assets			
Investment real estate		540,414,900.00	458,171,410.00
Fixed assets		5,247,760.48	5,018,114.22
Construction in progress		13,897,365.72	13,792,513.81
Capitalized biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets			
Development expenditures			
Goodwill			
Long - term deferred expenses			
Deferred income tax assets		595,666.42	359,083.21
Other non-current assets			
Total non-current assets		4,414,044,187.31	4,309,970,213.13
Total assets		7,173,166,371.15	7,772,198,326.12

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Balance Sheet (Continued)

December 31, 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	Ending balance	Beginning balance
Current liabilities:			
Short-term borrowings		177,494,938.35	1,008,201,797.52
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable			800,000,000.00
Accounts payable		14,188,997.29	13,007,238.86
Advance receipts			
Contract liability			5,752,212.39
Payroll payable			
Taxes and dues payable		52,311,077.27	51,617,885.45
Other payables		41,040,652.68	21,051,458.30
Held-for-sale liabilities			
Non-current liabilities due within one year		376,262,343.93	247,212,939.00
Other current liabilities		528,000,000.00	130,747,787.61
Total current liabilities		1,189,298,009.52	2,277,591,319.13
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including:Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables		931,590,041.07	361,852,385.00
Long-term staff compensation payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities		71,909,172.29	70,980,099.79
Other non-current liabilities			
Total non-current liabilities		1,003,499,213.36	432,832,484.79
Total liabilities		2,192,797,222.88	2,710,423,803.92
Owner's equity:			
Paid-in capital		1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Including:Preferred stock			
Perpetual bond			
Capital reserves		3,742,825,474.69	3,827,429,091.89
Less: inventory stock			
Other comprehensive incomes		66,293,266.06	66,293,266.06
Special reserves			
Surplus reserves		23,981,539.92	23,661,715.59
Undistributed profits		147,268,867.60	144,390,448.66
Total owner's equity		4,980,369,148.27	5,061,774,522.20
Total liabilities and owner's equity		7,173,166,371.15	7,772,198,326.12

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Income

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note XI	Amount in the current period	Amount in previous period
I. Operating incomes	4	44,544,506.91	113,218,469.40
Less: operating Cost	4	43,241,789.61	105,056,838.86
Taxes and surcharges		3,499,380.54	4,012,930.99
Sales expenses			
Administrative expenses		2,664,359.63	1,677,989.45
R&D expenses			
Financial expenses		-5,983,897.18	19,971,068.01
Plus: other incomes			17,000.00
Investment income (losses indicated with “-”)			
Including: income from investments in associated enterprises and joint ventures			
Revenue from derecognition of financial assets measured in amortized cost			
Net exposure hedging income (loss is indicated with “—”)			
Gains from changes in fair value(losses indicated with “-”)		3,716,290.00	169,420,414.38
Impairment loss of credit (losses indicated with “-”)		-946,332.85	-468,166.42
Impairment loss of assets (losses indicated with “-”)			
Income from disposal of assets (losses indicated with “-”)			
II. operating profit (losses indicated with “-”)		3,892,831.46	151,468,890.05
Plus: non-operating incomes		1.70	1.00
Less: non-operating expenses		2,100.60	451,187.17
III.Total profits (losses indicated with“-”)		3,890,732.56	151,017,703.88
Less: Income tax expenses		692,489.29	-18,039.20
IV. Net profits (Net losses indicated with “-”)		3,198,243.27	151,035,743.08
(I) Net profit from continuous operation (Net losses indicated with “-”)		3,198,243.27	151,035,743.08
(II) Net profit from termination of operation (Net losses indicated with “-”)			
V. Net post-tax amount of other comprehensive income			-169,007,904.38
(I) Other comprehensive incomes cannot be reclassified into profits or losses			
1. Re-measure the amount of changes in the benefit plan			
2. Other comprehensive incomes cannot be transferred to profits or losses under the equity method			
5. Other			
(II) Other comprehensive incomes to be reclassified into profits and losses			-169,007,904.38
1. Other comprehensive incomes to be transferred to profits or losses under the equity method			
2. Changes in fair value of other debt investments			
7. Cash flow hedging reserve			
8. Translation difference of the foreign-currency statements			
9. Profits and losses from changes in fair values of investment real estate			-169,007,904.38
VI. Total comprehensive incomes		3,198,243.27	-17,972,161.30

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Cash Flow Statement

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	Amount in the current period	Amount in previous period
I. Cash flows from operating activities:			
Cash received from sale of commodities and provision of labor services		42,111,846.78	139,812,945.42
Refund of taxes and levies			
Other cash received related to operating activities		28,528,684.27	520,859,456.36
Subtotal of cash inflows of operating activities		70,640,531.05	660,672,401.78
Cash paid for purchase of commodities and labor services		94,740,996.25	297,139,682.75
Cash paid to and for employees			
Tax payments		2,745,274.56	2,420,754.97
Other cash paid related to operating activities		477,264,834.12	120,829,057.21
Subtotal cash outflow from operating activities		574,751,104.93	420,389,494.93
Net cash flows from operating activities		-504,110,573.88	240,282,906.85
II. cash flow from investment activities:			
Cash received from return on investments			
Cash received from investment income			
Net cash from disposal of fixed assets, intangible assets and other long-term assets			
Net cash from disposal of subsidiaries and other business units			
Other cash received from investment related activities			
Subtotal of cash inflows of investment activities			
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		79,188,764.53	3,847,336.31
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for investment related activities			
Subtotal of cash outflows of investment activities		79,188,764.53	3,847,336.31
Net cash flows from investment activities		-79,188,764.53	-3,847,336.31
III. Cash flows from financing activities:			
Cash received from investment absorption			
Cash received from obtaining loans		197,265,000.00	1,482,259,585.13
Other cash received related to financing activities		2,774,252,083.52	2,639,002,164.68
Subtotal of cash inflows of financing activities		2,971,517,083.52	4,121,261,749.81
Cash paid to repay debts		1,027,090,000.00	517,034,218.00
Cash paid to distribute dividends, profits or pay interest		13,427,079.10	18,938,271.45
Other cash paid related to financing activities		1,283,075,959.00	3,799,076,401.07
Subtotal of cash outflows of financing activities		2,323,593,038.10	4,335,048,890.52
Net cash flows from financing activities		647,924,045.42	-213,787,140.71
IV. impact of exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		64,624,707.01	22,648,429.83
Plus: opening balance of cash and cash equivalents		31,008,367.40	8,359,937.57
VI. Closing balance of cash and cash equivalents		95,633,074.41	31,008,367.40

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Changes in Owner's Equity

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Amount in the current period										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year	1,000,000,000.00				3,827,429,091.89		66,293,266.06		23,661,715.59	144,390,448.66	5,061,774,522.20
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year	1,000,000,000.00				3,827,429,091.89		66,293,266.06		23,661,715.59	144,390,448.66	5,061,774,522.20
III. Increase of this year (decrease indicated with "-")					-84,603,617.20				319,824.33	2,878,418.94	-81,405,373.93
(I) Total comprehensive income										3,198,243.27	3,198,243.27
(II) Investments of owners and reduced capital					-84,603,617.20						-84,603,617.20
1. Investments of owners and reduced capital											
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other					-84,603,617.20						-84,603,617.20
(III) Distribution of profits									319,824.33	-319,824.33	
1. Withdrawal of surplus reserves									319,824.33	-319,824.33	
2. extraction of general risk reserve											
3. Distribution to owners											
4. Other											
(IV) Internal carry-over shareholders' equity											
1. Conversion of capital reserve into capital											
2. Conversion of surplus reserve into capital											
3. Conversion of surplus reserve into capital											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV. Closing balance of this year	1,000,000,000.00				3,742,825,474.69		66,293,266.06		23,981,539.92	147,268,867.60	4,980,369,148.27

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Changes in Owner's Equity

Year 2024

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Amount in previous period										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year	1,000,000,000.00				3,633,688,494.69		235,301,170.44		8,558,141.28	8,458,279.89	4,886,006,086.30
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year	1,000,000,000.00				3,633,688,494.69		235,301,170.44		8,558,141.28	8,458,279.89	4,886,006,086.30
III. Increase of this year (decrease indicated with “-”)					193,740,597.20		-169,007,904.38		15,103,574.31	135,932,168.77	175,768,435.90
(I) Total comprehensive income							-169,007,904.38			151,035,743.08	-17,972,161.30
(II) Investments of owners and reduced capital					193,740,597.20						193,740,597.20
1. Investments of owners and reduced capital					193,740,597.20						193,740,597.20
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other											
(III) Distribution of profits									15,103,574.31	-15,103,574.31	
1. Withdrawal of surplus reserves									15,103,574.31	-15,103,574.31	
2. extraction of general risk reserve											
3. Distribution to owners											
4. Other											
(IV) Internal carry-over shareholders' equity											
1. Conversion of capital reserve into capital											
2. Conversion of surplus reserve into capital											
3. Conversion of surplus reserve into capital											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV. Closing balance of this year	1,000,000,000.00				3,827,429,091.89		66,293,266.06		23,661,715.59	144,390,448.66	5,061,774,522.20

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Notes to 2024 Financial Statements

(Unless otherwise specified, the currency unit in the Notes is in RMB)

I. Basic information of the Company

(I) Place of registration and form of organization of the Company

Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (hereinafter referred to as the Company), established on April 10, 2014, was invested and established by Yancheng Dafeng Urban Construction Group Co., Ltd. with an initial registered capital of 100 million yuan. After the capital increase, the existing registered capital is 1 billion yuan.

The Company's unified social credit code: 913209820934471503, registered address: No.82 Jiankang East Road, Dafeng District, Yancheng City, actual business address: No.7 Feida East Road, Dafeng District, Yancheng City, legal representative: Ji Minggen, enterprise type: limited liability company (wholly state-owned).

(II) Business scope of the Company

Infrastructure construction; pipeline engineering construction; house demolition; land consolidation; sales of building materials; municipal engineering construction; building decoration design; furniture manufacturing; freight forwarding agent; cultivation of vegetables, fruits, flowers and trees; aquaculture; development and construction of solar power projects; power generation and electricity sales of solar photovoltaic; development and construction of wind power project; generation and electricity sales of wind power. (Any item that needs to be approved by law can be operated only after obtaining approval by relevant authorities, and specific business items shall be subject to approval documents or licenses of relevant authorities) Licensed items: import and export of goods; technology import and export; Import and export agency (items subject to approval according to law can only be operated after being approved by relevant departments, and specific business items shall be subject to the approval results) General items: sales of coal and products; sales of non-metallic minerals and products; sales of metal materials; sales of metal ore; sales of metal products; sales of daily wood products; sales of cork products; sales of chemical products (excluding licensed chemical products); sales of machinery and equipment; sales of mechanical parts and parts; sales of electronic products; sales of agricultural and sideline products; sales of animal husbandry and fishery feed; sales of cement products; sales of automobile new cars; wholesale of auto spare parts; sales of special equipment; sales of Class I medical devices; sales of petroleum products (excluding hazardous chemicals); sales of batteries; wire and cable management; wholesale of fresh vegetables; retail of fresh vegetables; grain cultivation; grass planting (except for items subject to approval according to law, business activities shall be independently carried out according to law with business license)

(III) Approval for publication of financial statements

These financial statements have been approved for release by the resolution of directors of the Company's board.

(IV) Scope of consolidated financial statements

Consolidation scope of the Company is determined according to control right, and all subsidiaries shall be consolidated in the consolidated financial statements. In current period there are 9 subsidiaries included in the merger scope of the Company, a decrease of 2 subsidiaries from the previous year. The details of the subsidiaries during the reporting period can be found in Note VIII.

II. Presentation basis of financial statements

(I) Basis of preparation

The Company prepares financial statements based on going concern, based on actual transactions and events, and in accordance with the accounting standards for enterprises standards and application guidelines, explanations and other relevant provisions promulgated by the Ministry of Finance (collectively referred to as the "Accounting Standards for Enterprises").

According to the relevant provisions of enterprise accounting standards, the accounting of the Company is based on accrual basis. Except for certain financial instruments, the financial statements are measured on a historical cost basis. If an asset is impaired, the corresponding provision for impairment shall be made according to relevant regulations.

(II) Going-concern

These financial statements are presented on a going concern basis and the Company has a going concern capability for at least 12 months the end of the reporting period.

III. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the Accounting Standards for Business Enterprises, and truly and completely reflect the financial status of consolidated and parent company as of December 31, 2024, and operating results, cash flow of the consolidated and parent company in 2024.

IV. Significant accounting policies and accounting estimates

(I) Accounting period

The fiscal year of the Company adopts the Gregorian calendar year, i.e. from January 1 to December 31 each year.

(II) Operating cycle

The Company takes one year (12 months) as a normal operating cycle.

(III) Functional currency

Renminbi is chosen as the functional currency.

(IV) Accounting method for merger of enterprises under the common control and not under the common control

Business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. The business combination is divided into business combination under the same control and business combination not under the same control.

1. Accounting method for merge of enterprises under the common control

A business merger under the same control is a business merger in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business merger and on which the control is not temporary. In a business combination under the same control, the party which obtains the control on other combining enterprise(s) on the combining date is the combining party, and other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities acquired by the Company in a business merger shall be measured according to the book value of the assets and liabilities of the combined party (including the goodwill formed by acquisition of the combined party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party on the combining date. As for the balance between the book value of the net assets obtained and the book value of the consideration paid by it (or the total face value of the shares issued), the equity premium in the capital reserve shall be adjusted.

The direct cost occurred in the business combination is recorded into the profit or loss for the period when they actually occurred.

2. Accounting method for merge of enterprises not under the common control

If an enterprise participating in the combination are not ultimately controlled by the same party or the same parties before and after the combination, it is a business combination not under the same control. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The purchase date refers to the date on which the acquirer actually obtains control over the acquiree.

For business combinations not under the same control, consolidation costs shall include the assets paid by the acquirer to obtain control over the acquiree on the purchase date, the liabilities incurred or assumed, and the fair value of equity securities issued. Intermediary fees such as auditing, legal services, evaluation and consultation and other management fees incurred for business combination shall be included in the current profits and losses when they are incurred. The transaction costs of equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved shall be included in the consolidated cost according to its fair value on the purchase date. If new or further evidence of the existing situation on the purchase date appears within 12 months after the purchase date and it is necessary to adjust the contingent consideration, the consolidated goodwill shall be adjusted accordingly. The combination

costs incurred by the acquirer and the identifiable net assets acquired in the combination are measured at the fair value at the purchase date. The difference between the combined cost and the fair value share of the identifiable net assets of the acquiree at the purchase date obtained in the combination is recognized as goodwill. If the combined cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, firstly, the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combined cost are reviewed. If the combined cost is still less than the fair value share of identifiable net assets of the acquiree obtained in the combination after review, the difference shall be included in the current profits and losses.

For the deductible temporary difference of the acquiree obtained by the acquirer, if the deferred income tax assets are not recognized on the purchase date because they do not meet the conditions for recognition of deferred income tax assets, then within 12 months after the purchase date, if new or further information is obtained to show that the relevant situation on the purchase date already exists and the economic benefits brought by the deductible temporary difference of the acquired party can be realized, the relevant deferred income tax assets will be recognized, and goodwill will be reduced at the same time. If goodwill is insufficient to offset, the difference will be recognized as current profits and losses; in addition to the above, if deferred income tax assets related to business combination are recognized, they shall be included in the profits and losses of the current period.

Where a business combination not under common control is realized in stages through multiple transactions, it is judged whether these transactions are considered to be a “package transaction” according to the Notice of the Ministry of Finance on Issuing Interpretation No.5 of the Accounting Standards for Business Enterprises (Cai Kuai [2012] No.19) and Article 51 of the Accounting Standards for Enterprises No.33 - Consolidated Financial Statements (see Note IV (V), which set out the criteria defining a package transaction. If it is a "package transaction", these transactions are accounted in accordance with the previous paragraphs of this section and Note IV (XV) “Long-term Equity Investment”. If no, relevant accounting treatments shall be undertaken individually in separate financial statements and in consolidated financial statements:

In individual financial statements, the sum of the book value of the equity investment held by the acquired party before the purchase date and the newly added investment cost on the purchase date shall be taken as the initial investment cost of the investment; where the equity of the acquiree held before the purchase date involves other comprehensive income, at the time of disposal of the investment, other comprehensive income related to it is accounted for on the same basis as the acquiree directly disposes of the related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated according to the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquired party held before the purchase date is re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income; where the equity of the acquiree held before the purchase date involves other comprehensive income, other comprehensive income related to it should be accounted for on the same basis as the acquiree's direct disposal of related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated according to the equity method, the rest is transferred to the current investment income on the purchase date).

(V) Preparation method of consolidated financial statements

1. Principles for determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns. The scope of the merger includes the company and all its subsidiaries. Subsidiary refers to the main body controlled by the Company.

The Company will re-evaluate the relevant elements involved in the above control definition as a result of changes in relevant facts and situations.

2. Preparation method of consolidated financial statements

From the date of obtaining the net assets of subsidiaries and the actual control rights of production and operation decisions, the Company began to bring them into the consolidation scope; it shall stop being included in the consolidation scope from the date of losing the actual control right. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the beginning balance of the consolidated balance sheet will not be adjusted. The operating results and cash flows after the purchase date of a subsidiary increased by business combination not under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the beginning balance and comparative amount of the consolidated financial statements are not adjusted. The operating results and cash flows from the beginning of the consolidation period to the consolidation date of the subsidiaries that have been increased by business combination under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the comparison amount of the consolidated financial statements has been adjusted at the same time.

In the preparation of consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary are inconsistent with those adopted by the Company, necessary

adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired through the merger of enterprises not under the common control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the purchase date.

All material balances, transactions and unrealized profits within the Company shall be offset at the time of preparation of the consolidated financial statements.

Shareholders' equity of subsidiaries and the part of current net profit and loss not owned by the Company shall be separately presented as minority shareholders' equity and minority shareholders' profit and loss in the consolidated financial statements under shareholders' equity and net profit. The share of minority shareholders' equity in the current net profit and loss of subsidiaries shall be presented as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. If the minority shareholders' share of the subsidiary's losses exceeds the minority shareholders' share in the initial shareholders' equity of the subsidiary, it still offsets the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained for disposal of the equity and the fair value of the remaining equity, less the difference between the shares of the original subsidiary's net assets calculated on the basis of the original shareholding ratio and the shares of the original subsidiary's net assets continuously calculated from the date of purchase or the date of merger, is included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted on the same basis as the direct disposal of related assets or liabilities by the acquired party in case of loss of control (i.e., except for the changes caused by remeasuring the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be transferred to the current investment income). Thereafter, the remaining equity shall be subsequently measured in accordance with relevant provisions such as Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments. For details, please refer to Note IV (XV) "Long-term Equity Investment" or Note IV (IX) "Financial Instruments".

If the Company loses the control rights of the subsidiary through multiple transactions by step-by-step dispose, it is necessary to distinguish whether the transactions of disposing of the equity investment in subsidiaries until the loss of control rights are package transactions. If the terms, conditions and economic impact of various transactions dealing with equity investment in subsidiaries meet one or more of the following conditions, it usually indicates that multiple transactions should be treated as a package transaction: ① These transactions are concluded at the same time or in consideration of each other's

influence; ② These transactions only as a whole can achieve a complete business result; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, each transaction shall be accounted for according to the applicable principles of "partial disposal of long-term equity investment in subsidiaries without loss of control" (see Note IV(XV) 2(4)) and "loss of control over original subsidiaries due to disposal of partial equity investment or other reasons" (see the previous paragraph for details). If the transactions of disposing of equity investment in subsidiaries until the loss of control rights belong to a package transaction, each transaction shall be treated as a transaction of disposing of subsidiaries and losing control rights for accounting treatment; however, the difference between the disposal price before the loss of control and the share of the net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profits and losses of the current period when the control is lost.

(VI) Joint venture arrangement classification and joint operation accounting method

A joint venture arrangement refers to an arrangement jointly controlled by two or more participants. According to the rights and obligations of the Company under the joint venture arrangement, the joint venture arrangement is divided into Joint Venture and joint operation. Joint operation refers to a joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. A joint venture refers to a joint venture arrangement in which the company only has rights to the net assets of the arrangement.

The Company's investments in joint ventures are accounted for by the equity method and are treated in accordance with the accounting policies set out in Note IV (XV) 2(2) "Long-term Equity Investments Accounting by the Equity Method".

As a joint venture party of the joint operation, the Company shall recognize the assets held separately and the liabilities assumed separately by the Company, and recognize the assets held jointly and the liabilities assumed jointly according to the Company's share; recognize the income generated from the sale of the Company's share of joint operating output; recognize the income generated from the sale of output in joint operations according to the Company's share; recognize the expenses incurred by the Company alone and the expenses incurred by joint operations according to the Company's share.

When the Company invests in or sells assets to a joint operation as a joint venture party (the assets do not constitute business, the same below), or purchases assets from a joint operation, the Company shall only recognize the part of the gains and losses arising from the transaction that belongs to other participants in the joint operation before the assets are sold to a third party. If these assets suffer asset impairment losses that meet the requirements of Accounting Standards for Business Enterprises No.8-Asset Impairment, the

Company will fully recognize the losses when the Company invests or sells assets to the joint operation; in the case of assets purchased by the Company from joint operation, the Company shall recognize the loss according to its share.

(VII) Recognition criteria of the cash and cash equivalents

The cash and cash equivalents of the Company include cash on hand, deposits readily available for payment and the investment with short term held by the Company (generally due within three months from the date of purchase), strong liquidity, easy conversion into known amounts cash, and small risk of changes in value.

(VIII) Translation of foreign currency business and foreign currency statements

1. Conversion method of foreign currency transactions

Foreign currency transactions of the Company shall be converted into the functional currency amount at the spot exchange rate of the trading day upon initial recognition, but foreign currency exchange business or transactions involving foreign currency exchange shall be converted into the functional currency amount at the actual exchange rate.

2. Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate of the balance sheet date, and the exchange difference resulting therefrom, except: (1) the exchange difference arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; and (2) foreign currency monetary items available for sale, except for exchange differences arising from changes in book amounts other than amortized cost, which are included in other comprehensive income, are included in the current profits and losses.

If the preparation of consolidated financial statements involves overseas operations, and if there are foreign currency monetary items that substantially constitute net investment in overseas operations, the exchange difference arising from exchange rate changes shall be included in other comprehensive income; when disposing of overseas operations, it shall be included in the profits and losses of the current period.

Foreign currency non-monetary items measured at historical cost are still measured using the functional currency amount translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at the fair value are translated at the spot exchange rate at the date of fair value evaluation, and the difference between the translated amount in the functional currency and the original amount in the functional currency is treated as changes in fair value (including exchange rate changes) and recorded in current profit or loss or recognized as other comprehensive income.

3. Accounting treatment method for conversion of foreign currency statements

(1) The Company converts the financial statements of overseas operations according to the following

methods:

The asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date; the owners' equity items other than "undistributed profits" are translated at the spot exchange rate ruling on accrual.

The income and expense items in the income statement are translated at the spot exchange rate on the date of the transaction or at the exchange rate determined according to a systematic and reasonable method and similar to the spot exchange rate on the date of the transaction.

The translation difference of foreign currency financial statements resulting from the translation according to the above methods is presented in the "Other comprehensive income" item of owner's equity in the consolidated balance sheet.

(2) The Company converts the financial statements of overseas operations in a hyperinflationary economy according to the following methods:

The Company restates the items in the balance sheet using the general price index and the items in the income statement using the changes in the general price index, and then converts them at the spot exchange rate on the balance sheet date.

When the overseas operation is no longer in a hyperinflationary economy, the Company ceases restating the financial statements, and converts them according to the restated financial statements at the price level on the date of cessation.

(3) When the Company disposes of overseas operations, the conversion difference of foreign currency financial statements related to the overseas operations presented under other comprehensive income items in the consolidated balance sheet is transferred from other comprehensive income to the current profits and losses of disposal; In case of partial disposal of overseas operations, the conversion difference of foreign currency financial statements of the disposed part is calculated according to the proportion of the disposal and transferred to the current profits and losses of the disposal.

(IX) Financial instruments

When the Company becomes a party to the financial instrument contracts, a financial asset or financial liability is recognized.

1. Classification, recognition and measurement of financial assets

According to the business modes and contractual cash flow characteristic of the held financial assets, the Company classifies financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For the financial assets and measured at fair value and recorded in the current profits and losses, relevant transaction costs are directly

recorded into the gains and losses; for other types of financial assets, relevant transaction costs are recorded into the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider significant financing components, the Company shall take the consideration amount expected to be entitled to receive as the initially recognized amount.

(1) Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Financial assets at amortized cost are measured subsequently at amortized cost using the effective interest method by the Company. Gains or losses arising from amortization or impairment are recorded to the current profits and losses.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company's business model for managing this type of financial assets is to collect contractual cash flow and sell such assets, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The Company measures such financial assets at fair value and incorporates their changes into in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest rate method are included in profit and loss for the period.

In addition, the Company designates some non-held-for-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company includes dividend income related to such financial assets into the current profits and losses and changes in fair value are included into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings, and shall not be included in current profits and losses.

(3) Financial assets measured at fair value and whose changes are included in the profits and losses of the current period

The Company classifies financial assets other than the aforementioned financial assets measured at amortized cost and financial assets measured fair value through other comprehensive income as financial assets measured at fair value through the current profits and losses. In addition, at the time of initial recognition, the Company designates part of the financial assets as financial assets measured at fair value through profit or loss for the period, so as to eliminate or significantly reduce accounting mismatches. The Company measures such financial assets subsequently at fair value with change in the fair value recorded

into the current profits and losses.

2. Classification, recognition and measurement of financial liabilities

Financial liabilities, at initial recognition, are classified into financial liabilities measured at fair value through the current profits and losses and other financial liabilities. Transaction costs relating to financial liabilities designated at fair value through profit or loss are directly recorded in profit or loss. Transaction costs relating to other financial liabilities are included in initially recognized amounts.

(1) Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period

Financial liabilities measured at fair values through profit or loss consist of held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities measured at fair value through the current profits and losses upon initial recognition.

Held-for-trading financial liabilities (including derivatives that are financial liabilities) are measured subsequently at fair value with changes recorded into profit or loss for the period, unless related to hedge accounting.

As to a financial liability measured at fair value and whose changes are included in current profits and losses, the change in the fair value of the liability caused by the change in the Company's own credit risk is included in other comprehensive income, and when the liability is derecognized, the accumulated changes in its fair value caused by changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in the fair value are included in the current profits and losses. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Company shall record all gains or losses on that liability (including the impact of changes in the credit risk of that liability) in the current profits and losses.

(2) Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets and financial guarantee contracts liability, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in the current profits and losses.

3. Recognition basis and measurement method of financial asset transfer

Financial assets that meet one of the following conditions shall be terminated to recognize: ① The contractual right to receive cash flow from the financial assets is terminated; ② The financial asset has been transferred, and almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, although the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up

its control over the financial asset.

If the enterprise neither transfers nor retains almost all risks and rewards in the ownership of financial assets, and does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets between derecognition and non-derecognition according to their relative fair values shall be allocated, and the difference between the sum of the consideration received due to the transfer and the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognition part and the aforesaid book amount allocated shall be included in the current profits and losses.

For financial assets sold with recourse or endorsed for transfer of financial assets held by the Company, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; if almost all risks and rewards in the ownership of financial assets are retained, the recognition of the financial assets will not be terminated; if almost all risks and rewards in the ownership of financial assets are neither transferred nor retained, it needs to continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the previous paragraphs.

4. Derecognition of financial liabilities

The Company derecognizes a financial liability (or part thereof) only when the current obligations of the financial liability (or part thereof) have been discharged. If the Company (the borrower) and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. Where the original agreement of a financial liability (or part thereof) is substantially modified by the Company, the original financial liability shall be terminated and a new financial liability shall be recognized according to the modified terms.

When a financial liability (or a part thereof) is derecognized, the Company shall include the difference between its book value and the consideration paid (including transferred non-cash assets or liabilities) into the current profits and losses.

5. Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, the statutory right is currently enforceable, and the Company plans to settle or simultaneously realize the financial assets and pay off the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet in amounts offset against each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Method for determining fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is active market for the financial instrument, the Company shall recognize its fair value by quoting from the active market. The quotation in the active market refers to the price that is readily available on a regular basis from exchanges, brokers, trade associations, pricing services, etc., and represents the price of a market transaction that actually occurs in fair trading. Where there is no active market for financial instruments, the Company adopts valuation techniques to determine their fair values. Valuation techniques include reference to prices used by market participants in major markets or the most favorable markets on measurement days, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow method and option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and preferentially uses relevant observable input values. Unobservable input value is used when relevant observable input value is unavailable or impracticable.

7. Equity instrument

An equity instrument refers to a contract that can prove that it owns the surplus equity in the assets of the Company after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity. Transaction costs related to equity transactions are deducted from the equity. The Company does not confirm the changes of fair value of equity instruments.

Dividends (including "interest" arising from instruments classified as equity instruments) distributed during the existence of the Company's equity instruments are treated as profit distribution.

(X) Impairment of financial assets

The financial assets of the Company that need to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, and lease receivables, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this Part.

1. Recognition method of provision for impairment

On the basis of expected credit loss, the Company makes provision for impairment and recognizes credit impairment loss for the above items according to its applicable measurement method of expected credit loss (general method or simplified method).

Credit loss refers to the difference between all contract cash flows discounted by the company at the original effective interest rate and receivables according to the contracts and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchased or originated financial assets with credit impairment, the Company discounts them according to the credit-adjusted actual interest rate of the financial assets.

The general method of measuring expected credit loss refers to, on each balance sheet date, the Company assesses whether the credit risk of financial assets (including contract assets and other applicable items, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss during the whole duration; if there is no significant increase in credit risk since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss in the next 12 months. When assessing the expected credit loss, the Company considers all reasonable and well-founded information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition, and measures the loss provision according to the expected credit loss in the next 12 months.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than the default probability in the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company adopts the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole period of existence to determine whether the credit risk has increased significantly since the initial recognition.

Usually, when it is overdue for more than 12 months, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company will take into account of the following factors when assessing whether there is a significant increase in credit risk:

- (1) Whether there has been a significant change in actual or expected operating results of the debtor;
- (2) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;
- (3) Whether there have been significant changes in the value of collateral as collateral for debt or the quality of collateral or credit enhancement provided by third parties, which are expected to reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or affect the probability of default;
- (4) Whether there have been significant changes in the debtor's expected performance and repayment behavior;
- (5) Whether there has been changes in the Company's credit management methods for financial instruments, etc.

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

3. Criteria for determining financial assets that have experienced credit impairment

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- (1) The issuer or debtor has significant financial difficulties;
- (2) The debtor has violated the contract terms and conditions, such as default or delinquency in payment of interest or principal;
- (3) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- (4) It is probable that the debtor will go bankrupt or otherwise enters financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties.
- (6) Purchase or originate a financial asset at a deep discount that reflects the fact that a credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effect of multiple events

rather than any single discrete event.

4. Combination method for evaluating expected credit risk based on combination

The company evaluates the credit risk of financial assets that are significantly different in credit risk, such as: receivables from related parties; receivables that have disputes or involves litigation or arbitration with the other party; receivables that have obvious signs that the debtor is likely to fail to fulfill its repayment obligations.

Except for financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics and assesses credit risk on a combination basis. The shared credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc., and credit risk is assessed on the basis of combination.

5. Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the book amount of its current impairment reserve, the difference is recognized as impairment loss; if it is less than the book amount of the current provision for impairment, the difference is recognized as impairment gain.

6. Method for determining credit loss of various financial assets

(1) Notes receivable

The Company measures the loss provision for bills receivable according to the amount equivalent to the expected credit loss during the whole period of existence. Based on the credit risk characteristics of bills receivable, they are divided into different combinations:

Item	Combination determination basis
Bank acceptance bill	If the acceptor is a bank with relatively low credit risk, no provision for bad debts shall be made.
Trade acceptance	If the acceptor is a non-financial institution, it is classified in the same way as combination 1 "accounts receivable".

(2) Accounts receivable

For accounts receivable that do not contain significant financing components, the Company measures the loss reserve according to the expected credit loss amount equivalent to that during the whole period of existence.

For accounts receivable with significant financing components, the Company chooses to always measure the loss provision at an amount equivalent to the expected credit loss during the period of existence.

In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
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Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	No provision for bad debts is made for receivables from various governments (including government agencies and subordinate units) arising from entrusted construction and other transactions.

Aging combination:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year	0
1-2 years	5-10
2-3 years	10
3-4 years	20
4-5 years	30
More than 5 years	50

(3) Other receivables

The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk of other receivables has increased significantly since initial recognition. In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

Aging combination:

Aging	Withdrawal ratio of other receivables (%)
Within 1 year	0
1-2 years	5-10
2-3 years	10
3-4 years	20
4-5 years	30
More than 5 years	50

(4) Creditor's rights investment

Creditor's rights investments mainly account for bond investment measured by amortized cost. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(5) Other creditor's rights investment

Creditor's rights investments are mainly calculated at fair value and their changes are included in other

comprehensive income bond investments. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(6) Long-term receivables

According to whether its credit risk has increased significantly since initial recognition, the Company measures the impairment loss of long-term receivables by using the amount equivalent to the expected credit loss within the next 12 months or the whole duration of the single assessment of credit risk. In addition to long-term receivables whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

(XI) Accounts receivable financing

Notes receivable and accounts receivable classified as measured at fair value and whose changes are included in other comprehensive income are presented as receivables financing for those with a term of one year (including one year) from acquisition; if the term from acquisition is more than one year, it is presented as other debt investments. For its relevant accounting policies, please refer to Note IV (IX) "Financial Instruments" and Note IV(X) "Impairment of Financial Assets".

(XII) Inventory

1. Classification of inventory

Inventories mainly include raw materials, inventory goods, low-value consumables, contract performance costs, productive biological assets, etc.

2. Pricing method for inventory acquisition and delivery

Inventory is priced at actual cost when acquired, and inventory cost includes procurement cost, processing cost and other costs. When receiving and issuing, the development products or development costs are priced according to the individual identification method, and the raw materials and inventory goods are priced according to the first-in, first-out method.

3. The recognition of the net realizable value of inventories and the accrual method of inventory falling price reserve

Net realizable value refers to the amount of the estimated sales price of inventory minus the estimated cost to be incurred at the time of completion, the estimated sales expenses and related taxes and fees in daily activities. In determining the net realizable value of inventories, it is based on the conclusive evidence obtained, and taking into account the purpose of holding inventories and the impact of events after the

balance sheet date.

On the balance sheet date, inventories are measured at the cost or net realizable value, whichever is lower. When the net realizable value is lower than the cost, the inventory depreciation provision is drawn. Inventory depreciation provision is usually based on the difference between the cost of a single inventory item and its net realizable value. For inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to inventory category; for inventories that are related to product series produced and sold in the same area, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory depreciation can be consolidated.

After the provision for inventory depreciation has been made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profits and losses.

4. The inventory system for inventories is a perpetual inventory system, and conducts regular physical inventory.

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

Low-value consumables are amortized using the one-time write-off method when they are issued; packaging materials are also amortized using the one-time write-off method when they are issued.

(XIII) Contract assets

The Company presents the right to receive payment from customers who have not yet paid the contract consideration, but have fulfilled their performance obligations in accordance with the contract and are not unconditional (i.e. only dependent on the passage of time), as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

For details of the determination method and accounting treatment method of the expected provision for credit loss on contract assets, please refer to Notes IV (X) Impairment of financial assets.

(XIV) Held-for-sale assets disposal groups

A non-current asset or disposal group is classified as held for sale if the Company recovers its book value primarily through sale (including exchange of non-monetary assets with commercial substance, the same below) rather than continuous use. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under the current situation according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution on the sale plan and obtained a definite purchase commitment; the sale is expected to be completed within a year. Among them, the disposal group refers to a group of assets disposed of by sale or

other means as a whole in a transaction, and liabilities directly related to these assets transferred in the transaction. If the asset group or combination of asset groups to which the disposal group belongs allocates the goodwill obtained in the business combination in accordance with the Accounting Standards for Business Enterprises No.8-Impairment of Assets, the disposal group shall include the goodwill allocated to the disposal group.

When a company initially measures or re-measures non-current assets and disposal groups held for sale on the balance sheet date, If the book value is higher than the net amount of fair value minus the selling expenses, the book value shall be written down to the net amount of fair value minus the selling expenses, and the written down amount shall be recognized as asset impairment loss, which shall be included in the current profits and losses, and the impairment reserve for assets held for sale shall be made at the same time. For the disposal group, the recognized asset impairment loss is first offset against the book value of goodwill in the disposal group, and then proportionally offset against the book value of various non-current assets in the disposal group subject to the measurement requirements of Accounting Standards for Business Enterprises No.42-Non-current Assets Held for Sale, Disposal Group and Termination of Operation (hereinafter referred to as "Held for Sale Standards"). If the net amount of the fair value of the disposal group held for sale minus the sales expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered, and reversed within the amount of asset impairment loss recognized by non-current assets subject to the measurement requirements of the held for sale standard after being classified as held for sale, the reversed amount is included in the current profits and losses, and its book value is increased proportionally according to the proportion of the book value of various non-current assets in the disposal group except goodwill, which are measured by the applicable standards for holding for sale; the book value of goodwill offset and the impairment loss of non-current assets subject to the measurement requirements of the held-for-sale standard shall not be reversed before being classified as held-for-sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization, and interest and other expenses of liabilities held for sale in the disposal group shall continue to be recognized.

When the non-current assets or disposal group no longer meet the classification conditions for the classification of held for sale, the Company shall not continue to classify it as held for sale or remove non-current assets from the disposal group held for sale, which shall be measured according to the following (whichever is lower): (1) The amount adjusted for depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale for the book value before being classified as held for sale; (2) Recoverable amount.

(XV) Long - term equity investment

The long-term equity investment refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. Long-term equity investments in which the Company does not have control, joint control or significant influence on the invested unit shall be accounted for as available-for-sale financial assets or financial assets measured at fair value and their changes are included in the profits and losses of the current period. For details of its accounting policies, see Note IV (IX) "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company in accordance with relevant agreements, and the relevant activities of the arrangement can only be made with the unanimous consent of the participants who share the control. Significant influence refers to the Company has the right to participate in decision-making on the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

1. Determination of investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment on the combination date. In case of the difference between the initial investment cost of long-term equity investment and the cash paid, transferred non-cash assets, the book value of the debt borne, capital reserve shall be adjusted. If the capital reserve is not sufficient, the retained earnings shall be adjusted. If the equity securities are issued as the merger consideration, the initial investment cost of the long-term equity investment shall be taken as the initial investment cost of the long-term equity investment in accordance with the share of the book value of the shareholders' rights and interests of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date, and the capital reserve shall be adjusted according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the share of the book value of the owners' rights and interests of the merged party [shareholders' equity / owner's equity] in the consolidated financial statements of the ultimate controlling party on the merger date shall be taken as the initial investment cost of the long-term equity investment, the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration of the shares on the merger date shall be adjusted; if the capital reserve is

insufficient to be offset, the retained earnings shall be adjusted. Other comprehensive income from equity investment held before the merger date due to accounting by equity method or recognized as available-for-sale financial assets shall not be accounted for temporarily.

For a long-term equity investment acquired through business combination not under common control, the investment cost of the long-term equity investment is the cost of acquisition. The combination cost is the sum of the assets paid by the acquirer, the liabilities incurred or borne, and the fair value of the equity securities issued. If the equity of the purchased party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the sum of the book value of the equity investment originally held by the purchased party plus the newly added investment cost shall be taken as the initial investment cost of the long-term equity investment calculated by the cost method instead. If the equity originally held is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily. Where equity investment originally held is an available-for-sale financial assets, the difference between its fair value and book value and the accumulated changes in fair value originally included in other comprehensive income are transferred to the current profits or losses.

The auditing, legal services, evaluation and consultation and other related management fees incurred by the merging party or the buyer for the merger of enterprises shall be included in the profits and losses of the current period when incurred.

Other equity investments except long-term equity investments formed by business combination shall be initially measured at cost. The cost, depending on the way of obtaining long-term equity investment, shall be determined in accordance with the cash purchase price actually paid by the Company, the fair value of the equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or the original book value of the assets exchanged in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Fees, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. For that where additional investment can have a significant impact on the invested unit or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment plus the new investment cost determined in accordance with the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments.

2. Subsequent measurement and recognition method of profits and losses

Long-term equity investment that exerts joint control (except that it constitutes a co-operator) or

significant influences on the investee shall be accounted for at equity method. In addition, the company's financial statements shall use the cost method to account for the long-term equity investment that can control the invested entity.

(1) Long-term equity investment calculated by the cost method

When the cost method is adopted, the long-term equity investment is priced according to the initial investment cost, and the cost of long-term equity investment shall be adjusted by adding or recovering investment. Except for the cash dividends or profits that have been declared but not yet paid in the actual payment or consideration when obtaining the investment, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the invested entity.

(2) Long-term equity investment calculated by the equity method

When the equity method is used for accounting, if the initial investment cost of long-term equity investment is greater than the fair value share of identifiable net assets of the invested entity at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity at the time of investment, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted at the same time.

When using the equity method for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted at the same time; the book value of long-term equity investment shall be reduced accordingly according to the portion that should be calculated according to the profits or cash dividends declared and distributed by the invested entity; the book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in owner's equity of the invested entity except net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be adjusted and confirmed based on the fair value of various identifiable assets of the invested entity at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company and associated enterprises or joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses attributable to the Company shall be offset according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses resulting between the Company and the invested

entity is not being offset if they belong to the impairment losses of the transferred assets. If the assets invested by the Company in a joint venture and associated enterprise constitute a business, and the investor obtains long-term equity investment but does not obtain control rights, the fair value of the invested business shall be taken as the initial investment cost of the newly added long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current profits and losses. If the assets sold by the Company to a joint venture or associated enterprise constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profits and losses. If the assets purchased by the Company from associated enterprise and joint venture constitute a business, accounting treatment shall be carried out in accordance with the provisions of Accounting Standards for Business Enterprises No.20-Business Merger, and the gains or losses related to transactions shall be fully recognized.

When confirming the net loss incurred by the invested entity that should be shared, the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company has the obligation to bear additional losses to the invested entity, the estimated liabilities shall be recognized according to the expected obligations and included in the current investment losses. If the invested entity realizes net profit in the following period, the Company shall resume the recognition of the income sharing amount after the income sharing amount makes up for the unrecognized loss sharing amount. For the long-term equity investment in joint operations and joint ventures held by the Company before the first implementation of the new accounting standards, if there is a debit difference of equity investment related to the investment, the amount amortized straight-line according to the original remaining period shall be included in the current profits and losses.

(3) Acquisition of minority shares

When preparing consolidated financial statements, the capital reserve shall be adjusted for the difference between the newly added long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated from the purchase date (or merger date) of subsidiaries according to the newly added shareholding ratio. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control rights, and the difference between the disposal price and the net assets of subsidiaries corresponding to the disposal of the long-term equity investment is included in shareholders' equity; if the parent company partially disposes of the long-term equity investment in the subsidiary, resulting in the loss of control over the subsidiary, it shall be handled according to the relevant

accounting policies mentioned in Notes IV (V) 2 “Methods for preparing consolidated financial statements”.

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual acquisition price shall be included in the current profits and losses.

For long-term equity investment calculated by the equity method, if the remaining equity after disposal is still accounted for by the equity method, the portion of other comprehensive income originally included in the shareholders' equity shall be treated in the same proportion on the same basis as the relevant assets or liabilities directly disposed of by the invested unit when disposing. The owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be carried forward to the current profit and loss in proportion.

Long-term equity investment calculated by cost method, if the remaining equity after disposal is still accounted for by cost method, other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and shall be carried forward to the current profits and losses in proportion; changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method shall be carried forward to the current profit and loss in proportion.

If the investor loses control over the invested entity due to the disposal of part of equity investments and other reasons, if the remaining equity after disposal can exercise joint control or exert significant influence on the invested entity during the preparation of individual financial statements, it shall be accounted for according to the equity method instead, and the remaining equity shall be adjusted as if it had been acquired by the equity method; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the Recognition and Measurement Standards of Financial Instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses. Before the Company obtains control over the invested entity, other comprehensive income recognized due to accounting by equity method or accounting by financial instrument recognition and measurement standards, in case of loss of control over the invested entity, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to the current profit and loss when the control over the invested entity is lost. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive income and other owner's equity shall be carried forward in proportion; if the remaining equity after disposal is changed to accounting treatment according to the

recognition and measurement standards of financial instruments, all other comprehensive income and other owner's equity shall be carried forward.

If the Company loses joint control or significant influence on the invested entity due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current profits and losses. Other comprehensive income confirmed by the original equity investment due to the equity method, when the equity method is terminated, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current investment income when the equity method is terminated.

Where the Company disposes of the equity investment in subsidiaries step by step through multiple transactions until it loses its control right, if the above transaction is a package transaction, all transactions shall be accounted for as a transaction that disposes of equity investment of subsidiaries and loses control rights, the difference between the disposal price before the loss of control right and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profits and losses of the loss of control right when the loss of control right occurs.

(XVI) Investment real estate

Investment property refers to the property held for earning rent or capital appreciation, or both. It includes leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings, etc. In addition, vacant buildings held by the Company for operating lease are also presented as investment properties if the Board of Directors (or similar institutions) makes a written resolution explicitly stating that they are used for operating lease and the holding intention will not change in the short term.

Investment properties are initially measured at cost. Subsequent expenses related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenses shall be included in the current profits and losses when incurred.

The Company uses the fair value model for the subsequent measurement of investment real estate.

1. Basis for selecting fair value model for subsequent measurement

For investment real estate with conclusive evidence that fair value can be obtained continuously and reliably, the Company adopts fair value model for subsequent measurement.

Only when the following conditions are met simultaneously can the Company adopt the fair value model to measure investment real estate:

There is an active real estate trading market where the investment real estate is located;

The Company is able to obtain the market prices and other relevant information of the identical or similar property from the trading market of property, so as to be able to estimate the fair value of the investment real estate.

2. Determination of fair value of investment real estate

Under the condition that the current market price of same or similar properties can be obtained, the Company determines the fair value of investment real estate with reference to the current market price (public quotation in the market) of same or similar real estate in the active market.

In case the current market price of same or similar real estate cannot be obtained, the Company refers to the latest transaction price of same or similar real estate in the active market, and considers factors such as transaction situation, transaction date and location, or reasonably estimates the fair value of investment real estate according to the expected future rental income and the present value of relevant cash flows.

Same or similar buildings refer to buildings with the same geographical location and geographical environment, the same nature, the same or similar structural types, the same or similar old and new degrees, and the same or similar usable conditions; same or similar land use rights refer to the land with the same location and area, the same or similar geographical environment and the same or similar usable conditions.

3. For the investment real estate measured by the fair value model, the Company does not accrue depreciation or amortization, but adjusts its book value based on the fair value of the investment real estate on the balance sheet date. The difference between the fair value and the original book value is included in the current profits and losses.

When the use of an investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the use of self-used property is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment property from the date of change. In case of conversion, if it is converted into investment property measured by cost model, the book value before conversion shall be taken as the recorded value after conversion; if it is converted into investment property measured by fair value model, the fair value on the conversion date shall be taken as the recorded value after conversion.

An investment property shall be derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. The amount of the disposal income from the sale, transfer, discarding or destruction of investment property after deducting its book value and related taxes and fees shall be recorded in the profits and losses of the current period.

(XVII) Fixed assets

1. Recognition condition of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or management, with a service life exceeding one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be measured reliably. Fixed assets are initially measured at cost and taking into account the influence of estimated disposal cost.

2. Depreciation of fixed assets

Depreciation of fixed assets shall be withdrawn within their service life by using the life average method from the next month after they reach the scheduled serviceable condition. The service life, estimated net salvage value and annual depreciation rate of various fixed assets are as follows:

Classification of fixed assets	Depreciation period (years)	Net residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	10-40	5.00	2.375-9.50
Machinery equipment	8-10	5.00	9.50-11.875
Transportation equipment	4-10	5.00	9.50-23.75
Office and electronic equipment	3-10	3.00-5.00	9.5-32.33
Other equipment	3-10	3.00-5.00	9.5-32.33

Expected net salvage value refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected service life.

3. Methods of impairment test and provision for impairment of fixed assets

For the impairment test method and impairment provision method of fixed assets, please refer to Note IV(XII) "Impairment of long-term assets".

4. Other description

Subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other subsequent expenses shall be included in the current profits and losses when incurred.

When a fixed asset is in a state of disposal or is not expected to generate economic benefits through use or disposal, the fixed asset shall be derecognized. The difference between the disposal income from the sale, transfer, scrapping or damage of the fixed asset after deducting its book value and relevant taxes and fees shall be included in the current profits and losses.

The Company shall, at least at the end of the year, review the service life, estimated net salvage value and depreciation method of fixed assets, and if there is any change, it will be treated as a change in accounting estimates.

(XVIII) Construction in progress

The cost of construction in-progress is determined according to the actual project expenses, including various project expenses incurred during the construction period, capitalized borrowing costs before the project reaches the scheduled serviceable condition and other related expenses, etc. Construction in-progress shall be carried forward to fixed assets after reaching the scheduled serviceable condition.

For the impairment test method and impairment provision method of construction in-progress, please refer to Notes IV (XXII) "Impairment of long-term assets".

(XIX) Borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowing. Borrowing costs that can be directly attributed to the acquirement or production of assets eligible for capitalization shall be capitalized when the asset expense has occurred, the borrowing costs have occurred, and the acquirement or production activities necessary to make the assets reach the intended usable or marketable state have started; when the assets acquired or produced that meet the capitalization conditions reach the predetermined usable state or marketable state, capitalization shall be stopped. The remaining borrowing costs shall be recognized as expenses in the current period.

The amount of the interest expenses actually incurred in the current period of special loans deducting the interest income earned by the unused loan funds deposited in the bank or the investment income from temporary investments shall be capitalized; the capitalization amount of general loan shall be determined based on the weighted average of cumulative asset expense exceeding the portion of specialized borrowings multiplied by the capitalization rate of general borrowings occupied. The capitalization rate shall be calculated and determined according to the weighted average interest rate of general loans.

During the capitalization period, all the exchange differences of foreign currency special loans shall be capitalized; exchange differences of foreign currency general loans shall be included in current profits and losses.

Assets eligible for capitalization refer to the fixed assets, investment property, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the assets that meet the capitalization conditions are abnormally interrupted in the process of acquisition and construction or production, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition and construction or production activities of assets are resumed.

(XX) Intangible assets

1. Intangible assets

Intangible assets refer to the identifiable non-monetary assets possessed or controlled by the Company which have no physical form.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow into the Company and the cost can be measured reliably. Expenses of other items are included in current profits and losses when they occur.

The acquired land use right is usually accounted for as intangible assets. For self-developed and constructed buildings such as factories, the relevant land use right expense and building construction cost are accounted for as intangible assets and fixed assets respectively. If it is a purchased house and building, the relevant price will be distributed between the land use right and the building. If it is difficult to distribute reasonably, all of them will be treated as fixed assets.

For intangible assets with limited service life, the original value minus the estimated net salvage value and the accumulated amount of impairment reserve shall be amortized by stages and averagely by the straight-line method during their estimated service life from the time they are available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed, and if there is any change, it shall be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life shall be reviewed. If there is evidence that the period when the intangible assets bring economic benefits to the enterprise is predictable, the service life shall be estimated and amortized according to the amortization policy of intangible assets with limited service life.

2. Expenditures for research and development

Expenses of internal R&D projects of the Company is divided into research stage expense and development stage expense.

Expenditures in the research phase are included in the profits and losses of the current period when incurred.

Expenses in the development phase that meet the following conditions at the same time are recognized as intangible assets. Expenses in the development phase that fail to meet the following conditions are included in the current profits and losses:

- (1) It is feasible technically to complete intangible assets for use or sale;
- (2) Having the intention of completing the intangible assets and using or selling them;
- (3) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be

used internally;

(4) Having sufficient technical, financial and other resources to complete the development of the intangible asset and having the ability to use or sell the intangible asset;

(5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish the expense in the research stage from the expense in the development stage, all the R&D expenses incurred shall be included in the current profits and losses.

3. Methods of impairment test and provision for impairment of intangible assets

For details of the impairment test method and impairment provision method for intangible assets, see Note IV (XXII) "Impairment of long-term assets".

(XXI) Long - term deferred and prepaid expenses

Long-term deferred expenses are expenses incurred for a period of more than one year that should be borne by the reporting period and subsequent periods. Long-term deferred expenses shall be amortized on a straight-line basis during the expected benefit period.

(XXII) Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment properties measured by cost model and long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company shall judge whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached serviceable condition shall be tested for impairment every year regardless of whether there are signs of impairment.

If the impairment test result shows that the recoverable amount of an asset is lower than its book value, the impairment provision shall be withdrawn according to the difference and included in the impairment loss. The recoverable amount is the net value by fair value of the asset minus disposal expenses or the present value of the estimated future cash flow of the asset, whichever is higher. The fair value of assets is determined according to the sales agreement price in fair trade; if there is no sales agreement but there is an active market for assets, the fair value shall be determined according to the buyer's bid of the assets; if there is no sales agreement or an active market for assets, the fair value of assets is estimated on the basis of the best available information. Disposal expenses include legal fees related to asset disposal, relevant taxes and fees, handling fees and direct expenses incurred to make assets marketable. The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting an appropriate discount rate. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of

individual assets, the recoverable amount of asset group shall be determined by the asset group to which the assets belong. An asset group is the smallest combination that can independently generate cash inflows.

For goodwill presented separately in financial statements, when impairment test is carried out, the book value of goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergy effect of business combination. If the test results show that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first be deducted against the book value of the goodwill apportioned to the asset group or combination of asset groups, and then according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups, the book value of other assets shall be deducted proportionally.

Once the above asset impairment loss is confirmed, the part of which value has been recovered will not be reversed in the subsequent period.

(XXIII) Contract liabilities

Contractual liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company shall list the amount received or receivables as contract liabilities at the time of the actual payment by the customer or the amount due, whichever is earlier. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

(XXIV) Employee compensation

Employee remuneration of the Company mainly includes short-term employee remuneration, after-service benefits, termination benefits and other long-term employee benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare funds, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing accumulation funds, trade union funds and employee education funds, non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term employee remuneration as a liability and includes it into the current profits and losses or related asset costs. Where non-monetary benefits are measured at fair value.

Post-employment benefit mainly includes basic old-age insurance, unemployment insurance and annuity. The after-service benefit plan includes setting up a withdrawal plan. If a set withdrawal plan is adopted, the corresponding amount of deposit shall be included into the cost of the relevant assets or the profits and losses of the current period at the time of occurrence.

If the Company cannot unilaterally withdraw the dismissal benefit provided by the plan for canceling

the labor relationship or the proposed reduction if the Company lifts the labor relationship with the employee before the expiration of the employee's labor contract or offers compensation for encouraging the employees to voluntarily accept the reduction, and when the Company confirms the costs related to the restructuring involving the dismissal of welfare dismissed, whichever is earlier, the employee remuneration liability arising from dismissal benefit is determined and included into the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, they shall be treated according to the remuneration of other long-term employees.

The internal retirement plan of employees adopts the same principle as the above dismissal benefits. The Company will pay the salary of retired staff and the social insurance premiums to be paid during the period from the stoppage of service to the normal retirement day, which shall be included in the current profits and losses (dismissal benefit) when meeting the estimated liability confirmation conditions.

For other long-term employee benefits provided by the Company to employees, if they meet the defined contribution plan, it shall be accounted for in accordance with the defined contribution plan, and otherwise accounted for in accordance with the defined benefit plan.

(XXV) Estimated liabilities

When the obligations related to contingencies meet the following conditions at the same time, they are recognized as estimated liabilities: 1. The obligations are current obligations undertaken by the Company; 2. The performance of this obligation is likely to lead to the outflow of economic benefits; 3. The amount of the obligation can be measured reliably.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of the expenses required to fulfill the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money related to contingencies.

If all or part of the expenses required to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized as an asset separately when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

1. Loss contract

Loss contract is a contract in which the inevitable cost of fulfilling contractual obligations exceeds the expected economic benefits. If the contract to be executed becomes a loss contract, and the obligations arising from the loss contract meet the recognition conditions of the above-mentioned estimated liabilities, the part of the estimated loss of the contract exceeding the recognized impairment loss (if any) of the underlying assets of the contract shall be recognized as the estimated liabilities.

2. Reconstructing obligations

For a detailed, formal and announced restructuring plan, the estimated liability amount shall be

determined according to the direct expenses related to restructuring under the condition that the aforesaid recognition conditions of estimated liabilities are met.

(XXVI) Share-based payments

1. Accounting treatment of share-based payment

Share-based payment refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees at the grant date. The amount of the fair value is based on the best estimate of the number of exercisable equity instruments during the waiting period when the service during the waiting period is completed or the prescribed performance conditions are met, the relevant costs or expenses are included in the calculation according to the straight-line method/when the right is exercised immediately after the grant, the relevant costs or expenses are included on the date of the grant, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the best estimate shall be made according to the latest follow-up information such as changes in the number of employees with vesting rights, and the number of equity instruments with expected vesting rights shall be revised. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services of other parties, if the fair value of other parties' services can be measured reliably, it is measured according to the fair value of other parties' services on the acquisition date. If the fair value of the service of any other party can not be measured in a reliable way, but the fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in the relevant costs or expenses, and the owner's equities shall be increased accordingly.

When the fair value granted to equity instruments cannot be reliably measured, it shall be measured according to the intrinsic value of equity instruments on the service acquisition date, each subsequent balance sheet date and settlement date, and the changes in intrinsic value shall be included in the current profits and losses.

(2) Cash-settled share-based payments

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company and determined on the basis of shares or other equity instruments. If the right is feasible immediately after the grant, it will be included in the relevant costs or expenses on the grant date, and the

liabilities will be increased accordingly; if the service in the waiting period must be completed or the specified performance conditions are met before the right can be exercised, on each balance sheet date of the waiting period, based on the best estimation of the right to be feasible, the services obtained in the current period shall be included in the cost or expense according to the fair value of the liabilities assumed by the Company, and the liabilities shall be increased accordingly.

The fair value of the liability shall be re-measured on each balance sheet date and on the settlement date prior to the settlement of the related liability, and the changes shall be included in the current profits and losses.

2. Relevant accounting treatment for modification and termination of share-based payment plan

When the Company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in obtained services shall be recognized according to the increase in the fair value of the equity instruments. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of share-based payment or adopts other methods unfavorable to employees, the accounting treatment for the acquired services will continue, and it will be deemed that the change has never occurred, unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are canceled, the cancellation of the granted equity instruments shall be treated as accelerated exercise, and the amount to be recognized during the remaining waiting period shall be immediately included in the current profits and losses, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting right condition but fails to meet it within the waiting period, they will be treated as cancellation of the instruments granted rights and interests.

3. Accounting treatment involving share-based payment transactions between the Company and its shareholders or actual controllers

For share-based payment transactions involving the Company and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprise is within the Company and the other is outside the Company, accounting treatment shall be carried out in the consolidated financial statements of the Company in accordance with the following provisions:

(1) If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as share-based payment for equity settlement; in addition, share-based payment shall be treated as cash settlement.

If the settlement enterprise is an investor of the service-receiving enterprise, it shall be recognized as a long-term equity investment in the service-receiving enterprise according to the fair value of equity

instruments or liabilities on the grant date, and capital reserves (other capital reserves) or liabilities shall be recognized at the same time.

(2) If the service receiving enterprise has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction shall be treated as equity-based payment; if the service receiving enterprise has the settlement obligation and the employees of the enterprise are not granted their own equity instruments, the share-based payment transaction shall be treated as cash-settled share-based payment.

If the service receiving enterprise and the settlement enterprise are not the same enterprise in the share-based payment transaction between enterprises within the Company, the confirmation and measurement of the share-based payment transaction in the respective individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

(XXVII) Preferred shares, perpetual bonds and other financial instruments

1. Distinction between perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares issued by the Company that meet the following conditions at the same time are regarded as equity instruments:

(1) Such financial instruments do not involve delivering cash or other financial assets to other parties, or exchanging financial assets or financial liabilities with other parties under potentially unfavorable conditions;

(2) If such financial instrument must be settled with or can be settled with the enterprise's own equity instruments in the future, and if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Company can settle the financial instrument only by exchanging a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Other than financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instruments issued by the Company are compound financial instruments, they are recognized as liabilities at fair value, and the amount after deducting the liabilities is recognized as other equity instruments. The transaction costs incurred in the issuance of the compound financial instruments shall be allocated among the liability's component and the equity component in proportion to their respective total issue price.

2. Accounting treatment methods of perpetual bonds and preferred shares

For financial instruments such as perpetual bonds and preferred shares classified as financial liabilities, the related interest, stock bonus (or dividends), profits or losses, and gains or losses arising from redemption or refinancing are included in the current profits and losses except the borrowing costs that

meet the capitalization conditions (see the Notes IV (XIX) “Borrowing Costs”).

When financial instruments such as perpetual bonds and preferred shares classified as equity instruments are issued (including refinancing), repurchased, sold or cancelled, the Company treats them as changes in equity, and relevant transaction costs are also deducted from equity. The distribution of equity instrument holders by the Company is treated as profit distribution.

The Company does not confirm the changes of fair value of equity instruments.

(XXVIII) Income

When the contract between the Company and the customer meets the following conditions at the same time, the income shall be recognized when the customer obtains the control right of the relevant goods: the parties to the contract have approved the contract and promised to fulfill their respective obligations; the contract clarifies the rights and obligations of all parties to the contract related to the transferred goods or services; the contract has clear payment terms related to the transferred goods; the contract has commercial essence, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; the consideration that the Company is entitled to for transferring goods to customers is likely to be recovered.

On the commencement date of the contract, the Company shall identify each individual performance obligation existing in the contract, and allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation. When determining the transaction price, the Company has considered the influence of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

For each individual performance obligation in the contract, if one of the following conditions is met, the Company will recognize the transaction price allocated to the individual performance obligation as income according to the performance progress during the relevant performance period: The customer obtains and consumes the economic benefits brought by the Company's performance while the Company performs the performance; The customer can control the goods under construction during the performance of the Company; The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect money for the accumulated performance completed so far during the whole contract period. The progress of performance is determined by input method or output method according to the nature of the transferred goods, when the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the income shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company will recognize the transaction price allocated

to the individual performance obligation as income at the time when the customer obtains the control right of the relevant commodity. When judging whether the customer has obtained the control right of the commodity, the Company shall consider the following signs: the Company has the current collection right for the commodity, that is, the customer has the current payment obligation for the commodity; the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; the Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind; the Company has transferred the main risks and rewards on the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the commodity; the customer has accepted the commodity; other signs that the customer has gained control of the goods.

(XXIX) Contract cost

Where the incremental cost incurred by the Group for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it shall be included in the current profits and losses when it occurs.

If the cost incurred for the performance of the contract not fall within the scope of other accounting standards for enterprises other than Accounting Standards for Business Enterprises No. 14-Income (revised in 2017) and meets the following conditions at the same time, it is recognized as an asset as the contract performance cost: ① the cost is directly related to a contract currently or expectedly to obtain, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by customers and other costs incurred only due to the contract; ② the cost increases the resources used by the Company to fulfill its performance obligations in the future; and ③ the cost is expected to be recovered.

The assets related to contract cost shall be amortized by the Company on the same basis as the income from goods related to the assets, and shall be included in current profits and losses.

(XXX) Government subsidy

Government subsidy refers to the monetary assets and non-monetary assets obtained by the Company free of charge from the government, excluding the capital invested by the government as an investor and enjoying corresponding owner's equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. The Company defines the government subsidy obtained for purchasing, building or otherwise forming long-term assets as the government subsidy related to assets; the remaining government subsidies are defined as government subsidies related to income. If the government document does not specify the subsidy object, the subsidies are divided into income-related government subsidy and asset-related government subsidy in the following ways: 1. If the government document specifies the specific project targeted by the subsidy, the relative proportion of the expenditure

amount forming assets and the expenditure amount included in the expenses shall be divided according to the budget of the specific project, and the division ratio shall be reviewed on each balance sheet date and changed if necessary; 2. If the purpose is only stated in the government documents, and no specific items are specified, it will be regarded as government subsidies related to income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured according to the fair value; if the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government subsidies measured in nominal amount are directly included in current profits and losses.

The Company recognizes and measures government subsidies according to the paid-in amount usually when they are actually received. However, at the end of the period, if there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy, and it is expected to receive financial support funds, it shall be measured according to the amount receivable. Government subsidies measured according to the amount receivable should meet the following conditions at the same time: 1. The amount of subsidies receivable has been confirmed by the competent government department, or can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and it is estimated that there is no major uncertainty in the amount; 2. It is based on the financial support projects officially issued by the local financial department and voluntarily disclosed in accordance with the Regulations on the Openness of Government Information and its financial fund management measures, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; 3. The disbursement period has been clearly promised in the relevant subsidiary approval, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed time limit; 4. Other relevant conditions (if any) to be met according to the specific conditions of the Company and the subsidy matters.

Government subsidies related to assets are recognized as deferred revenue, and are included in current profits and losses in stages according to reasonable and systematic methods during the service life of related assets. Government subsidies related to income, which are used to compensate related costs or losses in subsequent periods, are recognized as deferred revenue and included in current profits and losses during the period when related costs or losses are recognized; if it is used to compensate the related costs or losses that have already occurred, it shall be directly included in the current profits and losses. Different parts shall be distinguished for accounting treatment for government subsidies including asset-related part and income-related part at the same time; if it is difficult to distinguish, it will be classified as government subsidies related to income as a whole.

Government subsidies related to the daily activities of the Company shall be included in other income

according to the essence of economic business; government subsidies unrelated to daily activities are included in non-operating income and expenditure.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the book balance of the relevant deferred revenue shall be offset, and the excess shall be included in the current profits and losses; if it belongs to the other cases, it shall be directly included in the current profits and losses.

(XXXI) Deferred income tax assets, deferred income tax liabilities

1. Current income tax

On the balance sheet day, the current income tax liabilities (or assets) incurred in the current period or prior periods shall be measured in light of the expected payable (or refundable) amount of income taxes according to the tax law. The taxable income amount on which the current income tax expenses are calculated is calculated after adjusting the pre-tax accounting profit of the current year/period/reporting period according to the relevant tax laws.

2. Deferred income tax assets / deferred income tax liabilities

The difference between the book value of certain assets and liabilities and its tax base, as well as the temporary difference between the book value of an item that has not been determined as an asset or liability but whose tax base can be determined in accordance with the tax law and the tax base, the balance sheet debt method is used to determine the deferred income tax assets and deferred income tax liabilities.

Deferred income tax liabilities are not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) when they occur. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the reversal time of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities will not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) at the time of occurrence. In addition, for deductible temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or the taxable income used to offset the deductible temporary differences is not likely to be obtained in the future, the relevant deferred income tax assets will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the

extent that it is likely to obtain taxable income to offset deductible temporary differences.

For any deductible loss or tax deduction that can be carried forward to the following year, the corresponding deferred income tax assets shall be recognized to the extent that it is likely to obtain future taxable income to offset deductible losses and tax deduction.

On the balance sheet day, the deferred income tax assets and deferred income tax liabilities shall be measured at the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

On the balance sheet date, the book value of deferred income tax assets shall be reviewed, and if it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly included in shareholders' equity included in other comprehensive income or shareholders' equity, as well as the book value of the goodwill adjusted by deferred income tax arising from business combination, other current income tax and deferred income tax expenses or income shall be included in current profits and losses.

4. Offset of income tax

Where the Company has a legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities shall be presented on a net basis after offset.

When the Company has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax collected by the same tax collection and management department on the same taxpayer or related to different taxpayers, however, in each future reversal period of significant deferred income tax assets and liabilities, when the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or acquires assets and settle liabilities at the same time, the deferred income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

(XXXII) Lease

A lease refers to a contract in which the Company assigns or acquires the right to control the use of one or more identified assets for a certain period of time in exchange for or in payment of consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or contains a lease.

1. The Company as the lessee

The Company's categories of leased assets are mainly right-of-use assets.

(1) Initial measurement

On the commencement date of the lease term, the Company recognizes the right to use the leased assets during the lease term as the right to use assets, and recognizes the present value of unpaid lease payments as lease liabilities, except for short-term leases and leases of low-value assets. When calculating the present value of the lease payment amount, the Company adopts the interest rate implicit in lease as the discount rate; if the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the lessee shall be used as the discount rate.

(2) Subsequent measurement

The Company depreciates the right-to-use assets in the month starting from the lease term. Where there is a reasonable ground to believe that the ownership of a leased asset is obtainable upon the expiration of lease period, the Company shall accrue depreciation during the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall calculate depreciation within the period of the lease term or remaining useful life of the leased asset, whichever is shorter.

For lease liabilities, the Company calculates the interest expense of the lease liability in each period of the lease period at a fixed cyclical interest rate, which is included in the current profit and loss or related asset cost. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or the cost of related assets when they actually occur.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and the evaluation result or actual exercise of the purchase option, renewal option or termination option changes, the Company re-measures the lease liability based on the present value of the changed lease payments and adjusts the book value of the right-to-use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company will include the remaining amount into the current profits and losses.

(3) Short-term leases and low-value asset leases

For short-term leases (leases with a lease period not exceeding 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method, does not recognize right-of-use assets and lease liabilities, and includes lease payments into relevant asset costs or current profits and losses according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

(4) Lease change

If the lease is changed and meets the following conditions at the same time, the Group will account for the lease change as a separate lease:

- The lease change expands the lease scope by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group shall re-allocate the consideration of the changed contract, re-recognize the lease period, and re-measure the lease liability according to the present value calculated by the changed lease payment amount and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the Company shall reduce the book value of the right-to-use assets accordingly, and include the gains or losses related to partial or complete termination of the lease into the current profits and losses. If the lease liabilities are re-measured due to other lease changes, the Company shall adjust the book value of the right-to-use assets accordingly.

2. The Company as the lesser

On the commencement date of the lease, the Company divides the lease into finance lease and operating lease based on the substance of the transaction. Finance lease refers to the lease that essentially transfers almost all the risks and rewards related to the ownership of the leased assets. Operating lease refers to a lease other than a financing lease.

(1) lease

The Company recognizes lease receipts from operating leases as rental income for each period of the lease term using a reasonable amortization method. Variable lease payments relating to operating leases that are not included in lease receipts are included in current profits and losses when they are actually incurred.

(2) Financial leasing

On the commencement date of the lease period, the Company recognizes the finance lease receivables and derecognizes the finance lease assets. Financial lease receivables are initially measured as the net lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received at the commencement of the lease period discounted at the interest rate implicit in lease), and the interest income during the lease period is calculated and recognized at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profits and losses when they actually occur.

(3) Lease change

When an operating lease is changed, the Company shall account for it as a new lease from the

effective date of the change, and the advance or receivable lease receipts related to the lease before the change shall be regarded as the new lease receipts.

If a finance lease is changed and the following conditions are met at the same time, the Group will account for the change as a separate lease:

- The lease change expands the lease scope by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the change of financial lease is not accounted for as a separate lease, the Company will account for the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, and the lease is classified as a financial lease, the Company will account for it according to the provisions of the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments on amending or renegotiating the contract.

(XXXIII) Changes in accounting estimates for significant accounting policies

None.

(XXXIV) Changes in accounting estimates for significant accounting policies

1. Changes to accounting policies

There were no significant accounting policy changes during the current period.

2. Changes in accounting estimates

There were no changes in significant accounting estimates during the current period.

V. Tax

(I) Major tax types and tax rates

Tax type	Tax basis	Tax rate
VAT	The output tax shall be subject to output VAT calculated at the corresponding tax rate, and VAT is paid based on the balance after deducting the deductible input VAT for the current period.	1%,3%,6%,9%,13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharges	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Corporate income tax	Taxable income	25%

(II) Tax preference and approvals

1. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Treatment of Enterprise Income Tax on Special Purpose Financial Funds (Cai Shui [2011] No.70) and relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (Decree No.512 of the State Council) and the Regulation on Carrying out of the Enterprise Income Tax Law of the People's Republic of China, the financial funds of the total accrued income obtained by enterprises from the financial departments and other departments of the people's governments at or above the county level from January 1, 2011 can be regarded as non-taxable income and deducted from the total income if they meet the following conditions at the same time:

- A. The enterprise can provide the fund allocation documents that specify the special purpose of funds;
- B. The financial department or other government department that allocates funds has special fund management methods or specific management requirements for the funds;
- C. The enterprise separately accounts for the funds and the expenditures incurred with the funds.

The expenses arising from the above-mentioned non-taxable income used for expenditure shall not be deducted when calculating the taxable income; depreciation and amortization of assets formed for expenditure shall not be deducted when calculating taxable income.

VI. Notes to Items in Consolidated Financial Statements

Unless otherwise indicated in the following note items (including major project notes to the company's financial statements), beginning refers to January 1, 2024, ending refers to December 31, 2024, current period refers to year 2024 and previous period refers to year 2023.

1.Monetary capital

Item	Closing balance	Beginning balance
Cash on hand	2,316.21	15,461.64
Bank deposit	350,746,942.76	189,983,381.40
Other monetary funds	941,859,913.46	2,782,561,124.01
Total	1,292,609,172.43	2,972,559,967.05

Note: The restricted amount of monetary funds at the end of the period is 941,859,913.46 yuan. Other restricted monetary funds are mainly pledged time deposits, security deposits, etc. Except for other monetary funds, there are no other mortgages, frozen funds in monetary funds that have restrictions on realization or are deposited overseas, or have potential recovery risks.

2.Notes receivable

(1) Classification of notes receivable

Item	Closing balance	Beginning balance
Bank acceptance bill		100,000.00
Trade Acceptance		
Total		100,000.00

(2) Notes receivable that have been endorsed or discounted as of the balance sheet date but not yet matured

None.

3.Accounts receivable

(1) Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	437,141,991.33	438,343,921.04
1-2 years	412,950,002.21	499,866,682.62
2-3 years	326,297,165.38	254,363,328.50
3-4 years	251,913,328.50	
Subtotal	1,428,302,487.42	1,192,573,932.16
Less: bad debt reserves	2,382,665.70	1,436,332.85
Total	1,425,919,821.72	1,191,137,599.31

(2) Disclosed by classification as per method of provision for bad debt

Type	Closing balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	1,428,302,487.42	100.00	2,382,665.70	0.17	1,425,919,821.72
Including: aging combination	40,986,916.83	2.87	2,382,665.70	5.81	38,604,251.13
Other combination	1,387,315,570.59	97.13			1,387,315,570.59
Accounts receivable for individually non-significant amount but single withdrawing bad debt reserves					
Total	1,428,302,487.42	100.00	2,382,665.70	0.17	1,425,919,821.72

(Continued)

Type	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable with large single amount and single provision for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	1,192,573,932.16	100.00	1,436,332.85	0.12	1,191,137,599.31
Including: aging combination	39,746,429.10	3.33	1,436,332.85	3.61	38,310,096.25
Other combination	1,152,827,503.06	96.67			1,152,827,503.06
Accounts receivable for individually non-significant amount but single withdrawing bad debt reserves					
Total	1,192,573,932.16	100.00	1,436,332.85	0.12	1,191,137,599.31

Accounts receivable combined by aging in the combination

Aging	Closing balance		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year (including 1 year)	29,073,588.33		
1-2 years			5.00
2-3 years			10.00
3-4 years	11,913,328.50	2,382,665.70	20.00
Total	40,986,916.83	2,382,665.70	

(Continued)

Aging	Beginning balance		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year	25,383,100.60		
1-2 years			5.00
2-3 years	14,363,328.50	1,436,332.85	10.00
Total	39,746,429.10	1,436,332.85	

(3) Provision for bad debts

Type	Beginning balance	Amount of change in the Current Period			Ending balance
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	1,436,332.85	946,332.85			2,382,665.70
Total	1,436,332.85	946,332.85			2,382,665.70

4.Advance payment

(1) Prepayments listed by aging

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	27,991,058.49	45.83	134,495,687.31	82.10
1-2 years	4,193,698.73	6.87	805,678.42	0.49
2-3 years	801,343.92	1.31	28,246,097.11	17.24
More than 3 years	28,087,804.14	45.99	275,161.10	0.17
Total	61,073,905.28	100.00	163,822,623.94	100.00

5.Other receivables

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	1,394,879,172.91	2,008,092,536.24
Total	1,394,879,172.91	2,008,092,536.24

(1) Classification and disclosure of other receivables

① Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	797,036,861.59	1,124,578,536.04
1-2 years	540,053,496.06	606,222,506.45
2-3 years	21,488,771.12	258,521,944.00
3-4 years	29,434,098.00	6,595,857.75
4-5 years	6,595,857.75	6,078,300.00
More than 5 years	531,943.39	6,226,319.50
Subtotal	1,395,141,027.91	2,008,223,463.74
Less: bad debt reserves	261,855.00	130,927.50
Total	1,394,879,172.91	2,008,092,536.24

② Classification of the nature

Nature of payment	Ending balance	Beginning balance
General operating receivable	47,508,796.59	95,315,350.70
Deposit and security fund	32,500.00	183,104.00
Related parties-Capital transactions	726,207,993.67	960,244,709.04
Other current account	621,391,737.65	952,480,300.00
Subtotal	1,395,141,027.91	2,008,223,463.74
Less: bad debt reserves	261,855.00	130,927.50
Total	1,394,879,172.91	2,008,092,536.24

③ Provision for bad debts

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Beginning balance	130,927.50			130,927.50
Beginning balance of other receivables account balance in the current period:				
--Transfer to Phase II				
--Transfer to Phase III				
--Reverse to Phase II				
--Reverse to Phase I				
Provisioned for this period	130,927.50			130,927.50

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Provisioned for this period				
Reversed for this period				
Charged-off for this period				
Other changes				
Closing balance	261,855.00			261,855.00

6.Inventory

(1) Classification of inventories

Item	Closing balance		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Contract performance cost	1,382,888,606.00		1,382,888,606.00
Development cost	4,844,874,820.24		4,844,874,820.24
Develop products	1,423,277,189.78		1,423,277,189.78
Low-value consumables	85,278.77		85,278.77
Total	7,651,125,894.79		7,651,125,894.79

(Continued)

Item	Beginning balance		
	Book balance	Falling price reserves	Book value
Contract performance cost	2,264,882,577.41		2,264,882,577.41
Development cost	5,242,848,131.76		5,242,848,131.76
Develop products	568,299,675.70		568,299,675.70
Inventory goods	1,934,963.85		1,934,963.85
Low-value consumables	85,278.77		85,278.77
Raw materials	56,119.58		56,119.58
Total	8,078,106,747.07		8,078,106,747.07

(2) Provision for depreciation of inventories

There is no provision for depreciation of inventories at the end of the period.

(3) Inventory restrictions in the current period

The ending inventory includes an amount of 1,035,296,470.25 yuan pledged as collateral for loans.

7.Other current assets

Item	Closing balance	Beginning balance
Prepaid and deductible input tax	52,370,851.74	63,593,749.85
Total	52,370,851.74	63,593,749.85

8. Investment real estate

(1) Investment properties measured at fair value:

Item	Property	Land use right	Total
I. Beginning balance	614,522,075.93	2,660,953,934.07	3,275,476,010.00
II. Change in the Current Period	10,598,490.00	787,287,100.00	797,885,590.00
Plus: outsourcing		78,527,200.00	78,527,200.00
Transfer of inventory/fixed assets/construction in progress	7,086,041.76	707,581,536.79	714,667,578.55
Less: disposals			
Fair value changes	3,512,448.24	1,178,363.21	4,690,811.45
III. Ending balance	625,120,565.93	3,448,241,034.07	4,073,361,600.00

(2) Investment properties for which the title certificate has not been completed:

Project	Book value	Reasons for failing to complete the property title certificate
Jinri Community	13,847,600.00	Still in process
Gongnong Ercun	1,437,500.00	Still in process
Xindongyuan Community	12,573,000.00	Still in process
Wanhe Garden	40,608,300.00	Still in process
Dehui Garden	656,400.00	Still in process
Jingshang mingcheng	43,231,600.00	Still in process
Xinfengli Cultural and Creative Industrial Park Project	333,591,200.00	Still in process
Kangxin yayuan	12,913,400.00	Still in process
Total	458,859,000.00	

Note: At the end of the period, 3,884,634,800.00 yuan of the investment real estate was used for mortgage loans.

9. Fixed assets

Item	Closing balance	Beginning balance
Fixed assets	169,228,691.58	42,274,228.24
Disposal of fixed assets		
Total	169,228,691.58	42,274,228.24

(1) Detail of fixed assets

Item	Houses and buildings	Machinery equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
1 Original book value:						
1. Beginning balance	39,577,505.35	1,324,065.95	189,300.53	1,712,334.50	5,429,789.54	48,232,995.87

Item	Houses and buildings	Machinery equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
2. Increased in the current period	160,601,167.20	2,200.00	232,074.85	70,931.78	16,674.76	160,923,048.59
(1) Purchase		2,200.00	232,074.85	70,931.78	16,674.76	321,881.39
(2) Transfer of construction in progress	160,601,167.20					160,601,167.20
(3) Other increases						
3. Decrease in the current period	30,408,806.85	286,442.94		810,677.88	3,500.00	31,509,427.67
(1) Disposal or scrap	337,041.59	133,393.72		31,736.10	1,350.00	503,521.41
(2) Other decreases	30,071,765.26	153,049.22		778,941.78	2,150.00	31,005,906.26
4. Closing balance	169,769,865.70	1,039,823.01	421,375.38	972,588.40	5,442,964.30	177,646,616.79
II. Accumulated depreciation						
1. Beginning balance	2,771,492.58	255,642.15	179,835.36	1,380,706.72	1,371,090.82	5,958,767.63
2. Increased in the current period	4,598,825.16	125,069.79	4,593.29	168,927.89	1,035,850.99	5,933,267.12
(1) Withdrawal	4,598,825.16	125,069.79	4,593.29	168,927.89	1,035,850.99	5,933,267.12
(2) Other increases						
3. Decrease in the current period	2,595,293.61	133,754.04		742,497.14	2,564.75	3,474,109.54
(1) Disposal or scrap	269,233.16	16,896.48		30,684.57		316,814.21
(2) Other decreases	2,326,060.45	116,857.56		711,812.57	2,564.75	3,157,295.33
4. Closing balance	4,775,024.13	246,957.90	184,428.65	807,137.47	2,404,377.06	8,417,925.21
III. Impairment provision						
Beginning balance						
Increased in the current period						
Decrease in the current period						
Ending balance						
IV. Book value						
1. Book value of the closing balance	164,994,841.57	792,865.11	236,946.73	165,450.93	3,038,587.24	169,228,691.58
2. Book value of the beginning balance	36,806,012.77	1,068,423.80	9,465.17	331,627.78	4,058,698.72	42,274,228.24

(2) Among the fixed assets at the end of the period, 59,356,487.74 yuan was used for mortgage loans.

(3) At the end of the period, there are no fixed assets with uncompleted title certificates.

10. Construction in progress

Item	Closing balance	Beginning balance
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	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	317,543,422.36		317,543,422.36	413,567,515.46		413,567,515.46
Engineering materials						
Total	317,543,422.36		317,543,422.36	413,567,515.46		413,567,515.46

(1) Details of construction in progress are as follows:

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Phase II Project for Administrative Center Photovoltaic Power Generation				88,425.77		88,425.77
Dafeng District Government 110KW Solar Photovoltaic Construction Project				4,766.27		4,766.27
Dafeng Caoyan Government 10Kv (Capacity Expansion) Power Distribution Project	200,414.46		200,414.46	183,038.16		183,038.16
Caoyan Town New Energy Photovoltaic Carport Project				202,300.72		202,300.72
Sanlong Town New Energy Photovoltaic Carport Project				239,134.21		239,134.21
District Government Photovoltaic Carport Renovation Project	40,000.00		40,000.00	40,000.00		40,000.00
Office building renovation	70,341.57		70,341.57	70,341.57		70,341.57
Shuangyuewan Construction Waste Treatment Plant	13,586,609.69		13,586,609.69	12,964,507.11		12,964,507.11
Sewage Treatment Project in Shanghai-Jiangsu Cluster Area	16,637.17		16,637.17	82,970,745.31		82,970,745.31
Inverted rainbow well and pipeline project of Sewage Treatment Plant in Shanghai-Jiangsu Dafeng Industrial Linkage Cluster Area	25,515,107.06		25,515,107.06	19,640,104.79		19,640,104.79
Fence, tailwater inverted siphon, temporary power supply project	14,355.12		14,355.12	9,900.99		9,900.99
2019 Gang-G-07 Shanghai-Jiangsu	6,222,617.80		6,222,617.80	6,450,374.68		6,450,374.68

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Cluster Area						
Reclaimed Water Reuse Project in Dafeng Port Economic Zone	1,810,130.54		1,810,130.54	1,676,243.75		1,676,243.75
Sanlong Town Sewage Treatment Project				41,113,118.85		41,113,118.85
Town-level sewage treatment facilities improvement project _ sewage equipment system and purification system	70,932,640.43		70,932,640.43	49,500,000.00		49,500,000.00
Town-level sewage treatment facilities improvement project	199,134,568.52		199,134,568.52	198,414,513.28		198,414,513.28
Total	317,543,422.36		317,543,422.36	413,567,515.46		413,567,515.46

(2) At the end of this period, there is no indication of impairment of the Company's construction in progress, and no provision for impairment of construction in progress has been made.

(3) At the end of this period, the construction in progress has not been mortgaged.

11.Intangible assets

(1) Detail of intangible assets

Item	Land use right	Software	Data assets	Total
I. Original book value				
1. Beginning balance	12,826,511.29			12,826,511.29
2. Amount increased in the current period	2,861,348.97	11,547.17	2,611,391.05	5,484,287.19
(1) Purchase		11,547.17	2,611,391.05	2,622,938.22
(2) Other increases	2,861,348.97			2,861,348.97
3. Amount decreased in the current period	10,342,161.29			10,342,161.29
(1) Disposal				
(2) Other decreases	10,342,161.29			10,342,161.29
4. Ending balance	5,345,698.97	11,547.17	2,611,391.05	7,968,637.19
II. Accumulated amortization				
1. Beginning balance	1,007,736.15			1,007,736.15
2. Amount increased in the current period	220,035.18	2,886.78	217,615.92	440,537.88
(1) Withdrawal	220,035.18	2,886.78	217,615.92	440,537.88
(2) Other increases				
3. Amount decreased in the current period	1,107,621.95			1,107,621.95

Item	Land use right	Software	Data assets	Total
(1) Disposal				
(2) Other decreases	1,107,621.95			1,107,621.95
4. Ending balance	120,149.38	2,886.78	217,615.92	340,652.08
III. Impairment provision				
Beginning balance				
Increased in the current period				
Decrease in the current period				
Ending balance				
IV. Book value				
1. Book value of the closing balance	5,225,549.59	8,660.39	2,393,775.13	7,627,985.11
2. Book value of the beginning balance	11,818,775.14			11,818,775.14

(2) Restricted intangible assets at the end of the period

None.

(3) There are no assets with uncompleted title certificates in the ending balance.

12. Deferred income tax assets and liabilities

Item	Closing balance		Beginning balance	
	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences
Deferred income tax assets:				
Asset impairment reserve	661,130.18	2,644,520.70	391,815.09	1,567,260.36
Total	661,130.18	2,644,520.70	391,815.09	1,567,260.36
Deferred income tax liabilities:				
Change in fair value of investment real estate	104,430,009.60	417,720,038.41	103,257,306.74	413,029,226.96
Total	104,430,009.60	417,720,038.41	103,257,306.74	413,029,226.96

13. Short-term borrowings

Item	Closing balance	Beginning balance
Pledged loan	159,275,000.00	1,293,600,000.00
Guaranteed loan	298,280,000.00	260,730,000.00
Accrued interest on short-term borrowings	598,861.26	1,591,570.01
Total	458,153,861.26	1,555,921,570.01

14. Notes payable

Type	Closing balance	Beginning balance
Bank acceptance bill	15,690,000.00	1,202,000,000.00
Trade Acceptance	126,840,000.00	100,000,000.00

Type	Closing balance	Beginning balance
Supply chain bill	8,510,000.00	
Total	151,040,000.00	1,302,000,000.00

15.Accounts payable**(1) Present of account payable**

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	125,409,325.43	81.03	145,008,377.44	82.56
1-2 years	13,571,662.65	8.77	7,656,607.21	4.36
2-3 years	1,592,236.64	1.03	14,238,969.21	8.11
More than 3 years	14,187,950.58	9.17	8,726,744.46	4.97
Total	154,761,175.30	100.00	175,630,698.32	100.00

16.Payroll payable**(1) List of payroll payable**

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
I. Short-term remuneration		12,382,287.33	12,382,079.83	207.50
II. Post-demotion welfare - defined contribution plan		2,248,044.18	2,248,044.18	
III. Dismissal benefits				
IV. Other benefits due within one year				
Total		14,630,331.51	14,630,124.01	207.50

(2) List of short-term remuneration

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
I. Salaries, bonuses, allowances and subsidies		9,646,155.84	9,645,948.34	207.50
II. Employee services and benefits		685,019.02	685,019.02	
III. Social insurance premiums		854,655.58	854,655.58	
Including: 1. medical insurance expense		740,170.65	740,170.65	
2. Industrial injury insurance expenses		58,158.57	58,158.57	
3. Birth insurance expenses		56,326.36	56,326.36	
IV. Housing provident fund		1,110,934.00	1,110,934.00	
V. Labor union expenses and employees' educational funds		85,522.89	85,522.89	
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
Total		12,382,287.33	12,382,079.83	207.50

(3) Defined contribution plan

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
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Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
Basic endowment insurance		1,430,862.46	1,430,862.46	
Unemployment insurance premium		30,384.86	30,384.86	
Annuity payment		786,796.86	786,796.86	
Total		2,248,044.18	2,248,044.18	

17.Contract liabilities

(1) Details of contract liabilities

Item	Closing balance	Beginning balance
sales proceeds from property	189,372,690.66	164,356,119.50
Payment for goods	19,873,758.56	9,397,735.41
Total	209,246,449.22	173,753,854.91

18.Taxes and dues payable

Item	Closing balance	Beginning balance
Value added tax payable		37,049.12
Payment of urban maintenance and construction tax	3,147,900.93	1,666,456.80
Education surcharge payable	2,434,298.14	1,190,326.28
Corporate income tax payable	89,302,943.77	80,500,434.62
Property tax payable	635,726.20	884,121.78
Urban land use tax payable	1,204,544.78	535,779.28
Environmental protection tax payable	3.13	355,795.34
Stamp duty payable	264,667.22	85,004.73
Personal income tax payable	1,026.25	128.55
Other taxes payable		57.00
Total	96,991,110.42	85,255,153.50

19.Other payables

Item	Closing balance	Beginning balance
Other payables	134,081,877.45	239,845,353.63
Interest payable		
Dividends payable		
Total	134,081,877.45	239,845,353.63

(1) Other payables

1) Presentation of other payables by aging

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	2,765,723.20	13.36	208,846,190.02	87.07

1-2 years	106,215,293.59	51.92	26,566,049.97	11.08
2-3 years	23,252,928.54	24.38	2,135,998.05	0.89
More than 3 years	1,847,932.12	10.34	2,297,115.59	0.96
Total	134,081,877.45	100.00	239,845,353.63	100.00

20.Non-current liabilities due within one year

Item	Closing balance	Beginning balance
Long-term borrowings due within one year	1,624,659,640.96	963,989,811.37
Interest on long-term borrowings due within one year	6,349,294.52	1,294,413.06
Long-term payables due within one year	1,090,123,354.01	773,028,231.04
Other non-current liabilities due within one year		30,000,000.00
Total	2,721,132,289.49	1,768,312,455.47

21.Other current liabilities

Item	Closing balance	Beginning balance
Wuxi Liantou Commercial Factoring Co., Ltd.		130,000,000.00
Wuxi Jinkong Commercial Factoring Co., Ltd.	90,000,000.00	20,000,000.00
Postal Savings Bank Factoring		100,000,000.00
Everbright Xinglong Trust Co., Ltd.	148,000,000.00	
SDIC Taikang Trust	180,000,000.00	
COFCO Trust	200,000,000.00	
Tax to be written-off	18,832,180.43	1,232,707.18
Total	636,832,180.43	251,232,707.18

22.Long-term borrowings

Item	Closing balance	Beginning balance
Guarantee + mortgage loan	372,490,000.00	200,000,000.00
Guarantee + pledge loan	90,200,000.00	134,000,000.00
Guaranteed loan	3,710,578,582.55	4,349,368,393.92
Accrued interest on long-term borrowings	6,349,294.52	6,361,137.63
Less: long-term borrowings due within one year (Note VI.20)	1,624,659,640.96	963,989,811.37
Less: Interest on long-term borrowings due within one year (Note VI.20)	6,349,294.52	1,294,413.06
Total	2,548,608,941.59	3,724,445,307.12

23.Long-term payables

Item	Closing balance	Beginning balance
Financial leasing	1,143,313,784.27	1,236,816,688.86
Other borrowings	1,749,227,557.00	582,800,000.00
Special payables	938,167,123.87	1,088,186,671.12
Less: current portion due within one year (Note VI.20)	1,090,123,354.01	773,028,231.04

Item	Closing balance	Beginning balance
Total	2,740,585,111.13	2,134,775,128.94

Among them, the details of special payables are as follows:

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
Construction funds of Kangxinyayuan	331,675,551.12		101,101,453.10	230,574,098.02
Xinfengli construction funds	150,000.00		150,000.00	
Runfu Phase II Capital	756,361,120.00	39,940,000.00	88,708,094.15	707,593,025.85
Total	1,088,186,671.12	39,940,000.00	189,959,547.25	938,167,123.87

24. Other non-current liabilities

Item	Closing balance	Beginning balance
Suzhou Chengtong Commercial Factoring Co., Ltd.		150,000,000.00
Less: current portion due within one year (Note VI.20)		30,000,000.00
Total		120,000,000.00

25. Paid-up capital

Name of Shareholder	Beginning balance		Increased in the current period	Decrease in the current period	Ending balance	
	Investment amount	Proportion %			Investment amount	Proportion %
Yancheng Dafeng Urban Construction Group Co., Ltd.	1,000,000,000.00	100.00			1,000,000,000.00	100.00
Total	1,000,000,000.00	100.00			1,000,000,000.00	100.00

26. Capital reserves

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
Other capital reserves	4,818,348,894.50		83,936,144.34	4,734,412,750.16
Total	4,818,348,894.50		83,936,144.34	4,734,412,750.16

Note: The change of capital reserve in this period is due to the free allocation of equity of Dafeng District Fushouyuan Cemetery Co., Ltd., Yancheng City and the recovery of the capital injection in previous years by the Finance Bureau.

27. Other comprehensive incomes

Item	Beginning balance	Amount incurred in current period					Closing balance
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	

Item	Beginning balance	Amount incurred in current period					Closing balance
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: Income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that will be reclassified into profit or loss in the future	115,237,986.49						115,237,986.49
Including: initial conversion of investment real estate	115,237,986.49						115,237,986.49
Total	115,237,986.49						115,237,986.49

28.Surplus reserves

Item	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance
Statutory surplus reserves	23,661,715.59	319,824.33		23,981,539.92
Total	23,661,715.59	319,824.33		23,981,539.92

29.Undistributed profits

Item	Amount in the current period	Amount of the previous year
Profits undistributed of the end of previous year before adjustment	252,659,481.96	64,224,101.99
Total adjustment number of undistributed profit at the beginning of the period		
Beginning undistributed profits after the adjustment	252,659,481.96	64,224,101.99
Plus: Net profits attributable to the shareholder of the parent company	24,696,358.37	203,538,954.28
Less: withdrawal of statutory surplus reserve	319,824.33	15,103,574.31
Less: other		
Undistributed profits at the end of the period	277,036,016.00	252,659,481.96

30.Operating Income and Operating Cost

Item	Amount in the current period	Amount of the previous year
Main business income	824,189,662.41	936,860,000.17
Other business income	55,361,798.96	7,414,974.57
Total	879,551,461.37	944,274,974.74
Main business cost	737,075,133.26	839,457,627.98
Other business cost	49,773,270.61	6,507.70
Total	786,848,403.87	839,464,135.68

(1) Classification of main business

Item	Amount in the current period		Amount of the previous year	
	Income	Cost	Revenues	Cost
Infrastructure construction	252,343,945.74	210,286,621.45	264,261,669.60	220,218,058.00
Real estate sales	208,964,351.40	177,643,991.13	127,871,822.36	95,221,457.56
Trade	72,516,998.23	71,478,029.55	371,444,019.19	368,220,152.12
Gas supply and power supply business	272,471,127.39	269,826,507.93	153,233,941.91	151,375,108.81
Leasing business	4,329,376.81	222,007.62	851,549.06	149,422.01
Sewage treatment	11,397,065.09	5,636,463.13	13,234,040.88	3,262,652.94
Other	2,166,797.75	1,981,512.45	5,962,957.17	1,010,776.54
Total	824,189,662.41	737,075,133.26	936,860,000.17	839,457,627.98

31.Taxes and surcharges

Item	Amount in the current period	Amount of the previous year
Urban maintenance and construction tax	2,368,269.23	1,687,007.48
Education surcharges	1,691,497.25	1,204,525.12
Land value increment tax	6,277,528.73	
Property tax	5,373,712.42	4,348,898.43
Payment of land use tax	6,283,878.19	6,207,220.25
Stamp duty	1,272,784.53	1,760,310.64
Environmental protection tax	1,692,155.18	4,174,540.03
Vehicle and vessel tax	675.00	
Other taxes and fees	37,995.54	1,157,739.39
Total	24,998,496.07	20,540,241.34

32.Financial expenses

Item	Amount in the current period	Amount of the previous year
Interest expenditures	15,743,328.92	26,916,285.35
Less: interest incomes	22,222,809.58	33,008,599.98
Plus: commission charges	408,157.20	1,399,343.79
Plus: exchange loss	-59,482.07	-38,858.64
Total	-6,130,805.53	-4,731,829.48

33.Other income

Item	Amount in the current period	Amount of the previous year
Tax returns	836.66	22,018.48
Subsidies for stable post	32,580.53	24,407.00
Other government subsidies related to daily business activities		931,618.21
Total	33,417.19	978,043.69

34.Fair value change profit and loss

Item	Amount in the current period	Amount of the previous year
Investment real estate	4,690,811.45	169,886,304.42
Total	4,690,811.45	169,886,304.42

35.Credit impairment losses

Item	Amount in the current period	Amount of the previous year
Bad debt reserves	-1,077,260.35	425,906.08
Total	-1,077,260.35	425,906.08

36.Non-operating incomes

Item	Amount in the current period	Amount of the previous year
Compensation income	35,000.61	198,000.00
Other	2.71	240,151.80
Total	35,003.32	438,151.80

37.Non-operating expenses

Item	Amount in the current period	Amount of the previous year
Expenditures for welfare donations	4,410.00	800.00
Late fee for taxes	693,064.37	3,140,689.71
Loss from scrapping due to damage of non-current assets	296,711.39	290,930.10
Compensation and liquidated damages	379,400.73	
Other	95.68	60,248.94
Total	1,373,682.17	3,492,668.75

38.Income tax expenses

Item	Amount in the current period	Amount of the previous year
Current income tax	10,737,156.06	19,934,726.91
Deferred income tax expenses	903,387.77	327,378.92
Total	11,640,543.83	20,262,105.83

39.Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

Supplementary information	Amount in the current period	Amount of the previous year
1. Adjust net profit to cash flow of operating activities:		
Net profits	29,508,400.14	199,955,123.91
Plus: asset impairment provision		
Credit impairment losses	1,077,260.35	-425,906.08
Depreciation of fixed assets, oil and gas assets and productive biological assets	5,933,267.12	2,253,806.11
Amortization of intangible assets	440,537.88	151,039.36

Supplementary information	Amount in the current period	Amount of the previous year
Amortization of long-term deferred expenses		846,340.36
Loss on disposal of fixed assets, intangible assets and other long-term assets (or income is expressed by "-")		
Loss from on retirement of fixed assets (or income is expressed by "-")	296,711.39	290,930.10
Loss on change in fair value (or income is expressed by "-")	-4,690,811.45	-169,886,304.42
Financial expenses (or income is expressed by "-")	15,743,328.92	26,916,285.35
Investment loss (or income is expressed by "-")	-	
Decrease in deferred tax assets (or increase is expressed by "-")	-269,315.09	106,476.52
Increase in deferred tax liabilities (or decrease is expressed by "-")	1,172,702.86	220,902.40
Inventory decrease (or increase is expressed by "-")	426,980,852.28	154,065,244.69
Decrease in operational receivable items (or increase is expressed by "-")	807,567,001.92	-108,629,043.85
Decrease in operational payable items (or decrease is expressed by "-")	-1,232,408,069.01	115,121,509.66
Other		
Net cash flows from operating activities	51,351,867.31	220,986,404.11
2. Significant investing and financing activities not involving cash deposit and withdrawal		
Conversion of debts into capital		
Convertible bonds due within one year		
Fixed assets under financing lease		
3. Net increase in cash and cash equivalents		
Closing balance of cash	350,749,258.97	189,998,843.04
Less: opening balance of cash	189,998,843.04	243,531,709.85
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	160,750,415.93	-53,532,866.81

(3) Composition of cash and cash equivalents

Item	Closing balance	Beginning balance
Cash on hand	2,316.21	15,461.64
Bank deposit	350,746,942.76	189,983,381.40
Other monetary funds		
Total	350,749,258.97	189,998,843.04

40.Assets with restricted ownership or use rights

Item	Closing balance	Reasons for constraints
Monetary capital	941,859,913.46	Deposits for bills and pledges for loans

Inventory	1,035,296,470.25	Provide collateral for loan
Fixed assets	59,356,487.74	Provide collateral for loan
Investment real estate	3,884,634,800.00	Provide collateral for loan
Total	5,921,147,671.45	

VII. Change of consolidation Scope

In 2024, a total of 9 subsidiaries were included in the scope of consolidation, and no subsidiaries were added to the scope of consolidation; 2 subsidiaries were removed from the scope of consolidation, namely Yancheng Dafeng Fushouyuan Cemetery Co., Ltd. and Yancheng Dafeng Liangyuan Wedding Ceremony Service Co., Ltd., which were transferred out without compensation.

VIII. Equity in other entities

1. Equity in subsidiaries

No.	Name	Registered land	Main business place	Nature of business	Registered capital (ten thousand yuan)	Shareholding ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
1	Nanjing Fengye New Energy Technology Co., Ltd.	Jiangsu Nanjing	Jiangsu Nanjing	New energy technology development, technical consultation, technology transfer, technical services	800.00	65.00		65.00	Establishment
2	Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Construction project management, infrastructure construction	10,000.00	100.00		100.00	Establishment
2.1	Yancheng Dafeng Wanxing Real Estate Development Co., Ltd.(Note)	Jiangsu Yancheng	Jiangsu Yancheng	Real estate development and operation	19,800.00		50.00	50.00	Establishment
3	Yancheng Dafeng Zhencheng Construction Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Real estate development and operation, construction project management	20,000.00	100.00		100.00	Establishment

4	Yancheng Dafeng Hucheng Sewage Treatment Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Sewage treatment; water treatment engineering, pipeline engineering architectural design and construction	2,000.00	100.00		100.00	Establishment
4.1	Jiangsu Shuifa Huaxia Environmental Technology Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Environmental protection technology and equipment development; environmental protection engineering services; engineering construction, etc.	10,000.00		100.00	100.00	Establishment
5	Yancheng Dafeng Guangsha Development and Construction Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Real estate development and operation; pipeline engineering, building decoration engineering, municipal engineering design and construction	71,500.00	100.00		100.00	Establishment
6	Yancheng Dafeng Huiye Development and Construction Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Real estate development and operation; construction of Construction Projects	60,614.00	100.00		100.00	Establishment
7	Yancheng Dafeng Huifengcai Development and Construction Co., Ltd.	Jiangsu Yancheng	Jiangsu Yancheng	Real estate development and operation; construction of Construction Projects	10,000.00	51.00		51.00	Establishment

Note: Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd., Yancheng Dafeng Zhencheng Construction Co., Ltd. and Glory Creation Group Limited jointly invested in the establishment of Yancheng Dafeng Wanxing Real Estate Development Co., Ltd., holding 45%, 5% and 50% of the shares respectively. The investment agreement stipulates that Wancheng Company shall consolidate and account for Wanxing Company.

2. Joint venture and associated enterprises

None.

3. Details of other related parties

Name of other related parties	Relationship between other related parties and the company
-------------------------------	--

Yancheng Dafeng Urban Construction Group Co., Ltd.	Parent company
Yancheng Dafeng Zecheng Trade Development Co., Ltd.	Under the same control
Yancheng Dafeng Xihekou Development and Construction Co., Ltd.	Under the same control

4. Related party transactions and related party balances

(1) Related party guarantee

None.

(2) Related party transactions

Name of other related parties	The detail of related transactions	Amount in the current period	Amount in the previous period
Yancheng Dafeng Xihekou Development and Construction Co., Ltd.	Sales of housing	1,771,966.98	2,680,500.00

(3) Detail of related party transactions

Project name	Name of other related parties	Closing balance	Beginning balance	Remarks
1. Receivables				
Accounts receivable	Yancheng Dafeng Xihekou Development and Construction Co., Ltd.	20,521,220.26	18,336,161.36	sales proceeds from property
Advance payment	Yancheng Dafeng Zecheng Trade Development Co., Ltd.	4,148,698.83	4,148,698.83	Payment for goods
Other receivables	Yancheng Dafeng Urban Construction Group Co., Ltd.	749,610,802.29	960,244,709.04	Current account
Total		774,280,721.38	982,729,569.23	

IX. Contingencies

(I) As of the end of 2024, contingent events arising from pending litigation or arbitration and their financial impact

None.

(II) As of the end of 2024, the contingent liabilities arising from the debt guarantee provided by the Company and their financial impact

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date
Yancheng Dafeng Huifengmiao Agricultural Development Co., Ltd.	2,400.00	9/5/2024	12/1/2033

(III) As of the end of 2024, the Company's contingent liabilities arising from other events

None.

(IV) Except for the above contingencies, as of the end of 2024, the Company has no other material contingencies.

X. Post Balance Sheet Event

As of the date of approval of the financial report, there are no other significant post - balance sheet events that need to be disclosed by the Company.

XI. Notes to Main Items Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosed by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	1,900,462.47	3,517,802.34
1-2 years		
2-3 years		14,363,328.50
3-4 years	11,913,328.50	
Subtotal	13,813,790.97	17,881,130.84
Less: bad debt reserves	2,382,665.70	1,436,332.85
Total	11,431,125.27	16,444,797.99

(4) Listed by classification as per method of provision for bad debt

Type	Closing balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to combination	13,813,790.97	100.00	2,382,665.70	17.25	11,431,125.27
Including: aging combination	11,913,328.50	86.24	2,382,665.70	20.00	9,530,662.80
Other combination	1,900,462.47	13.76			1,900,462.47
Total	13,813,790.97	100.00	2,382,665.70	17.25	11,431,125.27

(Continued)

Type	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable with large single amount and single provision for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	17,881,130.84	100.00	1,436,332.85	8.03	16,444,797.99
Including: aging combination	17,870,312.61	99.94	1,436,332.85	8.04	16,433,979.76
Other combination	10,818.23	0.06			10,818.23
Total	17,881,130.84		1,436,332.85		16,444,797.99

(3) Provision for bad debts

Type	Beginning balance	Amount of change in the Current Period			Ending balance
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	1,436,332.85	946,332.85			2,382,665.70

Type	Beginning balance	Amount of change in the Current Period			Ending balance
		Withdrawal	Recovery or reversal	Write-off or verification	
Total	1,436,332.85	946,332.85			2,382,665.70

2. Other receivables

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	1,750,353,350.54	1,169,575,261.37
Total	1,750,353,350.54	1,169,575,261.37

(1) Other receivables

① Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	1,202,207,815.22	903,470,126.05
1-2 years	523,145,535.32	16,105,135.32
2-3 years	3,800,000.00	250,000,000.00
3-4 years	21,200,000.00	
Subtotal	1,750,353,350.54	1,169,575,261.37
Less: bad debt reserves		
Total	1,750,353,350.54	1,169,575,261.37

② Classification of the nature

Nature of payment	Ending balance	Beginning balance
General operating receivable	21,230,000.00	33,755,335.31
Other current account	553,651,289.30	523,800,000.00
Related parties-Capital transactions	1,175,472,061.24	612,019,926.06
Subtotal	1,750,353,350.54	1,169,575,261.37
Less: bad debt reserves		
Total	1,750,353,350.54	1,169,575,261.37

③ Provision for bad debts

There is no provision for bad debts or reversal of provision for bad debts in the current period.

3. Long-term equity investment

(1) Classification of long-term equity investment

Item		Closing balance			Beginning balance		
		Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	in	3,853,888,494.69		3,853,888,494.69	3,832,629,091.89		3,832,629,091.89
Investment in associated enterprises	in						

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Subtotal	3,853,888,494.69		3,853,888,494.69	3,832,629,091.89		3,832,629,091.89
Less: Provision for impairment of long-term equity investments						
Total	3,853,888,494.69		3,853,888,494.69	3,832,629,091.89		3,832,629,091.89

(2) Invest in subsidiaries

Invested unit	Beginning balance	Increased in the current period	Decrease in the current period	Ending balance	Withdrawn impairment provision in the current period	Impairment provision
Nanjing Fengye New Energy Technology Co., Ltd.	5,200,000.00			5,200,000.00		
Yancheng Dafeng Zhencheng Construction Co., Ltd.	704,968,547.06			704,968,547.06		
Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd.	1,995,270,909.93			1,995,270,909.93		
Yancheng Dafeng Hucheng Sewage Treatment Co., Ltd.	20,000,000.00			20,000,000.00		
Yancheng Dafeng Guangsha Development and Construction Co., Ltd.	1,128,449,037.70			1,128,449,037.70		
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	-21,259,402.80		-21,259,402.80			
Total	3,832,629,091.89		-21,259,402.80	3,853,888,494.69		

(3) Investment in associated enterprises

None.

4. Operating income and operating cost

(1) Basic information of operating income and operating cost

Item	Amount in the current period	Amount of the previous year
Main business income	44,544,506.91	108,929,504.91
Other business income		4,288,964.49
Total	44,544,506.91	113,218,469.40
Main business cost	43,241,789.61	105,056,838.86
Other business cost		
Total	43,241,789.61	105,056,838.86

(2) Classification of main business

Item	Amount in the current period	Amount of the previous year
------	------------------------------	-----------------------------

	Income	Cost	Revenues	Cost
Trading business	41,519,725.42	40,950,950.20	96,412,149.33	95,109,060.93
Power supply and steam supply business	318,513.08		376,691.55	
Real estate sales		149,290.27	11,289,114.97	9,798,355.92
Property management services	2,166,797.75	1,981,512.45		
Leasing business	539,470.66	160,036.69	851,549.06	149,422.01
Total	44,544,506.91	43,241,789.61	108,929,504.91	105,056,838.86

XII. Other contents that should be disclosed in accordance with relevant financial accounting standards

None.

Yancheng Dafeng Xiecheng Industrial Co., Ltd.

May 8, 2025

Legal representative: Principal in Charge of Financial Work:

Principal of Financial Department:

**Yancheng Dafeng Xiecheng Industrial Development Co.,
Ltd.**
**Consolidated and parent company financial statements for
2023**

Audit Report



ZHONGXINGHUA CERTIFIED PUBLIC ACCOUNTANTS LLP

Address: 20/F, Tower B, Lize SOHO, No. 20 Lize Road, Fengtai District, Beijing
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ZXHSZ (2024) No. 022226

All shareholders of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.:

I. Audit Opinions

We have audited the financial statements of Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (hereinafter referred to as "Xiecheng Industrial"), including the consolidated and parent company balance sheets as of December 31, 2023, the consolidated and parent company income statements, consolidated and parent company cash flow statements, consolidated and parent company statements of changes in equity and related financial statement notes for the years of 2023.

In our opinion, the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises in all material respects, and fairly reflect the consolidated and parent company's financial status of Xiecheng Industrial as of December 31, 2023, as well as the consolidated and parent company's operating results and cash flows for the year of 2023.

II. Basis for Forming Audit Opinions

We carried out the audit work in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under these standards are further elaborated in the section of "Accountants' Responsibilities for Auditing Financial Statements" in the Audit Report. According to the Chinese Code of Professional Ethics for Certified Public Accountants, we are independent of the Xiecheng Industrial and fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate, which provides a basis for issuing the audit opinions.

III. Responsibilities of Management and Governance for Financial Statements

The management is responsible for preparing the financial statements in accordance with

the provisions of the Accounting Standards for Business Enterprises, so as to achieve a fair reflection, and design, implement and maintain necessary internal controls to ensure that the financial statements are free from material misstatement due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Xiecheng Industrial's going concern capability, disclosing going concern-related matters (where applicable) and applying going concern assumptions, except that the Management plans to liquidate the Xiecheng Industrial, terminate operations or have no other realistic alternative.

The Management layer is responsible for supervising the financial reporting process of the Xiecheng Industrial.

IV. Responsibilities of Certified Public Accountants for Auditing Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue audit report containing audit opinions. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit carried out according to auditing standards can always find a material misstatement when it exists. Misstatement, which may result from fraud or error, is generally considered material if it is reasonably expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the financial statements on the basis of the financial statements.

In performing audit work in accordance with auditing standards, we used professional judgment and maintain professional skepticism. At the same time, we also carried out the following work:

(1) Identified and assessed the risks of material misstatement in the financial statements caused by fraud or error, designed and implemented audit procedures to deal with these risks, and obtained sufficient and appropriate audit evidence as the basis for issuing audit opinions. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal control, the risk of failure to detect material misstatement due to fraud is higher than the risk of failure to detect material misstatement due to error.

(2) Understood the internal control related to audit in order to design appropriate audit

procedures, but the purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluated the appropriateness of the accounting policies selected by the Management and the rationality of making accounting estimates and related disclosures.

(4) Drew a conclusion on the appropriateness of the Management's use of the going concern assumption. At the same time, according to the obtained audit evidence, it is concluded whether there is significant uncertainty in matters or situations that may lead to major doubts about the Xiecheng Industrial's ability to continue operations. If we conclude that there is material uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the financial statements in the audit report; if the disclosure is insufficient, we should express a modified opinion. Our conclusions are based on the information available as of the audit report date. However, future events or circumstances may lead to the Xiecheng Industrial's unsustainable operation.

(5) Evaluated the overall presentation, structure and content of the financial statements, and evaluated whether the financial statements fairly reflect relevant transactions and events.

(6) Obtained sufficient and appropriate audit evidence on the financial information of entities or business activities in the Company to express audit opinions on the financial statements. We are responsible for guiding, supervising and executing the Group audit. We take full responsibility for the audit opinions.

We communicated with the Governance on the planned audit scope, schedule and major audit findings, including the internal control deficiencies deserving attention that we identified during the audit.

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Zhongxinghua Certified Public
Accountants LLP

Chinese Certified Public Accountants:
Ren Huagui

Beijing, China

Chinese Certified Public Accountants:
Zhang Lan

April 26, 2024

Consolidated Balance Sheet

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2023	December 31, 2022
Current assets:			
Monetary capital	Note VI.1	2,972,559,967.05	4,303,553,874.53
Settle the reserve			
Lending money			
Transactional financial assets			
Financial assets measured at fair value and whose changes are recorded into current profits and losses			
Derivative financial assets			
Notes receivable	Note VI. 2	100,000.00	4,820,000.00
Accounts receivable	Note VI. 3	1,191,137,599.31	776,238,328.22
Receivables financing			
Advance payment	Note VI. 4	163,822,623.94	77,059,584.41
Premiums receivable			
Accounts receivable reinsurance			
Reinsurance contract reserve receivable			
Other receivables	Note VI. 5	2,008,092,536.24	2,317,453,011.51
Buying back the sale of financial assets			
Inventory	Note VI. 6	8,078,106,747.07	8,064,172,319.78
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	Note VI. 7	63,593,749.85	55,783,501.82
Total current assets		14,477,413,223.46	15,599,080,620.27
Non-current assets:			
Granting loans and advances			
Debt investment			
Other Debt Investment			
Held-to-maturity investments			
Long-term receivables			
Long - term equity investment			
Other equity instrument investment			
Other non-current financial assets	Note VI. 8		10,000,000.00
Investment real estate	Note VI. 9	3,275,476,010.00	1,082,428,400.00
Fixed assets	Note VI. 10	42,274,228.24	14,956,804.79
Construction in progress	Note VI. 11	413,567,515.46	146,914,368.96
Capitalized biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets	Note VI. 12	11,818,775.14	5,223,390.73
Development expenditures			
Goodwill			
Long - term deferred expenses		9,023,770.48	
Deferred income tax assets	Note VI. 13	391,815.09	498,291.61
Other non-current assets			
Total non-current assets		3,752,552,114.41	1,260,021,256.09
Total assets		18,229,965,337.87	16,859,101,876.36

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Balance Sheet (Continued)

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2023	December 31, 2022
Current liabilities:			
Short-term borrowings	Note VI. 14	1,555,921,570.01	535,590,355.82
Transactional financial liabilities			
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable	Note VI. 15	1,302,000,000.00	3,757,090,000.00
Accounts payable	Note VI. 16	175,630,698.32	41,100,127.28
Advance receipts			
Payroll payable	Note VI. 18		2,114.40
Contract liability	Note VI. 17	173,753,854.91	99,270,847.34
Taxes and dues payable	Note VI. 19	85,255,153.50	37,336,234.58
Other payables	Note VI. 20	239,845,353.63	1,445,272,743.07
Held-for-sale liabilities			
Non-current liabilities due within one year	Note VI. 21	1,768,312,455.47	872,397,462.57
Other current liabilities	Note VI. 22	251,232,707.18	151,368,626.34
Total current liabilities		5,551,951,793.02	6,939,428,511.40
Non-current liabilities:			
Long-term borrowings	Note VI. 23	3,724,445,307.12	2,147,741,501.62
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables	Note VI. 24	2,134,775,128.94	1,496,058,933.44
Long-term staff compensation payable			
Estimated liabilities			
Deferred income		52,526,202.04	
Deferred income tax liabilities	Note VI. 13	103,257,306.74	127,856,599.49
Other non-current liabilities	Note VI. 25	120,000,000.00	300,000,000.00
Total non-current liabilities		6,135,003,944.84	4,071,657,034.55
Total liabilities		11,686,955,737.86	11,011,085,545.95
Owner's equity:			
Paid-in capital	Note VI. 26	1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves	Note VI. 27	4,818,348,894.50	4,437,086,290.20
Less: inventory stock			
Other comprehensive incomes	Note VI. 28	115,237,986.49	240,616,859.50
Special reserves			
Surplus reserves	Note VI. 29	23,661,715.59	8,558,141.28
General risk reserve			
Undistributed profits	Note VI. 30	252,659,481.96	64,224,101.99
Total owner's equity attributable to the parent company		6,209,908,078.54	5,750,485,392.97
Minority Shareholders' equity		333,101,521.47	97,530,937.44
Total owner's equity		6,543,009,600.01	5,848,016,330.41
Total liabilities and owner's equity		18,229,965,337.87	16,859,101,876.36

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Income Statement

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	Year 2023	Year 2022
I. Total operating incomes	Note VI. 31	944,274,974.74	960,020,489.45
Including: Operating incomes	Note VI. 31	944,274,974.74	960,020,489.45
II. Total operating Costs	Note VI. 31	892,293,482.24	943,607,150.92
Including: Operating Costs	Note VI. 31	839,464,135.68	889,315,305.77
Taxes and surcharges	Note VI. 32	20,540,241.34	8,891,847.81
Sales expenses		7,014,440.84	3,668,158.83
Administrative expenses		30,006,493.86	18,346,251.04
R&D expenses			
Financial expenses	Note VI. 33	-4,731,829.48	23,385,587.47
Including: interest expenses		26,916,285.35	74,244,756.78
Interest incomes		33,008,599.98	59,723,825.56
Plus: other incomes	Note VI. 34	978,043.69	17,376,696.08
Investment income (losses indicated with "-")	Note VI. 35		10,650,000.00
Including: income from investments in associated enterprises and joint ventures			
Revenue from derecognition of financial assets measured in amortized cost			
Net exposure hedging income (loss is indicated with "-")			
Gains from changes in fair value(losses indicated with "-")	Note VI. 36	169,886,304.42	-3,791,910.00
Impairment loss of credit (losses indicated with "-")	Note VI. 37	425,906.08	-968,166.43
Impairment loss of assets (losses indicated with "-")			
Income from disposal of assets (losses indicated with "-")			
III. Operating profit (losses indicated with "-")		223,271,746.69	39,679,958.18
Plus: non-operating incomes	Note VI. 38	438,151.80	205,143.25
Less: non-operating expenses	Note VI. 39	3,492,668.75	656,056.11
IV.Total profits (losses indicated with" -")		220,217,229.74	39,229,045.32
Less: Income tax expenses	Note VI. 40	20,262,105.83	17,398,028.23
V. Net profits (Net losses indicated with "-")		199,955,123.91	21,831,017.09
(I) classification by business continuity			
1.Net profit from continuous operation (Net losses indicated with "-")		199,955,123.91	21,831,017.09
2. Net profit from termination of operation (Net losses indicated with "-")			
(II) classification by ownership			
1. Net profit attributable to the shareholders of the parent company (Net losses indicated with "-")		203,538,954.28	24,169,871.01
2. Minority shareholders' profit and loss (Net losses indicated with "-")		-3,583,830.37	-2,338,853.92
VI. Net post-tax amount of other comprehensive income		-116,712,561.51	6,885,531.39
(I) Owners' total comprehensive income attributable to the parent company		-125,378,873.01	6,885,531.39
1. Other comprehensive incomes cannot be reclassified into profits or losses			
(1) Re-measure the amount of changes in the benefit plan			
(2) Other comprehensive incomes cannot be transferred to profits or losses under the equity method			
(3) Changes in fair values of other equity instrument investment			
(4) Changes in fair value of enterprise's own credit risk			
(5) Others			
2. Other comprehensive incomes to be reclassified into profits and losses		-125,378,873.01	6,885,531.39
(1) Other comprehensive incomes to be transferred to profits or losses under the equity method			
(2) Changes in fair value of other debt investments			
(3) Changes in fair values of available-for-sale financial assets investment			
(4) Amount of financial assets reclassified into other comprehensive income			
(5) Reclassification of held-to-maturity investments as profit or loss on available-for-sale financial assets			
(6) Provision for credit impairment of other creditor's rights investment			
(7) Cash flow hedging reserve			
(8) Translation difference of the foreign-currency statements			
(9) Profits and losses from changes in fair values of investment real estate		-125,378,873.01	6,885,531.39
(II) Net after-tax of other comprehensive income attributable to minority shareholders		8,666,311.50	
VII. total comprehensive income		83,242,562.40	28,716,548.48
(I) Total comprehensive income attributable to owners of the parent company		78,160,081.27	31,055,402.40
(II) Total comprehensive income attributable to minority shareholders		5,082,481.13	21,831,017.09

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Statement of Cash Flow

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	Year 2023	Year 2022
I. Cash flows from operating activities:	Note VI. 41		
Cash received from sale of commodities and provision of labor services		711,340,174.58	678,290,136.57
Refund of taxes and levies		16,790,035.20	30,518,063.82
Other cash received related to operating activities		2,062,029,303.68	1,512,007,948.23
Subtotal of cash inflows of operating activities		2,790,159,513.46	2,220,816,148.62
Cash paid for purchase of commodities and labor services		2,100,935,229.95	3,119,655,641.96
Cash paid to and for employees		14,678,550.27	9,710,279.93
Tax payments		41,004,653.02	26,367,495.63
Other cash paid related to operating activities		412,554,676.11	1,002,096,422.08
Subtotal cash outflow from operating activities		2,569,173,109.35	4,157,829,839.60
Net cash flows from operating activities		220,986,404.11	-1,937,013,690.98
II. cash flow from investment activities:			
Cash received from return on investments			
Cash received from investment income			10,650,000.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets		374,884.30	
Net cash from disposal of subsidiaries and other business units			
Other cash received from investment related activities			
Subtotal of cash inflows of investment activities		374,884.30	10,650,000.00
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		1,495,105,415.63	34,390,595.17
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for investment related activities			
Subtotal of cash outflows of investment activities		1,495,105,415.63	34,390,595.17
Net cash flows from investment activities		-1,494,730,531.33	-23,740,595.17
III. Cash flows from financing activities:			
Cash received from investment absorption		633,010,110.00	200,000.00
Including: the subsidiary receives cash from minority shareholders' investments			
Cash received from obtaining loans		5,907,520,495.15	2,967,033,305.13
Other cash received related to financing activities		6,490,556,679.87	5,457,686,173.95
Subtotal of cash inflows of financing activities		13,031,087,285.02	8,424,919,479.08
Cash paid to repay debts		2,274,810,320.74	2,025,275,481.40
Cash paid to distribute dividends, profits or pay interest		182,678,433.03	283,981,492.20
Including: dividends and profits paid by subsidiaries to minority shareholders			
Other cash paid related to financing activities		9,353,426,129.48	4,131,708,757.67
Subtotal of cash outflows of financing activities		11,810,914,883.25	6,440,965,731.27
Net cash flows from financing activities		1,220,172,401.77	1,983,953,747.81
IV. impact of exchange rate changes on cash and cash equivalents		38,858.64	227,044.27
V. Net increase in cash and cash equivalents		-53,532,866.81	23,426,505.93
Plus: opening balance of cash and cash equivalents		243,531,709.85	220,105,203.92
VI. Closing balance of cash and cash equivalents		189,998,843.04	243,531,709.85

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Departn

Consolidated Statement of Changes in Owner's Equity

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Year 2023												
	Owners' equities attributable to the parent company											Minority Shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal		
		Preferred stock	Perpetual bond	Other									
I. Closing balance of previous year	1,000,000,000.00				4,437,086,290.20		240,616,859.50		8,558,141.28	64,224,101.99	5,750,485,392.97	97,530,937.44	5,848,016,330.41
Plus: changes to accounting policies													
Correction of prior period errors													
Other													
II. opening balance of this year	1,000,000,000.00				4,437,086,290.20		240,616,859.50		8,558,141.28	64,224,101.99	5,750,485,392.97	97,530,937.44	5,848,016,330.41
III. Increase of this year (decrease indicated with "-")					381,262,604.30		-125,378,873.01		15,103,574.31	188,435,379.97	459,422,685.57	235,570,584.03	694,993,269.60
(I) Total comprehensive income							-125,378,873.01			203,538,954.28	78,160,081.27	5,082,481.13	83,242,562.40
(II) Investments of owners and reduced capital					381,262,604.30						381,262,604.30	230,488,102.90	611,750,707.20
1. Investments of owners and reduced capital					381,262,604.30						381,262,604.30	230,488,102.90	611,750,707.20
2. Capital investments of other equity instrument holders													
3. Amount of the share-based payments in the owners' equity													
4. Other													
(III) Distribution of profits									15,103,574.31	-15,103,574.31			
1. Withdrawal of surplus reserves									15,103,574.31	-15,103,574.31			
2. extraction of general risk reserve													
3. Distribution to owners													
4. Other													
(IV) Internal carry-over shareholders' equity													
1. Conversion of capital reserve into capital													
2. Conversion of surplus reserve into capital													
3. Conversion of surplus reserve into capital													
4. Set the amount of changes in the benefit plan to carry forward retained earnings													
5. Carry-forward of other comprehensive income to retained earnings													
6. Other													
(V) Special reserve													
1. Withdrawal of this period													
2. Utilization of this period													
(VI) Other													
IV.Closing balance of this year	1,000,000,000.00				4,818,348,894.50		115,237,986.49		23,661,715.59	252,659,481.96	6,209,908,078.54	333,101,521.47	6,543,009,600.01

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Consolidated Statement of Changes in Owner's Equity (Continued)

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Year 2022												
	Owners' equities attributable to the parent company												Minority Shareholders' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal		Total owner's equity
		Preferred stock	Perpetual bond	Other									
I. Closing balance of previous year	1,000,000,000.00				2,917,025,851.83		233,731,328.11		6,297,578.38	42,314,793.88	4,199,369,552.20	99,669,791.36	4,299,039,343.56
Plus: changes to accounting policies													
Correction of prior period errors													
Other													
II. opening balance of this year	1,000,000,000.00				2,917,025,851.83		233,731,328.11		6,297,578.38	42,314,793.88	4,199,369,552.20	99,669,791.36	4,299,039,343.56
III. Increase of this year (decrease indicated with "-")					1,520,060,438.37		6,885,531.39		2,260,562.90	21,909,308.11	1,551,115,840.77	-2,138,853.92	1,548,976,986.85
(I) Total comprehensive income							6,885,531.39			24,169,871.01	31,055,402.40	-2,338,853.92	28,716,548.48
(II) Investments of owners and reduced capital					1,520,060,438.37						1,520,060,438.37	200,000.00	1,520,260,438.37
1. Investments of owners and reduced capital					1,520,060,438.37						1,520,060,438.37	200,000.00	1,520,260,438.37
2. Capital investments of other equity instrument holders													
3. Amount of the share-based payments in the owners' equity													
4. Other													
(III) Distribution of profits									2,260,562.90	-2,260,562.90			
1. Withdrawal of surplus reserves									2,260,562.90	-2,260,562.90			
2. extraction of general risk reserve													
3. Distribution to owners													
4. Other													
(IV) Internal carry-over shareholders' equity													
1. Conversion of capital reserve into capital													
2. Conversion of surplus reserve into capital													
3. Conversion of surplus reserve into capital													
4. Set the amount of changes in the benefit plan to carry forward retained earnings													
5. Carry-forward of other comprehensive income to retained earnings													
6. Other													
(V) Special reserve													
1. Withdrawal of this period													
2. Utilization of this period													
(VI) Other													
IV. Closing balance of this year	1,000,000,000.00				4,437,086,290.20		240,616,859.50		8,558,141.28	64,224,101.99	5,750,485,392.97	97,530,937.44	5,848,016,330.41

Legal representative: Principal in Charge of Financial Work:

Principal of Financial Department:

Balance Sheet

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2023	December 31, 2022
Current assets:			
Monetary capital		1,880,607,020.40	2,267,362,102.25
Transactional financial assets			
Financial assets measured at fair value and whose changes are recorded into current profits and losses			
Derivative financial assets			
Notes receivable			4,000,000.00
Accounts receivable	Note XI.1	16,444,797.99	19,526,964.15
Receivables financing			
Advance payment		142,603,519.24	33,750,866.74
Other receivables	Note XI.2	1,169,575,261.37	1,053,568,629.50
Inventory		250,917,842.13	75,976,198.05
Contract assets			
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		2,079,671.86	3,671,847.88
Total current assets		3,462,228,112.99	3,457,856,608.57
Non-current assets:			
Debt investment			
Other Debt Investment			
Long-term receivables			
Long - term equity investment	Note XI.3	3,832,629,091.89	3,638,888,494.69
Other equity instrument investment			
Other non-current financial assets			10,000,000.00
Investment real estate		458,171,410.00	968,584,300.00
Fixed assets		5,018,114.22	5,475,622.68
Construction in progress		13,792,513.81	9,988,540.33
Capitalized biological assets			
Oil and gas assets			
Right-of-use asset			
Intangible assets			
Development expenditures			
Goodwill			
Long - term deferred expenses			
Deferred income tax assets		359,083.21	242,041.61
Other non-current assets			
Total non-current assets		4,309,970,213.13	4,633,178,999.31
Total assets		7,772,198,326.12	8,091,035,607.88

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Balance Sheet (Continued)

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2023	December 31, 2022
Current liabilities:			
Short-term borrowings		1,008,201,797.52	260,435,475.00
Transactional financial liabilities			
Derivative financial liabilities			
Notes payable		800,000,000.00	1,805,000,000.00
Accounts payable		13,007,238.86	12,907,330.11
Advance receipts			
Contract liability		5,752,212.39	
Payroll payable			
Taxes and dues payable		51,617,885.45	9,389,121.52
Other payables		21,051,458.30	481,810,454.46
Held-for-sale liabilities			
Non-current liabilities due within one year		247,212,939.00	11,964,117.00
Other current liabilities		130,747,787.61	50,000,000.00
Total current liabilities		2,277,591,319.13	2,631,506,498.09
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liabilities			
Long-term payables		361,852,385.00	460,389,950.00
Long-term staff compensation payable			
Estimated liabilities			
Deferred income			
Deferred income tax liabilities		70,980,099.79	113,133,073.49
Other non-current liabilities			
Total non-current liabilities		432,832,484.79	573,523,023.49
Total liabilities		2,710,423,803.92	3,205,029,521.58
Owner's equity:			
Paid-in capital		1,000,000,000.00	1,000,000,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			
Capital reserves		3,827,429,091.89	3,633,688,494.69
Less: inventory stock			
Other comprehensive incomes		66,293,266.06	235,301,170.44
Special reserves			
Surplus reserves		23,661,715.59	8,558,141.28
Undistributed profits		144,390,448.66	8,458,279.89
Total owner's equity		5,061,774,522.20	4,886,006,086.30
Total liabilities and owner's equity		7,772,198,326.12	8,091,035,607.88

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Income

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit:
RMB

Items	Note	Year 2023	Year 2022
I. Operating incomes	Note XI.4	113,218,469.40	137,361,107.73
Less: operating Cost	Note XI.4	105,056,838.86	133,976,045.31
Taxes and surcharges		4,012,930.99	1,921,870.50
Sales expenses			
Administrative expenses		1,677,989.45	6,382,233.45
R&D expenses			
Financial expenses		19,971,068.01	-14,125,980.51
Including: interest expenses			43,051,897.11
Interest incomes			59,259,419.32
Plus: other incomes		17,000.00	
Investment income (losses indicated with “-”)	Note XI.5		10,650,000.00
Including: income from investments in associated enterprises and joint ventures			
Revenue from derecognition of financial assets measured in amortized cost			
Net exposure hedging income (loss is indicated with “—”)			
Gains from changes in fair value(losses indicated with “-”)		169,420,414.38	11,367,800.00
Impairment loss of credit (losses indicated with “-”)		-468,166.42	-968,166.43
Impairment loss of assets (losses indicated with “-”)			
Income from disposal of assets (losses indicated with “-”)			
II. operating profit (losses indicated with “-”)		151,468,890.05	30,256,572.55
Plus: non-operating incomes		1.00	5,000.00
Less: non-operating expenses		451,187.17	204,189.33
III.Total profits (losses indicated with“-”)		151,017,703.88	30,057,383.22
Less: Income tax expenses		-18,039.20	7,451,754.20
IV. Net profits (Net losses indicated with “-”)		151,035,743.08	22,605,629.02
(I) Net profit from continuous operation (Net losses indicated with “-”)		151,035,743.08	22,605,629.02
(II) Net profit from termination of operation (Net losses indicated with “-”)			
V. Net post-tax amount of other comprehensive income		-169,007,904.38	1,569,842.33
(I) Other comprehensive incomes cannot be reclassified into profits or losses			
1. Re-measure the amount of changes in the benefit plan			
2. Other comprehensive incomes cannot be transferred to profits or losses under the equity method			
5. Other			
(II) Other comprehensive incomes to be reclassified into profits and losses		-169,007,904.38	1,569,842.33
1. Other comprehensive incomes to be transferred to profits or losses under the equity method			
2. Changes in fair value of other debt investments			
7. Cash flow hedging reserve			
8. Translation difference of the foreign-currency statements			
9. Profits and losses from changes in fair values of investment real estate		-169,007,904.38	1,569,842.33
VI. Total comprehensive incomes		-17,972,161.30	24,175,471.35

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Cash Flow Statement

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit:
RMB

Items	Note	Year 2023	Year 2022
I. Cash flows from operating activities:			
Cash received from sale of commodities and provision of labor services		139,812,945.42	201,827,082.53
Refund of taxes and levies			
Other cash received related to operating activities		520,859,456.36	72,101,474.09
Subtotal of cash inflows of operating activities		660,672,401.78	273,928,556.62
Cash paid for purchase of commodities and labor services		297,139,682.75	251,991,184.30
Cash paid to and for employees			
Tax payments		2,420,754.97	5,594,265.94
Other cash paid related to operating activities		120,829,057.21	2,026,744.49
Subtotal cash outflow from operating activities		420,389,494.93	259,612,194.73
Net cash flows from operating activities		240,282,906.85	14,316,361.89
II. cash flow from investment activities:			
Cash received from return on investments			
Cash received from investment income			10,650,000.00
Net cash from disposal of fixed assets, intangible assets and other long-term assets			
Net cash from disposal of subsidiaries and other business units			
Other cash received from investment related activities			
Subtotal of cash inflows of investment activities			10,650,000.00
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		3,847,336.31	9,922,464.74
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Other cash paid for investment related activities			
Subtotal of cash outflows of investment activities		3,847,336.31	9,922,464.74
Net cash flows from investment activities		-3,847,336.31	727,535.26
III. Cash flows from financing activities:			
Cash received from investment absorption			
Cash received from obtaining loans		1,482,259,585.13	885,935,475.00
Other cash received related to financing activities		2,639,002,164.68	2,266,023,339.46
Subtotal of cash inflows of financing activities		4,121,261,749.81	3,151,958,814.46
Cash paid to repay debts		517,034,218.00	320,544,616.33
Cash paid to distribute dividends, profits or pay interest		18,938,271.45	43,051,897.11
Other cash paid related to financing activities		3,799,076,401.07	2,815,144,676.21
Subtotal of cash outflows of financing activities		4,335,048,890.52	3,178,741,189.65
Net cash flows from financing activities		-213,787,140.71	-26,782,375.19
IV. impact of exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		22,648,429.83	-11,738,478.04
Plus: opening balance of cash and cash equivalents		8,359,937.57	20,098,415.61
VI. Closing balance of cash and cash equivalents		31,008,367.40	8,359,937.57

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Changes in Owner's Equity

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Year 2023										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year	1,000,000,000.00				3,633,688,494.69		235,301,170.44		8,558,141.28	8,458,279.89	4,886,006,086.30
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year	1,000,000,000.00				3,633,688,494.69		235,301,170.44		8,558,141.28	8,458,279.89	4,886,006,086.30
III. Increase of this year (decrease indicated with "-")					193,740,597.20		-169,007,904.38		15,103,574.31	135,932,168.77	175,768,435.90
(I) Total comprehensive income							-169,007,904.38			151,035,743.08	-17,972,161.30
(II) Investments of owners and reduced capital					193,740,597.20						193,740,597.20
1. Investments of owners and reduced capital					193,740,597.20						193,740,597.20
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other											
(III) Distribution of profits									15,103,574.31	-15,103,574.31	
1. Withdrawal of surplus reserves									15,103,574.31	-15,103,574.31	
2. Extraction of general risk reserve											
3. Distribution to owners											
4. Other											
(IV) Internal carry-over shareholders' equity											
1. Conversion of capital reserve into capital											
2. Conversion of surplus reserve into capital											
3. Conversion of surplus reserve into capital											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV. Closing balance of this year	1,000,000,000.00				3,827,429,091.89		66,293,266.06		23,661,715.59	144,390,448.66	5,061,774,522.20

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Statement of Changes in Owner's Equity (Continued)

Preparation Company: Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Monetary unit: RMB

Items	Year 2022										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year	1,000,000,000.00				3,633,688,494.69		233,731,328.11		6,297,578.38	-11,886,786.23	4,861,830,614.95
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. opening balance of this year	1,000,000,000.00				3,633,688,494.69		233,731,328.11		6,297,578.38	-11,886,786.23	4,861,830,614.95
III. Increase of this year (decrease indicated with “-”)							1,569,842.33		2,260,562.90	20,345,066.12	24,175,471.35
(I) Total comprehensive income							1,569,842.33			22,605,629.02	24,175,471.35
(II) Investments of owners and reduced capital											
1. Investments of owners and reduced capital											
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other											
(III) Distribution of profits									2,260,562.90	-2,260,562.90	
1. Withdrawal of surplus reserves									2,260,562.90	-2,260,562.90	
2. Extraction of general risk reserve											
3. Distribution to owners											
4. Other											
(IV)Internal carry-over shareholders’ equity											
1. Conversion of capital reserve into capital (or capital stock)											
2. Conversion of surplus reserve into capital (or capital stock)											
3. Conversion of surplus reserve into capital											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV.Closing balance of this year	1,000,000,000.00				3,633,688,494.69		235,301,170.44		8,558,141.28	8,458,279.89	4,886,006,086.30

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.

Notes to 2023 Financial Statements

(Unless otherwise specified, the currency unit in the Notes is in RMB)

I. Basic information of the Company

(I) Place of registration and form of organization of the Company

Yancheng Dafeng Xiecheng Industrial Development Co., Ltd. (hereinafter referred to as the Company), established on April 10, 2014, was invested and established by Yancheng Dafeng Urban Construction Group Co., Ltd. with an initial registered capital of 100 million yuan. After the capital increase, the existing registered capital is 1 billion yuan.

The Company's unified social credit code: 913209820934471503, registered address: No.82 Jiankang East Road, Dafeng District, Yancheng City, actual business address: No.7 Feida East Road, Dafeng District, Yancheng City, legal representative: Ji Minggen, enterprise type: limited liability company (wholly state-owned).

(II) Business scope of the Company

Infrastructure construction; pipeline engineering construction; house demolition; land consolidation; sales of building materials; municipal engineering construction; building decoration design; furniture manufacturing; freight forwarding agent; cultivation of vegetables, fruits, flowers and trees; aquaculture; development and construction of solar power projects; power generation and electricity sales of solar photovoltaic; development and construction of wind power project; generation and electricity sales of wind power. (Any item that needs to be approved by law can be operated only after obtaining approval by relevant authorities, and specific business items shall be subject to approval documents or licenses of relevant authorities) Licensed items: import and export of goods; technology import and export; Import and export agency (items subject to approval according to law can only be operated after being approved by relevant departments, and specific business items shall be subject to the approval results) General items: sales of coal and products; sales of non-metallic minerals and products; sales of metal materials; sales of metal ore; sales of metal products; sales of daily wood products; sales of cork products; sales of chemical products (excluding licensed chemical products); sales of machinery and equipment; sales of mechanical parts and parts; sales of electronic products; sales of agricultural and sideline products; sales of animal husbandry and fishery feed; sales of cement products; sales of automobile new cars; wholesale of auto spare parts; sales of special equipment; sales of Class I medical devices; sales of petroleum products (excluding hazardous chemicals); sales of batteries; wire and cable management (except for items subject to approval according to law, business activities shall be independently carried out according to law with business license)

(III) Approval for publication of financial statements

These financial statements have been approved for release by the resolution of directors of the

Company's board.

(IV) Scope of consolidated financial statements

Consolidation scope of the Company is determined according to control right, and all subsidiaries shall be consolidated in the consolidated financial statements. A total of 11 subsidiaries were included in the scope of consolidation this year, 2 more than last year. They are Yancheng Dafeng Fushouyuan Cemetery Co., Ltd. and Yancheng Dafeng Liangyuan Wedding Ceremony Service Co., Ltd.; 1 subsidiary, Yancheng Dafeng Huiju Development and Construction Co., Ltd., was removed from the scope of consolidation. The details of the subsidiaries during the reporting period can be found in Note VIII.

II. Presentation basis of financial statements

(I) Basis of preparation

The Company prepares financial statements based on going concern, based on actual transactions and events, and in accordance with the accounting standards for enterprises standards and application guidelines, explanations and other relevant provisions promulgated by the Ministry of Finance (collectively referred to as the "Accounting Standards for Enterprises").

According to the relevant provisions of enterprise accounting standards, the accounting of the Company is based on accrual basis. Except for certain financial instruments, the financial statements are measured on a historical cost basis. If an asset is impaired, the corresponding provision for impairment shall be made according to relevant regulations.

(II) Going-concern

These financial statements are presented on a going concern basis and the Company has a going concern capability for at least 12 months the end of the reporting period.

III. Statement on compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the Accounting Standards for Business Enterprises, and truly and completely reflect the financial status of consolidated and parent company as of December 31, 2023, and operating results, cash flow of the consolidated and parent company in 2023.

IV. Significant accounting policies and accounting estimates

(I) Accounting period

The fiscal year of the Company adopts the Gregorian calendar year, i.e. from January 1 to December 31 each year.

(II) Operating cycle

The Company takes one year (12 months) as a normal operating cycle.

(III) Functional currency

Renminbi is chosen as the functional currency.

(IV) Accounting method for merger of enterprises under the common control and not under the

common control

Business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. The business combination is divided into business combination under the same control and business combination not under the same control.

1. Accounting method for merge of enterprises under the common control

A business merger under the same control is a business merger in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business merger and on which the control is not temporary. In a business combination under the same control, the party which obtains the control on other combining enterprise(s) on the combining date is the combining party, and other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities acquired by the Company in a business merger shall be measured according to the book value of the assets and liabilities of the combined party (including the goodwill formed by acquisition of the combined party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party on the combining date. As for the balance between the book value of the net assets obtained and the book value of the consideration paid by it (or the total face value of the shares issued), the equity premium in the capital reserve shall be adjusted.

The direct cost occurred in the business combination is recorded into the profit or loss for the period when they actually occurred.

2. Accounting method for merge of enterprises not under the common control

If an enterprise participating in the combination are not ultimately controlled by the same party or the same parties before and after the combination, it is a business combination not under the same control. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The purchase date refers to the date on which the acquirer actually obtains control over the acquiree.

For business combinations not under the same control, consolidation costs shall include the assets paid by the acquirer to obtain control over the acquiree on the purchase date, the liabilities incurred or assumed, and the fair value of equity securities issued. Intermediary fees such as auditing, legal services, evaluation and consultation and other management fees incurred for business combination shall be included in the current profits and losses when they are incurred. The transaction costs of equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved shall be included in the consolidated cost according to its fair value on the purchase date. If new or further evidence of the existing situation on the purchase date appears within 12 months after the purchase date and it is necessary to adjust

the contingent consideration, the consolidated goodwill shall be adjusted accordingly. The combination costs incurred by the acquirer and the identifiable net assets acquired in the combination are measured at the fair value at the purchase date. The difference between the combined cost and the fair value share of the identifiable net assets of the acquiree at the purchase date obtained in the combination is recognized as goodwill. If the combined cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, firstly, the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combined cost are reviewed. If the combined cost is still less than the fair value share of identifiable net assets of the acquiree obtained in the combination after review, the difference shall be included in the current profits and losses.

For the deductible temporary difference of the acquiree obtained by the acquirer, if the deferred income tax assets are not recognized on the purchase date because they do not meet the conditions for recognition of deferred income tax assets, then within 12 months after the purchase date, if new or further information is obtained to show that the relevant situation on the purchase date already exists and the economic benefits brought by the deductible temporary difference of the acquired party can be realized, the relevant deferred income tax assets will be recognized, and goodwill will be reduced at the same time. If goodwill is insufficient to offset, the difference will be recognized as current profits and losses; in addition to the above, if deferred income tax assets related to business combination are recognized, they shall be included in the profits and losses of the current period.

Where a business combination not under common control is realized in stages through multiple transactions, it is judged whether these transactions are considered to be a “package transaction” according to the Notice of the Ministry of Finance on Issuing Interpretation No.5 of the Accounting Standards for Business Enterprises (Cai Kuai [2012] No.19) and Article 51 of the Accounting Standards for Enterprises No.33 - Consolidated Financial Statements (see Note IV (V), which set out the criteria defining a package transaction. If it is a "package transaction", these transactions are accounted in accordance with the previous paragraphs of this section and Note IV (XV) “Long-term Equity Investment”. If no, relevant accounting treatments shall be undertaken individually in separate financial statements and in consolidated financial statements:

In individual financial statements, the sum of the book value of the equity investment held by the acquired party before the purchase date and the newly added investment cost on the purchase date shall be taken as the initial investment cost of the investment; where the equity of the acquiree held before the purchase date involves other comprehensive income, at the time of disposal of the investment, other comprehensive income related to it is accounted for on the same basis as the acquiree directly disposes of the related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated

according to the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquired party held before the purchase date is re-measured according to the fair value of the equity on the purchase date, and the difference between the fair value and its book value is included in the current investment income; where the equity of the acquiree held before the purchase date involves other comprehensive income, other comprehensive income related to it should be accounted for on the same basis as the acquiree's direct disposal of related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated according to the equity method, the rest is transferred to the current investment income on the purchase date).

(V) Preparation method of consolidated financial statements

1. Principles for determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns. The scope of the merger includes the company and all its subsidiaries. Subsidiary refers to the main body controlled by the Company.

The Company will re-evaluate the relevant elements involved in the above control definition as a result of changes in relevant facts and situations.

2. Preparation method of consolidated financial statements

From the date of obtaining the net assets of subsidiaries and the actual control rights of production and operation decisions, the Company began to bring them into the consolidation scope; it shall stop being included in the consolidation scope from the date of losing the actual control right. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the beginning balance of the consolidated balance sheet will not be adjusted. The operating results and cash flows after the purchase date of a subsidiary increased by business combination not under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the beginning balance and comparative amount of the consolidated financial statements are not adjusted. The operating results and cash flows from the beginning of the consolidation period to the consolidation date of the subsidiaries that have been increased by business combination under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the comparison amount of the consolidated financial statements has been adjusted at the same time.

In the preparation of consolidated financial statements, if the accounting policies or accounting

periods adopted by a subsidiary are inconsistent with those adopted by the Company, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired through the merger of enterprises not under the common control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the purchase date.

All material balances, transactions and unrealized profits within the Company shall be offset at the time of preparation of the consolidated financial statements.

Shareholders' equity of subsidiaries and the part of current net profit and loss not owned by the Company shall be separately presented as minority shareholders' equity and minority shareholders' profit and loss in the consolidated financial statements under shareholders' equity and net profit. The share of minority shareholders' equity in the current net profit and loss of subsidiaries shall be presented as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. If the minority shareholders' share of the subsidiary's losses exceeds the minority shareholders' share in the initial shareholders' equity of the subsidiary, it still offsets the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained for disposal of the equity and the fair value of the remaining equity, less the difference between the shares of the original subsidiary's net assets calculated on the basis of the original shareholding ratio and the shares of the original subsidiary's net assets continuously calculated from the date of purchase or the date of merger, is included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted on the same basis as the direct disposal of related assets or liabilities by the acquired party in case of loss of control (i.e., except for the changes caused by remeasuring the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be transferred to the current investment income). Thereafter, the remaining equity shall be subsequently measured in accordance with relevant provisions such as Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments. For details, please refer to Note IV (XV) "Long-term Equity Investment" or Note IV (IX) "Financial Instruments".

If the Company loses the control rights of the subsidiary through multiple transactions by step-by-step dispose, it is necessary to distinguish whether the transactions of disposing of the equity investment in subsidiaries until the loss of control rights are package transactions. If the terms, conditions and economic impact of various transactions dealing with equity investment in subsidiaries meet one or more of the following conditions, it usually indicates that multiple transactions should be treated as a package

transaction: ① These transactions are concluded at the same time or in consideration of each other's influence; ② These transactions only as a whole can achieve a complete business result; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A transaction is uneconomical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, each transaction shall be accounted for according to the applicable principles of "partial disposal of long-term equity investment in subsidiaries without loss of control" (see Note IV(XV) 2(4)) and "loss of control over original subsidiaries due to disposal of partial equity investment or other reasons" (see the previous paragraph for details). If the transactions of disposing of equity investment in subsidiaries until the loss of control rights belong to a package transaction, each transaction shall be treated as a transaction of disposing of subsidiaries and losing control rights for accounting treatment; however, the difference between the disposal price before the loss of control and the share of the net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profits and losses of the current period when the control is lost.

(VI) Joint venture arrangement classification and joint operation accounting method

A joint venture arrangement refers to an arrangement jointly controlled by two or more participants. According to the rights and obligations of the Company under the joint venture arrangement, the joint venture arrangement is divided into Joint Venture and joint operation. Joint operation refers to a joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. A joint venture refers to a joint venture arrangement in which the company only has rights to the net assets of the arrangement.

The Company's investments in joint ventures are accounted for by the equity method and are treated in accordance with the accounting policies set out in Note IV (XV) 2(2) "Long-term Equity Investments Accounting by the Equity Method".

As a joint venture party of the joint operation, the Company shall recognize the assets held separately and the liabilities assumed separately by the Company, and recognize the assets held jointly and the liabilities assumed jointly according to the Company's share; recognize the income generated from the sale of the Company's share of joint operating output; recognize the income generated from the sale of output in joint operations according to the Company's share; recognize the expenses incurred by the Company alone and the expenses incurred by joint operations according to the Company's share.

When the Company invests in or sells assets to a joint operation as a joint venture party (the assets do not constitute business, the same below), or purchases assets from a joint operation, the Company shall only recognize the part of the gains and losses arising from the transaction that belongs to other participants in the joint operation before the assets are sold to a third party. If these assets suffer asset impairment losses

that meet the requirements of Accounting Standards for Business Enterprises No.8-Asset Impairment, the Company will fully recognize the losses when the Company invests or sells assets to the joint operation; in the case of assets purchased by the Company from joint operation, the Company shall recognize the loss according to its share.

(VII) Recognition criteria of the cash and cash equivalents

The cash and cash equivalents of the Company include cash on hand, deposits readily available for payment and the investment with short term held by the Company (generally due within three months from the date of purchase), strong liquidity, easy conversion into known amounts cash, and small risk of changes in value.

(VIII) Translation of foreign currency business and foreign currency statements

1. Conversion method of foreign currency transactions

Foreign currency transactions of the Company shall be converted into the functional currency amount at the spot exchange rate of the trading day upon initial recognition, but foreign currency exchange business or transactions involving foreign currency exchange shall be converted into the functional currency amount at the actual exchange rate.

2. Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate of the balance sheet date, and the exchange difference resulting therefrom, except: (1) the exchange difference arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; and (2) foreign currency monetary items available for sale, except for exchange differences arising from changes in book amounts other than amortized cost, which are included in other comprehensive income, are included in the current profits and losses.

If the preparation of consolidated financial statements involves overseas operations, and if there are foreign currency monetary items that substantially constitute net investment in overseas operations, the exchange difference arising from exchange rate changes shall be included in other comprehensive income; when disposing of overseas operations, it shall be included in the profits and losses of the current period.

Foreign currency non-monetary items measured at historical cost are still measured using the functional currency amount translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at the fair value are translated at the spot exchange rate at the date of fair value evaluation, and the difference between the translated amount in the functional currency and the original amount in the functional currency is treated as changes in fair value (including exchange rate changes) and recorded in current profit or loss or recognized as other comprehensive income.

3. Accounting treatment method for conversion of foreign currency statements

(1) The Company converts the financial statements of overseas operations according to the following methods:

The asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date; the owners' equity items other than "undistributed profits" are translated at the spot exchange rate ruling on accrual.

The income and expense items in the income statement are translated at the spot exchange rate on the date of the transaction or at the exchange rate determined according to a systematic and reasonable method and similar to the spot exchange rate on the date of the transaction.

The translation difference of foreign currency financial statements resulting from the translation according to the above methods is presented in the "Other comprehensive income" item of owner's equity in the consolidated balance sheet.

(2) The Company converts the financial statements of overseas operations in a hyperinflationary economy according to the following methods:

The Company restates the items in the balance sheet using the general price index and the items in the income statement using the changes in the general price index, and then converts them at the spot exchange rate on the balance sheet date.

When the overseas operation is no longer in a hyperinflationary economy, the Company ceases restating the financial statements, and converts them according to the restated financial statements at the price level on the date of cessation.

(3) When the Company disposes of overseas operations, the conversion difference of foreign currency financial statements related to the overseas operations presented under other comprehensive income items in the consolidated balance sheet is transferred from other comprehensive income to the current profits and losses of disposal; In case of partial disposal of overseas operations, the conversion difference of foreign currency financial statements of the disposed part is calculated according to the proportion of the disposal and transferred to the current profits and losses of the disposal.

(IX) Financial instruments

When the Company becomes a party to the financial instrument contracts, a financial asset or financial liability is recognized.

1. Classification, recognition and measurement of financial assets

According to the business modes and contractual cash flow characteristic of the held financial assets, the Company classifies financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For the financial assets and

measured at fair value and recorded in the current profits and losses, relevant transaction costs are directly recorded into the gains and losses; for other types of financial assets, relevant transaction costs are recorded into the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider significant financing components, the Company shall take the consideration amount expected to be entitled to receive as the initially recognized amount.

(1) Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Financial assets at amortized cost are measured subsequently at amortized cost using the effective interest method by the Company. Gains or losses arising from amortization or impairment are recorded to the current profits and losses.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company's business model for managing this type of financial assets is to collect contractual cash flow and sell such assets, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The Company measures such financial assets at fair value and incorporates their changes into in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest rate method are included in profit and loss for the period.

In addition, the Company designates some non-held-for-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company includes dividend income related to such financial assets into the current profits and losses and changes in fair value are included into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings, and shall not be included in current profits and losses.

(3) Financial assets measured at fair value and whose changes are included in the profits and losses of the current period

The Company classifies financial assets other than the aforementioned financial assets measured at amortized cost and financial assets measured fair value through other comprehensive income as financial assets measured at fair value through the current profits and losses. In addition, at the time of initial recognition, the Company designates part of the financial assets as financial assets measured at fair value through profit or loss for the period, so as to eliminate or significantly reduce accounting mismatches. The

Company measures such financial assets subsequently at fair value with change in the fair value recorded into the current profits and losses.

2. Classification, recognition and measurement of financial liabilities

Financial liabilities, at initial recognition, are classified into financial liabilities measured at fair value through the current profits and losses and other financial liabilities. Transaction costs relating to financial liabilities designated at fair value through profit or loss are directly recorded in profit or loss. Transaction costs relating to other financial liabilities are included in initially recognized amounts.

(1) Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period

Financial liabilities measured at fair values through profit or loss consist of held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities measured at fair value through the current profits and losses upon initial recognition.

Held-for-trading financial liabilities (including derivatives that are financial liabilities) are measured subsequently at fair value with changes recorded into profit or loss for the period, unless related to hedge accounting.

As to a financial liability measured at fair value and whose changes are included in current profits and losses, the change in the fair value of the liability caused by the change in the Company's own credit risk is included in other comprehensive income, and when the liability is derecognized, the accumulated changes in its fair value caused by changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in the fair value are included in the current profits and losses. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Company shall record all gains or losses on that liability (including the impact of changes in the credit risk of that liability) in the current profits and losses.

(2) Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets and financial guarantee contracts liability, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in the current profits and losses.

3. Recognition basis and measurement method of financial asset transfer

Financial assets that meet one of the following conditions shall be terminated to recognize: ① The contractual right to receive cash flow from the financial assets is terminated; ② The financial asset has been transferred, and almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, although the enterprise has neither

transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all risks and rewards in the ownership of financial assets, and does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets between derecognition and non-derecognition according to their relative fair values shall be allocated, and the difference between the sum of the consideration received due to the transfer and the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognition part and the aforesaid book amount allocated shall be included in the current profits and losses.

For financial assets sold with recourse or endorsed for transfer of financial assets held by the Company, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; if almost all risks and rewards in the ownership of financial assets are retained, the recognition of the financial assets will not be terminated; if almost all risks and rewards in the ownership of financial assets are neither transferred nor retained, it needs to continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the previous paragraphs.

4. Derecognition of financial liabilities

The Company derecognizes a financial liability (or part thereof) only when the current obligations of the financial liability (or part thereof) have been discharged. If the Company (the borrower) and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. Where the original agreement of a financial liability (or part thereof) is substantially modified by the Company, the original financial liability shall be terminated and a new financial liability

shall be recognized according to the modified terms.

When a financial liability (or a part thereof) is derecognized, the Company shall include the difference between its book value and the consideration paid (including transferred non-cash assets or liabilities) into the current profits and losses.

5. Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, the statutory right is currently enforceable, and the Company plans to settle or simultaneously realize the financial assets and pay off the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet in amounts offset against each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Method for determining fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is active market for the financial instrument, the Company shall recognize its fair value by quoting from the active market. The quotation in the active market refers to the price that is readily available on a regular basis from exchanges, brokers, trade associations, pricing services, etc., and represents the price of a market transaction that actually occurs in fair trading. Where there is no active market for financial instruments, the Company adopts valuation techniques to determine their fair values. Valuation techniques include reference to prices used by market participants in major markets or the most favorable markets on measurement days, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow method and option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and preferentially uses relevant observable input values. Unobservable input value is used when relevant observable input value is unavailable or impracticable.

7. Equity instrument

An equity instrument refers to a contract that can prove that it owns the surplus equity in the assets of the Company after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity. Transaction costs related to equity transactions are deducted from the equity. The Company does not confirm the changes of fair value of equity instruments.

Dividends (including "interest" arising from instruments classified as equity instruments) distributed during the existence of the Company's equity instruments are treated as profit distribution.

(X) Impairment of financial assets

The financial assets of the Company that need to recognize impairment losses are financial assets measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, and lease receivables, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this Part.

1. Recognition method of provision for impairment

On the basis of expected credit loss, the Company makes provision for impairment and recognizes credit impairment loss for the above items according to its applicable measurement method of expected credit loss (general method or simplified method).

Credit loss refers to the difference between all contract cash flows discounted by the company at the original effective interest rate and receivables according to the contracts and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchased or originated financial assets with credit impairment, the Company discounts them according to the credit-adjusted actual interest rate of the financial assets.

The general method of measuring expected credit loss refers to, on each balance sheet date, the Company assesses whether the credit risk of financial assets (including contract assets and other applicable items, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss during the whole duration; if there is no significant increase in credit risk since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss in the next 12 months. When assessing the expected credit loss, the Company considers all reasonable and well-founded information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition, and measures the loss provision according to the expected credit loss in the next 12 months.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than the default probability in the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company adopts the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole period of existence to determine whether the

credit risk has increased significantly since the initial recognition.

Usually, when it is overdue for more than 12 months, the Company considers that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company will take into account of the following factors when assessing whether there is a significant increase in credit risk:

- (1) Whether there has been a significant change in actual or expected operating results of the debtor;
- (2) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;
- (3) Whether there has been significant changes in the value of collateral as collateral for debt or the quality of collateral or credit enhancement provided by third parties, which are expected to reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or affect the probability of default;
- (4) Whether there has been significant changes in the debtor's expected performance and repayment behavior;
- (5) Whether there has been changes in the Company's credit management methods for financial instruments, etc.

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

3. Criteria for determining financial assets that have experienced credit impairment

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- (1) The issuer or debtor has significant financial difficulties;
- (2) The debtor has violated the contract terms and conditions, such as default or delinquency in payment of interest or principal;
- (3) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- (4) It is probable that the debtor will go bankrupt or otherwise enters financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties.
- (6) Purchase or originate a financial asset at a deep discount that reflects the fact that a credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

4. Combination method for evaluating expected credit risk based on combination

The company evaluates the credit risk of financial assets that are significantly different in credit risk, such as: receivables from related parties; receivables that have disputes or involves litigation or arbitration with the other party; receivables that have obvious signs that the debtor is likely to fail to fulfill its repayment obligations.

Except for financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics and assesses credit risk on a combination basis. The shared credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc., and credit risk is assessed on the basis of combination.

5. Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the book amount of its current impairment reserve, the difference is recognized as impairment loss; if it is less than the book amount of the current provision for impairment, the difference is recognized as impairment gain.

6. Method for determining credit loss of various financial assets

(1) Notes receivable

The Company measures the loss provision for bills receivable according to the amount equivalent to the expected credit loss during the whole period of existence. Based on the credit risk characteristics of bills receivable, they are divided into different combinations:

Item	Combination determination basis
Bank acceptance bill	If the acceptor is a bank with relatively low credit risk, no provision for bad debts shall be made.
Trade Acceptance	If the acceptor is a non-financial institution, it is classified in the same way as combination 1 "accounts receivable".

(2) Accounts receivable

For accounts receivable that do not contain significant financing components, the Company measures the loss reserve according to the expected credit loss amount equivalent to that during the whole period of existence.

For accounts receivable with significant financing components, the Company chooses to always measure the loss provision at an amount equivalent to the expected credit loss during the period of existence.

In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	No provision for bad debts is made for receivables from various governments (including government agencies and subordinate units) arising from entrusted construction and other transactions.

Aging combination:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year	0
1-2 years	5-10
2-3 years	10
3-4 years	20
4-5 years	30
More than 5 years	50

(3) Other receivables

The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk of other receivables has increased significantly since initial recognition. In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

Aging combination:

Aging	Withdrawal ratio of other receivables (%)
Within 1 year	0
1-2 years	5-10
2-3 years	10
3-4 years	20
4-5 years	30
More than 5 years	50

(4) Creditor's rights investment

Creditor's rights investments mainly accounts for bond investment measured by amortized cost. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(5) Other creditor's rights investment

Creditor's rights investments are mainly calculated at fair value and their changes are included in other comprehensive income bond investments. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(6) Long-term receivables

According to whether its credit risk has increased significantly since initial recognition, the Company measures the impairment loss of long-term receivables by using the amount equivalent to the expected credit loss within the next 12 months or the whole duration of the single assessment of credit risk. In addition to long-term receivables whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

(XI) Accounts receivable financing

Notes receivable and accounts receivable classified as measured at fair value and whose changes are included in other comprehensive income are presented as receivables financing for those with a term of one year (including one year) from acquisition; if the term from acquisition is more than one year, it is presented as other debt investments. For its relevant accounting policies, please refer to Note IV (IX) "Financial Instruments" and Note IV(X) "Impairment of Financial Assets".

(XII) Inventory

1. Classification of inventory

Inventories mainly include raw materials, inventory goods, low-value consumables, contract performance costs, productive biological assets, etc.

2. Pricing method for inventory acquisition and delivery

Inventory is priced at actual cost when acquired, and inventory cost includes procurement cost, processing cost and other costs. When receiving and issuing, the development products or development costs are priced according to the individual identification method, and the raw materials and inventory goods are priced according to the first-in, first-out method.

3. The recognition of the net realizable value of inventories and the accrual method of inventory falling price reserve

Net realizable value refers to the amount of the estimated sales price of inventory minus the estimated cost to be incurred at the time of completion, the estimated sales expenses and related taxes and fees in daily activities. In determining the net realizable value of inventories, it is based on the conclusive evidence

obtained, and taking into account the purpose of holding inventories and the impact of events after the balance sheet date.

On the balance sheet date, inventories are measured at the cost or net realizable value, whichever is lower. When the net realizable value is lower than the cost, the inventory depreciation provision is drawn. Inventory depreciation provision is usually based on the difference between the cost of a single inventory item and its net realizable value. For inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to inventory category; for inventories that are related to product series produced and sold in the same area, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory depreciation can be consolidated.

After the provision for inventory depreciation has been made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profits and losses.

4. The inventory system for inventories is a perpetual inventory system, and conducts regular physical inventory.

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

Low-value consumables are amortized using the one-time write-off method when they are issued; packaging materials are also amortized using the one-time write-off method when they are issued.

(XIII) Contract assets

The Company presents the right to receive payment from customers who have not yet paid the contract consideration, but have fulfilled their performance obligations in accordance with the contract and are not unconditional (i.e. only dependent on the passage of time), as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

For details of the determination method and accounting treatment method of the expected provision for credit loss on contract assets, please refer to Notes IV (X) Impairment of financial assets.

(XIV) Held-for-sale assets disposal groups

A non-current asset or disposal group is classified as held for sale if the Company recovers its book value primarily through sale (including exchange of non-monetary assets with commercial substance, the same below) rather than continuous use. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under the current situation according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution on the sale plan and obtained a definite purchase commitment; the sale is expected to be

completed within a year. Among them, the disposal group refers to a group of assets disposed of by sale or other means as a whole in a transaction, and liabilities directly related to these assets transferred in the transaction. If the asset group or combination of asset groups to which the disposal group belongs allocates the goodwill obtained in the business combination in accordance with the Accounting Standards for Business Enterprises No.8-Impairment of Assets, the disposal group shall include the goodwill allocated to the disposal group.

When a company initially measures or re-measures non-current assets and disposal groups held for sale on the balance sheet date, If the book value is higher than the net amount of fair value minus the selling expenses, the book value shall be written down to the net amount of fair value minus the selling expenses, and the written down amount shall be recognized as asset impairment loss, which shall be included in the current profits and losses, and the impairment reserve for assets held for sale shall be made at the same time. For the disposal group, the recognized asset impairment loss is first offset against the book value of goodwill in the disposal group, and then proportionally offset against the book value of various non-current assets in the disposal group subject to the measurement requirements of Accounting Standards for Business Enterprises No.42-Non-current Assets Held for Sale, Disposal Group and Termination of Operation (hereinafter referred to as "Held for Sale Standards"). If the net amount of the fair value of the disposal group held for sale minus the sales expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered, and reversed within the amount of asset impairment loss recognized by non-current assets subject to the measurement requirements of the held for sale standard after being classified as held for sale, the reversed amount is included in the current profits and losses, and its book value is increased proportionally according to the proportion of the book value of various non-current assets in the disposal group except goodwill, which are measured by the applicable standards for holding for sale; the book value of goodwill offset and the impairment loss of non-current assets subject to the measurement requirements of the held-for-sale standard shall not be reversed before being classified as held-for-sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization, and interest and other expenses of liabilities held for sale in the disposal group shall continue to be recognized.

When the non-current assets or disposal group no longer meet the classification conditions for the classification of held for sale, the Company shall not continue to classify it as held for sale or remove non-current assets from the disposal group held for sale, which shall be measured according to the following (whichever is lower): (1) The amount adjusted for depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale for the book value before being classified as held for sale; (2) Recoverable amount.

(XV) Long - term equity investment

The long-term equity investment refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. Long-term equity investments in which the Company does not have control, joint control or significant influence on the invested unit shall be accounted for as available-for-sale financial assets or financial assets measured at fair value and their changes are included in the profits and losses of the current period. For details of its accounting policies, see Note IV (IX) "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company in accordance with relevant agreements, and the relevant activities of the arrangement can only be made with the unanimous consent of the participants who share the control. Significant influence refers to the Company has the right to participate in decision-making on the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

1. Determination of investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment on the combination date. In case of the difference between the initial investment cost of long-term equity investment and the cash paid, transferred non-cash assets, the book value of the debt borne, capital reserve shall be adjusted. If the capital reserve is not sufficient, the retained earnings shall be adjusted. If the equity securities are issued as the merger consideration, the initial investment cost of the long-term equity investment shall be taken as the initial investment cost of the long-term equity investment in accordance with the share of the book value of the shareholders' rights and interests of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date, and the capital reserve shall be adjusted according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the share of the book value of the owners' rights and interests of the merged party [shareholders' equity / owner's equity] in the consolidated financial statements of the ultimate controlling party on the merger date shall be taken as the initial investment cost of the long-term equity investment, the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the

newly paid consideration of the shares on the merger date shall be adjusted; if the capital reserve is insufficient to be offset, the retained earnings shall be adjusted. Other comprehensive income from equity investment held before the merger date due to accounting by equity method or recognized as available-for-sale financial assets shall not be accounted for temporarily.

For a long-term equity investment acquired through business combination not under common control, the investment cost of the long-term equity investment is the cost of acquisition. The combination cost is the sum of the assets paid by the acquirer, the liabilities incurred or borne, and the fair value of the equity securities issued. If the equity of the purchased party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the sum of the book value of the equity investment originally held by the purchased party plus the newly added investment cost shall be taken as the initial investment cost of the long-term equity investment calculated by the cost method instead. If the equity originally held is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily. Where equity investment originally held is an available-for-sale financial assets, the difference between its fair value and book value and the accumulated changes in fair value originally included in other comprehensive income are transferred to the current profits or losses.

The auditing, legal services, evaluation and consultation and other related management fees incurred by the merging party or the buyer for the merger of enterprises shall be included in the profits and losses of the current period when incurred.

Other equity investments except long-term equity investments formed by business combination shall be initially measured at cost. The cost, depending on the way of obtaining long-term equity investment, shall be determined in accordance with the cash purchase price actually paid by the Company, the fair value of the equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or the original book value of the assets exchanged in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Fees, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. For those where additional investment can have a significant impact on the invested unit or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment plus the new investment cost determined in accordance with the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments.

2. Subsequent measurement and recognition method of profits and losses

Long-term equity investment that exerts joint control (except that it constitutes a co-operator) or significant influences on the investee shall be accounted for at equity method. In addition, the company's financial statements shall use the cost method to account for the long-term equity investment that can control the invested entity.

(1) Long-term equity investment calculated by the cost method

When the cost method is adopted, the long-term equity investment is priced according to the initial investment cost, and the cost of long-term equity investment shall be adjusted by adding or recovering investment. Except for the cash dividends or profits that have been declared but not yet paid in the actual payment or consideration when obtaining the investment, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the invested entity.

(2) Long-term equity investment calculated by the equity method

When the equity method is used for accounting, if the initial investment cost of long-term equity investment is greater than the fair value share of identifiable net assets of the invested entity at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity at the time of investment, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted at the same time.

When using the equity method for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted at the same time; the book value of long-term equity investment shall be reduced accordingly according to the portion that should be calculated according to the profits or cash dividends declared and distributed by the invested entity; the book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in owner's equity of the invested entity except net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be adjusted and confirmed based on the fair value of various identifiable assets of the invested entity at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company and associated enterprises or joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses attributable to the Company shall be offset according to the proportion enjoyed, and the investment gains and losses shall be recognized on this

basis. However, the unrealized internal transaction losses resulting between the Company and the invested entity is not being offset if they belong to the impairment losses of the transferred assets. If the assets invested by the Company in a joint venture and associated enterprise constitute a business, and the investor obtains long-term equity investment but does not obtain control rights, the fair value of the invested business shall be taken as the initial investment cost of the newly added long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current profits and losses. If the assets sold by the Company to a joint venture or associated enterprise constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profits and losses. If the assets purchased by the Company from associated enterprise and joint venture constitute a business, accounting treatment shall be carried out in accordance with the provisions of Accounting Standards for Business Enterprises No.20-Business Merger, and the gains or losses related to transactions shall be fully recognized.

When confirming the net loss incurred by the invested entity that should be shared, the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company has the obligation to bear additional losses to the invested entity, the estimated liabilities shall be recognized according to the expected obligations and included in the current investment losses. If the invested entity realizes net profit in the following period, the Company shall resume the recognition of the income sharing amount after the income sharing amount makes up for the unrecognized loss sharing amount. For the long-term equity investment in joint operations and joint ventures held by the Company before the first implementation of the new accounting standards, if there is a debit difference of equity investment related to the investment, the amount amortized straight-line according to the original remaining period shall be included in the current profits and losses.

(3) Acquisition of minority shares

When preparing consolidated financial statements, the capital reserve shall be adjusted for the difference between the newly added long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated from the purchase date (or merger date) of subsidiaries according to the newly added shareholding ratio. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control rights, and the difference between the disposal price and the net assets of subsidiaries corresponding to the disposal of the long-term equity investment is included in shareholders' equity; if the parent company partially disposes of the long-term equity investment in the

subsidiary, resulting in the loss of control over the subsidiary, it shall be handled according to the relevant accounting policies mentioned in Notes IV (V) 2 “Methods for preparing consolidated financial statements”.

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual acquisition price shall be included in the current profits and losses.

For long-term equity investment calculated by the equity method, if the remaining equity after disposal is still accounted for by the equity method, the portion of other comprehensive income originally included in the shareholders' equity shall be treated in the same proportion on the same basis as the relevant assets or liabilities directly disposed of by the invested unit when disposing. The owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be carried forward to the current profit and loss in proportion.

Long-term equity investment calculated by cost method, if the remaining equity after disposal is still accounted for by cost method, other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and shall be carried forward to the current profits and losses in proportion; changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method shall be carried forward to the current profit and loss in proportion.

If the investor loses control over the invested entity due to the disposal of part of equity investments and other reasons, if the remaining equity after disposal can exercise joint control or exert significant influence on the invested entity during the preparation of individual financial statements, it shall be accounted for according to the equity method instead, and the remaining equity shall be adjusted as if it had been acquired by the equity method; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the Recognition and Measurement Standards of Financial Instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses. Before the Company obtains control over the invested entity, other comprehensive income recognized due to accounting by equity method or accounting by financial instrument recognition and measurement standards, in case of loss of control over the invested entity, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to the current profit and loss when the control over the invested entity is lost. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive income and other owner's equity shall be carried forward in

proportion; if the remaining equity after disposal is changed to accounting treatment according to the recognition and measurement standards of financial instruments, all other comprehensive income and other owner's equity shall be carried forward.

If the Company loses joint control or significant influence on the invested entity due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current profits and losses. Other comprehensive income confirmed by the original equity investment due to the equity method, when the equity method is terminated, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current investment income when the equity method is terminated.

Where the Company disposes of the equity investment in subsidiaries step by step through multiple transactions until it loses its control right, if the above transaction is a package transaction, all transactions shall be accounted for as a transaction that disposes of equity investment of subsidiaries and loses control rights, the difference between the disposal price before the loss of control right and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profits and losses of the loss of control right when the loss of control right occurs.

(XVI) Investment real estate

Investment property refers to the property held for earning rent or capital appreciation, or both. It includes leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings, etc. In addition, vacant buildings held by the Company for operating lease are also presented as investment properties if the Board of Directors (or similar institutions) makes a written resolution explicitly stating that they are used for operating lease and the holding intention will not change in the short term.

Investment properties are initially measured at cost. Subsequent expenses related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenses shall be included in the current profits and losses when incurred.

The Company uses the fair value model for the subsequent measurement of investment real estate.

1. Basis for selecting fair value model for subsequent measurement

For investment real estate with conclusive evidence that fair value can be obtained continuously and reliably, the Company adopts fair value model for subsequent measurement.

Only when the following conditions are met simultaneously can the Company adopt the fair value

model to measure investment real estate:

There is an active real estate trading market where the investment real estate is located;

The Company is able to obtain the market prices and other relevant information of the identical or similar property from the trading market of property, so as to be able to estimate the fair value of the investment real estate.

2. Determination of fair value of investment real estate

Under the condition that the current market price of same or similar properties can be obtained, the Company determines the fair value of investment real estate with reference to the current market price (public quotation in the market) of same or similar real estate in the active market.

In case the current market price of same or similar real estate cannot be obtained, the Company refers to the latest transaction price of same or similar real estate in the active market, and considers factors such as transaction situation, transaction date and location, or reasonably estimates the fair value of investment real estate according to the expected future rental income and the present value of relevant cash flows.

Same or similar buildings refer to buildings with the same geographical location and geographical environment, the same nature, the same or similar structural types, the same or similar old and new degrees, and the same or similar usable conditions; same or similar land use rights refer to the land with the same location and area, the same or similar geographical environment and the same or similar usable conditions.

3. For the investment real estate measured by the fair value model, the Company does not accrue depreciation or amortization, but adjusts its book value based on the fair value of the investment real estate on the balance sheet date. The difference between the fair value and the original book value is included in the current profits and losses.

When the use of an investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the use of self-used property is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment property from the date of change. In case of conversion, if it is converted into investment property measured by cost model, the book value before conversion shall be taken as the recorded value after conversion; if it is converted into investment property measured by fair value model, the fair value on the conversion date shall be taken as the recorded value after conversion.

An investment property shall be derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. The amount of the disposal income from the sale, transfer, discarding or destruction of investment property after deducting its book value and related taxes and fees shall be recorded in the profits and losses of the current period.

(XVII) Fixed assets

1. Recognition condition of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or management, with a service life exceeding one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be measured reliably. Fixed assets are initially measured at cost and taking into account the influence of estimated disposal cost.

2. Depreciation of fixed assets

Depreciation of fixed assets shall be withdrawn within their service life by using the life average method from the next month after they reach the scheduled serviceable condition. The service life, estimated net salvage value and annual depreciation rate of various fixed assets are as follows:

Classification of fixed assets	Depreciation period (years)	Net residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	10-40	5.00	2.375-9.50
Machinery equipment	8-10	5.00	9.50-11.875
Transportation equipment	4-10	5.00	9.50-23.75
Office and electronic equipment	3-10	3.00-5.00	9.5-32.33
Other equipment	3-10	3.00-5.00	9.5-32.33

Expected net salvage value refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected service life.

3. Methods of impairment test and provision for impairment of fixed assets

For the impairment test method and impairment provision method of fixed assets, please refer to Note IV(XII) "Impairment of long-term assets".

4. Other description

Subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other subsequent expenses shall be included in the current profits and losses when incurred.

When a fixed asset is in a state of disposal or is not expected to generate economic benefits through use or disposal, the fixed asset shall be derecognized. The difference between the disposal income from the sale, transfer, scrapping or damage of the fixed asset after deducting its book value and relevant taxes and fees shall be included in the current profits and losses.

The Company shall, at least at the end of the year, review the service life, estimated net salvage value and depreciation method of fixed assets, and if there is any change, it will be treated as a change in

accounting estimates.

(XVIII) Construction in progress

The cost of construction in-progress is determined according to the actual project expenses, including various project expenses incurred during the construction period, capitalized borrowing costs before the project reaches the scheduled serviceable condition and other related expenses, etc. Construction in-progress shall be carried forward to fixed assets after reaching the scheduled serviceable condition.

For the impairment test method and impairment provision method of construction in-progress, please refer to Notes IV (XXII) "Impairment of long-term assets".

(XIX) Borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowing. Borrowing costs that can be directly attributed to the acquirement or production of assets eligible for capitalization shall be capitalized when the asset expense has occurred, the borrowing costs have occurred, and the acquirement or production activities necessary to make the assets reach the intended usable or marketable state have started; when the assets acquired or produced that meet the capitalization conditions reach the predetermined usable state or marketable state, capitalization shall be stopped. The remaining borrowing costs shall be recognized as expenses in the current period.

The amount of the interest expenses actually incurred in the current period of special loans deducting the interest income earned by the unused loan funds deposited in the bank or the investment income from temporary investments shall be capitalized; the capitalization amount of general loan shall be determined based on the weighted average of cumulative asset expense exceeding the portion of specialized borrowings multiplied by the capitalization rate of general borrowings occupied. The capitalization rate shall be calculated and determined according to the weighted average interest rate of general loans.

During the capitalization period, all the exchange differences of foreign currency special loans shall be capitalized; exchange differences of foreign currency general loans shall be included in current profits and losses.

Assets eligible for capitalization refer to the fixed assets, investment property, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the assets that meet the capitalization conditions are abnormally interrupted in the process of acquisition and construction or production, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition and construction or production activities of assets are resumed.

(XX) Intangible assets

1. Intangible assets

Intangible assets refer to the identifiable non-monetary assets possessed or controlled by the Company which have no physical form.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow into the Company and the cost can be measured reliably. Expenses of other items are included in current profits and losses when they occur.

The acquired land use right is usually accounted for as intangible assets. For self-developed and constructed buildings such as factories, the relevant land use right expense and building construction cost are accounted for as intangible assets and fixed assets respectively. If it is a purchased house and building, the relevant price will be distributed between the land use right and the building. If it is difficult to distribute reasonably, all of them will be treated as fixed assets.

For intangible assets with limited service life, the original value minus the estimated net salvage value and the accumulated amount of impairment reserve shall be amortized by stages and averagely by the straight-line method during their estimated service life from the time they are available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed, and if there is any change, it shall be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life shall be reviewed. If there is evidence that the period when the intangible assets bring economic benefits to the enterprise is predictable, the service life shall be estimated and amortized according to the amortization policy of intangible assets with limited service life.

2. Expenditures for research and development

Expenses of internal R&D projects of the Company is divided into research stage expense and development stage expense.

Expenditures in the research phase are included in the profits and losses of the current period when incurred.

Expenses incurred at the development stage which meet the following conditions are recognized as intangible assets, but those which cannot meet the following conditions are recorded into profit or loss:

- (1) It is feasible technically to complete intangible assets for use or sale;
- (2) Having the intention of completing the intangible assets and using or selling them;
- (3) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be

used internally;

(4) Having sufficient technical, financial and other resources to complete the development of the intangible asset and having the ability to use or sell the intangible asset;

(5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish the expense in the research stage from the expense in the development stage, all the R&D expenses incurred shall be included in the current profits and losses.

3. Methods of impairment test and provision for impairment of intangible assets

For details of the impairment test method and impairment provision method for intangible assets, see Note IV (XXII) "Impairment of long-term assets".

(XXI) Long - term deferred and prepaid expenses

Long-term deferred expenses are expenses incurred for a period of more than one year that should be borne by the reporting period and subsequent periods. Long-term deferred expenses shall be amortized on a straight-line basis during the expected benefit period.

(XXII) Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment properties measured by cost model and long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company shall judge whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached serviceable condition shall be tested for impairment every year regardless of whether there are signs of impairment.

If the impairment test result shows that the recoverable amount of an asset is lower than its book value, the impairment provision shall be withdrawn according to the difference and included in the impairment loss. The recoverable amount is the net value by fair value of the asset minus disposal expenses or the present value of the estimated future cash flow of the asset, whichever is higher. The fair value of assets is determined according to the sales agreement price in fair trade; if there is no sales agreement but there is an active market for assets, the fair value shall be determined according to the buyer's bid of the assets; if there is no sales agreement or an active market for assets, the fair value of assets is estimated on the basis of the best available information. Disposal expenses include legal fees related to asset disposal, relevant taxes and fees, handling fees and direct expenses incurred to make assets marketable. The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting an appropriate discount rate. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of

individual assets, the recoverable amount of asset group shall be determined by the asset group to which the assets belong. An asset group is the smallest combination that can independently generate cash inflows.

For goodwill presented separately in financial statements, when impairment test is carried out, the book value of goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergy effect of business combination. If the test results show that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first be deducted against the book value of the goodwill apportioned to the asset group or combination of asset groups, and then according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups, the book value of other assets shall be deducted proportionally.

Once the above asset impairment loss is confirmed, the part of which value has been recovered will not be reversed in the subsequent period.

(XXIII) Contract liabilities

Contractual liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company shall list the amount received or receivables as contract liabilities at the time of the actual payment by the customer or the amount due, whichever is earlier. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

(XXIV) Employee compensation

Employee remuneration of the Company mainly includes short-term employee remuneration, after-service benefits, termination benefits and other long-term employee benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare funds, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing accumulation funds, trade union funds and employee education funds, non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term employee remuneration as a liability and includes it into the current profits and losses or related asset costs. Where non-monetary benefits are measured at fair value.

Post-employment benefit mainly includes basic old-age insurance, unemployment insurance and annuity. The after-service benefit plan includes setting up a withdrawal plan. If a set withdrawal plan is adopted, the corresponding amount of deposit shall be included into the cost of the relevant assets or the profits and losses of the current period at the time of occurrence.

If the Company cannot unilaterally withdraw the dismissal benefit provided by the plan for canceling

the labor relationship or the proposed reduction if the Company lifts the labor relationship with the employee before the expiration of the employee's labor contract or offers compensation for encouraging the employees to voluntarily accept the reduction, and when the Company confirms the costs related to the restructuring involving the dismissal of welfare dismissed, whichever is earlier, the employee remuneration liability arising from dismissal benefit is determined and included into the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, they shall be treated according to the remuneration of other long-term employees.

The internal retirement plan of employees adopts the same principle as the above dismissal benefits. The Company will pay the salary of retired staff and the social insurance premiums to be paid during the period from the stoppage of service to the normal retirement day, which shall be included in the current profits and losses (dismissal benefit) when meeting the estimated liability confirmation conditions.

For other long-term employee benefits provided by the Company to employees, if they meet the defined contribution plan, it shall be accounted for in accordance with the defined contribution plan, and otherwise accounted for in accordance with the defined benefit plan.

(XXV) Estimated liabilities

When the obligations related to contingencies meet the following conditions at the same time, they are recognized as estimated liabilities: 1. The obligations are current obligations undertaken by the Company; 2. The performance of this obligation is likely to lead to the outflow of economic benefits; 3. The amount of the obligation can be measured reliably.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of the expenses required to fulfill the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money related to contingencies.

All or part of the expenses required to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized as an asset separately when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

1. Loss contract

Loss contract is a contract in which the inevitable cost of fulfilling contractual obligations exceeds the expected economic benefits. If the contract to be executed becomes a loss contract, and the obligations arising from the loss contract meet the recognition conditions of the above-mentioned estimated liabilities, the part of the estimated loss of the contract exceeding the recognized impairment loss (if any) of the underlying assets of the contract shall be recognized as the estimated liabilities.

2. Reconstructing obligations

For a detailed, formal and announced restructuring plan, the estimated liability amount shall be

determined according to the direct expenses related to restructuring under the condition that the aforesaid recognition conditions of estimated liabilities are met.

(XXVI) Share-based payments

1. Accounting treatment of share-based payment

Share-based payment refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees at the grant date. The amount of the fair value is based on the best estimate of the number of exercisable equity instruments during the waiting period when the service during the waiting period is completed or the prescribed performance conditions are met, the relevant costs or expenses are included in the calculation according to the straight-line method/when the right is exercised immediately after the grant, the relevant costs or expenses are included on the date of the grant, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the best estimate shall be made according to the latest follow-up information such as changes in the number of employees with vesting rights, and the number of equity instruments with expected vesting rights shall be revised. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services of other parties, if the fair value of other parties' services can be measured reliably, it is measured according to the fair value of other parties' services on the acquisition date. If the fair value of the service of any other party can not be measured in a reliable way, but the fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in the relevant costs or expenses, and the owner's equities shall be increased accordingly.

When the fair value granted to equity instruments cannot be reliably measured, it shall be measured according to the intrinsic value of equity instruments on the service acquisition date, each subsequent balance sheet date and settlement date, and the changes in intrinsic value shall be included in the current profits and losses.

(2) Cash-settled share-based payments

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company and determined on the basis of shares or other equity instruments. If the right is feasible immediately after the grant, it will be included in the relevant costs or expenses on the grant date, and the

liabilities will be increased accordingly; if the service in the waiting period must be completed or the specified performance conditions are met before the right can be exercised, on each balance sheet date of the waiting period, based on the best estimation of the right to be feasible, the services obtained in the current period shall be included in the cost or expense according to the fair value of the liabilities assumed by the Company, and the liabilities shall be increased accordingly.

The fair value of the liability shall be re-measured on each balance sheet date and on the settlement date prior to the settlement of the related liability, and the changes shall be included in the current profits and losses.

2. Relevant accounting treatment for modification and termination of share-based payment plan

When the Company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in obtained services shall be recognized according to the increase in the fair value of the equity instruments. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of share-based payment or adopts other methods unfavorable to employees, the accounting treatment for the acquired services will continue, and it will be deemed that the change has never occurred, unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are canceled, the cancellation of the granted equity instruments shall be treated as accelerated exercise, and the amount to be recognized during the remaining waiting period shall be immediately included in the current profits and losses, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting right condition but fails to meet it within the waiting period, they will be treated as cancellation of the instruments granted rights and interests.

3. Accounting treatment involving share-based payment transactions between the Company and its shareholders or actual controllers

For share-based payment transactions involving the Company and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprise is within the Company and the other is outside the Company, accounting treatment shall be carried out in the consolidated financial statements of the Company in accordance with the following provisions:

(1) If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as share-based payment for equity settlement; in addition, share-based payment shall be treated as cash settlement.

If the settlement enterprise is an investor of the service-receiving enterprise, it shall be recognized as a long-term equity investment in the service-receiving enterprise according to the fair value of equity

instruments or liabilities on the grant date, and capital reserves (other capital reserves) or liabilities shall be recognized at the same time.

(2) If the service receiving enterprise has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction shall be treated as equity-based payment; if the service receiving enterprise has the settlement obligation and the employees of the enterprise are not granted their own equity instruments, the share-based payment transaction shall be treated as cash-settled share-based payment.

If the service receiving enterprise and the settlement enterprise are not the same enterprise in the share-based payment transaction between enterprises within the Company, the confirmation and measurement of the share-based payment transaction in the respective individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

(XXVII) Preferred shares, perpetual bonds and other financial instruments

1. Distinction between perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares issued by the Company that meet the following conditions at the same time are regarded as equity instruments:

(1) Such financial instruments do not involve delivering cash or other financial assets to other parties, or exchanging financial assets or financial liabilities with other parties under potentially unfavorable conditions;

(2) If such financial instrument must be settled with or can be settled with the enterprise's own equity instruments in the future, and if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Company can settle the financial instrument only by exchanging a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Other than financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instruments issued by the Company are compound financial instruments, they are recognized as liabilities at fair value, and the amount after deducting the liabilities is recognized as other equity instruments. The transaction costs incurred in the issuance of the compound financial instruments shall be allocated among the liability's component and the equity component in proportion to their respective total issue price.

2. Accounting treatment methods of perpetual bonds and preferred shares

For financial instruments such as perpetual bonds and preferred shares classified as financial liabilities, the related interest, stock bonus (or dividends), profits or losses, and gains or losses arising from redemption or refinancing are included in the current profits and losses except the borrowing costs that

meet the capitalization conditions (see the Notes IV (XIX) “Borrowing Costs”).

When financial instruments such as perpetual bonds and preferred shares classified as equity instruments are issued (including refinancing), repurchased, sold or cancelled, the Company treats them as changes in equity, and relevant transaction costs are also deducted from equity. The distribution of equity instrument holders by the Company is treated as profit distribution.

The Company does not confirm the changes of fair value of equity instruments.

(XXVIII) Income

When the contract between the Company and the customer meets the following conditions at the same time, the income shall be recognized when the customer obtains the control right of the relevant goods: the parties to the contract have approved the contract and promised to fulfill their respective obligations; the contract clarifies the rights and obligations of all parties to the contract related to the transferred goods or services; the contract has clear payment terms related to the transferred goods; the contract has commercial essence, that is, the performance of the contract will change the risk, time distribution or amount of the Company's future cash flow; the consideration that the Company is entitled to for transferring goods to customers is likely to be recovered.

On the commencement date of the contract, the Company shall identify each individual performance obligation existing in the contract, and allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods promised by each individual performance obligation. When determining the transaction price, the Company has considered the influence of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors.

For each individual performance obligation in the contract, if one of the following conditions is met, the Company will recognize the transaction price allocated to the individual performance obligation as income according to the performance progress during the relevant performance period: The customer obtains and consumes the economic benefits brought by the Company's performance while the Company performs the performance; The customer can control the goods under construction during the performance of the Company; The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect money for the accumulated performance completed so far during the whole contract period. The progress of performance is determined by input method or output method according to the nature of the transferred goods, when the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the income shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company will recognize the transaction price allocated

to the individual performance obligation as income at the time when the customer obtains the control right of the relevant commodity. When judging whether the customer has obtained the control right of the commodity, the Company shall consider the following signs: the Company has the current collection right for the commodity, that is, the customer has the current payment obligation for the commodity; the Company has transferred the legal ownership of the commodity to the customer, that is, the customer has the legal ownership of the commodity; the Company has transferred the goods in kind to the customer, that is, the customer has possessed the goods in kind; the Company has transferred the main risks and rewards on the ownership of the commodity to the customer, that is, the customer has obtained the main risks and rewards on the ownership of the commodity; the customer has accepted the commodity; other signs that the customer has gained control of the goods.

(XXIX) Contract cost

Where the incremental cost incurred by the Group for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it shall be included in the current profits and losses when it occurs.

If the cost incurred for the performance of the contract not fall within the scope of other accounting standards for enterprises other than Accounting Standards for Business Enterprises No. 14-Income (revised in 2017) and meets the following conditions at the same time, it is recognized as an asset as the contract performance cost: ① the cost is directly related to a contract currently or expectedly to obtain, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by customers and other costs incurred only due to the contract; ② the cost increases the resources used by the Company to fulfill its performance obligations in the future; and ③ the cost is expected to be recovered.

The assets related to contract cost shall be amortized by the Company on the same basis as the income from goods related to the assets, and shall be included in current profits and losses.

(XXX) Government subsidy

Government subsidy refers to the monetary assets and non-monetary assets obtained by the Company free of charge from the government, excluding the capital invested by the government as an investor and enjoying corresponding owner's equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. The Company defines the government subsidy obtained for purchasing, building or otherwise forming long-term assets as the government subsidy related to assets; the remaining government subsidies are defined as government subsidies related to income. If the government document does not specify the subsidy object, the subsidies are divided into income-related government subsidy and asset-related government subsidy in the following ways: 1. If the government document specifies the specific project targeted by the subsidy, the relative proportion of the expenditure

amount forming assets and the expenditure amount included in the expenses shall be divided according to the budget of the specific project, and the division ratio shall be reviewed on each balance sheet date and changed if necessary; 2. If the purpose is only stated in the government documents, and no specific items are specified, it will be regarded as government subsidies related to income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured according to the fair value; if the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government subsidies measured in nominal amount are directly included in current profits and losses.

The Company recognizes and measures government subsidies according to the paid-in amount usually when they are actually received. However, at the end of the period, if there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy, and it is expected to receive financial support funds, it shall be measured according to the amount receivable. Government subsidies measured according to the amount receivable should meet the following conditions at the same time: 1. The amount of subsidies receivable has been confirmed by the competent government department, or can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and it is estimated that there is no major uncertainty in the amount; 2. It is based on the financial support projects officially issued by the local financial department and voluntarily disclosed in accordance with the Regulations on the Openness of Government Information and its financial fund management measures, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; 3. The disbursement period has been clearly promised in the relevant subsidiary approval, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed time limit; 4. Other relevant conditions (if any) to be met according to the specific conditions of the Company and the subsidy matters.

Government subsidies related to assets are recognized as deferred revenue, and are included in current profits and losses in stages according to reasonable and systematic methods during the service life of related assets. Government subsidies related to income, which are used to compensate related costs or losses in subsequent periods, are recognized as deferred revenue and included in current profits and losses during the period when related costs or losses are recognized; if it is used to compensate the related costs or losses that have already occurred, it shall be directly included in the current profits and losses. Different parts shall be distinguished for accounting treatment for government subsidies including asset-related part and income-related part at the same time; if it is difficult to distinguish, it will be classified as government subsidies related to income as a whole.

Government subsidies related to the daily activities of the Company shall be included in other income

according to the essence of economic business; government subsidies unrelated to daily activities are included in non-operating income and expenditure.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the book balance of the relevant deferred revenue shall be offset, and the excess shall be included in the current profits and losses; if it belongs to the other cases, it shall be directly included in the current profits and losses.

(XXXI) Deferred income tax assets, deferred income tax liabilities

1. Current income tax

On the balance sheet day, the current income tax liabilities (or assets) incurred in the current period or prior periods shall be measured in light of the expected payable (or refundable) amount of income taxes according to the tax law. The taxable income amount on which the current income tax expenses are calculated is calculated after adjusting the pre-tax accounting profit of the current year/period/reporting period according to the relevant tax laws.

2. Deferred income tax assets / deferred income tax liabilities

The difference between the book value of certain assets and liabilities and its tax base, as well as the temporary difference between the book value of an item that has not been determined as an asset or liability but whose tax base can be determined in accordance with the tax law and the tax base, the balance sheet debt method is used to determine the deferred income tax assets and deferred income tax liabilities.

Deferred income tax liabilities are not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) when they occur. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the reversal time of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities will not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) at the time of occurrence. In addition, for deductible temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or the taxable income used to offset the deductible temporary differences is not likely to be obtained in the future, the relevant deferred income tax assets will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the

extent that it is likely to obtain taxable income to offset deductible temporary differences.

For any deductible loss or tax deduction that can be carried forward to the following year, the corresponding deferred income tax assets shall be recognized to the extent that it is likely to obtain future taxable income to offset deductible losses and tax deduction.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured according to the applicable tax rate in the period when the relevant assets are expected to be recovered or the relevant liabilities are paid off in accordance with the provisions of the tax law.

On the balance sheet date, the book value of deferred income tax assets shall be reviewed, and if it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly included in shareholders' equity included in other comprehensive income or shareholders' equity, as well as the book value of the goodwill adjusted by deferred income tax arising from business combination, other current income tax and deferred income tax expenses or income shall be included in current profits and losses.

4. Offset of income tax

Where the Company has a legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities shall be presented on a net basis after offset.

When the Company has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax collected by the same tax collection and management department on the same taxpayer or related to different taxpayers, however, in each future reversal period of significant deferred income tax assets and liabilities, when the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or acquires assets and settle liabilities at the same time, the deferred income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

(XXXII) Lease

A lease refers to a contract in which the Company assigns or acquires the right to control the use of one or more identified assets for a certain period of time in exchange for or in payment of consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or contains a lease.

1. The Company as the lessee

The Company's categories of leased assets are mainly right-of-use assets.

(1) Initial measurement

On the commencement date of the lease term, the Company recognizes the right to use the leased assets during the lease term as the right to use assets, and recognizes the present value of unpaid lease payments as lease liabilities, except for short-term leases and leases of low-value assets. When calculating the present value of the lease payment amount, the Company adopts the interest rate implicit in lease as the discount rate; if the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the lessee shall be used as the discount rate.

(2) Subsequent measurement

The Company depreciates the right-to-use assets in the month starting from the lease term. Where there is a reasonable ground to believe that the ownership of a leased asset is obtainable upon the expiration of lease period, the Company shall accrue depreciation during the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall calculate depreciation within the period of the lease term or remaining useful life of the leased asset, whichever is shorter.

For lease liabilities, the Company calculates the interest expense of the lease liability in each period of the lease period at a fixed cyclical interest rate, which is included in the current profit and loss or related asset cost. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or the cost of related assets when they actually occur.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and the evaluation result or actual exercise of the purchase option, renewal option or termination option changes, the Company re-measures the lease liability based on the present value of the changed lease payments and adjusts the book value of the right-to-use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company will include the remaining amount into the current profits and losses.

(3) Short-term leases and low-value asset leases

For short-term leases (leases with a lease period not exceeding 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method, does not recognize right-of-use assets and lease liabilities, and includes lease payments into relevant asset costs or current profits and losses according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

(4) Lease change

If the lease is changed and meets the following conditions at the same time, the Group will account for the lease change as a separate lease:

- The lease change expands the lease scope by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group shall re-allocate the consideration of the changed contract, re-recognize the lease period, and re-measure the lease liability according to the present value calculated by the changed lease payment amount and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the Company shall reduce the book value of the right-to-use assets accordingly, and include the gains or losses related to partial or complete termination of the lease into the current profits and losses. If the lease liabilities are re-measured due to other lease changes, the Company shall adjust the book value of the right-to-use assets accordingly.

2. The Company as the lesser

On the commencement date of the lease, the Company divides the lease into finance lease and operating lease based on the substance of the transaction. Finance lease refers to the lease that essentially transfers almost all the risks and rewards related to the ownership of the leased assets. Operating lease refers to a lease other than a financing lease.

(1) lease

The Company recognizes lease receipts from operating leases as rental income for each period of the lease term using a reasonable amortization method. Variable lease payments relating to operating leases that are not included in lease receipts are included in current profits and losses when they are actually incurred.

(2) Financial leasing

On the commencement date of the lease period, the Company recognizes the finance lease receivables and derecognizes the finance lease assets. Financial lease receivables are initially measured as the net lease investment (the sum of the unsecured residual value and the present value of the lease receipts not received at the commencement of the lease period discounted at the interest rate implicit in lease), and the interest income during the lease period is calculated and recognized at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profits and losses when they actually occur.

(3) Lease change

When an operating lease is changed, the Company shall account for it as a new lease from the

effective date of the change, and the advance or receivable lease receipts related to the lease before the change shall be regarded as the new lease receipts.

If the financial lease changes and meets the following conditions at the same time, the Company shall treat the lease change as a separate lease:

- The lease change expands the lease scope by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the change of financial lease is not accounted for as a separate lease, the Company will account for the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, and the lease is classified as a financial lease, the Company will account for it according to the provisions of the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments on amending or renegotiating the contract.

(XXXIII) Changes in accounting estimates for significant accounting policies

None.

(XXXIV) Changes in accounting estimates for significant accounting policies

1. Changes to accounting policies

There were no significant accounting policy changes during the current period.

2. Changes in accounting estimates

There were no changes in significant accounting estimates during the current period.

V. Tax

(I) Major tax types and tax rates

Tax type	Tax basis	Tax rate
VAT	The output tax shall be subject to output VAT calculated at the corresponding tax rate, and VAT is paid based on the balance after deducting the deductible input VAT for the current period.	1%,3%,6%,9%,13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharges	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Corporate income tax	Taxable income	25%

(II) Tax preference and approvals

1. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Treatment of Enterprise Income Tax on Special Purpose Financial Funds (Cai Shui [2011] No.70) and relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (Decree No.512 of the State Council) and the Regulation on Carrying out of the Enterprise Income Tax Law of the People's Republic of China, the financial funds of the total accrued income obtained by enterprises from the financial departments and other departments of the people's governments at or above the county level from January 1, 2011 can be regarded as non-taxable income and deducted from the total income if they meet the following conditions at the same time:

- A. The enterprise can provide the fund allocation documents that specify the special purpose of funds;
- B. The financial department or other government department that allocates funds has special fund management methods or specific management requirements for the funds;
- C. The enterprise separately accounts for the funds and the expenditures incurred with the funds.

The expenses arising from the above-mentioned non-taxable income used for expenditure shall not be deducted when calculating the taxable income; depreciation and amortization of assets formed for expenditure shall not be deducted when calculating taxable income.

VI. Notes to Items in Consolidated Financial Statements

1. Monetary capital

Unless otherwise indicated in the following note items (including major project notes to the company's financial statements), beginning refers to January 1, 2023, ending refers to December 31, 2023, current period refers to year 2023 and last year refers to year 2023.

Item	Closing balance	Beginning balance
Cash on hand	15,461.64	11,317.49
Bank deposit	189,983,381.40	243,520,392.36
Other monetary funds	2,782,561,124.01	4,060,022,164.68
Total	2,972,559,967.05	4,303,553,874.53

Note: The restricted amount of monetary funds at the end of the period is 2,782,561,124.01 yuan. Other restricted monetary funds are mainly pledged time deposits, security deposits, etc. Except for other monetary funds, there are no other mortgages, frozen funds in monetary funds that have restrictions on realization or are deposited overseas, or have potential recovery risks.

2. Notes receivable

(1) Classification of notes receivable

Item	Closing balance	Beginning balance
Bank acceptance bill	100,000.00	4,820,000.00
Commercial acceptance bill		
Total	100,000.00	4,820,000.00

(2) Notes receivable that have been endorsed or discounted as of the balance sheet date but not yet matured

None

3. Accounts receivable

(1) Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	438,343,921.04	517,843,166.15
1-2 years	499,866,682.62	259,363,328.50
2-3 years	254,363,328.50	
Subtotal	1,192,573,932.16	777,206,494.65
Less: bad debt reserves	1,436,332.85	968,166.43
Total	1,191,137,599.31	776,238,328.22

(2) Disclosed by classification as per method of provision for bad debt

Type	Closing balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	1,192,573,932.16	100.00			
Including: aging combination	39,746,429.10	3.33	1,436,332.85	3.61	38,310,096.25
Other combination	1,152,827,503.06	96.67			1,152,827,503.06
Total	1,192,573,932.16	100.00	1,436,332.85		1,191,137,599.31

(Continued)

Type	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable with large single amount and single provision for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	777,206,494.65	100.00	968,166.43	0.12	776,238,328.22
Including: aging combination	37,372,855.53	4.81	968,166.43	2.59	36,404,689.10
Other combination	739,833,639.12	95.19			739,833,639.12
Accounts receivable for individually non-significant amount but single withdrawing bad debt reserves	777,206,494.65	100.00	968,166.43		776,238,328.22
Total	777,206,494.65	100.00	968,166.43	0.12	776,238,328.22

Accounts receivable combined by aging in the combination

Aging	Closing balance
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	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year	25,383,100.60		
2-3 years	14,363,328.50	1,436,332.85	10.00
Total	39,746,429.10	1,436,332.85	

(Continued)

Aging	Beginning balance		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year	18,009,527.03		
1-2 years	19,363,328.50	968,166.43	5.00
Total	37,372,855.53	968,166.43	

(3) Provision for bad debts

Type	Beginning balance	Amount of change in the Current Period			Closing balance
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	968,166.43	468,166.42			1,436,332.85
Total	968,166.43	468,166.42			1,436,332.85

4. Advance payment

(1) Prepayments listed by aging

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	134,495,687.31	82.10	48,677,284.60	63.17
1-2 years	805,678.42	0.49	28,259,138.71	36.67
2-3 years	28,246,097.11	17.24		
More than 3 years	275,161.10	0.17	123,161.10	0.16
Total	163,822,623.94	100.00	77,059,584.41	100.00

5. Other receivables

Item	Closing balance	Beginning balance
Other receivables	2,008,092,536.24	2,317,453,011.51
Interest receivable		
Dividends receivable		
Total	2,008,092,536.24	2,317,453,011.51

(1) Classification and disclosure of other receivable

① Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	1,124,578,536.04	1,340,673,693.56
1-2 years	606,222,506.45	958,539,444.04

2-3 years	258,521,944.00	6,595,857.75
3-4 years	6,595,857.75	6,078,300.00
4-5 years	6,078,300.00	4,029,528.92
More than 5 years	6,226,319.50	2,561,187.24
Subtotal	2,008,223,463.74	2,318,478,011.51
Less: bad debt reserves	130,927.50	1,025,000.00
Total	2,008,092,536.24	2,317,453,011.51

② Classification of the nature

Nature of payment	Ending balance	Beginning balance
General operating receivable	95,315,350.70	118,878,132.57
Deposit and security fund	183,104.00	95,548.00
Unrelated Party Borrowings	952,480,300.00	868,310,951.82
Related parties-Capital transactions	960,244,709.04	1,331,193,379.12
Subtotal	2,008,223,463.74	2,318,478,011.51
Less: bad debt reserves	130,927.50	1,025,000.00
Total	2,008,092,536.24	2,317,453,011.51

③ Provision for bad debts

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Beginning balance	1,025,000.00			1,025,000.00
Beginning balance of other receivables account balance in the current period:				
--Transfer to Phase II				
--Transfer to Phase III				
--Reverse to Phase II				
--Reverse to Phase I				
Provisioned for this period	130,927.50			
Reversal in this period	1,025,000.00			
Reversed for this period				
Verification in current period				
Other changes				

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Closing balance	130,927.50			

④ Provision for bad debts

Type	Beginning balance	Amount of change in the Current Period			Closing balance
		Withdrawal	Recovery or reversal	Write-off or verification	
Other receivables in Phase I	1,025,000.00	130,927.50	1,025,000.00		130,927.50
Other receivables in Phase II					
Other receivables in Phase III					
Total	1,025,000.00	130,927.50	1,025,000.00		130,927.50

6. Inventory

(1) Classification of inventories

Item	Closing balance		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Contract performance cost	2,264,882,577.41		2,264,882,577.41
Development cost	5,242,848,131.76		5,242,848,131.76
Develop products	568,299,675.70		568,299,675.70
Inventory goods	1,934,963.85		1,934,963.85
Low-value consumables	85,278.77		85,278.77
Raw materials	56,119.58		56,119.58
Total	8,078,106,747.07		8,078,106,747.07

(Continued)

Item	Beginning balance		
	Book balance	Falling price reserves	Book value
Contract performance cost	5,921,050,212.82		5,921,050,212.82
Development cost	1,980,342,798.69		1,980,342,798.69
Develop products	162,694,029.50		162,694,029.50
Inventory goods			
Develop products	85,278.77		85,278.77
Total	8,064,172,319.78		8,064,172,319.78

(2) Provision for depreciation of inventories

There is no provision for depreciation of inventories at the end of the period.

(3) Inventory restrictions in the current period

The ending inventory includes an amount of 1,853,495,342.69 yuan pledged as collateral for loans.

7. Other current assets

Item	Closing balance	Beginning balance
Prepaid and deductible input tax	63,593,749.85	55,783,501.82
Total	63,593,749.85	55,783,501.82

8. Other non-current financial assets

(1) Details of other non-current financial assets

Item	Closing balance	Beginning balance
Financial assets measured at fair value and whose changes are recorded into current profits and losses		10,000,000.00
Including: debt instrument investment		
Other equity instrument investment		10,000,000.00
Derivative financial assets		
Mixed instrument		
Other		
Financial assets measured at fair value and whose changes are recorded into current profits and losses		
Including: debt instrument investment		
Mixed instrument		
Other		
Total		10,000,000.00

Details of equity instruments

Item	Closing balance	Beginning balance
Jiangsu International Trust Co., Ltd.		10,000,000.00
CITIC Trust Co., Ltd.		
Total		10,000,000.00

9. Investment real estate

(1) Investment properties measured at fair value:

Item	Property	Land use right	Total
I. Beginning balance	571,603,000.00	510,825,400.00	1,082,428,400.00
II. Change in the Current Period	42,919,075.93	2,150,128,534.07	2,193,047,610.00
Plus: outsourcing		1,245,321,500.00	1,245,321,500.00
Transfer of inventory/fixed assets/construction in progress	329,702,276.18	1,058,222,000.00	1,387,924,276.18

Item	Property	Land use right	Total
Less: disposals		214,749,027.50	214,749,027.50
Fair value changes	3,503,533.82	-228,952,672.50	-225,449,138.68
Reclassification adjustment	-290,286,734.07	290,286,734.07	
III. Ending balance	614,522,075.93	2,660,953,934.07	3,275,476,010.00

Note: At the end of the period, 1,736,836,409.86 yuan of the investment real estate was used for mortgage loans.

10. Fixed assets

Item	Closing balance	Beginning balance
Fixed assets	42,274,228.24	14,956,804.79
Disposal of fixed assets		
Total	42,274,228.24	14,956,804.79

(1) Detail of fixed assets

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
1 Original book value:						
1. Beginning balance	9,168,698.50	1,039,823.01	189,300.53	852,052.55	5,381,409.01	16,631,283.60
2. Increased in the current period	31,063,965.35	284,242.94	213,118.09	860,281.95	48,380.53	32,469,988.86
(1) Purchase		133,393.72		101,525.17	48,380.53	283,299.42
(2) Transfer of construction in progress	27,687,404.59					27,687,404.59
(3) Increase in changes to the consolidation scope	3,376,560.76	150,849.22	213,118.09	758,756.78		4,499,284.85
3. Decreased in the current period	655,158.50		213,118.09			868,276.59
(1) Disposal or scrap	655,158.50		213,118.09			868,276.59
(2) Other decreases						
4. Closing balance	39,577,505.35	1,324,065.95	189,300.53	1,712,334.50	5,429,789.54	48,232,995.87
II. Accumulated depreciation						
1. Beginning balance	628,679.19	49,391.58	89,917.72	565,873.75	340,616.57	1,674,478.81
2. Increased in the current period	2,262,275.88	206,250.57	292,379.83	814,832.97	1,030,474.25	4,606,213.50
(1) Withdrawal	875,684.26	115,943.40	89,917.64	141,786.56	1,030,474.25	2,253,806.11
(2) Increase in changes to the consolidation scope	1,386,591.62	90,307.17	202,462.19	673,046.41		2,352,407.39
3. Decreased in the current period	119,462.49		202,462.19			321,924.68
(1) Disposal or scrap			202,462.19			202,462.19

Item	Houses and buildings	Machinery and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
(2) Decrease due to reclassification	119,462.49					119,462.49
4. Closing balance	2,771,492.58	255,642.15	179,835.36	1,380,706.72	1,371,090.82	5,958,767.63
III. Impairment provision						
Beginning balance						
Increased in 2023						
Decreased in 2023						
Closing balance						
IV. Book value						
1. Book value of the closing balance	36,806,012.77	1,068,423.80	9,465.17	331,627.78	4,058,698.72	42,274,228.24
2. Book value of the beginning balance	8,540,019.31	990,431.43	99,382.81	286,178.80	5,040,792.44	14,956,804.79

(2) At the end of this period, the Fixed asset has not been mortgaged.

(3) At the end of the period, there are no fixed assets with uncompleted title certificates.

11. Construction in progress

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	413,567,515.46		413,567,515.46	146,914,368.96		146,914,368.96
Engineering materials						
Total	413,567,515.46		413,567,515.46	146,914,368.96		146,914,368.96

(1) Details of construction in progress are as follows:

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Phase II Project for Administrative Center Photovoltaic Power Generation	88,425.77		88,425.77	88,425.77		88,425.77
Dafeng District Government 110KW Solar Photovoltaic Construction Project	4,766.27		4,766.27	4,766.27		4,766.27
Dafeng Caoyan Government 10Kv (Capacity Expansion) Power Distribution Project	183,038.16		183,038.16	183,038.16		183,038.16
Caoyan Town New	202,300.72		202,300.72			

Item	Closing balance			Beginning balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Energy Photovoltaic Carport Project						
Sanlong Town New Energy Photovoltaic Carport Project	239,134.21		239,134.21			
District Government Photovoltaic Carport Renovation Project	40,000.00		40,000.00	40,000.00		40,000.00
Office building renovation	70,341.57		70,341.57	70,341.57		70,341.57
Shuangyuewan Construction Waste Treatment Plant	12,964,507.11		12,964,507.11	9,601,968.56		9,601,968.56
Sewage Treatment Project in Shanghai-Jiangsu Cluster Area	82,970,745.31		82,970,745.31	75,635,690.61		75,635,690.61
Inverted rainbow well and pipeline project of Sewage Treatment Plant in Shanghai-Jiangsu Dafeng Industrial Linkage Cluster Area	19,640,104.79		19,640,104.79	19,815,562.57		19,815,562.57
Fence, tailwater inverted siphon, temporary power supply project	9,900.99		9,900.99	13,775.18		13,775.18
2019 Gang-G-07 Shanghai-Jiangsu Cluster Area	6,450,374.68		6,450,374.68	6,450,374.68		6,450,374.68
Reclaimed Water Reuse Project in Dafeng Port Economic Zone	1,676,243.75		1,676,243.75	673,457.03		673,457.03
Sanlong Town Sewage Treatment Project	41,113,118.85		41,113,118.85	34,336,968.56		34,336,968.56
Town-level sewage treatment facilities improvement project _ sewage equipment system and purification system	49,500,000.00		49,500,000.00			
Town-level sewage treatment facilities improvement project	198,414,513.28		198,414,513.28			
Total	413,567,515.46		413,567,515.46	146,914,368.96		146,914,368.96

(2) At the end of this period, there is no indication of impairment of the Company's construction in progress, and no provision for impairment of construction in progress has been made.

(3) At the end of this period, the construction in progress has not been mortgaged.

12. Intangible assets

(1) Detail of intangible assets

Item	Land use right	Software	Total
I. Original book value			
1. Beginning balance	5,274,544.29		5,274,544.29
2. Amount increased in the current period	7,551,967.00		7,551,967.00
(1) Purchase			
(2) Increase in business combination	7,551,967.00		7,551,967.00
3. Amount decreased in the current period			
(1) Disposal			
(2) Decrease due to reclassification			
4. Ending balance	12,826,511.29		12,826,511.29
II. Accumulated amortization			
1. Beginning balance	51,153.56		51,153.56
2. Amount increased in the current period	956,582.59		956,582.59
(1) Withdrawal	151,039.36		151,039.36
(2) Increase in business combination	805,543.23		805,543.23
3. Amount decreased in the current period			
(1) Disposal			
(2) Other decreases			
4. Ending balance	1,007,736.15		1,007,736.15
III. Impairment provision			
Beginning balance			
Increased in 2023			
Decreased in 2023			
Closing balance			
IV. Book value			
1. Book value of the closing balance	11,818,775.14		11,818,775.14
2. Book value of the beginning balance	5,223,390.73		5,223,390.73

(2) Restricted intangible assets at the end of the period

None

(3) There are no assets with uncompleted title certificates in the ending balance.

13. Deferred income tax assets and liabilities

Item	Closing balance		Beginning balance	
	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences
Deferred income tax assets:				
Asset impairment reserve	391,815.09	1,567,260.36	498,291.61	1,993,166.44

Item	Closing balance		Beginning balance	
	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences	Deferred income tax assets / liabilities	Deductible / Taxable temporary differences
Total	391,815.09	1,567,260.36	498,291.61	1,993,166.44
Deferred income tax liabilities:				
Change in fair value of investment real estate	103,257,306.74	413,029,226.96	127,856,599.49	511,426,397.96
Total	103,257,306.74	413,029,226.96	127,856,599.49	511,426,397.96

14. Short-term borrowings

Item	Closing balance	Beginning balance
Pledged loan	1,293,600,000.00	412,600,000.00
Guaranteed loan	260,730,000.00	122,500,000.00
Accrued interest	1,591,570.01	490,355.82
Total	1,555,921,570.01	535,590,355.82

15. Notes payable

Type	Closing balance	Beginning balance
Bank acceptance bill	1,202,000,000.00	3,039,020,000.00
Commercial acceptance bill	100,000,000.00	718,070,000.00
Total	1,302,000,000.00	3,757,090,000.00

16. Accounts payable

(1) List of account payable

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	145,008,377.44	82.56	24,790,803.13	60.32
1-2 years	7,656,607.21	4.36	14,937,066.40	36.34
2-3 years	14,238,969.21	8.11	654,189.69	1.59
More than 3 years	8,726,744.46	4.97	718,068.06	1.75
Total	175,630,698.32	100.00	41,100,127.28	100.00

17. Contract liabilities

(1) Details of contract liabilities

Item	Closing balance	Beginning balance
Housing sales proceeds	164,356,119.50	89,245,989.99
Methanol payment		10,024,857.35
Ore payment	3,645,523.02	
Coal payment	5,752,212.39	
Total	173,753,854.91	99,270,847.34

18. Payroll payable**(1) List of payroll payable**

Item	Beginning balance	Increased in the current period	Decreased in the current period	Increased in business combination	Closing balance
I. Short-term remuneration	2,114.40	13,029,153.37	13,031,267.77		
II. Post-demotion welfare - defined contribution plan		1,647,282.50	1,647,282.50		
III. Dismissal benefits					
IV. Other benefits due within one year					
Total	2,114.40	14,676,435.87	14,678,550.27		

(2) List of short-term remuneration

Item	Beginning balance	Increased in the current period	Decreased in the current period	Increased in business combination	Closing balance
I. Salaries, bonuses, allowances and subsidies		10,833,394.10	10,833,394.10		
II. Employee services and benefits		457,686.01	457,686.01		
III. Social insurance premiums		719,943.01	719,943.01		
Including: 1. medical insurance expense		589,559.24	589,559.24		
2. Industrial injury insurance expenses		60,120.99	60,120.99		
3. Birth insurance expenses		70,262.78	70,262.78		
IV. Housing provident fund		936,647.00	936,647.00		
V. Labor union expenses and employees' educational funds	2,114.40	81,483.25	83,597.65		
VI. Short-term compensated absences					
VII. Short-term profit sharing plan					
Total	2,114.40	13,029,153.37	13,031,267.77		

(3) Defined contribution plan

Item	Beginning balance	Increased in the current period	Decreased in the current period	Closing balance
Basic endowment insurance		1,252,094.98	1,252,094.98	
Unemployment insurance premium		32,284.30	32,284.30	
Annuity payment		362,903.22	362,903.22	
Total		1,647,282.50	1,647,282.50	

19. Taxes and dues payable

Item	Closing balance	Beginning balance
Value added tax payable	37,049.12	12,940,668.16
Payment of urban maintenance and construction tax	1,666,456.80	18,767.10
Education surcharge payable	1,190,326.28	13,405.07

Item	Closing balance	Beginning balance
Corporate income tax payable	80,500,434.62	22,350,510.81
Land value increment tax payable		189,458.35
Property tax payable	884,121.78	359,516.32
Urban land use tax payable	535,779.28	810,778.08
Environmental protection tax payable	355,795.34	172,925.81
Stamp duty payable	85,004.73	480,076.33
Other taxes payable	57.00	
Personal income tax payable	128.55	128.55
Total	85,255,153.50	37,336,234.58

20. Other payables

Item	Closing balance	Beginning balance
Other payables	239,845,353.63	1,445,272,743.07
Interest payable		
Dividends payable		
Total	239,845,353.63	1,445,272,743.07

(1) Other payables

1) List of other payables by aging

Aging	Closing balance		Beginning balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	208,846,190.02	87.07	1,408,784,579.15	97.48
1-2 years	26,566,049.97	11.08	34,416,499.50	2.10
2-3 years	2,135,998.05	0.89	1,228,219.50	0.37
More than 3 years	2,297,115.59	0.96	843,444.92	0.06
Total	239,845,353.63	100.00	1,445,272,743.07	100.00

21. Non-current liabilities due within one year

Item	Closing balance	Beginning balance
Long-term borrowings due within one year	963,989,811.37	508,139,849.34
Interest on long-term borrowings due within one year	1,294,413.06	636,834.25
Long-term payables due within one year	773,028,231.04	363,620,778.98
Other non-current liabilities due within one year	30,000,000.00	
Total	1,768,312,455.47	872,397,462.57

22. Other current liabilities

Item	Closing balance	Beginning balance
Wuxi Jintou Commercial Factoring Co., Ltd.		50,000,000.00
Wuxi Liantou Commercial Factoring Co., Ltd.	130,000,000.00	

Wuxi Jinkong Commercial Factoring Co., Ltd.	20,000,000.00	100,000,000.00
Postal Savings Bank Factoring	100,000,000.00	
Tax to be written-off	1,232,707.18	1,368,626.34
Total	251,232,707.18	151,368,626.34

23. Long-term borrowings

Item	Closing balance	Beginning balance
Guarantee + mortgage loan	200,000,000.00	210,000,000.00
Guarantee + pledge loan	134,000,000.00	190,000,000.00
Guaranteed loan	4,349,368,393.92	2,253,930,000.00
Accrued interest on long-term borrowings	6,361,137.63	2,588,185.21
Less: long-term borrowings due within one year (Note VI.21)	963,989,811.37	508,139,849.34
Less: Interest on long-term borrowings due within one year (Note VI.21)	1,294,413.06	636,834.25
Total	3,724,445,307.12	2,147,741,501.62

24. Long-term payables

Item	Closing balance	Beginning balance
Financial leasing	1,236,816,688.86	665,856,862.59
Other borrowings	582,800,000.00	520,000,000.00
Special payables	1,088,186,671.12	673,822,849.83
Less: current portion due within one year (Note VI.21)	773,028,231.04	363,620,778.98
Total	2,134,775,128.94	1,496,058,933.44

Among them, the details of special payables are as follows:

Item	Beginning balance	Increased in the current period	Decreased in the current period	Closing balance
Construction funds of Kangxinyayuan	523,672,849.83	1,710,000.00	193,707,298.71	331,675,551.12
Xinfengli construction funds	150,000.00			150,000.00
Runfu Phase II Capital	150,000,000.00	606,361,120.00		756,361,120.00
Total	673,822,849.83	608,071,120.00	193,707,298.71	1,088,186,671.12

25. Other non-current liabilities

Item	Closing balance	Beginning balance
Jiangsu Asset Management Co., Ltd.		300,000,000.00
Suzhou Chengtou Commercial Factoring Co., Ltd.	150,000,000.00	
Less: current portion due within one year (Note VI.21)	30,000,000.00	
Total	120,000,000.00	300,000,000.00

26. Paid-up capital

Name of Shareholder	Beginning balance		Increased in 2023	Decreased in 2023	Closing balance	
	Investment amount	Proportion %			Investment amount	Proportion %

Name of Shareholder	Beginning balance		Increased in 2023	Decreased in 2023	Closing balance	
	Investment amount	Proportion %			Investment amount	Proportion %
Yancheng Dafeng Urban Construction Group Co., Ltd.	1,000,000,000.00	100.00			1,000,000,000.00	100.00
Total	1,000,000,000.00	100.00			1,000,000,000.00	100.00

27. Capital reserves

Item	Beginning balance	Increased in the current period	Decreased in the current period	Closing balance
Other capital reserves	4,437,086,290.20	381,262,604.30		4,818,348,894.50
Total	4,437,086,290.20	381,262,604.30		4,818,348,894.50

Note: The increase in capital reserve in the current period is due to shareholders' capital increase and free allocation of equity.

28. Other comprehensive incomes

Item	Beginning balance	Amount incurred in current period					Closing balance
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive incomes to be reclassified into profits and losses in the future	240,616,859.50	69,727,123.82	211,259,880.48	-24,820,195.15	-125,378,873.01	8,666,311.50	115,237,986.49
Including: initial conversion of investment real estate	240,616,859.50	69,727,123.82	211,259,880.48	-24,820,195.15	-125,378,873.01	8,666,311.50	115,237,986.49
Total	240,616,859.50	69,727,123.82	211,259,880.48	-24,820,195.15	-125,378,873.01	8,666,311.50	115,237,986.49

29. Surplus reserves

Item	Beginning balance	Increased in the current period	Decreased in the current period	Closing balance
Statutory surplus reserves	8,558,141.28	15,103,574.31		23,661,715.59
Total	8,558,141.28	15,103,574.31		23,661,715.59

30. Undistributed profits

Item	Amount in the current period	Amount in the last year
Profits undistributed of the end of previous year before adjustment	64,224,101.99	42,314,793.88
Total adjustment number of undistributed profit at the beginning of the period		
Beginning undistributed profits after the adjustment	64,224,101.99	42,314,793.88

Item	Amount in the current period	Amount in the last year
Plus: Net profits attributable to the shareholder of the parent company	203,538,954.28	24,169,871.01
Less: Withdrawal of statutory surplus reserve	15,103,574.31	2,260,562.90
Less: other (consolidated decrease)		
Undistributed profits at the end of the period	252,659,481.96	64,224,101.99

31. Operating income and operating cost

Item	Amount in the current period	Amount in the last year
Main business income	936,860,000.17	954,498,562.30
Other business income	7,414,974.57	5,521,927.15
Total	944,274,974.74	960,020,489.45
Main business cost	839,457,627.98	888,156,335.03
Other business cost	6,507.70	1,158,970.74
Total	839,464,135.68	889,315,305.77

(1) Classification of main business

Item	Amount in the current period		Amount in the last year	
	Income	Cost	Income	Cost
Infrastructure construction	264,261,669.60	220,218,058.00	252,134,554.42	210,112,128.68
Real estate sales	127,871,822.36	95,221,457.56	428,132,879.71	409,481,626.84
Trade	371,444,019.19	368,220,152.12	135,205,488.70	133,124,183.57
Gas supply and power supply business	153,233,941.91	151,375,108.81	137,030,157.40	135,152,457.40
Leasing business	851,549.06	149,422.01		
Sewage treatment	13,234,040.88	3,262,652.94	1,627,000.90	278,256.32
Other	5,962,957.17	1,010,776.54	368,481.17	7,682.22
Total	936,860,000.17	839,457,627.98	954,498,562.30	888,156,335.03

32. Taxes and surcharges

Item	Amount in the current period	Amount in the last year
Urban maintenance and construction tax	1,687,007.48	838,767.01
Education surcharges	1,204,525.12	598,457.55
Property tax	4,348,898.43	608,643.06
Payment of land use tax	6,207,220.25	3,902,381.64
Stamp duty	1,760,310.64	1,587,223.49
Environmental protection tax	4,174,540.03	
Vehicle and vessel tax		300.00
Other taxes and fees	1,157,739.39	1,356,075.06
Total	20,540,241.34	8,891,847.81

Note: For details of various taxes and additional payment standards, please refer to Note V “Taxes”.

33. Financial expenses

Item	Amount in the current period	Amount in the last year
Interest expenditures	26,916,285.35	74,244,756.78
Less: interest incomes	33,008,599.98	59,723,825.56
Plus: commission charges	1,394,343.79	6,140,474.41
Plus:	5,000.00	2,951,226.11
Plus: exchange loss	-38,858.64	-227,044.27
Total	-4,731,829.48	23,385,587.47

34. Other income

Item	Amount in the current period	Amount in the last year
Government subsidies related to daily business activities	978,043.69	17,376,696.08
Other income related to daily business activities		
Total	978,043.69	17,376,696.08

35. Incomes of investment

Item	Amount in the current period	Amount in the last year
Dividend income earned during the investment holding of other equity instruments		10,650,000.00
Investment income from the disposal of equity investments		
Total		10,650,000.00

36. Fair value change profit and loss

Item	Amount in the current period	Amount in the last year
Investment real estate	169,886,304.42	-3,791,910.00
Total	169,886,304.42	-3,791,910.00

37. Credit impairment losses

Item	Amount in the current period	Amount in the last year
Bad debt reserves	425,906.08	-968,166.43
Total	425,906.08	-968,166.43

38. Non-operating incomes

Item	Amount in the current period	Amount in the last year
Income from penalties		137,000.00
Other	438,151.80	68,143.25
Total	438,151.80	205,143.25

39. Non-operating expenses

Item	Amount in the current period	Amount in the last year
Expenditures for welfare donations	800.00	

Late fee for taxes	3,140,689.71	656,056.09
Loss from scrapping due to damage of non-current assets	290,930.10	
Other	60,248.94	0.02
Total	3,492,668.75	656,056.11

40. Income tax expenses

Item	Amount in the current period	Amount in the last year
Current income tax	16,567,973.48	18,826,447.27
Difference between the final settlement and settlement of the previous year's income tax included in the current income tax	3,366,753.43	-238,399.93
Deferred income tax expenses	327,378.92	-1,190,019.11
Total	20,262,105.83	17,398,028.23

41. Supplementary information to statement of cash flow**(1) Supplementary information to statement of cash flow**

Supplementary information	Amount in the current period	Amount in the last year
1. Adjust net profit to cash flow of operating activities:		
Net profits	199,955,123.91	21,831,017.09
Plus: asset impairment provision		
Credit impairment losses	-425,906.08	968,166.43
Depreciation of fixed assets, oil and gas assets and productive biological assets	2,253,806.11	970,734.16
Amortization of intangible assets	151,039.36	51,153.56
Amortization of long-term deferred expenses	846,340.36	
Loss on disposal of fixed assets, intangible assets and other long-term assets (or income is expressed by "-")		
Loss from on retirement of fixed assets (or income is expressed by "-")	290,930.10	
Loss from change in fair value (or income is expressed by "-")	-169,886,304.42	3,791,910.00
Financial expenses (or income is expressed by "-")	26,916,285.35	77,195,982.89
Investment loss (or income is expressed by "-")		-10,650,000.00
Decrease in deferred tax assets (or increase is expressed by "-")	106,476.52	-242,041.61
Increase in deferred tax liabilities (or decrease is expressed by "-")	220,902.40	-947,977.50
Inventory decrease (or increase is expressed by "-")	154,065,244.69	-2,143,223,188.44
Decrease in operational receivable items (or increase is expressed by "-")	-108,629,043.85	-2,584,531.21
Decrease in operational payable items (or decrease is expressed by "-")	115,121,509.66	115,825,083.65
Other		
Net cash flows from operating activities	220,986,404.11	-1,937,013,690.98
2. Significant investing and financing activities not involving cash deposit and withdrawal		

Supplementary information	Amount in the current period	Amount in the last year
Conversion of debts into capital		
Convertible bonds due within one year		
Fixed assets under financing lease		
3. Net increase in cash and cash equivalents		
Closing balance of cash	189,998,843.04	243,531,709.85
Less: opening balance of cash	243,531,709.85	220,105,203.92
Plus: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	-53,532,866.81	23,426,505.93

(3) Composition of cash and cash equivalents

Item	Closing balance	Beginning balance
Cash on hand	15,461.64	11,317.49
Bank deposit	189,983,381.40	243,520,392.36
Other monetary funds		
Total	189,998,843.04	243,531,709.85

Note: Margin and fixed deposits that mature in more than three months are not included in cash and cash equivalents.

42. Assets with restricted ownership or use rights

Item	Closing balance	Reasons for constraints
Monetary capital	2,782,561,124.01	Deposits for bills and pledges for loans
Inventory	1,853,495,342.69	Provide collateral for loan
Investment real estate	1,736,836,409.86	Provide collateral for loan
Total	6,372,892,876.56	

VII. Change of consolidation Scope

In 2023, a total of 11 subsidiaries were included in the scope of consolidation. Compared with 2022, 2 new subsidiaries were added to the consolidation scope, namely Yancheng Dafeng Fushouyuan Cemetery Co., Ltd. and Yancheng Dafeng Liangyuan Wedding Ceremony Service Co., Ltd., which were transferred free of charge; 1 subsidiary was removed from the consolidation scope, Yancheng Dafeng Huiju Development and Construction Co., Ltd. The Company has not made any capital contribution yet, and it was transferred out without compensation at the end of the period.

VIII. Equity in other entities**1. Equity in subsidiaries**

No.	Name	Registered land	Main business place	Nature of business	Registered capital (ten thousand yuan)	Shareholding ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
1	Nanjing Fengye New Energy Technology Co., Ltd.	Nanjing City, Jiangsu	Nanjing City, Jiangsu	New energy technology development, technical consultation, technology transfer, technical services	800.00	65.00		65.00	Establishment
2	Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Construction project management, infrastructure construction	10,000.00	100.00		100.00	Establishment
2.1	Yancheng Dafeng Wanxing Real Estate Development Co., Ltd. (Note 1)	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Real estate development and operation	19,800.00	45.00	5.00	100.00	Establishment
3	Yancheng Dafeng Zhencheng Construction Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Real estate development and operation, construction project management	20,000.00	100.00		100.00	Establishment
4	Yancheng Dafeng Hucheng Sewage Treatment Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Sewage treatment; water treatment engineering, pipeline engineering architectural design and construction	2,000.00	100.00		100.00	Establishment
4.1	Jiangsu Shuifa Huaxia Environmental Technology Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Environmental protection technology and equipment development; environmental protection engineering services; engineering construction, etc.	10,000.00	100.00		100.00	Establishment

5	Yancheng Dafeng Guangsha Development and Construction Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Real estate development and operation; pipeline engineering, building decoration engineering, municipal engineering design and construction	71,500.00	100.00		100.00	Establishment
6	Yancheng Dafeng Huiye Development and Construction Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Real estate development and operation; construction of Construction Projects	60,614.00	100.00		100.00	Establishment
7	Yancheng Dafeng Huifengcai Development and Construction Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Real estate development and operation; construction of Construction Projects	10,000.00	51.00		51.00	Establishment
8	Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Tomb manufacturing and leasing; sales of funeral supplies; ashes storage, funeral etiquette, burial services in cemeteries.	150,000.00	100.00		100.00	Transfer
8.1	Yancheng Dafeng Liangyuan Wedding Etiquette Service Co., Ltd.	Yancheng City, Jiangsu	Yancheng City, Jiangsu	Typing and photocopying; Wedding etiquette service, video photography service, exhibition service; craft sales; property management; computer graphic production and design.	100,000.00	100.00		100.00	Transfer

Note: Enterprise type: 1. Domestic non-financial subsidiaries; 2. Domestic financial subsidiaries; 3. Overseas subsidiaries; 4. Public institutions; 5. Infrastructure units

Note: Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd. (hereinafter referred to as Wancheng Company), Yancheng Dafeng Zhencheng Construction Co., Ltd. (hereinafter referred to as Zhencheng Company) and Glory Creation Group Limited (hereinafter referred to as Xiangkai Group) jointly invested in the establishment of Yancheng Dafeng Wanxing Real Estate Development Co., Ltd. (hereinafter referred to as Wanxing Company), holding 45%, 5% and 50% of the shares respectively. The

investment agreement stipulates that Wancheng Company shall consolidate and account for Wanxing Company.

2. Joint venture and associated enterprises

None

3. Details of other related parties

Name of other related parties	Relationship between other related parties and the company
Yancheng Dafeng Urban Construction Group Co., Ltd.	Parent company
Yancheng Dafeng Zecheng Trade Development Co., Ltd.	Under the same control
Yancheng Dafeng Haicheng Tourism Development Co., Ltd.	Under the same control

4. Related party transactions and related party balances

(1) Related party guarantee

None

(2) Detail of related party transactions

Project name	Name of other related parties	Relationship of related party	Closing balance	Beginning balance	Remarks
Other receivables	Yancheng Dafeng Urban Construction Group Co., Ltd.	Parent company	960,244,709.04	1,331,193,379.12	Current account
Total			960,244,709.04	1,331,193,379.12	
Other payables	Yancheng Dafeng Zecheng Trade Development Co., Ltd.	Under the same control		265,036,900.00	Current account
Other payables	Yancheng Dafeng Haicheng Tourism Development Co., Ltd.	Under the same control		39,729,970.19	Current account
Total				304,766,870.19	

IX. Contingencies

(I) As of the end of 2023, contingent events arising from pending litigation or arbitration and their financial impact

None.

(II) As of the end of 2023, the contingent liabilities arising from the debt guarantee provided by the Company and their financial impact

1. As of the end of 2023, debt guarantees provided by the Company for other entities

None.

1、As of the end of 2023, the guarantee provided by the Company for related parties.

None.

(III) As of the end of 2023, the Company's contingent liabilities arising from other events

None.

(4) As of the end of 2023, the Company's contingent assets

None.

(V) Except for the above contingencies, as of the end of 2023, the Company has no other material contingencies.

X. Post Balance Sheet Event

As of the date of approval of the financial report, there are no other significant post - balance sheet events that need to be disclosed by the Company.

XI. Notes to Main Items Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosed by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	3,517,802.34	1,131,802.08
1-2 years		19,363,328.50
2-3 years	14,363,328.50	
Subtotal	17,881,130.84	20,495,130.58
Less: bad debt reserves	1,436,332.85	968,166.43
Total	16,444,797.99	19,526,964.15

(2) Listed by classification as per method of provision for bad debt

Type	Closing balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to combination	17,881,130.84	100.00	1,436,332.85	8.03	16,444,797.99
Including: aging combination	17,870,312.61	99.94	1,436,332.85	8.04	16,433,979.76
Other combination	10,818.23	0.06			10,818.23
Total	17,881,130.84		1,436,332.85		16,444,797.99

(Continued)

Type	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable with large single amount and single provision for bad debts					
Accounts receivable with provision for bad debts according to credit risk characteristic combination	20,495,130.58	100.00	968,166.43	4.72	19,526,964.15
Including: aging combination	20,495,130.58	100.00	968,166.43	4.72	19,526,964.15

Type	Beginning balance				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Other combination					
Accounts receivable for individually non-significant amount but single withdrawing bad debt reserves					
Total	20,495,130.58	100.00	968,166.43	4.72	19,526,964.15

(3) Provision for bad debts

In the current period, the provision for bad debts of 968,166.43 yuan was reversed, and the provision for bad debts of 1,436,332.85 yuan was made.

2、Other receivables

Item	Closing balance	Beginning balance
Other receivables	1,169,575,261.37	1,053,568,629.50
Interest receivable		
Total	1,169,575,261.37	1,053,568,629.50

(1) Other receivables

① Disclosure by aging

Aging	Closing balance	Beginning balance
Within 1 year (including 1 year)	903,470,126.05	103,568,629.50
1-2 years	16,105,135.32	950,000,000.00
2-3 years	250,000,000.00	
Subtotal	1,169,575,261.37	1,053,568,629.50
Less: bad debt reserves		
Total	1,169,575,261.37	1,053,568,629.50

② Classification of the nature

Nature of payment	Ending balance	Beginning balance
General operating receivable	33,755,335.31	49,768,629.50
Unrelated Party Borrowings	523,800,000.00	903,800,000.00
Related parties-Capital transactions	612,019,926.06	100,000,000.00
Subtotal	1,169,575,261.37	1,053,568,629.50
Less: bad debt reserves		
Total	1,169,575,261.37	1,053,568,629.50

③ Provision for bad debts

There are no provision for bad debts or reversal of provision for bad debts in the current period

3. Long-term equity investment

(1) Classification of long-term equity investment

Item		Closing balance		Beginning balance			
		Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments subsidiaries	in	3,832,629,091.89		3,832,629,091.89	3,638,888,494.69		3,638,888,494.69
Investment associated enterprises	in						
Subtotal		3,832,629,091.89		3,832,629,091.89	3,638,888,494.69		3,638,888,494.69
Less: Provision for impairment of long-term equity investments							
Total		3,832,629,091.89		3,832,629,091.89	3,638,888,494.69		3,638,888,494.69

(2) Invest in subsidiaries

Invested unit	Beginning balance	Increased in the current period	Decreased in the current period	Closing balance	Withdrawn impairment provision in the current period	Impairment provision
Nanjing Fengye New Energy Technology Co., Ltd.	5,200,000.00			5,200,000.00		
Yancheng Dafeng Zhencheng Construction Co., Ltd.	704,968,547.06			704,968,547.06		
Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd.	1,995,270,909.93			1,995,270,909.93		
Yancheng Dafeng Hucheng Sewage Treatment Co., Ltd.	20,000,000.00			20,000,000.00		
Yancheng Dafeng Guangsha Development and Construction Co., Ltd.	913,449,037.70	215,000,000.00		1,128,449,037.70		
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.		-21,259,402.80		-21,259,402.80		
Total	3,638,888,494.69	193,740,597.20		3,832,629,091.89		

(3) Investment in associated enterprises

None

4. Operating income and operating cost

(1) Basic information of operating income and operating cost

Item	Amount in the current period	Amount in the last year
Main business income	108,929,504.91	135,711,760.75
Other business income	4,288,964.49	1,649,346.98
Total	113,218,469.40	137,361,107.73
Main business cost	105,056,838.86	133,124,183.57
Other business cost		851,861.74
Total	105,056,838.86	133,976,045.31

(2) Classification of main business

Item	Amount in the current period		Amount in the last year	
	Income	Cost	Income	Cost
Trading business	96,412,149.33	95,109,060.93	135,205,488.70	133,124,183.57
Power supply and steam supply business	376,691.55		506,272.05	
Real estate sales	11,289,114.97	9,798,355.92		
Leasing business	851,549.06	149,422.01		
Total	108,929,504.91	105,056,838.86	135,711,760.75	133,124,183.57

5. Incomes of investment

Item	Amount in the current period	Amount in the last year
Investment income from the disposal of equity investments		
Dividend income earned during the investment holding of other equity instruments		10,650,000.00
Total		10,650,000.00

XII. Other contents that should be disclosed in accordance with relevant financial accounting standards

None.

Yancheng Dafeng Xiecheng Industrial Co., Ltd.

April 26, 2024

Legal representative: Principal in Charge of Financial Work:

Principal of Financial Department:

Zhongxi CPAs (Special General Partnership)

AUDIT REPORT

Yancheng Dafeng Urban Development Investment Holding
Group Co., Ltd.

Audit Report on Pro Forma Financial Statements
for the Year 2022, 2023 and 2024

BEIJING CHINA

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Audit Report

ZXCS No. 2025S03063

All shareholders of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.:



I. Audit Opinions

We have audited the financial statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (hereinafter referred to as “Dafeng Chengfa Group”), including the pro forma consolidated and parent company balance sheets as of December 31, 2024, 2023 and 2022, the pro forma consolidated and parent company income statements, the pro forma consolidated and parent company cash flow statements, the pro forma consolidated and parent company statements of changes in equity and related financial statement notes for the years 2024, 2023 and 2022.

In our opinion, the attached pro forma financial statements have been prepared in all material respects in accordance with the accounting standards for enterprises and the preparation basis described in Note II.(I) to the pro forma financial statements, and fairly reflects the pro forma consolidated and parent company’s financial status as of December 31, 2024, 2023 and 2022, as well as the pro forma consolidated and parent company’s operating results and cash flows for the year of 2024, 2023 and 2022.

II. Basis for Forming Audit Opinions

We carried out the audit work in accordance with the Auditing Standards for the Chinese Certified Public Accountants. Our responsibilities under these standards are further elaborated in the section of "Accountants' Responsibilities for Auditing Pro Forma Financial Statements" in the Audit Report. According to the Chinese Code of Professional Ethics for Certified Public Accountants, we are independent of the Dafeng



Zhongxi CPAs (Special General Partnership)

Chengfa and fulfilled other responsibilities in terms of professional ethics. We believe that the audit evidence we obtained is sufficient and appropriate, which provides a basis for issuing the audit opinions.

III. Responsibilities of Management and Governance for Pro Forma Financial Statements

The management of Dafeng Chengfa Group (hereinafter referred to as the Management) is responsible for preparing the pro forma financial statements in accordance with the basis of preparation disclosed in Note II. (I) to the accompanying pro forma financial statements, so as to achieve a fair reflection, and design, implement and maintain necessary internal controls to ensure that the pro forma financial statements are free from material misstatement due to fraud or error.

In preparing the pro forma financial statements, the Management is responsible for assessing the Dafeng Chengfa Group's going concern capability, disclosing going concern-related matters (where applicable) and applying going concern assumptions, except that the Management plans to liquidate the Dafeng Chengfa Group, terminate operations or have no other realistic alternative.

The Management layer is responsible for supervising the financial reporting process of the Dafeng Chengfa Group.

IV. Responsibilities of Certified Public Accountants for Auditing Pro Forma Financial Statements

Our objective is to obtain reasonable assurance as to whether the trial financial statements as a whole are free from material misstatement due to fraud or error, and to issue audit report containing audit opinions. Reasonable assurance is a high-level assurance, but it does not guarantee that an audit carried out according to auditing standards can always find a material misstatement when it exists. Misstatement, which may result from fraud or error, is generally considered material if it is reasonably



Zhongxi CPAs (Special General Partnership)

expected that the misstatement, individually or collectively, may affect the economic decisions made by the users of the pro forma financial statements on the basis of the pro forma financial statements.

During auditing carried out according to auditing standards, we made professional judgments and maintained professional skepticism. At the same time, we also carried out the following work:

(1) Identified and assessed the risks of material misstatement in the financial statements caused by fraud or error, designed and implemented audit procedures to deal with these risks, and obtained sufficient and appropriate audit evidence as the basis for issuing audit opinions. Because fraud may involve collusion, forgery, intentional omission, misrepresentation or overriding internal control, the risk of failure to detect material misstatement due to fraud is higher than the risk of failure to detect material misstatement due to error.

(2) Understood the internal control related to audit in order to design appropriate audit procedures, but the purpose is not to express opinions on the effectiveness of internal control.

(3) Evaluated the appropriateness of the accounting policies selected by the Management and the rationality of making accounting estimates and related disclosures.

(4) Draw a conclusion on the appropriateness of management's use of the going concern assumption. At the same time, according to the obtained audit evidence, it is concluded whether there is significant uncertainty in matters or situations that may lead to major doubts about Dafeng Chengfa Group's ability to continue operations. If we conclude that there is material uncertainty, the auditing standards require us to draw the attention of the users of the statements to the relevant disclosures in the pro forma financial statements in the audit report; if the disclosure is insufficient, we should express a modified opinion. Our conclusions are based on the information available as



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of the audit report date. However, future events or circumstances may lead to the Dafeng Chengfa Group's unsustainable operation.

(5) Evaluated the overall presentation, structure and content (including disclosures) of the pro forma financial statements, and evaluated whether the pro forma financial statements fairly reflect relevant transactions and events.

(6) Obtained sufficient and appropriate audit evidence on the financial information of entities or business activities in the Group to express audit opinions on the pro forma financial statements. We are responsible for guiding, supervising and executing the Group audit, and take full responsibility for the audit opinions.

We communicated with the Management on the planned audit scope, schedule and major audit findings, including the internal control deficiencies deserving attention that we identified during the audit.

Zhongxi CPAs (Special General
Partnership)

Beijing, China

Chinese Certified Public Accountants:
Zhu Guoqiang

Chinese Certified Public Accountants:
Li Hua

June 17, 2025

Pro Forma Consolidated Balance Sheet

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2024	December 31, 2023	December 31, 2022
Current assets:				
Monetary capital	Note VI. 1	8,344,162,386.27	11,589,351,257.19	12,305,308,079.94
Transactional financial assets				
Derivative financial assets				
Notes receivable	Note VI. 2	2,296,845.94	1,674,824.20	5,710,198.00
Accounts receivable	Note VI. 3	15,291,728,188.30	13,615,912,207.00	11,881,820,574.17
Receivables financing				
Advance payment	Note VI. 4	948,235,729.06	1,165,033,186.10	1,108,643,479.02
Other receivables	Note VI. 5	12,488,619,080.86	12,057,155,298.01	11,754,015,194.44
Inventory	Note VI. 6	29,977,672,312.04	28,417,664,239.18	27,088,744,064.27
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets	Note VI. 7	841,873,744.73	846,714,112.92	784,236,902.67
Total current assets		67,894,588,287.20	67,693,505,124.60	64,928,478,492.51
Non-current assets:				
Debt investment				
Other Debt Investment				
Long-term receivables				
Long - term equity investment	Note VI. 8	11,592,087,507.10	11,082,221,433.60	9,793,724,640.66
Other equity instrument investment	Note VI. 9	501,687,155.38	479,920,856.32	100,000,000.00
Other non-current financial assets	Note VI. 10	731,197,942.21	646,404,851.02	676,394,851.02
Investment real estate	Note VI. 11	15,527,937,406.10	14,120,316,720.90	10,755,506,741.23
Fixed assets	Note VI. 12	3,797,580,111.13	3,660,527,006.11	3,306,383,089.09
Construction in progress	Note VI. 13	1,721,552,142.33	1,971,407,996.85	1,349,016,382.54
Capitalized biological assets				
Oil and gas assets				
Right-of-use asset				
Intangible assets	Note VI. 14	645,749,949.79	125,033,380.61	122,775,038.12
Development expenditures				
Goodwill				
Long - term deferred expenses	Note VI. 15	4,890,836.80	28,305,999.87	16,520,685.89
Deferred income tax assets	Note VI. 16	40,181,953.67	34,657,736.66	33,814,176.64
Other non-current assets	Note VI. 17	866,972,078.92	866,972,078.92	868,008,486.11
Total non-current assets		35,429,837,083.43	33,015,768,060.86	27,022,144,091.30
Total assets		103,324,425,370.63	100,709,273,185.46	91,950,622,583.81

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Consolidated Balance Sheet (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2024	December 31, 2023	December 31, 2022
Current liabilities:				
Short-term borrowings	Note VI. 18	7,755,794,369.74	9,758,069,823.58	6,693,766,135.78
Transactional financial liabilities				
Derivative financial liabilities				
Notes payable	Note VI. 19	2,736,940,000.00	3,166,966,103.09	7,075,315,290.68
Accounts payable	Note VI. 20	633,467,665.62	447,011,411.26	319,487,451.83
Advance receipts	Note VI. 21	13,168,824.97	15,998,464.03	11,244,380.56
Contract liability	Note VI. 22	777,755,114.66	602,876,142.31	490,789,361.04
Payroll payable	Note VI. 23	1,249,465.06	5,613,767.61	4,785,896.37
Taxes and dues payable	Note VI. 24	1,945,878,566.36	1,634,629,061.34	1,308,688,432.44
Other payables	Note VI. 25	8,288,940,774.95	6,674,595,256.06	5,574,679,521.89
Held-for-sale liabilities				
Non-current liabilities due within one year	Note VI. 26	14,978,875,788.71	9,712,090,529.60	10,740,140,803.01
Other current liabilities	Note VI. 27	791,454,661.56	1,812,199,771.96	1,738,666,893.38
Total current liabilities		37,923,525,231.63	33,830,050,330.84	33,957,564,166.98
Non-current liabilities:				
Long-term borrowings	Note VI. 28	14,556,504,998.25	14,276,369,446.42	11,224,293,563.83
Bonds payable	Note VI. 29	6,063,759,559.19	7,167,110,150.46	4,776,810,945.24
Including: Preferred stock				
Perpetual bond				
Lease liabilities				
Long-term payables	Note VI. 30	5,424,303,543.60	6,243,282,399.67	6,181,537,109.63
Long-term staff compensation payable				
Estimated liabilities				
Deferred income			52,526,202.04	
Deferred income tax liabilities	Note VI. 16	988,223,472.50	999,519,137.99	986,602,511.24
Other non-current liabilities	Note VI. 31	447,666,666.00	2,635,290,000.00	2,497,350,000.00
Total non-current liabilities		27,480,458,239.54	31,374,097,336.58	25,666,594,129.94
Total liabilities		65,403,983,471.17	65,204,147,667.42	59,624,158,296.92
Owner's equity:				
Paid-in capital				
Other equity instruments				
Including: Preferred stock				
Perpetual bond				
Capital reserves	Note VI. 32	21,106,261,899.97	20,455,847,718.05	19,081,525,331.98
Less: inventory stock				
Other comprehensive incomes	Note VI. 33	1,975,295,591.57	2,004,894,208.86	2,072,870,700.62
Special reserves			292,638.53	226,298.35
Surplus reserves				
Undistributed profits	Note VI. 34	6,521,322,024.82	5,907,035,743.61	5,031,188,227.02
Total owner's equity attributable to the parent company		29,602,879,516.36	28,368,070,309.05	26,185,810,557.97
Minority Shareholders' equity		8,317,562,383.10	7,137,055,208.99	6,140,653,728.92
Total owner's equity		37,920,441,899.46	35,505,125,518.04	32,326,464,286.89
Total liabilities and owner's equity		103,324,425,370.63	100,709,273,185.46	91,950,622,583.81

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Consolidated Statement of Income

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	Year 2024	Year 2023	Year 2022
I. Total operating incomes		11,271,899,552.65	9,967,933,742.08	9,145,383,474.00
Including: Operating incomes	Note VI. 35	11,271,899,552.65	9,967,933,742.08	9,145,383,474.00
II. Total operating Costs		10,811,458,933.21	9,592,899,106.06	8,797,570,855.41
Including: Operating Costs	Note VI. 35	10,358,410,700.55	9,109,272,045.31	8,351,388,996.64
Taxes and surcharges	Note VI. 36	197,084,612.13	254,854,597.39	142,957,560.98
Sales expenses		16,252,157.62	14,291,000.34	41,986,746.07
Administrative expenses		155,950,128.99	132,531,082.84	140,201,513.29
R&D expenses				
Financial expenses	Note VI. 37	83,761,333.92	81,950,380.18	121,036,038.43
Including: interest expenses	Note VI. 37	188,088,053.76	218,811,398.10	288,857,459.85
Interest incomes	Note VI. 37	113,310,999.19	151,898,427.42	183,627,951.13
Plus: other incomes	Note VI. 38	293,238,579.44	448,941,587.06	409,131,948.37
Investment income (losses indicated with "-")	Note VI. 39	216,849,662.87	206,974,107.76	198,705,725.79
Including: income from investments in associated enterprises and joint ventures	Note VI. 39	174,979,843.19	184,527,488.13	174,421,272.69
Revenue from derecognition of financial assets measured in amortized cost				
Gains from changes in fair value(losses indicated with "-")	Note VI. 40	8,824,740.65	203,348,736.35	106,242,461.03
Impairment loss of credit (losses indicated with "-")	Note VI. 41	-22,096,868.09	-3,863,340.05	-63,022,614.23
Impairment loss of assets (losses indicated with "-")				
Income from disposal of assets (losses indicated with "-")	Note VI. 42	5,616,725.78	-101,694.54	45,252,955.00
III. operating profit (losses indicated with "-")		962,873,460.09	1,230,334,032.60	1,044,123,094.55
Plus: non-operating incomes	Note VI. 43	1,962,190.52	1,479,609.46	1,410,316.38
Less: non-operating expenses	Note VI. 44	83,673,060.51	69,726,818.12	37,928,081.51
IV.Total profits (losses indicated with "-")		881,162,590.10	1,162,086,823.94	1,007,605,329.42
Less: Income tax expenses	Note VI. 45	141,863,571.93	146,246,907.52	156,626,695.44
V.Net profits (Net losses indicated with "-")		739,299,018.17	1,015,839,916.42	850,978,633.98
(I) classification by business continuity		739,299,018.17	1,015,839,916.42	850,978,633.98
1. Net profit from continuous operation (Net losses indicated with "-")		739,299,018.17	1,015,839,916.42	850,978,633.98
2. Net profit from termination of operation (Net losses indicated with "-")				
(II) classification by ownership		739,299,018.17	1,015,839,916.42	850,978,633.98
1. Net profit attributable to the shareholders of the parent company (Net losses indicated with "-")		614,286,281.21	875,847,516.59	709,723,953.44
2. Minority shareholders' profit and loss (Net losses indicated with "-")		125,012,736.96	139,992,399.83	141,254,680.54
VI. Net post-tax amount of other comprehensive income		-48,396,114.38	-53,991,865.16	-85,124,343.35
(I) Owners' total comprehensive income attributable to the parent company		-29,598,617.29	-67,976,491.76	-86,027,356.36
1. Other comprehensive incomes cannot be reclassified into profits or losses		7,999,114.91	29,370,914.69	
(1) Re-measure the amount of changes in the benefit plan				
(2) Other comprehensive incomes cannot be transferred to profits or losses under the equity method				
(3) Changes in fair values of other equity instrument investment		7,999,114.91	29,370,914.69	
(4) Changes in fair value of enterprise's own credit risk				
(5) Others				
2. Other comprehensive incomes to be reclassified into profits and losses		-37,597,732.20	-97,347,406.45	-86,027,356.36
(1) Other comprehensive incomes to be transferred to profits or losses under the equity method				
(2) Changes in fair value of other debt investments				
(3) Amount of financial assets reclassified into other comprehensive income				
(4) Provision for credit impairment of other creditor's rights investment				
(5) Cash flow hedging reserve				
(6) Translation difference of the foreign-currency statements				
(7) Others		-37,597,732.20	-97,347,406.45	-86,027,356.36
(II) Net after-tax of other comprehensive income attributable to minority shareholders		-18,797,497.09	13,984,626.60	903,013.01
VII. total comprehensive income		690,902,903.79	961,848,051.26	765,854,290.63
(I) Total comprehensive income attributable to owners of the parent company		584,687,663.92	807,871,024.83	623,696,597.08
(II) Total comprehensive income attributable to minority shareholders		106,215,239.87	153,977,026.43	142,157,693.55

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Consolidated Statement of Cash Flow

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	Year 2024	Year 2023	Year 2022
I. Cash flows from operating activities:				
Cash received from sale of commodities and provision of labor services		9,616,562,801.06	9,170,688,733.97	7,933,851,563.40
Refund of taxes and levies			38,503,603.66	50,586,418.62
Other cash received related to operating activities		5,383,417,283.55	7,422,862,076.78	5,015,029,625.21
Subtotal of cash inflows of operating activities		14,999,980,084.61	16,632,054,414.41	12,999,467,607.23
Cash paid for purchase of commodities and labor services		9,060,931,146.57	10,721,236,335.33	11,884,506,623.87
Cash paid to and for employees		117,389,520.55	120,618,817.41	121,959,355.08
Tax payments		247,802,592.79	305,384,965.61	170,357,779.66
Other cash paid related to operating activities		2,582,868,033.33	3,486,179,511.30	2,893,750,680.02
Subtotal cash outflow from operating activities		12,008,991,293.24	14,633,419,629.65	15,070,574,438.63
Net cash flows from operating activities		2,990,988,791.37	1,998,634,784.76	-2,071,106,831.40
II. cash flow from investment activities:				
Cash received from return on investments		69,599,789.55	100,439,314.89	80,000,000.00
Cash received from investment income		42,148,377.45	23,518,319.63	35,206,832.70
Net cash from disposal of fixed assets, intangible assets and other long-term assets		31,183,560.15	443,573.69	210,044,210.38
Net cash from disposal of subsidiaries and other business units				
Other cash received from investment related activities		5,000,000.00		76,023,339.46
Subtotal of cash inflows of investment activities		147,931,727.15	124,401,208.21	401,274,382.54
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		1,175,871,350.38	3,395,002,329.00	918,909,283.22
Cash paid for investment		21,098,000.00	359,010,000.00	12,005,000.00
Net cash paid for acquisition of subsidiaries and other business units				
Other cash paid for investment related activities		29,841,203.06	59,129.03	32,351,710.03
Subtotal of cash outflows of investment activities		1,226,810,553.44	3,754,071,458.03	963,265,993.25
Net cash flows from investment activities		-1,078,878,826.29	-3,629,670,249.82	-561,991,610.71
III. Cash flows from financing activities:				
Cash received from investment absorption		1,616,750,000.00	1,546,060,110.00	1,035,657,200.00
Including: the subsidiary receives cash from minority shareholders' investments		1,076,750,000.00	270,644,352.90	
Cash received from obtaining loans		19,839,298,057.99	29,226,071,160.79	23,326,063,129.63
Other cash received related to financing activities		17,021,033,605.34	14,560,156,136.24	13,684,498,043.86
Subtotal of cash inflows of financing activities		38,477,081,663.33	45,332,287,407.03	38,046,218,373.49
Cash paid to repay debts		21,851,534,027.96	23,094,929,544.77	18,949,037,559.25
Cash paid to distribute dividends, profits or pay interest		2,855,786,203.85	2,781,217,522.78	2,571,613,526.26
Including: dividends and profits paid by subsidiaries to minority shareholders				
Other cash paid related to financing activities		14,758,047,528.43	17,173,584,124.61	15,042,391,327.64
Subtotal of cash outflows of financing activities		39,465,367,760.24	43,049,731,192.16	36,563,042,413.15
Net cash flows from financing activities		-988,286,096.91	2,282,556,214.87	1,483,175,960.34
IV. impact of exchange rate changes on cash and cash equivalents		-5,886,948.34	-6,319,150.56	1,020,331.64
V. Net increase in cash and cash equivalents		917,936,919.83	645,201,599.25	-1,148,902,150.13
Plus: opening balance of cash and cash equivalents		2,112,381,426.39	1,467,179,827.14	2,616,081,977.27
VI. Closing balance of cash and cash equivalents		3,030,318,346.22	2,112,381,426.39	1,467,179,827.14

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Consolidated Statement of Changes in Owner's Equity

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2024													
	Owners' equities attributable to the parent company												Minority Shareholders' equity	Total owner's equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal	Other		
		Preferred stock	Perpetual bond	Other										
I. Closing balance of previous year					20,455,847,718.05		2,004,894,208.86	292,638.53		5,907,035,743.61	28,368,070,309.05		7,137,055,208.99	35,505,125,518.04
Plus: changes to accounting policies														
Correction of prior period errors														
Other														
II. Opening balance of this year					20,455,847,718.05		2,004,894,208.86	292,638.53		5,907,035,743.61	28,368,070,309.05		7,137,055,208.99	35,505,125,518.04
III.Increase of this year (decrease indicated with “-”)					650,414,181.92		-29,598,617.29	-292,638.53		614,286,281.21	1,234,809,207.31		1,180,507,174.11	2,415,316,381.42
(I) Total comprehensive income							-29,598,617.29			614,286,281.21	584,687,663.92		106,215,239.87	690,902,903.79
(II) Investments of owners and reduced capital					650,414,181.92						650,414,181.92		1,074,291,934.24	1,724,706,116.16
1. Capital invested by the owners													1,076,750,000.00	1,076,750,000.00
2. Capital investments of other equity instrument holders														
3. Amount of the share-based payments in the owners' equity														
4. Other					650,414,181.92						650,414,181.92		-2,458,065.76	647,956,116.16
(III) Distribution of profits														
1. Withdrawal of surplus reserves														
2. Distribution to owners														
3. Other														
(IV)Internal carry-over shareholders' equity														
1. Conversion of capital reserve into capital														
2. Conversion of surplus reserve into capital														
3. Conversion of surplus reserve into capital (or capital stock)														
4. Set the amount of changes in the benefit plan to carry forward retained earnings														
5. Carry-forward of other comprehensive income to retained earnings														
6. Other														
(V) Special reserve								-292,638.53			-292,638.53			-292,638.53
1. Withdrawal of this period														
2. Utilization of this period								292,638.53			292,638.53			292,638.53
(VI) Other														
IV.Closing balance of this year					21,106,261,899.97		1,975,295,591.57			6,521,322,024.82	29,602,879,516.36		8,317,562,383.10	37,920,441,899.46

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro forma Consolidated Statement of Changes in Owner's Equity (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2023												
	Owners' equities attributable to the parent company												Minority Shareholders' equity
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal	Other	
		Preferred stock	Perpetual bond	Other									Total owner's equity
I. Closing balance of previous year					19,081,525,331.98		2,072,870,700.62	226,298.35		5,031,188,227.02	26,185,810,557.97		6,140,653,728.92
Plus: changes to accounting policies													
Correction of prior period errors													
Other													
II. Opening balance of this year					19,081,525,331.98		2,072,870,700.62	226,298.35		5,031,188,227.02	26,185,810,557.97		6,140,653,728.92
III. Increase of this year (decrease indicated with "-")					1,374,322,386.07		-67,976,491.76	66,340.18		875,847,516.59	2,182,259,751.08		996,401,480.07
(I) Total comprehensive income							-67,976,491.76			875,847,516.59	807,871,024.83		153,977,026.43
(II) Investments of owners and reduced capital					1,374,322,386.07						1,374,322,386.07		842,424,453.64
1. Capital invested by the owners													270,644,352.90
2. Capital investments of other equity instrument holders													
3. Amount of the share-based payments in the owners' equity													
4. Other					1,374,322,386.07						1,374,322,386.07		571,780,100.74
(III) Distribution of profits													
1. Withdrawal of surplus reserves													
2. Distribution to owners													
3. Other													
(IV) Internal carry-over shareholders' equity													
1. Conversion of capital reserve into capital													
2. Conversion of surplus reserve into capital													
3. Conversion of surplus reserve into capital (or capital stock)													
4. Set the amount of changes in the benefit plan to carry forward retained earnings													
5. Carry-forward of other comprehensive income to retained earnings													
6. Other													
(V) Special reserve								66,340.18			66,340.18		66,340.18
1. Withdrawal of this period													
2. Utilization of this period								-66,340.18					
(VI) Other													
IV. Closing balance of this year					20,455,847,718.05		2,004,894,208.86	292,638.53		5,907,035,743.61	28,368,070,309.05		7,137,055,208.99

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro forma Consolidated Statement of Changes in Owner's Equity (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2022													
	Owners' equities attributable to the parent company											Minority Shareholders' equity	Total owner's equity	
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Subtotal			Other
		Preferred stock	Perpetual bond	Other										
I. Closing balance of previous year					18,624,329,005.06		2,158,898,056.98	201,471.79		4,321,464,273.58	25,104,892,807.41		5,805,066,541.64	30,909,959,349.05
Plus: changes to accounting policies														
Correction of prior period errors														
Other														
II. Opening balance of this year					18,624,329,005.06		2,158,898,056.98	201,471.79		4,321,464,273.58	25,104,892,807.41		5,805,066,541.64	30,909,959,349.05
III.Increase of this year (decrease indicated with "-")					457,196,326.92		-86,027,356.36	24,826.56		709,723,953.44	1,080,917,750.56		335,587,187.28	1,416,504,937.84
(I) Total comprehensive income							-86,027,356.36			709,723,953.44	623,696,597.08		142,157,693.55	765,854,290.63
(II) Investments of owners and reduced capital					457,196,326.92						457,196,326.92		193,429,493.73	844,055,314.38
1. Capital invested by the owners														
2. Capital investments of other equity instrument holders														
3. Amount of the share-based payments in the owners' equity														
4. Other					457,196,326.92						457,196,326.92		193,429,493.73	650,625,820.65
(III) Distribution of profits														
1. Withdrawal of surplus reserves														
2. Distribution to owners														
3. Other														
(IV)Internal carry-over shareholders' equity														
1. Conversion of capital reserve into capital														
2. Conversion of surplus reserve into capital														
3. Conversion of surplus reserve into capital (or capital stock)														
4. Set the amount of changes in the benefit plan to carry forward retained earnings														
5. Carry-forward of other comprehensive income to retained earnings														
6. Other														
(V) Special reserve								24,826.56			24,826.56			24,826.56
1. Withdrawal of this period														
2. Utilization of this period								-24,826.56			-24,826.56			-24,826.56
(VI) Other														
IV.Closing balance of this year					19,081,525,331.98		2,072,870,700.62	226,298.35		5,031,188,227.02	26,185,810,557.97		6,140,653,728.92	32,326,464,286.89

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Balance Sheet of Parent Company

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2024	December 31, 2023	December 31, 2022
Current assets:				
Monetary capital		1,005.14		
Transactional financial assets				
Derivative financial assets				
Notes receivable				
Accounts receivable				
Receivables financing				
Advance payment				
Other receivables				
Inventory				
Contract assets				
Held-for-sale assets				
Non-current assets due within one year				
Other current assets				
Total current assets		1,005.14		
Non-current assets:				
Debt investment				
Other Debt Investment				
Long-term receivables				
Long - term equity investment	Note XII.1	3,049,000,000.00	3,049,000,000.00	3,049,000,000.00
Other equity instrument investment				
Other non-current financial assets				
Investment real estate				
Fixed assets				
Construction in progress				
Capitalized biological assets				
Oil and gas assets				
Right-of-use asset				
Intangible assets				
Development expenditures				
Goodwill				
Long - term deferred expenses				
Deferred income tax assets				
Other non-current assets				
Total non-current assets		3,049,000,000.00	3,049,000,000.00	3,049,000,000.00
Total assets		3,049,001,005.14	3,049,000,000.00	3,049,000,000.00

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Balance Sheet of Parent Company (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Note	December 31, 2024	December 31, 2023	December 31, 2022
Current liabilities:				
Short-term borrowings				
Transactional financial liabilities				
Derivative financial liabilities				
Notes payable				
Accounts payable				
Advance receipts				
Contract liability				
Payroll payable				
Taxes and dues payable				
Other payables		1,100.00		
Held-for-sale liabilities				
Non-current liabilities due within one year				
Other current liabilities				
Total current liabilities		1,100.00		
Non-current liabilities:				
Long-term borrowings				
Bonds payable				
Including:Preferred stock				
Perpetual bond				
Lease liabilities				
Long-term payables				
Long-term staff compensation payable				
Estimated liabilities				
Deferred income				
Deferred income tax liabilities				
Other non-current liabilities				
Total non-current liabilities				
Total liabilities		1,100.00		
Owner's equity:				
Paid-in capital				
Other equity instruments				
Including:Preferred stock				
Perpetual bond				
Capital reserves		3,049,000,000.00	3,049,000,000.00	3,049,000,000.00
Less: inventory stock				
Other comprehensive incomes				
Special reserves				
Surplus reserves				
Undistributed profits		-94.86		
Total owner's equity		3,048,999,905.14	3,049,000,000.00	3,049,000,000.00
Total liabilities and owner's equity		3,049,001,005.14	3,049,000,000.00	3,049,000,000.00

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Income Statement of Parent Company

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary
unit: RMB

Items	Note	Year 2024	Year 2023	Year 2022
I. Total operating incomes				
Including: Operating incomes				
II. Total operating Costs		94.86		
Less: operating Cost				
Taxes and surcharges				
Sales expenses				
Administrative expenses				
R&D expenses				
Financial expenses		94.86		
Including: interest expenses				
Interest incomes		1.14		
Plus: other incomes				
Investment income (losses indicated with "-")				
Including: income from investments in associated enterprises and joint ventures				
Revenue from derecognition of financial assets measured in amortized cost				
Gains from changes in fair value(losses indicated with "-")				
Impairment loss of credit (losses indicated with "-")				
Impairment loss of assets (losses indicated with "-")				
Income from disposal of assets (losses indicated with "-")				
II. operating profit (losses indicated with "-")		-94.86		
Plus: non-operating incomes				
Less: non-operating expenses				
III.Total profits (losses indicated with "-")		-94.86		
Less: Income tax expenses				
IV.Net profits (Net losses indicated with "-")		-94.86		
(I) Net profit from continuous operation (Net losses indicated with "-")		-94.86		
(II) Net profit from termination of operation (Net losses indicated with "-")				
V. Net post-tax amount of other comprehensive income				
1. Other comprehensive incomes cannot be reclassified into profits or losses				
(1) Re-measure the amount of changes in the benefit plan				
(2) Other comprehensive incomes cannot be transferred to profits or losses under the equity method				
(3) Changes in fair values of other equity instrument investment				
(4) Changes in fair value of enterprise's own credit risk				
(5) Others				
2. Other comprehensive incomes to be reclassified into profits and losses				
(1) Other comprehensive incomes to be transferred to profits or losses under the equity method				
(2) Changes in fair value of other debt investments				
(3) Amount of financial assets reclassified into other comprehensive income				
(4) Provision for credit impairment of other creditor's rights investment				
(5) Cash flow hedging reserve				
(6) Translation difference of the foreign-currency statements				
(7) Others				
VI. Total comprehensive incomes		-94.86		

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Cash Flow Statement of Parent Company

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit:
RMB

Items	Note	Year 2024	Year 2023	Year 2022
I. Cash flows from operating activities:				
Cash received from sale of commodities and provision of labor services				
Refund of taxes and levies				
Other cash received related to operating activities		50,101.14		
Subtotal of cash inflows of operating activities		50,101.14		
Cash paid for purchase of commodities and labor services				
Cash paid to and for employees				
Tax payments				
Other cash paid related to operating activities		49,096.00		
Subtotal cash outflow from operating activities		49,096.00		
Net cash flows from operating activities		1,005.14		
II. cash flow from investment activities:				
Cash received from return on investments				
Cash received from investment income				
Net cash from disposal of fixed assets, intangible assets and other long-term assets				
Net cash from disposal of subsidiaries and other business units				
Other cash received from investment related activities				
Subtotal of cash inflows of investment activities				
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets				
Cash paid for investment				
Net cash paid for acquisition of subsidiaries and other business units				
Other cash paid for investment related activities				
Subtotal of cash outflows of investment activities				
Net cash flows from investment activities				
III. Cash flows from financing activities:				
Cash received from investment absorption				
Cash received from obtaining loans				
Other cash received related to financing activities				
Subtotal of cash inflows of financing activities				
Cash paid to repay debts				
Cash paid to distribute dividends, profits or pay interest				
Other cash paid related to financing activities				
Subtotal of cash outflows of financing activities				
Net cash flows from financing activities				
IV. impact of exchange rate changes on cash and cash equivalents				
V. Net increase in cash and cash equivalents		1,005.14		
Plus: opening balance of cash and cash equivalents				
VI. Closing balance of cash and cash equivalents		1,005.14		

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Statement of Changes in Owner's Equity of Parent Company

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2024										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year					3,049,000,000.00						3,049,000,000.00
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year					3,049,000,000.00						3,049,000,000.00
III.Increase of this year (decrease indicated with “-”)										-94.86	-94.86
(I) Total comprehensive income										-94.86	-94.86
(II) Investments of owners and reduced capital											
1. Capital invested by the owners											
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Distribution to owners											
3. Other											
(IV)Internal carry-over shareholders' equity											
1. Conversion of capital reserve into capital											
2. Conversion of surplus reserve into capital											
3. Conversion of surplus reserve into capital (or capital stock)											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV.Closing balance of this year					3,049,000,000.00					-94.86	3,048,999,905.14

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Statement of Changes in Owner's Equity of Parent Company (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2023										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year					3,049,000,000.00						3,049,000,000.00
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year					3,049,000,000.00						3,049,000,000.00
III.Increase of this year (decrease indicated with “-”)											
(I) Total comprehensive income											
(II) Investments of owners and reduced capital											
1. Capital invested by the owners											
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners’ equity											
4. Other											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Distribution to owners											
3. Other											
(IV)Internal carry-over shareholders’ equity											
1. Conversion of capital reserve into capital (or capital stock)											
2. Conversion of surplus reserve into capital (or capital stock)											
3. Conversion of surplus reserve into capital (or capital stock)											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV.Closing balance of this year					3,049,000,000.00						3,049,000,000.00

(The attached notes to the financial statements are an integral part of these financial statements)

Legal representative:

Principal in Charge of Financial Work:

Principal of Financial Department:

Pro Forma Statement of Changes in Owner's Equity of Parent Company (Continued)

Preparation Company: Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Monetary unit: RMB

Items	Year 2022										
	Paid-in capital	Other equity instruments			Capital reserves	Less: inventory stock	Other comprehensive incomes	Special reserves	Surplus reserves	Undistributed profits	Total owner's equity
		Preferred stock	Perpetual bond	Other							
I. Closing balance of previous year					3,049,000,000.00						3,049,000,000.00
Plus: changes to accounting policies											
Correction of prior period errors											
Other											
II. Opening balance of this year					3,049,000,000.00						3,049,000,000.00
III. Increase of this year (decrease indicated with “-”)											
(I) Total comprehensive income											
(II) Investments of owners and reduced capital											
1. Capital invested by the owners											
2. Capital investments of other equity instrument holders											
3. Amount of the share-based payments in the owners' equity											
4. Other											
(III) Distribution of profits											
1. Withdrawal of surplus reserves											
2. Distribution to owners											
3. Other											
(IV) Internal carry-over shareholders' equity											
1. Conversion of capital reserve into capital (or capital stock)											
2. Conversion of surplus reserve into capital (or capital stock)											
3. Conversion of surplus reserve into capital (or capital stock)											
4. Set the amount of changes in the benefit plan to carry forward retained earnings											
5. Carry-forward of other comprehensive income to retained earnings											
6. Other											
(V) Special reserve											
1. Withdrawal of this period											
2. Utilization of this period											
(VI) Other											
IV. Closing balance of this year					3,049,000,000.00						3,049,000,000.00

(The attached notes to the financial statements are an integral part of these financial statements)

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Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

Notes to the Pro Forma Financial Statements for the Years 2022-2024

(Unless otherwise specified, the currency unit in the Notes is in RMB)

I. Basic information of the Company

(I) Place of registration and form of organization of the Company

Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. (hereinafter referred to as "the Company", collectively referred to as "the Group" when including subsidiaries) was established on April 4, 2023. Upon establishment, the former name was "Yancheng Dafeng Huiyu Urban Renewal Co., Ltd.", with an initial registered capital of 400 million yuan, and the registered capital after the change is 2 billion yuan.

The company's unified social credit code: 91320982 MACME9N3E;

Registered address: No. 7, Feida East Road, Dafeng District, Yancheng City, Jiangsu Province;

Legal representative: Gui Boxiang;

Enterprise type: limited liability company.

(II) Business scope of the Company

Licensed items: construction of construction projects; development and operation of real estate; operation of building demolition (except blasting operation); aquaculture (items subject to approval according to law can only be operated after being approved by relevant departments, and specific business items shall be subject to the approval results)

General items: investment activities with self-owned funds; venture capital (limited to unlisted enterprises); municipal facilities management; car parking services; housing rentals; lease of non-residential real estate; engineering management services; urban and rural appearance management; sales of building materials; sales of metal materials; land remediation services; earthwork construction; construction of landscaping engineering; property management; sales of gift flowers; Internet sales (except for the sale of goods that require licensing); information technology consulting services; vegetable cultivation; flower planting; fruit cultivation; tree planting operations; corporate headquarters management; enterprise management; urban greening management; lease of photovoltaic power generation equipment; technology, information, facility construction and operation and other services related to agricultural production and operation (except for items subject to approval according to law, business activities shall be independently carried out according to law with business license)

(III) Approval for publication of pro forma financial statements

These pro forma financial statements have been approved for release by the resolution of directors of

the Company's board.

(IV) Scope of pro forma consolidated financial statements

Consolidation scope of the Company's pro forma consolidated financial statements is determined according to control right, and all subsidiaries shall be consolidated in the pro forma consolidated financial statements. For details of subsidiaries during the reporting period, see Note VIII, 1. Equity in subsidiaries. For details of the changes in the scope of consolidation of the Company during the reporting period, see Note VII. Change of consolidation Scope.

II. Presentation basis of pro forma financial statements

(I) Basis of preparation

On the basis of going concern, according to actual transactions and events, the Company prepares pro-forma financial statements in accordance with the *Accounting Standards for Business Enterprises-Basic Standards* and various specific accounting standards, application guidelines of Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises"), and with reference to the disclosure requirements of the China Securities Regulatory Commission's *Rules for Reporting Information Disclosure of Companies Offering Securities to the Public No.15-General Provisions on Financial Reports* (revised in 2023).

On December 28, 2024, according to the document of the State-owned Assets Supervision and Administration Office of the People's Government of Dafeng District, Yancheng City-*Reply on Agreeing to Transfer the Equity of Jiangsu Fengshou Dadi Investment Development Co., Ltd. and Other Companies*, the integration was carried out in the form of equity structure adjustment and the Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. was established. 49% equity of Jiangsu Fengshou Dadi Investment Development Co., Ltd. held by Yancheng Dafeng Urban Construction Group Co., Ltd. was transferred to the Company free of charge, and 100% equity of the Company was transferred to Yancheng Dafeng People's Government free of charge.

On April 27, 2025, according to the document of Yancheng Dafeng Urban Construction Group Co., Ltd. (Da Cheng Jian [2025] No.21)-*Request for Instructions on the Adjustment Plan of Equity Structure of District Urban Construction Group*, it planned to transfer 100% equity of Yancheng Dafeng Urban Construction Group Co., Ltd. to the Company as a whole. After the equity transfer is completed, Yancheng Dafeng Urban Construction Group Co., Ltd. will become a wholly-owned subsidiary of the Company. Yancheng Dafeng Jinmao State-owned Comprehensive Assets Management Co., Ltd. intends to entrust 51% of the shareholder voting rights of Jiangsu Fengshou Dadi Investment Development Co., Ltd. held by it to the Company for exercise. After the entrustment is completed, the Company will be able to control Jiangsu Fengshou Dadi Investment and Development Co., Ltd. and incorporate it into the scope of

consolidation. On May 15, 2025, the District State-owned Assets Office agreed to the Request and issued an approval document.

As of the reporting date, the registration changes of Yancheng Dafeng Urban Construction Group Co., Ltd. and Jiangsu Fengshou Dadi Investment Development Co., Ltd., subsidiaries of the Company, are being processed.

These pro-forma financial statements assume that the Company has been established on January 1, 2022 and has acquired the equity interests of the above companies since the beginning of this pro-forma financial statement period, and has existed until the completion of the equity change.

(II) Going-concern

These pro forma financial statements are presented on a going concern basis and the Company has a going concern capability for at least 12 months the end of the reporting period.

III. Statement on compliance with the Accounting Standards for Business Enterprises

The pro forma financial statements prepared by the Company comply with the Accounting Standards for Business Enterprises, and truly and completely reflect the financial status of pro forma consolidated and parent company as of December 31, 2022, 2023 and 2024, and operating results, cash flow of the pro forma consolidated and parent company in 2022, 2023 and 2024.

IV. Significant accounting policies and accounting estimates

(I) Accounting period

The accounting period of the Company is divided into annual period and interim period, and the interim period refers to the reporting period shorter than a full accounting year. The fiscal year of the Company adopts the Gregorian calendar year, i.e. from January 1 to December 31 each year.

(II) Operating cycle

The normal operating cycle refers to the period from the purchase of assets by the Company for processing to the realization of cash or cash equivalents. The Company takes 12 months as a business cycle and uses it as the liquidity division standard for assets and liabilities.

(III) Functional currency

RMB is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate and the Company and its subsidiaries use RMB as its functional currency. The Company has no overseas subsidiary. The currency used by the Company in preparing these financial statements is RMB.

(IV) Accounting method for merger of enterprises under the common control and not under the common control

Business combination refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. The business combination is divided into business combination under

the same control and business combination not under the same control.

1. Accounting method for merge of enterprises under the common control

A business merger under the same control is a business merger in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business merger and on which the control is not temporary. In a business combination under the same control, the party which obtains the control on other combining enterprise(s) on the combining date is the combining party, and other combining enterprise(s) is (are) the combined party. The "combining date" refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities acquired by the Company in a business merger shall be measured according to the book value of the assets and liabilities of the combined party (including the goodwill formed by acquisition of the combined party by the ultimate controlling party) in the consolidated financial statements of the ultimate controlling party on the combining date. As for the balance between the book value of the net assets obtained and the book value of the consideration paid by it (or the total face value of the shares issued), the equity premium in the capital reserve shall be adjusted.

The direct cost occurred in the business combination is recorded into the profit or loss for the period when they actually occurred.

2. Accounting method for merge of enterprises not under the common control

If an enterprise participating in the combination are not ultimately controlled by the same party or the same parties before and after the combination, it is a business combination not under the same control. In a business combination not under the same control, the party which obtains the control on other combining enterprise(s) on the purchase date is the acquirer, and other combining enterprise(s) is (are) the acquiree. The purchase date refers to the date on which the acquirer actually obtains control over the acquiree.

For business combinations not under the same control, consolidation costs shall include the assets paid by the acquirer to obtain control over the acquiree on the purchase date, the liabilities incurred or assumed, and the fair value of equity securities issued. Intermediary fees such as auditing, legal services, evaluation and consultation and other management fees incurred for business combination shall be included in the current profits and losses when they are incurred. The transaction costs of equity securities or debt securities issued by the purchaser as merger consideration are included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved shall be included in the consolidated cost according to its fair value on the purchase date. If new or further evidence of the existing situation on the purchase date appears within 12 months after the purchase date and it is necessary to adjust the contingent consideration, the consolidated goodwill shall be adjusted accordingly. The combination costs incurred by the acquirer and the identifiable net assets acquired in the combination are measured at the fair value at the purchase date. The difference between the combined cost and the fair value share of the

identifiable net assets of the acquiree at the purchase date obtained in the combination is recognized as goodwill. If the combined cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, firstly, the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combined cost are reviewed. If the combined cost is still less than the fair value share of identifiable net assets of the acquiree obtained in the combination after review, the difference shall be included in the current profits and losses.

For the deductible temporary difference of the acquiree obtained by the acquirer, if the deferred income tax assets are not recognized on the purchase date because they do not meet the conditions for recognition of deferred income tax assets, then within 12 months after the purchase date, if new or further information is obtained to show that the relevant situation on the purchase date already exists and the economic benefits brought by the deductible temporary difference of the acquired party can be realized, the relevant deferred income tax assets will be recognized, and goodwill will be reduced at the same time. If goodwill is insufficient to offset, the difference will be recognized as current profits and losses; in addition to the above, if deferred income tax assets related to business combination are recognized, they shall be included in the profits and losses of the current period.

Where a business combination not under common control is realized in stages through multiple transactions, it is judged whether these transactions are considered to be a “package transaction” according to the Notice of the Ministry of Finance on Issuing Interpretation No.5 of the Accounting Standards for Business Enterprises (Cai Kuai [2012] No.19) and Article 51 of the Accounting Standards for Enterprises No.33 - Consolidated Financial Statements (see Note IV (V), which set out the criteria defining a package transaction. If it is a "package transaction", these transactions are accounted in accordance with the previous paragraphs of this section and Note IV (XV) “Long-term Equity Investment”. If no, relevant accounting treatments shall be undertaken individually in separate financial statements and in consolidated financial statements:

In individual financial statements, the sum of the book value of the equity investment held by the acquired party before the purchase date and the newly added investment cost on the purchase date shall be taken as the initial investment cost of the investment; where the equity of the acquiree held before the purchase date involves other comprehensive income, at the time of disposal of the investment, other comprehensive income related to it is accounted for on the same basis as the acquiree directly disposes of the related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated according to the equity method, the rest is transferred to the current investment income).

In the consolidated financial statements, the equity of the acquired party held before the purchase date is re-measured according to the fair value of the equity on the purchase date, and the difference between the

fair value and its book value is included in the current investment income; where the equity of the acquiree held before the purchase date involves other comprehensive income, other comprehensive income related to it should be accounted for on the same basis as the acquiree's direct disposal of related assets or liabilities (i.e., except for the corresponding share of the changes caused by the remeasurement of the net liabilities or net assets of the defined benefit plan by the acquired party calculated according to the equity method, the rest is transferred to the current investment income on the purchase date).

(V) Preparation method of pro forma consolidated financial statements

1. Principles for determining the scope of consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control. Control means that the Company has the power over the investee, enjoys variable returns by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of returns. The scope of the merger includes the company and all its subsidiaries. Subsidiary refers to the main body controlled by the Company.

The Company will re-evaluate the relevant elements involved in the above control definition as a result of changes in relevant facts and situations.

2. Preparation method of consolidated financial statements

From the date of obtaining the net assets of subsidiaries and the actual control rights of production and operation decisions, the Company began to bring them into the consolidation scope; it shall stop being included in the consolidation scope from the date of losing the actual control right. For the disposed subsidiaries, the operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; for subsidiaries disposed of in the current period, the beginning balance of the consolidated balance sheet will not be adjusted. The operating results and cash flows after the purchase date of a subsidiary increased by business combination not under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the beginning balance and comparative amount of the consolidated financial statements are not adjusted. The operating results and cash flows from the beginning of the consolidation period to the consolidation date of the subsidiaries that have been increased by business combination under the same control have been properly included in the consolidated income statement and consolidated cash flow statement, and the comparison amount of the consolidated financial statements has been adjusted at the same time.

In the preparation of pro forma consolidated financial statements, if the accounting policies or accounting periods adopted by a subsidiary are inconsistent with those adopted by the Company, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired through the merger of

enterprises not under the common control, their financial statements shall be adjusted based on the fair value of identifiable net assets on the purchase date.

All material balances, transactions and unrealized profits within the Company shall be offset at the time of preparation of the consolidated financial statements.

Shareholders' equity of subsidiaries and the part of current net profit and loss not owned by the Company shall be separately presented as minority shareholders' equity and minority shareholders' profit and loss in the consolidated financial statements under shareholders' equity and net profit. The share of minority shareholders' equity in the current net profit and loss of subsidiaries shall be presented as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. If the minority shareholders' share of the subsidiary's losses exceeds the minority shareholders' share in the initial shareholders' equity of the subsidiary, it still offsets the minority shareholders' equity.

When the control of the original subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The sum of the consideration obtained for disposal of the equity and the fair value of the remaining equity, less the difference between the shares of the original subsidiary's net assets calculated on the basis of the original shareholding ratio and the shares of the original subsidiary's net assets continuously calculated from the date of purchase or the date of merger, is included in the investment income of the current period when the control right is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted on the same basis as the direct disposal of related assets or liabilities by the acquired party in case of loss of control (i.e., except for the changes caused by remeasuring the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be transferred to the current investment income). Thereafter, the remaining equity shall be subsequently measured in accordance with relevant provisions such as Accounting Standards for Business Enterprises No.2-Long-term Equity Investment or Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments. For details, please refer to Note IV (XV) "Long-term Equity Investment" or Note IV (IX) "Financial Instruments".

If the Company loses the control rights of the subsidiary through multiple transactions by step-by-step dispose, it is necessary to distinguish whether the transactions of disposing of the equity investment in subsidiaries until the loss of control rights are package transactions. If the terms, conditions and economic impact of various transactions dealing with equity investment in subsidiaries meet one or more of the following conditions, it usually indicates that multiple transactions should be treated as a package transaction: ① These transactions are concluded at the same time or in consideration of each other's influence; ② These transactions only as a whole can achieve a complete business result; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ A transaction is

uneconomical when viewed alone, but it is economical when considered together with other transactions. If it is not a package transaction, each transaction shall be accounted for according to the applicable principles of "partial disposal of long-term equity investment in subsidiaries without loss of control" (see Note IV(XV) 2(4)) and "loss of control over original subsidiaries due to disposal of partial equity investment or other reasons" (see the previous paragraph for details). If the transactions of disposing of equity investment in subsidiaries until the loss of control rights belong to a package transaction, each transaction shall be treated as a transaction of disposing of subsidiaries and losing control rights for accounting treatment; however, the difference between the disposal price before the loss of control and the share of the net assets of the subsidiary corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profits and losses of the current period when the control is lost.

(VI) Joint venture arrangement classification and joint operation accounting method

A joint venture arrangement refers to an arrangement jointly controlled by two or more participants. According to the rights and obligations of the Company under the joint venture arrangement, the joint venture arrangement is divided into Joint Venture and joint operation. Joint operation refers to a joint venture arrangement in which the Company enjoys the assets related to the arrangement and bears the liabilities related to the arrangement. A joint venture refers to a joint venture arrangement in which the company only has rights to the net assets of the arrangement.

The Company's investments in joint ventures are accounted for by the equity method and are treated in accordance with the accounting policies set out in Note IV (XV) 2(2) "Long-term Equity Investments Accounting by the Equity Method".

As a joint venture party of the joint operation, the Company shall recognize the assets held separately and the liabilities assumed separately by the Company, and recognize the assets held jointly and the liabilities assumed jointly according to the Company's share; recognize the income generated from the sale of the Company's share of joint operating output; recognize the income generated from the sale of output in joint operations according to the Company's share; recognize the expenses incurred by the Company alone and the expenses incurred by joint operations according to the Company's share.

When the Company invests in or sells assets to a joint operation as a joint venture party (the assets do not constitute business, the same below), or purchases assets from a joint operation, the Company shall only recognize the part of the gains and losses arising from the transaction that belongs to other participants in the joint operation before the assets are sold to a third party. If these assets suffer asset impairment losses that meet the requirements of Accounting Standards for Business Enterprises No.8-Asset Impairment, the Company will fully recognize the losses when the Company invests or sells assets to the joint operation; in the case of assets purchased by the Company from joint operation, the Company shall recognize the loss

according to its share.

(VII) Recognition criteria of the cash and cash equivalents

The cash and cash equivalents of the Company include cash on hand, deposits readily available for payment and the investment with short term held by the Company (generally due within three months from the date of purchase), strong liquidity, easy conversion into known amounts cash, and small risk of changes in value.

(VIII) Translation of foreign currency business and foreign currency statements

(1) Conversion method of foreign currency transactions

Foreign currency transactions of the Company shall be converted into the functional currency amount at the spot exchange rate of the trading day upon initial recognition, but foreign currency exchange business or transactions involving foreign currency exchange shall be converted into the functional currency amount at the actual exchange rate.

(2) Conversion methods for foreign currency monetary items and foreign currency non-monetary items

On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate of the balance sheet date, and the exchange difference resulting therefrom, except: ① the exchange difference arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization shall be treated in accordance with the principle of capitalization of borrowing costs; and ② foreign currency monetary items available for sale, except for exchange differences arising from changes in book amounts other than amortized cost, which are included in other comprehensive income, are included in the current profits and losses.

If the preparation of consolidated financial statements involves overseas operations, and if there are foreign currency monetary items that substantially constitute net investment in overseas operations, the exchange difference arising from exchange rate changes shall be included in other comprehensive income; when disposing of overseas operations, it shall be included in the profits and losses of the current period.

Foreign currency non-monetary items measured at historical cost are still measured using the functional currency amount translated at the spot exchange rate on the transaction date. Foreign currency non-monetary items measured at the fair value are translated at the spot exchange rate at the date of fair value evaluation, and the difference between the translated amount in the functional currency and the original amount in the functional currency is treated as changes in fair value (including exchange rate changes) and recorded in current profit or loss or recognized as other comprehensive income.

2. Accounting treatment method for conversion of foreign currency statements

(1) The Company converts the financial statements of overseas operations according to the following methods:

The asset and liability items in the balance sheet are translated at the spot exchange rate ruling on the balance sheet date; the owners' equity items other than "undistributed profits" are translated at the spot exchange rate ruling on accrual.

The income and expense items in the income statement are translated at the spot exchange rate on the date of the transaction or at the exchange rate determined according to a systematic and reasonable method and similar to the spot exchange rate on the date of the transaction.

The translation difference of foreign currency financial statements resulting from the translation according to the above methods is presented in the "Other comprehensive income" item of owner's equity in the consolidated balance sheet.

(2) The Company converts the financial statements of overseas operations in a hyperinflationary economy according to the following methods:

The Company restates the items in the balance sheet using the general price index and the items in the income statement using the changes in the general price index, and then converts them at the spot exchange rate on the balance sheet date.

When the overseas operation is no longer in a hyperinflationary economy, the Company ceases restating the financial statements, and converts them according to the restated financial statements at the price level on the date of cessation.

(3) When the Company disposes of overseas operations, the conversion difference of foreign currency financial statements related to the overseas operations presented under other comprehensive income items in the consolidated balance sheet is transferred from other comprehensive income to the current profits and losses of disposal; In case of partial disposal of overseas operations, the conversion difference of foreign currency financial statements of the disposed part is calculated according to the proportion of the disposal and transferred to the current profits and losses of the disposal.

(IX) Financial instruments

When the Company becomes a party to the financial instrument contracts, a financial asset or financial liability is recognized.

1. Classification, recognition and measurement of financial assets

According to the business modes and contractual cash flow characteristic of the held financial assets, the Company classifies financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

Financial assets are measured at fair value upon initial recognition. For the financial assets and measured at fair value and recorded in the current profits and losses, relevant transaction costs are directly recorded into the gains and losses; for other types of financial assets, relevant transaction costs are recorded

into the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider significant financing components, the Company shall take the consideration amount expected to be entitled to receive as the initially recognized amount.

(1) Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, that is, the cash flow generated on a specific date is only the payment of principal and interest based on the outstanding principal amount. Financial assets at amortized cost are measured subsequently at amortized cost using the effective interest method by the Company. Gains or losses arising from amortization or impairment are recorded to the current profits and losses.

(2) Financial assets measured at fair value and whose changes are included in other comprehensive income

The Company's business model for managing this type of financial assets is to collect contractual cash flow and sell such assets, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement. The Company measures such financial assets at fair value and incorporates their changes into in other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated using the effective interest rate method are included in profit and loss for the period.

In addition, the Company designates some non-held-for-trading equity instrument investments as financial assets measured at fair value through other comprehensive income. The Company includes dividend income related to such financial assets into the current profits and losses and changes in fair value are included into other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings, and shall not be included in current profits and losses.

(3) Financial assets measured at fair value and whose changes are included in the profits and losses of the current period

The Company classifies financial assets other than the aforementioned financial assets measured at amortized cost and financial assets measured fair value through other comprehensive income as financial assets measured at fair value through the current profits and losses. In addition, at the time of initial recognition, the Company designates part of the financial assets as financial assets measured at fair value through profit or loss for the period, so as to eliminate or significantly reduce accounting mismatches. The Company measures such financial assets subsequently at fair value with change in the fair value recorded into the current profits and losses.

2. Classification, recognition and measurement of financial liabilities

Financial liabilities, at initial recognition, are classified into financial liabilities measured at fair value through the current profits and losses and other financial liabilities. Transaction costs relating to financial liabilities designated at fair value through profit or loss are directly recorded in profit or loss. Transaction costs relating to other financial liabilities are included in initially recognized amounts.

(1) Financial liabilities measured at fair value and whose changes are included in the profits and losses of the current period

Financial liabilities measured at fair values through profit or loss consist of held-for-trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities measured at fair value through the current profits and losses upon initial recognition.

Held-for-trading financial liabilities (including derivatives that are financial liabilities) are measured subsequently at fair value with changes recorded into profit or loss for the period, unless related to hedge accounting.

As to a financial liability measured at fair value and whose changes are included in current profits and losses, the change in the fair value of the liability caused by the change in the Company's own credit risk is included in other comprehensive income, and when the liability is derecognized, the accumulated changes in its fair value caused by changes in its own credit risk included in other comprehensive income are transferred to retained earnings. Other changes in the fair value are included in the current profits and losses. If the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the Company shall record all gains or losses on that liability (including the impact of changes in the credit risk of that liability) in the current profits and losses.

(2) Other financial liabilities

Other financial liabilities, except for financial liabilities arising from transfer of financial assets does not satisfy derecognition criteria or continue involvement of transferred financial assets and financial guarantee contracts liability, are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in the current profits and losses.

3. Recognition basis and measurement method of financial asset transfer

Financial assets that meet one of the following conditions shall be terminated to recognize: ① The contractual right to receive cash flow from the financial assets is terminated; ② The financial asset has been transferred, and almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee; ③ The financial asset has been transferred, although the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, it has given up its control over the financial asset.

If the enterprise neither transfers nor retains almost all risks and rewards in the ownership of financial assets, and does not give up its control over the financial assets, the relevant financial assets shall be recognized according to the degree of continuous involvement in the transferred financial assets, and the relevant liabilities shall be recognized accordingly. The degree of continued involvement in the transferred financial assets refers to the risk level faced by the enterprise due to the change of the value of the financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the book value of the transferred financial assets and the sum of the consideration received due to the transfer and the accumulated amount of changes in fair value originally included in other comprehensive income shall be included in the current profits and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets between derecognition and non-derecognition according to their relative fair values shall be allocated, and the difference between the sum of the consideration received due to the transfer and the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognition part and the aforesaid book amount allocated shall be included in the current profits and losses.

For financial assets sold with recourse or endorsed for transfer of financial assets held by the Company, it is necessary to determine whether almost all risks and rewards in the ownership of the financial assets have been transferred. If almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee, the recognition of the financial asset shall be terminated; if almost all risks and rewards in the ownership of financial assets are retained, the recognition of the financial assets will not be terminated; if almost all risks and rewards in the ownership of financial assets are neither transferred nor retained, it needs to continue to judge whether the enterprise retains control over the assets and carry out accounting treatment according to the principles mentioned in the previous paragraphs.

4. Derecognition of financial liabilities

The Company derecognizes a financial liability (or part thereof) only when the current obligations of the financial liability (or part thereof) have been discharged. If the Company (the borrower) and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability are substantially different from those of the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. Where the original agreement of a financial liability (or part thereof) is substantially modified by the Company, the original financial liability shall be terminated and a new financial liability shall be recognized according to the modified terms.

When a financial liability (or a part thereof) is derecognized, the Company shall include the difference

between its book value and the consideration paid (including transferred non-cash assets or liabilities) into the current profits and losses.

5. Offset of financial assets and financial liabilities

When the Company has the legal right to offset the recognized financial assets and financial liabilities, the statutory right is currently enforceable, and the Company plans to settle or simultaneously realize the financial assets and pay off the financial liabilities at the same time, financial assets and financial liabilities are presented in the balance sheet in amounts offset against each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

6. Method for determining fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly transaction on the measurement date. If there is active market for the financial instrument, the Company shall recognize its fair value by quoting from the active market. The quotation in the active market refers to the price that is readily available on a regular basis from exchanges, brokers, trade associations, pricing services, etc., and represents the price of a market transaction that actually occurs in fair trading. Where there is no active market for financial instruments, the Company adopts valuation techniques to determine their fair values. Valuation techniques include reference to prices used by market participants in major markets or the most favorable markets on measurement days, reference to current fair values of other financial instruments that are substantially the same, discounted cash flow method and option pricing model, etc. In valuation, the Company adopts valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of relevant assets or liabilities, and preferentially uses relevant observable input values. Unobservable input value is used when relevant observable input value is unavailable or impracticable.

7. Equity instrument

An equity instrument refers to a contract that can prove that it owns the surplus equity in the assets of the Company after deducting all liabilities. The issuance (including refinancing), repurchase, sale or cancellation of equity instruments by the Company are treated as changes in equity. Transaction costs related to equity transactions are deducted from the equity. The Company does not confirm the changes of fair value of equity instruments.

Dividends (including "interest" arising from instruments classified as equity instruments) distributed during the existence of the Company's equity instruments are treated as profit distribution.

(X) Impairment of financial assets

The financial assets of the Company that need to recognize impairment losses are financial assets

measured at amortized cost, debt instrument investments measured at fair value and whose changes are included in other comprehensive income, and lease receivables, mainly including bills receivable, accounts receivable, other receivables, debt investment, other debt investment, long-term receivables, etc. In addition, for contract assets and some financial guarantee contracts, provision for impairment and recognition of credit impairment losses are also made in accordance with the accounting policies described in this Part.

1. Recognition method of provision for impairment

On the basis of expected credit loss, the Company makes provision for impairment and recognizes credit impairment loss for the above items according to its applicable measurement method of expected credit loss (general method or simplified method).

Credit loss refers to the difference between all contract cash flows discounted by the company at the original effective interest rate and receivables according to the contracts and all cash flows expected to be received, that is, the present value of all cash shortages. Among them, for the purchased or originated financial assets with credit impairment, the Company discounts them according to the credit-adjusted actual interest rate of the financial assets.

The general method of measuring expected credit loss refers to, on each balance sheet date, the Company assesses whether the credit risk of financial assets (including contract assets and other applicable items, the same below) has increased significantly since the initial recognition. If the credit risk has increased significantly since the initial recognition, the Company measures the loss reserve according to the amount equivalent to the expected credit loss during the whole duration; if there is no significant increase in credit risk since initial recognition, the Company measures the loss provision at an amount equivalent to the expected credit loss in the next 12 months. When assessing the expected credit loss, the Company considers all reasonable and well-founded information, including forward-looking information.

For financial instruments with low credit risk on the balance sheet date, the Company assumes that their credit risk has not increased significantly since initial recognition, and measures the loss provision according to the expected credit loss in the next 12 months.

2. Criteria for judging whether credit risk has increased significantly since initial recognition

If the default probability of a financial asset in the expected duration determined on the balance sheet date is significantly higher than the default probability in the expected duration determined at the time of initial recognition, it indicates that the credit risk of the financial asset has increased significantly. Except for special circumstances, the Company adopts the change of default risk in the next 12 months as a reasonable estimate of the change of default risk in the whole period of existence to determine whether the credit risk has increased significantly since the initial recognition.

Usually, when it is overdue for more than 12 months, the Company considers that the credit risk of the

financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company will take into account of the following factors when assessing whether there is a significant increase in credit risk:

- (1) Whether there has been a significant change in actual or expected operating results of the debtor;
- (2) Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor is located;
- (3) Whether there has been significant changes in the value of collateral as collateral for debt or the quality of collateral or credit enhancement provided by third parties, which are expected to reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract or affect the probability of default;
- (4) Whether there has been significant changes in the debtor's expected performance and repayment behavior;
- (5) Whether there has been changes in the Company's credit management methods for financial instruments, etc.

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

3. Criteria for determining financial assets that have experienced credit impairment

When one or more events that adversely affect the expected future cash flow of a financial asset occur, the financial asset becomes a financial asset with credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

- (1) The issuer or debtor has significant financial difficulties;
- (2) The debtor has violated the contract terms and conditions, such as default or delinquency in payment of interest or principal;
- (3) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- (4) It is probable that the debtor will go bankrupt or otherwise enters financial restructuring;
- (5) The disappearance of an active market for that financial asset because of financial difficulties.
- (6) Purchase or originate a financial asset at a deep discount that reflects the fact that a credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effect of multiple events rather than any single discrete event.

4. Combination method for evaluating expected credit risk based on combination

The company evaluates the credit risk of financial assets that are significantly different in credit risk, such as: receivables from related parties; receivables that have disputes or involves litigation or arbitration with the other party; receivables that have obvious signs that the debtor is likely to fail to fulfill its repayment obligations.

Except for financial assets for which credit risk is assessed individually, the Company divides financial assets into different groups based on common risk characteristics and assesses credit risk on a combination basis. The shared credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc., and credit risk is assessed on the basis of combination.

5. Accounting treatment of impairment of financial assets

At the end of the period, the Company calculates the estimated credit loss of various financial assets. If the estimated credit loss is greater than the book amount of its current impairment reserve, the difference is recognized as impairment loss; if it is less than the book amount of the current provision for impairment, the difference is recognized as impairment gain.

6. Method for determining credit loss of various financial assets

(1) Notes receivable

The Company measures the loss provision for bills receivable according to the amount equivalent to the expected credit loss during the whole period of existence. Based on the credit risk characteristics of bills receivable, they are divided into different combinations:

Item	Combination determination basis
Bank acceptance bill	If the acceptor is a bank with relatively low credit risk, no provision for bad debts shall be made.
Commercial acceptance bill	If the acceptor is a non-financial institution, it is classified in the same way as combination 1 "accounts receivable".

(2) Accounts receivable

For accounts receivable that do not contain significant financing components, the Company measures the loss reserve according to the expected credit loss amount equivalent to that during the whole period of existence.

For accounts receivable with significant financing components, the Company chooses to always measure the loss provision at an amount equivalent to the expected credit loss during the period of existence.

In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.

Other combination	No provision for bad debts is made for transactions formed by investments of various governments (including government agencies and subordinate units), transactions of agent construction units, special funds, deposits, security deposits, reserve funds and transactions of related parties.
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Aging combination:

Aging	Withdrawal proportion of accounts receivable (%)
Within 1 year	0.00
1-2 years	5.00
2-3 years	10.00
3-4 years	20.00
4-5 years	30.00
More than 5 years	100.00

(3) Other receivables

The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole duration, based on whether its credit risk of other receivables has increased significantly since initial recognition. In addition to other receivable whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

Aging combination:

Aging	Withdrawal ratio of other receivables (%)
Within 1 year	0.00
1-2 years	5.00
2-3 years	10.00
3-4 years	20.00
4-5 years	30.00
More than 5 years	100.00

(4) Creditor's rights investment

Creditor's rights investments mainly accounts for bond investment measured by amortized cost. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(5) Other creditor's rights investment

Creditor's rights investments are mainly calculated at fair value and their changes are included in other

comprehensive income bond investments. The Company measures the impairment loss at an amount equivalent to the expected credit loss in the next 12 months or the whole period of existence, based on whether its credit risk has increased significantly since initial recognition.

(6) Long-term receivables

According to whether its credit risk has increased significantly since initial recognition, the Company measures the impairment loss of long-term receivables by using the amount equivalent to the expected credit loss within the next 12 months or the whole duration of the single assessment of credit risk. In addition to long-term receivables whose credit risk is assessed individually, they are divided into different combinations based on their credit risk characteristics:

Item	Combination determination basis
Aging combination	This combination takes the aging of accounts receivable as the credit risk characteristic.
Other combination	This combination includes various receivables such as deposits, advances, warranty deposit, reserve funds, receivables from government units (including government agencies, subordinate units, state-owned enterprises), and related party transactions that are frequently arising in daily activities, for which no provision for bad debts is made.

(XI) Accounts receivable financing

Notes receivable and accounts receivable classified as measured at fair value and whose changes are included in other comprehensive income are presented as receivables financing for those with a term of one year (including one year) from acquisition; if the term from acquisition is more than one year, it is presented as other debt investments. For its relevant accounting policies, please refer to Note IV (IX) "Financial Instruments" and Note IV (X) "Impairment of Financial Assets".

(XII) Inventory

1. Classification of inventory

Inventories mainly include raw materials, inventory goods, low-value consumables, contract performance costs, developed products, development costs, etc.

2. Pricing method for inventory acquisition and delivery

Inventory is priced at actual cost when acquired, and inventory cost includes procurement cost, processing cost and other costs. When receiving and issuing, the development products or development costs are priced according to the individual identification method, and the raw materials and inventory goods are priced according to the first-in, first-out method.

3. The recognition of the net realizable value of inventories and the accrual method of inventory falling price reserve

Net realizable value refers to the amount of the estimated sales price of inventory minus the estimated cost to be incurred at the time of completion, the estimated sales expenses and related taxes and fees in daily activities. In determining the net realizable value of inventories, it is based on the conclusive evidence obtained, and taking into account the purpose of holding inventories and the impact of events after the

balance sheet date.

On the balance sheet date, inventories are measured at the cost or net realizable value, whichever is lower. When the net realizable value is lower than the cost, the inventory depreciation provision is drawn. Inventory depreciation provision is usually based on the difference between the cost of a single inventory item and its net realizable value. For inventories with large quantity and low unit price, provision for inventory depreciation shall be made according to inventory category; for inventories that are related to product series produced and sold in the same area, have the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for inventory depreciation can be consolidated.

After the provision for inventory depreciation has been made, if the factors affecting the previous write-down of inventory value have disappeared, resulting in the net realizable value of inventory being higher than its book value, it shall be reversed within the original provision for inventory depreciation, and the reversed amount shall be included in the current profits and losses.

4. The inventory system for inventories is a perpetual inventory system, and conducts regular physical inventory.

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

Low-value consumables are amortized using the one-time write-off method when they are issued; packaging materials are also amortized using the one-time write-off method when they are issued.

(XIII) Contract assets

The Company presents the right to receive payment from customers who have not yet paid the contract consideration, but have fulfilled their performance obligations in accordance with the contract and are not unconditional (i.e. only dependent on the passage of time), as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

For details of the determination method and accounting treatment method of the expected provision for credit loss on contract assets, please refer to Notes IV (X) "Impairment of financial assets".

(XIV) Held-for-sale assets disposal groups

A non-current asset or disposal group is classified as held for sale if the Company recovers its book value primarily through sale (including exchange of non-monetary assets with commercial substance, the same below) rather than continuous use. The specific criteria are to meet the following conditions at the same time: a non-current asset or disposal group can be sold immediately under the current situation according to the practice of selling such assets or disposal groups in similar transactions; the Company has made a resolution on the sale plan and obtained a definite purchase commitment; the sale is expected to be completed within a year. Among them, the disposal group refers to a group of assets disposed of by sale or

other means as a whole in a transaction, and liabilities directly related to these assets transferred in the transaction. If the asset group or combination of asset groups to which the disposal group belongs allocates the goodwill obtained in the business combination in accordance with the Accounting Standards for Business Enterprises No.8-Impairment of Assets, the disposal group shall include the goodwill allocated to the disposal group.

When a company initially measures or re-measures non-current assets and disposal groups held for sale on the balance sheet date, If the book value is higher than the net amount of fair value minus the selling expenses, the book value shall be written down to the net amount of fair value minus the selling expenses, and the written down amount shall be recognized as asset impairment loss, which shall be included in the current profits and losses, and the impairment reserve for assets held for sale shall be made at the same time. For the disposal group, the recognized asset impairment loss is first offset against the book value of goodwill in the disposal group, and then proportionally offset against the book value of various non-current assets in the disposal group subject to the measurement requirements of Accounting Standards for Business Enterprises No.42-Non-current Assets Held for Sale, Disposal Group and Termination of Operation (hereinafter referred to as "Held for Sale Standards"). If the net amount of the fair value of the disposal group held for sale minus the sales expenses increases on the subsequent balance sheet date, the amount previously written down shall be recovered, and reversed within the amount of asset impairment loss recognized by non-current assets subject to the measurement requirements of the held for sale standard after being classified as held for sale, the reversed amount is included in the current profits and losses, and its book value is increased proportionally according to the proportion of the book value of various non-current assets in the disposal group except goodwill, which are measured by the applicable standards for holding for sale; the book value of goodwill offset and the impairment loss of non-current assets subject to the measurement requirements of the held-for-sale standard shall not be reversed before being classified as held-for-sale.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization, and interest and other expenses of liabilities held for sale in the disposal group shall continue to be recognized.

When the non-current assets or disposal group no longer meet the classification conditions for the classification of held for sale, the Company shall not continue to classify it as held for sale or remove non-current assets from the disposal group held for sale, which shall be measured according to the following (whichever is lower): (1) The amount adjusted for depreciation, amortization, or impairment that should have been recognized under the assumption that it is not classified as held for sale for the book value before being classified as held for sale; (2) Recoverable amount.

(XV) Long - term equity investment

The long-term equity investment refers to the long-term equity investment that the Company has control, joint control or significant influence on the invested entity. Long-term equity investments in which the Company does not have control, joint control or significant influence on the invested unit shall be accounted for as available-for-sale financial assets or financial assets measured at fair value and their changes are included in the profits and losses of the current period. For details of its accounting policies, see Note IV (IX) "Financial Instruments".

Joint control refers to the common control of an arrangement by the Company in accordance with relevant agreements, and the relevant activities of the arrangement can only be made with the unanimous consent of the participants who share the control. Significant influence refers to the Company has the right to participate in decision-making on the financial and business policies of the invested entity, but it cannot control or jointly control the formulation of these policies with other parties.

1. Determination of investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of ultimate controlling party are recognized as initial investment cost of long-term equity investment on the combination date. In case of the difference between the initial investment cost of long-term equity investment and the cash paid, transferred non-cash assets, the book value of the debt borne, capital reserve shall be adjusted. If the capital reserve is not sufficient, the retained earnings shall be adjusted. If the equity securities are issued as the merger consideration, the initial investment cost of the long-term equity investment shall be taken as the initial investment cost of the long-term equity investment in accordance with the share of the book value of the shareholders' rights and interests of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date, and the capital reserve shall be adjusted according to the difference between the initial investment cost of the long-term equity investment and the total par value of the issued shares; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. If the equity of the merged party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the share of the book value of the owners' rights and interests of the merged party [shareholders' equity / owner's equity] in the consolidated financial statements of the ultimate controlling party on the merger date shall be taken as the initial investment cost of the long-term equity investment, the difference between the initial investment cost of the long-term equity investment and the sum of the book value of the long-term equity investment before the merger plus the book value of the newly paid consideration of the shares on the merger date shall be adjusted; if the capital reserve is

insufficient to be offset, the retained earnings shall be adjusted. Other comprehensive income from equity investment held before the merger date due to accounting by equity method or recognized as available-for-sale financial assets shall not be accounted for temporarily.

For a long-term equity investment acquired through business combination not under common control, the investment cost of the long-term equity investment is the cost of acquisition. The combination cost is the sum of the assets paid by the acquirer, the liabilities incurred or borne, and the fair value of the equity securities issued. If the equity of the purchased party under the same control is acquired step by step through multiple transactions, and finally the business merger under the same control is formed, it should be treated respectively whether it belongs to a "package transaction" or not; if it belongs to a "package transaction", each transaction should be treated as a transaction for obtaining control rights. If it does not belong to a "package transaction", the sum of the book value of the equity investment originally held by the purchased party plus the newly added investment cost shall be taken as the initial investment cost of the long-term equity investment calculated by the cost method instead. If the equity originally held is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily. Where equity investment originally held is an available-for-sale financial assets, the difference between its fair value and book value and the accumulated changes in fair value originally included in other comprehensive income are transferred to the current profits or losses.

The auditing, legal services, evaluation and consultation and other related management fees incurred by the merging party or the buyer for the merger of enterprises shall be included in the profits and losses of the current period when incurred.

Other equity investments except long-term equity investments formed by business combination shall be initially measured at cost. The cost, depending on the way of obtaining long-term equity investment, shall be determined in accordance with the cash purchase price actually paid by the Company, the fair value of the equity securities issued by the Company, the value agreed in the investment contract or agreement, the fair value or the original book value of the assets exchanged in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment itself. Fees, taxes and other necessary expenses directly related to the acquisition of long-term equity investment are also included in the investment cost. For those where additional investment can have a significant impact on the invested unit or implement joint control but does not constitute control, the cost of long-term equity investment shall be the sum of the fair value of the original equity investment plus the new investment cost determined in accordance with the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments.

2. Subsequent measurement and recognition method of profits and losses

Long-term equity investment that exerts joint control (except that it constitutes a co-operator) or

significant influences on the investee shall be accounted for at equity method. In addition, the company's financial statements shall use the cost method to account for the long-term equity investment that can control the invested entity.

(1) Long-term equity investment calculated by the cost method

When the cost method is adopted, the long-term equity investment is priced according to the initial investment cost, and the cost of long-term equity investment shall be adjusted by adding or recovering investment. Except for the cash dividends or profits that have been declared but not yet paid in the actual payment or consideration when obtaining the investment, the current investment income shall be recognized according to the cash dividends or profits declared and paid by the invested entity.

(2) Long-term equity investment calculated by the equity method

When the equity method is used for accounting, if the initial investment cost of long-term equity investment is greater than the fair value share of identifiable net assets of the invested entity at the time of investment, the initial investment cost of long-term equity investment will not be adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the invested entity at the time of investment, the difference shall be included in the current profits and losses, and the cost of long-term equity investment shall be adjusted at the same time.

When using the equity method for accounting, the investment income and other comprehensive income shall be recognized respectively according to the share of the net profit and loss and other comprehensive income realized by the invested entity that should be enjoyed or shared, and the book value of long-term equity investment shall be adjusted at the same time; the book value of long-term equity investment shall be reduced accordingly according to the portion that should be calculated according to the profits or cash dividends declared and distributed by the invested entity; the book value of long-term equity investment shall be adjusted and included in the capital reserve for other changes in owner's equity of the invested entity except net profit and loss, other comprehensive income and profit distribution. When confirming the share of the net profit and loss of the invested entity, the net profit of the invested entity shall be adjusted and confirmed based on the fair value of various identifiable assets of the invested entity at the time of obtaining the investment. If the accounting policies and accounting periods adopted by the invested entity are inconsistent with those of the Company, the financial statements of the invested entity shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and the investment income and other comprehensive income shall be recognized accordingly. For transactions between the Company and associated enterprises or joint ventures, if the assets invested or sold do not constitute business, the unrealized internal transaction gains and losses attributable to the Company shall be offset according to the proportion enjoyed, and the investment gains and losses shall be recognized on this basis. However, the unrealized internal transaction losses resulting between the Company and the invested

entity is not being offset if they belong to the impairment losses of the transferred assets. If the assets invested by the Company in a joint venture and associated enterprise constitute a business, and the investor obtains long-term equity investment but does not obtain control rights, the fair value of the invested business shall be taken as the initial investment cost of the newly added long-term equity investment, and the difference between the initial investment cost and the book value of the invested business shall be fully included in the current profits and losses. If the assets sold by the Company to a joint venture or associated enterprise constitute a business, the difference between the consideration obtained and the book value of the business shall be fully included in the current profits and losses. If the assets purchased by the Company from associated enterprise and joint venture constitute a business, accounting treatment shall be carried out in accordance with the provisions of Accounting Standards for Business Enterprises No.20-Business Merger, and the gains or losses related to transactions shall be fully recognized.

When confirming the net loss incurred by the invested entity that should be shared, the book value of the long-term equity investment and other long-term rights and interests that substantially constitute the net investment of the invested entity shall be written down to zero. In addition, if the Company has the obligation to bear additional losses to the invested entity, the estimated liabilities shall be recognized according to the expected obligations and included in the current investment losses. If the invested entity realizes net profit in the following period, the Company shall resume the recognition of the income sharing amount after the income sharing amount makes up for the unrecognized loss sharing amount. For the long-term equity investment in joint operations and joint ventures held by the Company before the first implementation of the new accounting standards, if there is a debit difference of equity investment related to the investment, the amount amortized straight-line according to the original remaining period shall be included in the current profits and losses.

(3) Acquisition of minority shares

When preparing consolidated financial statements, the capital reserve shall be adjusted for the difference between the newly added long-term equity investment due to the purchase of minority equity and the share of net assets that should be continuously calculated from the purchase date (or merger date) of subsidiaries according to the newly added shareholding ratio. If the capital reserve is insufficient to offset, the retained earnings shall be adjusted.

(4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without losing control rights, and the difference between the disposal price and the net assets of subsidiaries corresponding to the disposal of the long-term equity investment is included in shareholders' equity; if the parent company partially disposes of the long-term equity investment in the subsidiary, resulting in the loss of control over the subsidiary, it shall be handled according to the relevant

accounting policies mentioned in Note IV (V).2 “Methods for preparing consolidated financial statements”.

For the disposal of long-term equity investment under other circumstances, the difference between the book value of the disposed equity and the actual acquisition price shall be included in the current profits and losses.

For long-term equity investment calculated by the equity method, if the remaining equity after disposal is still accounted for by the equity method, the portion of other comprehensive income originally included in the shareholders' equity shall be treated in the same proportion on the same basis as the relevant assets or liabilities directly disposed of by the invested unit when disposing. The owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be carried forward to the current profit and loss in proportion.

Long-term equity investment calculated by cost method, if the remaining equity after disposal is still accounted for by cost method, other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before obtaining control over the invested entity shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and shall be carried forward to the current profits and losses in proportion; changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method shall be carried forward to the current profit and loss in proportion.

If the investor loses control over the invested entity due to the disposal of part of equity investments and other reasons, if the remaining equity after disposal can exercise joint control or exert significant influence on the invested entity during the preparation of individual financial statements, it shall be accounted for according to the equity method instead, and the remaining equity shall be adjusted as if it had been acquired by the equity method; if the remaining equity after disposal cannot exercise joint control or exert significant influence on the invested entity, it shall be accounted for according to the relevant provisions of the Recognition and Measurement Standards of Financial Instruments, and the difference between its fair value and book value on the date of loss of control shall be included in the current profits and losses. Before the Company obtains control over the invested entity, other comprehensive income recognized due to accounting by equity method or accounting by financial instrument recognition and measurement standards, in case of loss of control over the invested entity, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the invested entity recognized by the equity method are carried forward to the current profit and loss when the control over the invested entity is lost. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive income and other owner's equity shall be carried forward in proportion; if the remaining equity after disposal is changed to accounting treatment according to the

recognition and measurement standards of financial instruments, all other comprehensive income and other owner's equity shall be carried forward.

If the Company loses joint control or significant influence on the invested entity due to the disposal of part of the equity investment, the remaining equity after disposal shall be accounted for according to the recognition and measurement standards of financial instruments, and the difference between its fair value and book value on the date of loss of joint control or significant influence shall be included in the current profits and losses. Other comprehensive income confirmed by the original equity investment due to the equity method, when the equity method is terminated, shall be accounted for on the same basis as the direct disposal of related assets or liabilities by the invested entity, and owner's equity recognized due to changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee shall be transferred to the current investment income when the equity method is terminated.

Where the Company disposes of the equity investment in subsidiaries step by step through multiple transactions until it loses its control right, if the above transaction is a package transaction, all transactions shall be accounted for as a transaction that disposes of equity investment of subsidiaries and loses control rights, the difference between the disposal price before the loss of control right and the book value of the long-term equity investment corresponding to the disposed equity shall be first recognized as other comprehensive income, and then transferred to the current profits and losses of the loss of control right when the loss of control right occurs.

(XVI) Investment real estate

Investment property refers to the property held for earning rent or capital appreciation, or both. It includes leased land use rights, land use rights held and ready to be transferred after appreciation, leased buildings, etc. In addition, vacant buildings held by the Company for operating lease are also presented as investment properties if the Board of Directors (or similar institutions) makes a written resolution explicitly stating that they are used for operating lease and the holding intention will not change in the short term.

Investment properties are initially measured at cost. Subsequent expenses related to investment properties are included in the cost of investment properties if the economic benefits related to the asset are likely to flow in and its cost can be measured reliably. Other subsequent expenses shall be included in the current profits and losses when incurred.

The Company uses the fair value model for the subsequent measurement of investment real estate.

1. Basis for selecting fair value model for subsequent measurement

For investment real estate with conclusive evidence that fair value can be obtained continuously and reliably, the Company adopts fair value model for subsequent measurement.

Only when the following conditions are met simultaneously can the Company adopt the fair value model to measure investment real estate:

There is an active real estate trading market where the investment real estate is located;

The Company is able to obtain the market prices and other relevant information of the identical or similar property from the trading market of property, so as to be able to estimate the fair value of the investment real estate.

2. Determination of fair value of investment real estate

Under the condition that the current market price of same or similar properties can be obtained, the Company determines the fair value of investment real estate with reference to the current market price (public quotation in the market) of same or similar real estate in the active market.

In case the current market price of same or similar real estate cannot be obtained, the Company refers to the latest transaction price of same or similar real estate in the active market, and considers factors such as transaction situation, transaction date and location, or reasonably estimates the fair value of investment real estate according to the expected future rental income and the present value of relevant cash flows.

Same or similar buildings refer to buildings with the same geographical location and geographical environment, the same nature, the same or similar structural types, the same or similar old and new degrees, and the same or similar usable conditions; same or similar land use rights refer to the land with the same location and area, the same or similar geographical environment and the same or similar usable conditions.

3. For the investment real estate measured by the fair value model, the Company does not accrue depreciation or amortization, but adjusts its book value based on the fair value of the investment real estate on the balance sheet date. The difference between the fair value and the original book value is included in the current profits and losses.

When the use of an investment property is changed to self-use, the investment property shall be converted into fixed assets or intangible assets from the date of change. When the use of self-used property is changed to earn rent or capital appreciation, fixed assets or intangible assets shall be converted into investment property from the date of change. In case of conversion, if it is converted into investment property measured by cost model, the book value before conversion shall be taken as the recorded value after conversion; if it is converted into investment property measured by fair value model, the fair value on the conversion date shall be taken as the recorded value after conversion.

An investment property shall be derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. The amount of the disposal income from the sale, transfer, discarding or destruction of investment property after deducting its book value and related taxes and fees shall be recorded in the profits and losses of the current period.

(XVII) Fixed assets

1. Recognition condition of fixed assets

Fixed assets refer to tangible assets held for the production of goods, provision of labor services, leasing or management, with a service life exceeding one accounting year. Fixed assets are recognized only when the economic benefits associated with them are likely to flow into the Company and their costs can be measured reliably. Fixed assets are initially measured at cost and taking into account the influence of estimated disposal cost.

2. Depreciation of fixed assets

Depreciation of fixed assets shall be withdrawn within their service life by using the life average method from the next month after they reach the scheduled serviceable condition. The service life, estimated net salvage value and annual depreciation rate of various fixed assets are as follows:

Classification of fixed assets	Depreciation period (years)	Net residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	20-50	5.00	1.90-4.75
Machinery equipment	5-10	5.00	9.50-20.00
Transportation equipment	4-10	5.00	9.50-23.75
Office and electronic equipment	3-10	3.00-5.00	9.50-32.33
Other equipment	3-10	3.00-5.00	9.50-32.33

Expected net salvage value refers to the expected amount that the Company may obtain from the current disposal of a fixed asset after deducting the expected disposal expenses at the expiration of its expected service life.

3. Methods of impairment test and provision for impairment of fixed assets

For the impairment test method and impairment provision method of fixed assets, please refer to Note IV (XXII) "Impairment of long-term assets".

4. Other description

Subsequent expenses related to fixed assets, if the economic benefits related to the fixed assets are likely to flow in and the cost can be measured reliably, shall be included in the cost of fixed assets, and the book value of the replaced part shall be derecognized. Other subsequent expenses shall be included in the current profits and losses when incurred.

When a fixed asset is in a state of disposal or is not expected to generate economic benefits through use or disposal, the fixed asset shall be derecognized. The difference between the disposal income from the sale, transfer, scrapping or damage of the fixed asset after deducting its book value and relevant taxes and fees shall be included in the current profits and losses.

The Company shall, at least at the end of the year, review the service life, estimated net salvage value and depreciation method of fixed assets, and if there is any change, it will be treated as a change in accounting estimates.

(XVIII) Construction in progress

The cost of construction in-progress is determined according to the actual project expenses, including various project expenses incurred during the construction period, capitalized borrowing costs before the project reaches the scheduled serviceable condition and other related expenses, etc. Construction in-progress shall be carried forward to fixed assets after reaching the scheduled serviceable condition.

For the impairment test method and impairment provision method of construction in-progress, please refer to Notes IV (XXII) "Impairment of long-term assets".

(XIX) Borrowing costs

Borrowing costs include interest on borrowing, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowing. Borrowing costs that can be directly attributed to the acquirement or production of assets eligible for capitalization shall be capitalized when the asset expense has occurred, the borrowing costs have occurred, and the acquirement or production activities necessary to make the assets reach the intended usable or marketable state have started; when the assets acquired or produced that meet the capitalization conditions reach the predetermined usable state or marketable state, capitalization shall be stopped. The remaining borrowing costs shall be recognized as expenses in the current period.

The amount of the interest expenses actually incurred in the current period of special loans deducting the interest income earned by the unused loan funds deposited in the bank or the investment income from temporary investments shall be capitalized; the capitalization amount of general loan shall be determined based on the weighted average of cumulative asset expense exceeding the portion of specialized borrowings multiplied by the capitalization rate of general borrowings occupied. The capitalization rate shall be calculated and determined according to the weighted average interest rate of general loans.

During the capitalization period, all the exchange differences of foreign currency special loans shall be capitalized; exchange differences of foreign currency general loans shall be included in current profits and losses.

Assets eligible for capitalization refer to the fixed assets, investment property, inventories and other assets, of which the acquisition and construction or production may take quite a long time to get ready for its intended use or for sale.

Where the assets that meet the capitalization conditions are abnormally interrupted in the process of acquisition and construction or production, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition and construction or production activities of assets are resumed.

(XX) Intangible assets

1. Intangible assets

Intangible assets refer to the identifiable non-monetary assets possessed or controlled by the Company which have no physical form.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow into the Company and the cost can be measured reliably. Expenses of other items are included in current profits and losses when they occur.

The acquired land use right is usually accounted for as intangible assets. For self-developed and constructed buildings such as factories, the relevant land use right expense and building construction cost are accounted for as intangible assets and fixed assets respectively. If it is a purchased house and building, the relevant price will be distributed between the land use right and the building. If it is difficult to distribute reasonably, all of them will be treated as fixed assets.

For intangible assets with limited service life, the original value minus the estimated net salvage value and the accumulated amount of impairment reserve shall be amortized by stages and averagely by the straight-line method during their estimated service life from the time they are available for use. Intangible assets with uncertain service life shall not be amortized.

At the end of the period, the service life and amortization method of intangible assets with limited service life shall be reviewed, and if there is any change, it shall be treated as a change in accounting estimation. In addition, the service life of intangible assets with uncertain service life shall be reviewed. If there is evidence that the period when the intangible assets bring economic benefits to the enterprise is predictable, the service life shall be estimated and amortized according to the amortization policy of intangible assets with limited service life.

2. Expenditures for research and development

Expenses of internal R&D projects of the Company is divided into research stage expense and development stage expense.

Expenditures in the research phase are included in the profits and losses of the current period when incurred.

Expenses incurred at the development stage which meet the following conditions are recognized as intangible assets, but those which cannot meet the following conditions are recorded into profit or loss:

- (1) It is feasible technically to complete intangible assets for use or sale;
- (2) Having the intention of completing the intangible assets and using or selling them;
- (3) The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;

(4) Having sufficient technical, financial and other resources to complete the development of the intangible asset and having the ability to use or sell the intangible asset;

(5) Expenditures attributable to the development phase of the intangible asset can be measured reliably.

If it is impossible to distinguish the expense in the research stage from the expense in the development stage, all the R&D expenses incurred shall be included in the current profits and losses.

3. Methods of impairment test and provision for impairment of intangible assets

For details of the impairment test method and impairment provision method for intangible assets, see Note IV (XXII) "Impairment of long-term assets".

(XXI) Long - term deferred and prepaid expenses

Long-term deferred expenses are expenses incurred for a period of more than one year that should be borne by the reporting period and subsequent periods. Long-term deferred expenses shall be amortized on a straight-line basis during the expected benefit period.

(XXII) Impairment of long-term assets

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited service life, investment properties measured by cost model and long-term equity investment in subsidiaries, joint ventures and associated enterprises, the Company shall judge whether there are signs of impairment on the balance sheet date. If there are signs of impairment, the recoverable amount shall be estimated and impairment test shall be conducted. Goodwill, intangible assets with uncertain service life and intangible assets that have not yet reached serviceable condition shall be tested for impairment every year regardless of whether there are signs of impairment.

If the impairment test result shows that the recoverable amount of an asset is lower than its book value, the impairment provision shall be withdrawn according to the difference and included in the impairment loss. The recoverable amount is the net value by fair value of the asset minus disposal expenses or the present value of the estimated future cash flow of the asset, whichever is higher. The fair value of assets is determined according to the sales agreement price in fair trade; if there is no sales agreement but there is an active market for assets, the fair value shall be determined according to the buyer's bid of the assets; if there is no sales agreement or an active market for assets, the fair value of assets is estimated on the basis of the best available information. Disposal expenses include legal fees related to asset disposal, relevant taxes and fees, handling fees and direct expenses incurred to make assets marketable. The present value of the estimated future cash flow of an asset shall be determined according to the estimated future cash flow generated during the continuous use and final disposal of the asset, and the discounted amount shall be determined by selecting an appropriate discount rate. The provision for impairment of assets is calculated and confirmed on the basis of individual assets. If it is difficult to estimate the recoverable amount of

individual assets, the recoverable amount of asset group shall be determined by the asset group to which the assets belong. An asset group is the smallest combination that can independently generate cash inflows.

For goodwill presented separately in financial statements, when impairment test is carried out, the book value of goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergy effect of business combination. If the test results show that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall first be deducted against the book value of the goodwill apportioned to the asset group or combination of asset groups, and then according to the proportion of the book value of assets other than goodwill in the asset group or combination of asset groups, the book value of other assets shall be deducted proportionally.

Once the above asset impairment loss is confirmed, the part of which value has been recovered will not be reversed in the subsequent period.

(XXIII) Contract liabilities

Contractual liabilities refer to the obligation of the Group to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional collection right before the Company transfers the goods to the customer, the Company shall list the amount received or receivables as contract liabilities at the time of the actual payment by the customer or the amount due, whichever is earlier. Contract assets and contract liabilities under the same contract are presented on a net basis, and contract assets and contract liabilities under different contracts are not offset.

(XXIV) Employee compensation

Employee remuneration of the Company mainly includes short-term employee remuneration, after-service benefits, termination benefits and other long-term employee benefits. Among them:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare funds, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing accumulation funds, trade union funds and employee education funds, non-monetary benefits, etc. During the accounting period when employees provide services to the Company, the Company recognizes the actual short-term employee remuneration as a liability and includes it into the current profits and losses or related asset costs. Where non-monetary benefits are measured at fair value.

Post-employment benefit mainly includes basic old-age insurance, unemployment insurance and annuity. The after-service benefit plan includes setting up a withdrawal plan. If a set withdrawal plan is adopted, the corresponding amount of deposit shall be included into the cost of the relevant assets or the profits and losses of the current period at the time of occurrence.

If the Company cannot unilaterally withdraw the dismissal benefit provided by the plan for canceling

the labor relationship or the proposed reduction if the Company lifts the labor relationship with the employee before the expiration of the employee's labor contract or offers compensation for encouraging the employees to voluntarily accept the reduction, and when the Company confirms the costs related to the restructuring involving the dismissal of welfare dismissed, whichever is earlier, the employee remuneration liability arising from dismissal benefit is determined and included into the current profit and loss. However, if the dismissal benefits are not expected to be fully paid within 12 months after the end of the annual reporting period, they shall be treated according to the remuneration of other long-term employees.

The internal retirement plan of employees adopts the same principle as the above dismissal benefits. The Company will pay the salary of retired staff and the social insurance premiums to be paid during the period from the stoppage of service to the normal retirement day, which shall be included in the current profits and losses (dismissal benefit) when meeting the estimated liability confirmation conditions.

For other long-term employee benefits provided by the Company to employees, if they meet the defined contribution plan, it shall be accounted for in accordance with the defined contribution plan, and otherwise accounted for in accordance with the defined benefit plan.

(XXV) Estimated liabilities

When the obligations related to contingencies meet the following conditions at the same time, they are recognized as estimated liabilities: 1. The obligations are current obligations undertaken by the Company; 2. The performance of this obligation is likely to lead to the outflow of economic benefits; 3. The amount of the obligation can be measured reliably.

On the balance sheet date, the estimated liabilities are measured according to the best estimate of the expenses required to fulfill the relevant current obligations, taking into account factors such as risks, uncertainties and time value of money related to contingencies.

All or part of the expenses required to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount shall be recognized as an asset separately when it is basically determined that it can be received, and the recognized compensation amount shall not exceed the book value of the estimated liabilities.

1. Loss contract

Loss contract is a contract in which the inevitable cost of fulfilling contractual obligations exceeds the expected economic benefits. If the contract to be executed becomes a loss contract, and the obligations arising from the loss contract meet the recognition conditions of the above-mentioned estimated liabilities, the part of the estimated loss of the contract exceeding the recognized impairment loss (if any) of the underlying assets of the contract shall be recognized as the estimated liabilities.

2. Reconstructing obligations

For a detailed, formal and announced restructuring plan, the estimated liability amount shall be

determined according to the direct expenses related to restructuring under the condition that the aforesaid recognition conditions of estimated liabilities are met.

(XXVI) Share-based payments

1. Accounting treatment of share-based payment

Share-based payment refers to a transaction in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments

Equity-settled share-based payments in exchange for services provided by employees are measured at the fair value of the equity instruments granted to employees at the grant date. The amount of the fair value is based on the best estimate of the number of exercisable equity instruments during the waiting period when the service during the waiting period is completed or the prescribed performance conditions are met, the relevant costs or expenses are included in the calculation according to the straight-line method/when the right is exercised immediately after the grant, the relevant costs or expenses are included on the date of the grant, and the capital reserve is increased accordingly.

On each balance sheet date during the waiting period, the best estimate shall be made according to the latest follow-up information such as changes in the number of employees with vesting rights, and the number of equity instruments with expected vesting rights shall be revised. The impact of the above estimates shall be included in the relevant costs or expenses of the current period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for services of other parties, if the fair value of other parties' services can be measured reliably, it is measured according to the fair value of other parties' services on the acquisition date. If the fair value of the service of any other party can not be measured in a reliable way, but the fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in the relevant costs or expenses, and the owner's equities shall be increased accordingly.

When the fair value granted to equity instruments cannot be reliably measured, it shall be measured according to the intrinsic value of equity instruments on the service acquisition date, each subsequent balance sheet date and settlement date, and the changes in intrinsic value shall be included in the current profits and losses.

(2) Cash-settled share-based payments

Cash-settled share-based payments are measured at the fair value of liabilities assumed by the Company and determined on the basis of shares or other equity instruments. If the right is feasible immediately after the grant, it will be included in the relevant costs or expenses on the grant date, and the

liabilities will be increased accordingly; if the service in the waiting period must be completed or the specified performance conditions are met before the right can be exercised, on each balance sheet date of the waiting period, based on the best estimation of the right to be feasible, the services obtained in the current period shall be included in the cost or expense according to the fair value of the liabilities assumed by the Company, and the liabilities shall be increased accordingly.

The fair value of the liability shall be re-measured on each balance sheet date and on the settlement date prior to the settlement of the related liability, and the changes shall be included in the current profits and losses.

2. Relevant accounting treatment for modification and termination of share-based payment plan

When the Company modifies the share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in obtained services shall be recognized according to the increase in the fair value of the equity instruments. The increase in fair value of equity instruments refers to the difference between the fair value of equity instruments before and after modification on the modification date. If the modification reduces the total fair value of share-based payment or adopts other methods unfavorable to employees, the accounting treatment for the acquired services will continue, and it will be deemed that the change has never occurred, unless the Company cancels some or all of the granted equity instruments.

During the waiting period, if the granted equity instruments are canceled, the cancellation of the granted equity instruments shall be treated as accelerated exercise, and the amount to be recognized during the remaining waiting period shall be immediately included in the current profits and losses, and the capital reserve shall be recognized at the same time. If the employee or other party can choose to meet the non-vesting right condition but fails to meet it within the waiting period, they will be treated as cancellation of the instruments granted rights and interests.

3. Accounting treatment involving share-based payment transactions between the Company and its shareholders or actual controllers

For share-based payment transactions involving the Company and its shareholders or actual controllers, if one of the settlement enterprises and the service receiving enterprise is within the Company and the other is outside the Company, accounting treatment shall be carried out in the consolidated financial statements of the Company in accordance with the following provisions:

(1) If the settlement enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as share-based payment for equity settlement; in addition, share-based payment shall be treated as cash settlement.

If the settlement enterprise is an investor of the service-receiving enterprise, it shall be recognized as a long-term equity investment in the service-receiving enterprise according to the fair value of equity

instruments or liabilities on the grant date, and capital reserves (other capital reserves) or liabilities shall be recognized at the same time.

(2) If the service receiving enterprise has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction shall be treated as equity-based payment; if the service receiving enterprise has the settlement obligation and the employees of the enterprise are not granted their own equity instruments, the share-based payment transaction shall be treated as cash-settled share-based payment.

If the service receiving enterprise and the settlement enterprise are not the same enterprise in the share-based payment transaction between enterprises within the Company, the confirmation and measurement of the share-based payment transaction in the respective individual financial statements of the receiving service enterprise and the settlement enterprise shall be handled according to the above principles.

(XXVII) Preferred shares, perpetual bonds and other financial instruments

1. Distinction between perpetual bonds and preferred shares

Financial instruments such as perpetual bonds and preferred shares issued by the Company that meet the following conditions at the same time are regarded as equity instruments:

(1) Such financial instruments do not involve delivering cash or other financial assets to other parties, or exchanging financial assets or financial liabilities with other parties under potentially unfavorable conditions;

(2) If such financial instrument must be settled with or can be settled with the enterprise's own equity instruments in the future, and if the financial instrument is a non-derivative instrument, it does not include the contractual obligation to deliver a variable number of its own equity instruments for settlement; if it is a derivative instrument, the Company can settle the financial instrument only by exchanging a fixed amount of its own equity instruments for a fixed amount of cash or other financial assets.

Other than financial instruments that can be classified as equity instruments under the above conditions, other financial instruments issued by the Company shall be classified as financial liabilities.

If the financial instruments issued by the Company are compound financial instruments, they are recognized as liabilities at fair value, and the amount after deducting the liabilities is recognized as other equity instruments. The transaction costs incurred in the issuance of the compound financial instruments shall be allocated among the liability's component and the equity component in proportion to their respective total issue price.

2. Accounting treatment methods of perpetual bonds and preferred shares

For financial instruments such as perpetual bonds and preferred shares classified as financial liabilities, the related interest, stock bonus (or dividends), profits or losses, and gains or losses arising from

redemption or refinancing are included in the current profits and losses except the borrowing costs that meet the capitalization conditions (see the Note IV (XIX) “Borrowing Costs”).

When financial instruments such as perpetual bonds and preferred shares classified as equity instruments are issued (including refinancing), repurchased, sold or cancelled, the Company treats them as changes in equity, and relevant transaction costs are also deducted from equity. The distribution of equity instrument holders by the Company is treated as profit distribution.

The Company does not confirm the changes of fair value of equity instruments.

(XXVIII) Income

1. General principles for recognition of income

The Company has fulfilled its performance obligation in the contract, that is, when the customer obtains the control right of related goods or services (referred to as: goods), the income is recognized according to the transaction price allocated to the performance obligation.

Performance obligation refers to the commitment in the contract that the company transfers clearly distinguishable goods or services to customers.

Obtaining the control right of related goods refers to being able to dominate the use of the goods and obtain almost all economic benefits from them.

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

For the performance obligations performed within a certain period of time, the Company adopts the input method to determine the appropriate performance progress according to the nature of goods and services. The input method is used to determine the performance progress according to the input of the Company to fulfill the performance obligations. When the performance progress cannot be reasonably determined, if the cost incurred by the Company is expected to be compensated, the income shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

2. Variable consideration

Where there is a variable consideration in the contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the amount likely to occur, but the transaction price containing the variable consideration shall not exceed the amount that the accumulated recognized income will most likely not be significantly reversed when the relevant uncertainty is eliminated. On each balance sheet date, the Company shall re-estimate the amount of variable consideration to be included in the transaction price.

3. Significant financing components

Where there is a significant financing component in the contract, The Company shall determine the transaction price according to the amount payable in cash when the customer assumes control over the goods or services. Using the discount rate that discounts the nominal amount of the contract consideration into the current selling price of goods or services, and the difference between the determined transaction price and the consideration amount promised in the contract is amortized by the effective interest rate method during the contract period.

Where it is expected that the interval between the customer's acquisition of control over the goods or services and the price paid by the customer is not more than one year, the Company does not take into account the significant financing elements in the contract.

4. Consideration payable to customers

Where there is a consideration payable to the customer in the contract, unless the consideration is for the purpose of obtaining other goods or services from the customer that can be clearly distinguished, the Company will offset the transaction price with the consideration payable, and offset the current income at the time of recognizing the relevant revenue or paying (or promising to pay) the customer consideration, whichever is later.

5. Transaction price allocated to each individual performance obligation

Where the contract contains two or more performance obligations, the Company shall allocate the transaction price to each individual performance obligation according to the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the commencement date of the contract. 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 will allocate the contract discount or variable consideration to one or more relevant performance obligations.

Separate selling price refers to the price at which the Company sells goods or services to customers separately. Where the individual selling price cannot be directly observed, the Company shall comprehensively consider all relevant information reasonably obtained, and estimate the individual selling

price with observable input values to the maximum extent.

6. Principal responsible person/agent

The Company judges whether it is the principal responsible person or agent at the time of the transaction according to whether it has control over the goods or services before transferring them to customers. Where the Company can control the goods or services before transferring them to customers, the Company shall be the principal responsible person and recognizes the income according to the total consideration received or receivable; otherwise, the Company, acting as the agent, shall recognize the income according to the amount of commission or handling fee expected to be entitled to be collected, which shall be determined according to the net amount of consideration received or receivable after deducting the price payable to other interested parties, or according to the established the amount or proportion of commission.

7. Change of contract

When the construction contract between the Company and the customer is changed:

(1) Where the contract change is added the construction service and the contract price that can be clearly distinguished, and the new contract price reflects the separate selling price of the new construction service, the Company will change the contract as a separate contract for accounting treatment;

(2) Where the contract change does not belong to the above-mentioned situation (1), and there can be a clear distinction between the transferred construction services and the non-transferred construction services on the date of contract change, the Company will regard it as the termination of the original contract, and at the same time, combine the unperformed part of the original contract with the changed part of the contract into a new contract for accounting treatment;

(3) Where the contract change does not belong to the above-mentioned situation (1), and there is no clear distinction between the transferred construction services and the non-transferred construction services on the contract change date, the Company will treat the changed part of the contract as an integral part of the original contract for accounting, and adjust the current income on the contract change date for the resulting impact on the recognized income.

8. Transaction-specific income treatment principles

(1) Contracts with sales return clauses attached

When the customer obtains control of the related commodities, income is recognized at the amount of consideration expected to be entitled for transferring the commodities to the customer (i.e. excluding the amount expected to be refunded on sales returns), and liabilities are recognized at the amount expected to be refunded on sales returns.

The balance of the book value of the commodity expected to be returned when the commodities are sold deducting the estimated cost of recovering the commodity (including the impairment of the value of

the returned commodity) is accounted for under the item of "return cost receivable".

(2) Contracts with quality assurance clauses attached

Assess whether this quality assurance provides a separate service in addition to assuring the customer that the commodity sold meet the established standards. If the Company provides additional services, it will be accounted for as a single performance obligation in accordance with the revenue standards; otherwise, the quality assurance responsibility shall be accounted for in accordance with the accounting standards for contingencies.

(3) Sales contracts with customers' additional purchase options

The Company assesses whether the option provides a significant right to the customer. If a significant right is provided, the transaction price will be allocated to the performance obligation as a single performance obligation, and the corresponding income will be recognized when the customer exercises the purchase option to obtain control of the related commodities in the future, or when the option expires, the corresponding income will be recognized. If the individual selling price of the customer's additional purchase option cannot be directly observed, it is reasonably estimated after comprehensively considering all relevant information such as the difference between the discount obtained by the customer if the customer exercises and does not exercise the option, and the possibility of the customer exercising the option.

(4) Contracts for granting intellectual property licenses to customers

Assess whether the intellectual property license constitutes a single performance obligation. If it constitutes a single performance obligation, further determine whether it is performed within a certain period of time or at a certain point in time. If an intellectual property license is granted to a customer and royalties are agreed to be charged according to the actual sales or use by the customer, the income will be recognized at the later of the following two points: the subsequent sales or use by the customer actually occurs; the Company performs the relevant performance obligations.

(5) After-sales repurchase

1) Contracts with repurchase obligations due to forward arrangements with customers: In this case, the customer has not obtained control of the relevant commodities at the time of sales, so it is accounted for as a leasing transaction or financing transaction accordingly. Among them, if the repurchase price is lower than the original selling price, it will be regarded as a lease transaction, and it will be accounted for in accordance with the relevant provisions of the lease in the Accounting Standards for Business Enterprises; if the repurchase price is not lower than the original selling price, it is regarded as a financing transaction, and the financial liability is recognized when the customer's payment is received, and the difference between the payment and the repurchase price is recognized as interest expense during the repurchase period. If the Company fails to exercise the repurchase right at maturity, it will be derecognized as the

financial liabilities when the repurchase right expires and recognized as income at the same time.

2) Contracts with repurchase obligations arising at the customer's request: If it is assessed that the customer has significant economic motivation, the after-sale repurchase will be regarded as a leasing transaction or financing transaction, and accounting treatment will be carried out in accordance with the provisions of 1) of this Article; otherwise, it is treated as a sales transaction with a sales return clause attached.

(6) Contract that charge the customer an initial fee that does not need to be refunded

The non-refundable initial fee charged to the customer on the contract commencement date (or near the contract commencement date) shall be included in the transaction price. After evaluation of the Company, if the initial fee is related to the transfer of the promised commodities to the customer and the commodities constitute a single performance obligation, income shall be recognized based on the transaction price allocated to the commodities when transferring the commodities; if the initial fee is related to the transfer of the promised commodities to the customer, but the commodities do not constitute a single performance obligation, income shall be recognized based on the transaction price allocated to the single performance obligation when the single performance obligation including the commodities is fulfilled; if the initial fee is not related to the transfer of the promised commodities to the customer, it shall be recognized as a prepayment for the future transfer of the commodities and recognized as income when the commodities are transferred in the future.

9. Specific method of income recognition

The Group's income is mainly derived from the following business types: infrastructure construction, real estate sales, trading business, leasing business, construction income, gas station income, etc.

(1) Infrastructure construction:

The Group signed framework agreements for entrusted project construction with Yancheng Dafeng Urban Construction Headquarters; Jiangsu Dafeng Economic Development Zone Management Committee, Yancheng Dafeng Xingfeng Engineering Construction Co., Ltd., Yancheng Dafeng Transportation Bureau, Dazhong Sub-district Office, etc. The Group undertakes the infrastructure construction tasks in Dafeng District. Each year, the entrusting party issues a settlement statement to the Group based on a certain amount of engineering volume, and the Group transfers costs and recognizes income accordingly.

(2) Real estate sales

Real estate enterprises should recognize income from the transfer and sale of land and commercial housing when the land and commercial housing have been delivered, and the invoices and settlement statements have been handed over to the owners. For the houses and projects built by real estate enterprises, the realization of income shall be confirmed when the houses and projects are completed and accepted, the handover procedures have been completed, and the settlement bill of the houses and projects built on behalf

of the entrusting unit has been submitted. Real estate enterprises that adopt methods such as credit sales or installment sales to sell land or commercial housing can recognize income in installments according to the payment time stipulated in the contract, but it is a prerequisite that the land and commercial housing have been transferred to the owner for the sales to be considered realized. Real estate enterprises can recognize income and expenses based on the percentage of completion of the project at the end of the year for cross-year agency construction projects.

(3) Trading business

The Group bears the primary risk responsibility for trading business. The Group signs purchase and sale contracts with upstream and downstream customers and recognizes income after receipt or acceptance.

(4) Leasing business

The main leasing business of the Group is real estate leasing. After signing the lease contract with the lessee, the total lease amount is recognized as income during each period within the lease term using the straight-line method.

(5) Income from engineering construction

The Group recognizes income with the counterparty based on the progress of contract performance.

(6) Income from gas station

The Group recognizes income from the gas station business on a time basis.

(XXIX) Contract cost

Where the incremental cost incurred by the Group for obtaining the contract is expected to be recovered, it shall be recognized as an asset as the contract acquisition cost. However, if the amortization period of the asset does not exceed one year, it shall be included in the current profits and losses when it occurs.

If the cost incurred for the performance of the contract not fall within the scope of other accounting standards for enterprises other than Accounting Standards for Business Enterprises No. 14-Income (revised in 2017) and meets the following conditions at the same time, it is recognized as an asset as the contract performance cost: ① the cost is directly related to a contract currently or expectedly to obtain, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs clearly borne by customers and other costs incurred only due to the contract; ② the cost increases the resources used by the Company to fulfill its performance obligations in the future; and ③ the cost is expected to be recovered.

The assets related to contract cost shall be amortized by the Company on the same basis as the income from goods related to the assets, and shall be included in current profits and losses.

(XXX) Government subsidy

Government subsidy refers to the monetary assets and non-monetary assets obtained by the Company free of charge from the government, excluding the capital invested by the government as an investor and

enjoying corresponding owner's equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. The Company defines the government subsidy obtained for purchasing, building or otherwise forming long-term assets as the government subsidy related to assets; the remaining government subsidies are defined as government subsidies related to income. If the government document does not specify the subsidy object, the subsidies are divided into income-related government subsidy and asset-related government subsidy in the following ways: 1. If the government document specifies the specific project targeted by the subsidy, the relative proportion of the expenditure amount forming assets and the expenditure amount included in the expenses shall be divided according to the budget of the specific project, and the division ratio shall be reviewed on each balance sheet date and changed if necessary; 2. If the purpose is only stated in the government documents, and no specific items are specified, it will be regarded as government subsidies related to income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government subsidy is a non-monetary asset, it shall be measured according to the fair value; if the fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government subsidies measured in nominal amount are directly included in current profits and losses.

The Company recognizes and measures government subsidies according to the paid-in amount usually when they are actually received. However, at the end of the period, if there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy, and it is expected to receive financial support funds, it shall be measured according to the amount receivable. Government subsidies measured according to the amount receivable should meet the following conditions at the same time: 1. The amount of subsidies receivable has been confirmed by the competent government department, or can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and it is estimated that there is no major uncertainty in the amount; 2. It is based on the financial support projects officially issued by the local financial department and voluntarily disclosed in accordance with the Regulations on the Openness of Government Information and its financial fund management measures, and the management measures should be inclusive (any enterprise that meets the prescribed conditions can apply), rather than specifically formulated for specific enterprises; 3. The disbursement period has been clearly promised in the relevant subsidiary approval, and the disbursement of the money is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed time limit; 4. Other relevant conditions (if any) to be met according to the specific conditions of the Company and the subsidy matters.

Government subsidies related to assets are recognized as deferred revenue, and are included in current profits and losses in stages according to reasonable and systematic methods during the service life of related assets. Government subsidies related to income, which are used to compensate related costs or

losses in subsequent periods, are recognized as deferred revenue and included in current profits and losses during the period when related costs or losses are recognized; if it is used to compensate the related costs or losses that have already occurred, it shall be directly included in the current profits and losses. Different parts shall be distinguished for accounting treatment for government subsidies including asset-related part and income-related part at the same time; if it is difficult to distinguish, it will be classified as government subsidies related to income as a whole.

Government subsidies related to the daily activities of the Company shall be included in other income according to the essence of economic business; government subsidies unrelated to daily activities are included in non-operating income and expenditure.

When the confirmed government subsidy needs to be returned, if there is a relevant deferred revenue balance, the book balance of the relevant deferred revenue shall be offset, and the excess shall be included in the current profits and losses; if it belongs to the other cases, it shall be directly included in the current profits and losses.

(XXXI) Deferred income tax assets, deferred income tax liabilities

1. Current income tax

On the balance sheet day, the current income tax liabilities (or assets) incurred in the current period or prior periods shall be measured in light of the expected payable (or refundable) amount of income taxes according to the tax law. The taxable income amount on which the current income tax expenses are calculated is calculated after adjusting the pre-tax accounting profit of the current year/period/reporting period according to the relevant tax laws.

2. Deferred income tax assets / deferred income tax liabilities

The difference between the book value of certain assets and liabilities and its tax base, as well as the temporary difference between the book value of an item that has not been determined as an asset or liability but whose tax base can be determined in accordance with the tax law and the tax base, the balance sheet debt method is used to determine the deferred income tax assets and deferred income tax liabilities.

Deferred income tax liabilities are not recognized for taxable temporary differences related to the initial recognition of goodwill and the initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) when they occur. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company can control the reversal time of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future, the relevant deferred income tax liabilities will not be recognized. Except for the above exceptions, the Company recognizes all other deferred income tax liabilities arising from taxable temporary differences.

Deferred income tax assets are not recognized for deductible temporary differences related to the

initial recognition of assets or liabilities arising from transactions that are neither business combinations nor affecting accounting profits and taxable income (or deductible losses) at the time of occurrence. In addition, for deductible temporary differences related to investments in subsidiaries, associated enterprises and joint ventures, if the temporary differences are not likely to be reversed in the foreseeable future, or the taxable income used to offset the deductible temporary differences is not likely to be obtained in the future, the relevant deferred income tax assets will not be recognized. Except for the above exceptions, the Company recognizes deferred income tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income to offset deductible temporary differences.

For any deductible loss or tax deduction that can be carried forward to the following year, the corresponding deferred income tax assets shall be recognized to the extent that it is likely to obtain future taxable income to offset deductible losses and tax deduction.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are measured according to the applicable tax rate in the period when the relevant assets are expected to be recovered or the relevant liabilities are paid off in accordance with the provisions of the tax law.

On the balance sheet date, the book value of deferred income tax assets shall be reviewed, and if it is likely that sufficient taxable income will not be obtained in the future to offset the benefits of the deferred income tax assets, the book value of deferred income tax assets will be written down. When sufficient taxable income is likely to be obtained, the written-down amount shall be reversed.

3. Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except for the current income tax and deferred income tax related to transactions and events recognized as other comprehensive income or directly included in shareholders' equity included in other comprehensive income or shareholders' equity, as well as the book value of the goodwill adjusted by deferred income tax arising from business combination, other current income tax and deferred income tax expenses or income shall be included in current profits and losses.

4. Offset of income tax

Where the Company has a legal right to settle on a net basis and intends to settle on a net basis or to acquire assets and settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities shall be presented on a net basis after offset.

When the Company has the legal right to settle the current income tax assets and current income tax liabilities on a net basis, and deferred income tax assets and deferred income tax liabilities are related to the income tax collected by the same tax collection and management department on the same taxpayer or related to different taxpayers, however, in each future reversal period of significant deferred income tax assets and liabilities, when the taxpayer involved intends to settle the current income tax assets and

liabilities on a net basis or acquires assets and settle liabilities at the same time, the deferred income tax assets and deferred income tax liabilities of the Company shall be presented on a net basis after offset.

(XXXII) Lease

A lease refers to a contract in which the Company assigns or acquires the right to control the use of one or more identified assets for a certain period of time in exchange for or in payment of consideration. On the commencement date of a contract, the Company evaluates whether the contract is a lease or contains a lease.

1. The Company as the lessee

The Company's categories of leased assets are mainly right-of-use assets.

(1) Initial measurement

On the commencement date of the lease term, the Company recognizes the right to use the leased assets during the lease term as the right to use assets, and recognizes the present value of unpaid lease payments as lease liabilities, except for short-term leases and leases of low-value assets. When calculating the present value of the lease payment amount, the Company adopts the interest rate implicit in lease as the discount rate; if the interest rate implicit in lease cannot be determined, the incremental borrowing rate of the lessee shall be used as the discount rate.

(2) Subsequent measurement

The Company depreciates the right-to-use assets in the month starting from the lease term. Where there is a reasonable ground to believe that the ownership of a leased asset is obtainable upon the expiration of lease period, the Company shall accrue depreciation during the remaining service life of the leased assets. If it is impossible to reasonably determine that the ownership of the leased asset can be obtained at the expiration of the lease term, the Company shall calculate depreciation within the period of the lease term or remaining useful life of the leased asset, whichever is shorter.

For lease liabilities, the Company calculates the interest expense of the lease liability in each period of the lease period at a fixed cyclical interest rate, which is included in the current profit and loss or related asset cost. The amount of variable lease payments not included in the measurement of lease liabilities shall be included in the current profits and losses or the cost of related assets when they actually occur.

After the commencement date of the lease period, when the actual fixed payment amount changes, the expected payable amount of the guarantee residual value changes, the index or ratio used to determine the lease payment amount changes, and the evaluation result or actual exercise of the purchase option, renewal option or termination option changes, the Company re-measures the lease liability based on the present value of the changed lease payments and adjusts the book value of the right-to-use assets accordingly. If the book value of the right to use assets has been reduced to zero, but the lease liabilities still need to be further reduced, the Company will include the remaining amount into the current profits and losses.

(3) Short-term leases and low-value asset leases

For short-term leases (leases with a lease period not exceeding 12 months on the lease commencement date) and low-value asset leases, the Company adopts a simplified treatment method, does not recognize right-of-use assets and lease liabilities, and includes lease payments into relevant asset costs or current profits and losses according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

(4) Lease change

If the lease is changed and the following conditions are met, the lessee shall account for the lease change as a separate lease:

- The lease change expands the lease scope by adding the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group shall re-allocate the consideration of the changed contract, re-recognize the lease period, and re-measure the lease liability according to the present value calculated by the changed lease payment amount and the revised discount rate.

If the lease scope is reduced or the lease term is shortened due to the lease change, the Company shall reduce the book value of the right-to-use assets accordingly, and include the gains or losses related to partial or complete termination of the lease into the current profits and losses. If the lease liabilities are re-measured due to other lease changes, the Company shall adjust the book value of the right-to-use assets accordingly.

2. The Company as the lesser

On the commencement date of the lease, the Company divides the lease into finance lease and operating lease based on the substance of the transaction. Finance lease refers to the lease that essentially transfers almost all the risks and rewards related to the ownership of the leased assets. Operating lease refers to a lease other than a financing lease.

(1) lease

The Company recognizes lease receipts from operating leases as rental income for each period of the lease term using a reasonable amortization method. Variable lease payments relating to operating leases that are not included in lease receipts are included in current profits and losses when they are actually incurred.

(2) Financial leasing

On the commencement date of the lease period, the Company recognizes the finance lease receivables and derecognizes the finance lease assets. Financial lease receivables are initially measured as the net lease

investment (the sum of the unsecured residual value and the present value of the lease receipts not received at the commencement of the lease period discounted at the interest rate implicit in lease), and the interest income during the lease period is calculated and recognized at a fixed periodic interest rate. The variable lease payments obtained by the Company that are not included in the measurement of net lease investment are included in the current profits and losses when they actually occur.

(3) Lease change

When an operating lease is changed, the Company shall account for it as a new lease from the effective date of the change, and the advance or receivable lease receipts related to the lease before the change shall be regarded as the new lease receipts.

If the financial lease changes and meets the following conditions at the same time, the Company shall treat the lease change as a separate lease:

- The lease change expands the lease scope by increasing the right to use one or more leased assets;
- The increased consideration is equivalent to the separate price for the extended portion of the lease, adjusted for the circumstances of the contract.

If the change of financial lease is not accounted for as a separate lease, the Company will account for the changed lease under the following circumstances:

- If the change takes effect on the lease commencement date, and the lease is classified as an operating lease, the Company will account for it as a new lease from the effective date of the lease change, and take the net lease investment before the effective date of the lease change as the book value of the leased asset;
- If the change takes effect on the lease commencement date, and the lease is classified as a financial lease, the Company will account for it according to the provisions of the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments on amending or renegotiating the contract.

(XXXIII) Related party

One party controls and jointly controls the other party or exerts significant influence on the other party, and if two or more parties are controlled and jointly controlled by the same party, they constitute related parties. Related parties can be individuals or enterprises. An enterprise that is only under the control of the state but does not have other related party relationships does not constitute a related party.

Related parties of the company include, but are not limited to:

1. Parent company;
2. Subsidiary;
3. Other enterprises controlled by the same parent company;
4. Investors implementing joint control;
5. Investors exerting significant influence;

6. Joint venture, including its subsidiaries;

7. Affiliated enterprises, including subsidiaries of affiliated enterprises;

(XXXIV) Fair value measurement

1. Initial measurement of fair value

When measuring the fair value of assets and liabilities, the Company takes into account the characteristics of such assets or liabilities, and uses the price that can be received by selling an asset or the price that needs to be paid by transferring a liability in an orderly transaction between market participants on the measurement date to measure fair value. When measuring the relevant assets or liabilities at fair value, the transactions in which market participants sell the assets or transfer the liabilities at the measurement date are orderly transactions under current market conditions; the orderly transactions to sell the assets or transfer the liabilities are conducted in the principal markets for the relevant assets or liabilities. If there is no principal market, it is assumed that the transaction takes place in the most advantageous market for the asset or liability; assumptions used by market participants to maximize their economic benefits when pricing the asset or liability are adopted. When measuring non-financial assets at fair value, it shall consider the ability of market participants to use the asset for the best use to generate economic benefits, or sell the assets to other market participants who can use them for the best use to generate economic benefits.

2. Valuation technique

When measuring the fair value of relevant assets or liabilities, the Company adopts valuation techniques that are applicable under current circumstances and supported by sufficient available data and other information. The valuation techniques mainly include market approach, income approach, and cost approach. When applying valuation techniques, preference is given to using relevant observable inputs. Only when relevant observable inputs cannot be obtained or it is not practicable to obtain them should unobservable inputs be used.

3. Fair value hierarchy classification

The Company determines the level of a fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety: Level 1 input value is the unadjusted quoted price of the same assets or liabilities that can be obtained on the measurement date in an active market. An active market refers to a market where the trading volume and frequency of related assets or liabilities are sufficient to continuously provide pricing information. Level 2 input value is the directly or indirectly observable input value of the related asset or liability in addition to Level 2 input value. Level 3 input value is the unobservable input value of related assets or liabilities.

(XXXV) Changes in accounting estimates for significant accounting policies

1. Changes to accounting policies

(1) Article 1 and Article 3 of the Interpretation No. 15 of the Accounting Standards for Business Enterprises

The Ministry of Finance issued Interpretation No. 15 of Accounting Standards for Business Enterprises (hereinafter referred to as "Interpretation No. 15") on December 31, 2021. According to Interpretation 15:

1) If the Group sells the products or by-products produced before the fixed assets reach the intended usable state or during the research and development process, the income and cost related to trial operation sales shall be accounted for separately in accordance with the *Accounting Standards for Business Enterprises No. 14-Income* and *Accounting Standards for Business Enterprises No. 1-Inventory* and other regulations, and shall be included in the current profit and loss. The net amount after offsetting related income from trial operation sales against related costs will no longer be offset against the cost of fixed assets or research and development expenditure. This has been implemented starting from December 31, 2021. The Group retrospectively applied the provisions of Interpretation No. 15 mentioned above to trial sales that occurred after January 1, 2021, in the financial statements for the year 2022. The impact of this change on the financial statements as of December 31, 2021 and for the year 2021 is as follows:

The change in policy has no impact on the Company's financial statements for the year ended 31 December 2021 and 2021.

2) When judging whether a contract is a loss contract, the 'cost of performing the contract' considered by the Company includes not only the incremental costs of performing the contract (such as direct labor and direct materials), but also the allocated amounts of other costs directly related to performing the contract (such as the allocated depreciation expenses of fixed assets used to perform the contract), which was implemented starting from December 31, 2021. In accordance with the provisions of Interpretation No. 15, for contracts that have not fulfilled all obligations as of December 31, 2021, the retained earnings at the beginning of 2022 and other relevant financial statement items were adjusted based on the cumulative impact amount, without adjusting the comparative financial statement data for 2021. The impact of this change on the financial statements as at 31 December 2021 is as follows:

The change in policy has no impact on the financial statements of the Company as at 31 December 2021.

2. Interpretation No.16 of Accounting Standards for Business Enterprises

The Ministry of Finance issued the *Interpretation No. 16 of Accounting Standards for Business Enterprises* (hereinafter referred to as "Interpretation No. 16") on December 13, 2022. According to Interpretation 16:

1) As the issuer of financial instruments classified as equity instruments, if the relevant dividend expenses recognized for such financial instruments are deducted before enterprise income tax according to

the tax policy, then when recognizing payable dividends, for the profits distributed that originate from transactions or events that previously resulted in gains or losses, the tax effect of the dividend is recognized in profit or loss for the period; for the profits distributed that originate from transactions or events previously recognized in equity, the tax effect of the dividend is recognized in equity items, which was implemented starting from December 31, 2021. If such dividends payable are recognized before December 31, 2021 and the relevant financial instruments have not been derecognized as of December 31, 2021, retrospective adjustment shall be made. The impact of the change on the financial statements for the year ended 31 December 2021 and 2021 is as follows:

The change in policy has no impact on the Company's financial statements for the year ended 31 December 2021 and 2021.

2) If the terms and conditions of the cash-settled share-based payment agreement are modified to become equity-settled share-based payment (including the case where the modification occurs after the end of the vesting period), the Company shall measure the equity-settled share-based payment according to the fair value of the equity instrument granted on the date of modification, record the services obtained into the capital reserve, and derecognize the liabilities recognized on the modification date of the cash-settled share-based payment. In accordance with Interpretation No. 16, the Group adjusted such transactions that occurred before December 31, 2021, by adjusting the cumulative effect to retained earnings and other relevant financial statement items as of December 31, 2021, without adjusting the comparative financial statement data for the year 2021. The impact of this change on the financial statements as at 31 December 2021 is as follows:

The change in policy has no impact on the financial statements of the Company as at 31 December 2021.

3) The content of "Accounting treatment for deferred income tax related to assets and liabilities arising from single transactions where the initial recognition exemption does not apply" was implemented as of January 1, 2023. For the taxable temporary differences and deductible temporary differences arising from the recognition of lease liabilities and right-of-use assets due to the single transaction applicable to Interpretation No.16, the Company will trace back according to the provisions of Interpretation No.16 and Accounting Standards for Business Enterprises No.18-Income Tax, and adjust the cumulative impact to the opening retained earnings and other related financial statement items of the earliest period presented in the financial statements.

The change in policy has no impact on the Company's financial statements as at 1 January 2023.

(3) Interpretation No.17 of Accounting Standards for Business Enterprises

On October 25, 2023, the Ministry of Finance issued the *Interpretation No. 17 of Accounting Standards for Business Enterprises* (Cai Kuai [2023] No. 21, hereinafter referred to as Interpretation No.

17), which was implemented starting from January 1, 2024. The Company implemented the provisions of Interpretation No. 17 from 1 January 2024. Implementation of the relevant provisions of Interpretation No. 17 has not had a material impact on the financial statements of the Company during the reporting period.

(4) *Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024 and Interpretation No. 18 of Accounting Standards for Business Enterprises*

The *Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024* in March 2024 and the *Interpretation No. 18 of Accounting Standards for Business Enterprises* issued on December 6, 2024 issued by the Ministry of Finance stipulate that guarantee-type warranty expenses should be included in operating costs. The implementation of these regulations has no significant impact on the Company's financial statements during the reporting period.

2. Changes in accounting estimates

There were no changes in significant accounting estimates during the reporting period.

V. Tax

(I) Major tax types and tax rates

Tax category	Tax basis	Tax rate
VAT	The output tax shall be subject to output VAT calculated at the corresponding tax rate, and VAT is paid based on the balance after deducting the deductible input VAT for the current period.	1%,3%,6%,9%,13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharges	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%
Corporate income tax	Taxable income	25%

(II) Tax preference and approvals

1. According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Treatment of Enterprise Income Tax on Special Purpose Financial Funds (Cai Shui [2011] No.70) and relevant provisions of the Enterprise Income Tax Law of the People's Republic of China (Decree No.512 of the State Council) and the Regulation on Carrying out of the Enterprise Income Tax Law of the People's Republic of China, the financial funds of the total accrued income obtained by enterprises from the financial departments and other departments of the people's governments at or above the county level from January 1, 2011 can be regarded as non-taxable income and deducted from the total income if they meet the following conditions at the same time:

- (1) The enterprise can provide the fund allocation documents that specify the special purpose of funds;
- (2) The financial department or other government department that allocates funds has special fund

management methods or specific management requirements for the funds;

(3) The enterprise separately accounts for the funds and the expenditures incurred with the funds.

The expenses arising from the above-mentioned non-taxable income used for expenditure shall not be deducted when calculating the taxable income; depreciation and amortization of assets formed for expenditure shall not be deducted when calculating taxable income.

2. According to the Announcement of the Ministry of Finance and the State Taxation Administration on *Further Supporting the Development of Relevant Tax and Fee Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (Announcement of the Ministry of Finance and the State Taxation Administration [2024] No. 12), from January 1, 2024, to December 31, 2027, resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding securities transaction stamp duty), cultivated land occupation tax, education surcharge and local education surcharge shall be levied at a 50% reduced rate for small-scale VAT taxpayers, small and micro-profit enterprises and individual industrial and commercial households.

VI. Notes to Items in Pro Forma Consolidated Financial Statements

Unless otherwise indicated in the following note items (including major project notes to the company's pro forma financial statements), the monetary unit is RMB.

1. Monetary capital

(1) The details of the monetary capital are as follows:

Item	December 31, 2024	December 31, 2023	December 31, 2022
Cash on hand	28,837.78	40,712.74	231,901.83
Bank deposit	3,030,289,339.24	2,112,445,546.32	1,467,042,076.70
Other monetary funds	5,313,844,209.25	9,476,864,998.13	10,838,034,101.41
Total	8,344,162,386.27	11,589,351,257.19	12,305,308,079.94

(2) Restrictions on the use of monetary capital is listed as follows

Item	December 31, 2024	December 31, 2023	December 31, 2022	Reasons for restriction
Bank deposit		104,832.67	94,151.39	Account restricted
Other monetary funds	5,313,844,040.05	9,476,864,998.13	10,838,034,101.41	Time deposit certificate pledge, bill margin, and fixed deposit transferred to freeze after maturity
Total	5,313,844,040.05	9,476,969,830.80	10,838,128,252.80	

2. Notes receivable

(1) Classification of notes receivable

Item	December 31, 2024	December 31, 2023	December 31, 2022
Bank acceptance bill	2,296,845.94	1,474,824.20	5,710,198.00
Commercial acceptance bill		200,000.00	
Total	2,296,845.94	1,674,824.20	5,710,198.00

(2) As of December 31, 2024, there were no notes receivable that have been endorsed or discounted as of the balance sheet date but not yet matured

3. Accounts receivable

(1) Disclosed by age

Aging	December 31, 2024	December 31, 2023	December 31, 2022
Within 1 year (including 1 year)	3,838,918,463.45	3,895,395,617.21	4,672,423,653.46
1-2 years	3,133,348,772.43	3,855,603,421.02	2,860,056,412.23
2-3 years	2,727,350,752.75	1,943,564,184.00	1,055,000,865.13
3-4 years	1,856,318,198.68	853,613,309.54	596,895,460.11
4-5 years	846,407,880.95	596,895,260.11	680,566,500.09
More than 5 years	2,942,329,214.80	2,505,387,611.97	2,035,866,174.90
Subtotal	15,344,673,283.06	13,650,459,403.85	11,900,809,065.92
Less: bad debt reserves	52,945,094.76	34,547,196.85	18,988,491.75
Total	15,291,728,188.30	13,615,912,207.00	11,881,820,574.17

(2) Disclosed by classification as per method of provision for bad debt

Type	December 31, 2024				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to combination	15,344,673,283.06	100.00	52,945,094.76	0.35	15,291,728,188.30
Including: aging combination	586,202,833.76	3.82	52,945,094.76	9.03	533,257,739.00
Other combination	14,758,470,449.30	96.18			14,758,470,449.30
Total	15,344,673,283.06	100.00	52,945,094.76	0.35	15,291,728,188.30

(Continued)

Type	December 31, 2023				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					
Accounts receivable with provision for bad debts according to combination	13,650,459,403.85	100.00	34,547,196.85	0.25	13,615,912,207.00
Including: aging combination	715,513,665.25	5.24	34,547,196.85	4.83	680,966,468.40
Other combination	12,934,945,738.60	94.76			12,934,945,738.60
Total	13,650,459,403.85	100.00	34,547,196.85	0.25	13,615,912,207.00

(Continued)

Type	December 31, 2022				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable for individual provisions for bad debts					

Type	December 31, 2022				
	Book balance		Bad debt reserves		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Accounts receivable with provision for bad debts according to combination	11,900,809,065.92	100.00	18,988,491.75	0.16	11,881,820,574.17
Including: aging combination	570,164,143.77	4.79	18,988,491.75	3.33	551,175,652.02
Other combination	11,330,644,922.15	95.21			11,330,644,922.15
Total	11,900,809,065.92	100.00	18,988,491.75	0.16	11,881,820,574.17

Accounts receivable with provision for bad debts according to aging combination

Aging	December 31, 2024		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year (including 1 year)	315,998,246.70		0.00
1-2 years	6,653,424.10	332,671.21	5.00
2-3 years	10,432,619.61	1,043,261.95	10.0
3-4 years	243,664,014.13	48,732,802.83	20.00
4-5 years	9,454,529.22	2,836,358.77	30.00
Total	586,202,833.76	52,945,094.76	9.03

(Continued)

Aging	December 31, 2023		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year (including 1 year)	358,336,978.58		0.00
1-2 years	47,512,917.91	2,564,204.31	5.00
2-3 years	299,497,612.09	29,949,761.21	10.00
3-4 years	10,166,156.67	2,033,231.33	20.00
Total	715,513,665.25	34,547,196.85	4.83

(Continued)

Aging	December 31, 2022		
	Book balance	Bad debt reserves	Withdrawal proportion (%)
Within 1 year (including 1 year)	211,888,509.24		0.00
1-2 years	346,855,807.46	17,846,489.04	5.00
2-3 years	11,419,627.07	1,141,962.71	10.00
3-4 years	200.00	40.00	20.00
Total	570,164,143.77	18,988,491.75	3.33

Accounts receivable with provision for bad debts according to other combination

Item	December 31, 2024		
	Book balance	Bad debt reserves	Reason

Item	December 31, 2024		
	Book balance	Bad debt reserves	Reason
Government agencies and related units	14,758,470,449.30		Government and related units do not make provision for bad debts
Total	14,758,470,449.30		—

(Continued)

Item	December 31, 2023		
	Book balance	Bad debt reserves	Reason
Government agencies and related units	12,934,945,738.60		Government and related units do not make provision for bad debts
Total	12,934,945,738.60		—

(Continued)

Item	December 31, 2022		
	Book balance	Bad debt reserves	Reason
Government agencies and related units	11,330,644,922.15		Government and related units do not make provision for bad debts
Total	11,330,644,922.15		—

(3) Provision for bad debts

Type	December 31, 2023	Amount of change in the Current Period			December 31, 2024
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	34,547,196.85	18,397,897.91			52,945,094.76
Total	35,509,966.41	18,397,897.91			52,945,094.76

(Continued)

Type	December 31, 2022	Amount of change in the Current Period			December 31, 2023
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	18,988,491.75	16,043,691.96	484,986.86		34,547,196.85
Total	18,988,491.75	16,043,691.96	484,986.86		34,547,196.85

4. Prepayments

(1) Prepayments listed by aging

Aging	December 31, 2024		December 31, 2023		December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	114,099,854.23	12.03	328,157,225.59	28.17	700,846,109.96	63.22
1-2 years	43,249,764.38	4.56	476,488,100.38	40.90	171,190,881.55	15.44
2-3 years	462,507,798.45	48.78	124,215,094.37	10.66	114,393,511.18	10.32
More than 3 years	328,378,312.00	34.63	236,172,765.76	20.27	122,212,976.33	11.02
Total	948,235,729.06	100.00	1,165,033,186.10	100.00	1,108,643,479.02	100.00

5. Other receivables

Item	December 31, 2024	December 31, 2023	December 31, 2022
Interest receivable			
Dividends receivable			
Other receivables	12,488,619,080.86	12,057,155,298.01	11,754,015,194.44
Total	12,488,619,080.86	12,057,155,298.01	11,754,015,194.44

(1) Classification and disclosure of other receivables

① Disclosure by aging

Aging	December 31, 2024	December 31, 2023	December 31, 2022
Within 1 year (including 1 year)	7,122,404,633.75	5,089,141,453.16	7,724,199,707.41
1-2 years	2,080,235,306.57	3,693,793,084.48	1,939,765,243.77
2-3 years	1,917,742,647.55	1,538,922,818.37	887,394,912.40
3-4 years	385,996,731.17	581,064,114.48	153,586,364.13
4-5 years	234,259,255.12	108,704,929.50	315,698,929.40
More than 5 years	855,763,226.66	1,149,612,647.80	849,638,252.16
Subtotal	12,596,401,800.82	12,161,239,047.79	11,870,283,409.27
Less: bad debt reserves	107,782,719.96	104,083,749.78	116,268,214.83
Total	12,488,619,080.86	12,057,155,298.01	11,754,015,194.44

② Classification of the nature

Nature of payment	December 31, 2024	December 31, 2023	December 31, 2022
General operating receivable	5,868,069,583.96	6,624,393,898.00	6,587,593,237.83
Deposit and security fund	124,157,253.76	78,593,230.00	35,407,548.00
Current account	6,546,557,696.90	5,400,634,653.59	5,183,894,257.24
Other payments	57,617,266.20	57,617,266.20	63,388,366.20
Subtotal	12,596,401,800.82	12,161,239,047.79	11,870,283,409.27
Less: bad debt reserves	107,782,719.96	104,083,749.78	116,268,214.83
Total	12,488,619,080.86	12,057,155,298.01	11,754,015,194.44

③ Provision for bad debts

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Balance as of December 31, 2023	104,083,749.78			104,083,749.78
The book balance of other receivables as of December				
--Transfer to Phase II				

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
--Transfer to Phase III				
--Reverse to Phase II				
--Reverse to Phase I				
Provisioned for this period	7,994,220.54			7,994,220.54
Reversal in this period	4,295,250.36			4,295,250.36
Reversed for this period				
Charged-off for this period				
Other changes				
Balance as of December 31, 2024	107,782,719.96			107,782,719.96

(Continued)

Bad debt reserves	Phase I	Phase II	Phase III	Total
	Expected credit loss over the next 12 months	Expected credit loss for the whole period of existence (not impaired)	Expected credit loss for the whole period of existence (impaired)	
Balance as of December 31, 2023	116,268,214.83			116,268,214.83
The book balance of other receivables as of December 31, 2023				
--Transfer to Phase II				
--Transfer to Phase III				
--Reverse to Phase II				
--Reverse to Phase I				
Provisioned for this period	20,348,121.33			20,348,121.33
Reversal in this period	32,043,486.38			32,043,486.38
Reversed for this period	489,100.00			489,100.00
Verification in current period				
Other changes				
Balance as of December 31, 2024	104,083,749.78			104,083,749.78

④ Provision for bad debts

Type	December 31, 2023	Amount of change in the Current Period			December 31, 2024
		Withdrawal	Recovery or reversal	Write-off or verification	

Type	December 31, 2023	Amount of change in the Current Period			December 31, 2024
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	104,083,749.78	7,994,220.54	4,295,250.36		107,782,719.96
Total	104,083,749.78	7,994,220.54	4,295,250.36		107,782,719.96

(Continued)

Type	December 31, 2022	Amount of change in the Current Period			December 31, 2023
		Withdrawal	Recovery or reversal	Write-off or verification	
Aging combination	116,268,214.83	20,348,121.33	32,043,486.38	489,100.00	104,083,749.78
Total	116,268,214.83	20,348,121.33	32,043,486.38	489,100.00	104,083,749.78

6. Inventory

(1) Classification of inventories

Item	December 31, 2024		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Raw materials	721,025.16		721,025.16
Contract performance cost	19,854,189,638.02		19,854,189,638.02
Development cost	6,734,117,707.09		6,734,117,707.09
Develop products	2,565,246,140.89		2,565,246,140.89
Inventory goods	630,019,462.56		630,019,462.56
Low-value consumables	476,737.87		476,737.87
Consumptive biological assets	192,901,600.45		192,901,600.45
Total	29,977,672,312.04		29,977,672,312.04

(Continued)

Item	December 31, 2023		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Raw materials	1,096,824.50		1,096,824.50
Contract performance cost	19,881,300,197.38		19,881,300,197.38
Development cost	7,106,358,604.00		7,106,358,604.00
Develop products	670,471,585.62		670,471,585.62
Inventory goods	565,265,925.45		565,265,925.45
Low-value consumables	376,436.02		376,436.02
Consumptive biological assets	192,794,666.21		192,794,666.21

Item	December 31, 2023		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Total	28,417,664,239.18		28,417,664,239.18

(Continued)

Item	December 31, 2022		
	Book balance	Provision for inventory depreciation/provision for impairment of contract performance cost	Book value
Raw materials	978,410.19		978,410.19
Contract performance cost	26,406,368,722.67		26,406,368,722.67
Development cost	6,670,000.00		6,670,000.00
Develop products			
Inventory goods	479,167,157.73		479,167,157.73
Low-value consumables	417,632.68		417,632.68
Consumptive biological assets	195,142,141.00		195,142,141.00
Total	27,088,744,064.27		27,088,744,064.27

(2) Provision for depreciation of inventories

There is no provision for depreciation of inventories.

(3) Inventory restrictions in the current period

As of December 31, 2024, land with a value of 1,240,918,135.05 yuan in inventory is mortgaged to provide collateral for loans.

7. Other current assets

Item	December 31, 2024	December 31, 2023	December 31, 2022
Deferred expenses	3,969,342.08	3,997,125.82	504,356.47
Prepaid and deductible input tax	837,904,402.65	842,716,987.10	783,732,546.20
Total	841,873,744.73	846,714,112.92	784,236,902.67

8. Long - term equity investment

(1) Classification of long-term equity investment

Item	December 31, 2024		
	Book balance	Impairment provision	Book value
Investment in associated enterprises	11,592,087,507.10		11,592,087,507.10
Total	11,592,087,507.10		11,592,087,507.10

(Continued)

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in associated enterprises	11,082,221,433.60		11,082,221,433.60	9,793,724,640.66		9,793,724,640.66
Total	11,082,221,433.60		11,082,221,433.60	9,793,724,640.66		9,793,724,640.66

(2) Investment in joint ventures and associated enterprises

Invested unit	December 31, 2023	Increase and decrease in the current period							December 31, 2024	Impairment provision as of December 31, 2024
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
I. Associated enterprises										
Yancheng Haishang Guoneng Wind Power Generation Co., Ltd.	19,872,966.35		19,872,966.35							
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	593,125,493.90		593,125,493.90							
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	632,240,576.64		632,240,576.64							
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	2,019,240,552.36			61,154,235.50					2,080,394,787.86	
Yancheng Dafeng Gaoxin Investment Co., Ltd.	3,103,977,017.98		3,103,977,017.98							
Yancheng Dafeng Fenghua Hengyu Investment Group Co., Ltd.		4,801,322,783.35		112,792,085.55					4,914,114,868.90	
Yancheng Dafeng Fengtai Emerging Industry Investment Fund (Limited Partnership)	115,220,498.17		23,317,911.46					-91,902,586.71		

Invested unit	December 31, 2023	Increase and decrease in the current period							December 31, 2024	Impairment provision as of December 31, 2024
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
Jiangsu Hengrui New City Development and Construction Co., Ltd.	225,481,946.59			2,910,449.00					228,392,395.59	
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	52,066,523.92			1,245,783.86					53,312,307.78	
Yancheng Xingrui Construction Engineering Co., Ltd.	6,458,991.05			-6,458,991.05						
Jiangsu Hengshuo Water Co., Ltd.	188,453,981.52			1,842,024.90					190,296,006.42	
Yancheng Dafeng Mingcheng Development and Construction Co., Ltd.	100,000,000.00								100,000,000.00	
Jiangsu Sanshui Sewage Treatment Co., Ltd.	11,890,329.24			600,629.62			2,000,000.00		10,490,958.86	
Yancheng Dafeng 228 Service Area Management Co., Ltd.	11,027,357.04			-451,129.41					10,576,227.63	
Yancheng Dafeng Modern Forestry Development Co., Ltd.	1,056,802,244.70			1,456,972.61					1,058,259,217.31	
Yancheng Dafeng Jiangshang Tourism Development Co., Ltd.	1,145,158,386.79			340,197.35					1,145,498,584.14	
Yancheng Dafeng	620,341,980.45			-139,390.88					620,202,589.57	

Invested unit	December 31, 2023	Increase and decrease in the current period							December 31, 2024	Impairment provision as of December 31, 2024
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
Yongshun Investment and Development Co., Ltd.										
Yancheng Dafeng Dongfang Taohuazhou Tourism Development Co., Ltd.	151,121,582.09			-134,756.82					150,986,825.27	
Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.	1,029,741,004.81			-178,267.04					1,029,562,737.77	
Total	11,082,221,433.60	4,801,322,783.35	4,372,533,966.33	174,979,843.19			2,000,000.00	-91,902,586.71	11,592,087,507.10	

(Continued)

Invested unit	December 31, 2022	Increase and decrease in the current period							December 31, 2023	Impairment provision as of Sunday, December 31, 2023
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
I. Associated enterprises										
Jiangsu Fenggang Natural Gas Co., Ltd.	18,973,441.53		18,600,000.00	798,258.47			1,171,700.00			
Yancheng Haishang Guoneng Wind Power Generation Co., Ltd.	19,872,966.35								19,872,966.35	
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	579,137,367.33			13,988,126.57					593,125,493.90	

Invested unit	December 31, 2022	Increase and decrease in the current period							December 31, 2023	Impairment provision as of Sunday, December 31, 2023
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	617,465,856.71			14,774,719.93					632,240,576.64	
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	1,958,097,336.07			61,143,216.29					2,019,240,552.36	
Yancheng Dafeng Gaoxin Investment Co., Ltd.	2,995,716,787.13			108,260,230.85					3,103,977,017.98	
Yancheng Dafeng Water Purification Co., Ltd.	-5,378,114.45			5,378,114.45						
Yancheng Dafeng Fengtai Emerging Industry Investment Fund (Limited Partnership)	106,504,335.29			8,716,162.88					115,220,498.17	
Jiangsu Hengrui New City Development and Construction Co., Ltd.	229,467,535.51			-3,985,588.92					225,481,946.59	
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	69,499,027.69			-17,432,503.77					52,066,523.92	
Yancheng Xingrui Construction Engineering Co., Ltd.	13,753,232.73			-7,294,241.68					6,458,991.05	
Jiangsu Hengshuo Water Co., Ltd.	189,785,494.09			-1,331,512.57					188,453,981.52	

Invested unit	December 31, 2022	Increase and decrease in the current period							December 31, 2023	Impairment provision as of Sunday, December 31, 2023
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
Yancheng Dafeng Mingcheng Development and Construction Co., Ltd.	6,000,000.00	94,000,000.00							100,000,000.00	
Jiangsu Sanshui Sewage Treatment Co., Ltd.	10,992,591.12			897,738.12					11,890,329.24	
Yancheng Dafeng 228 Service Area Management Co., Ltd.	11,590,203.55			-562,846.51					11,027,357.04	
Yancheng Dafeng Modern Forestry Development Co., Ltd.	1,055,268,857.07			1,533,387.63					1,056,802,244.70	
Yancheng Dafeng Jiangshang Tourism Development Co., Ltd.	1,145,552,347.03			-393,960.24					1,145,158,386.79	
Yancheng Dafeng Yongshun Investment and Development Co., Ltd.	619,948,655.41			393,325.04					620,341,980.45	
Yancheng Dafeng Dongfang Taohuazhou Tourism Development Co., Ltd.	151,476,720.50			-355,138.41					151,121,582.09	
Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.		1,029,741,004.81							1,029,741,004.81	
Total	9,793,724,640.66	1,123,741,004.81	18,600,000.00	184,527,488.13			1,171,700.00		11,082,221,433.60	

(Continued)

Invested unit	December 31, 2021	Increase and decrease in the current period							December 31, 2022	Impairment provision as of December 31, 2022
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
I. Associated enterprises										
Jiangsu Fenggang Natural Gas Co., Ltd.	18,822,480.33			150,961.20					18,973,441.53	
Yancheng Haishang Guoneng Wind Power Generation Co., Ltd.	19,872,966.35								19,872,966.35	
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	565,706,332.83			13,431,034.50					579,137,367.33	
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	602,442,592.75			15,023,263.96					617,465,856.71	
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	1,892,882,437.13			65,214,898.94					1,958,097,336.07	
Yancheng Dafeng Gaoxin Investment Co., Ltd.	2,886,625,311.99			109,091,475.14					2,995,716,787.13	
Yancheng Dafeng Water Purification Co., Ltd.				-5,378,114.45					-5,378,114.45	
Yancheng Dafeng Fengtai Emerging Industry Investment Fund (Limited Partnership)	104,599,592.12			1,904,743.17					106,504,335.29	
Jiangsu Hengrui New City Development	229,962,053.08			-494,517.57					229,467,535.51	

Invested unit	December 31, 2021	Increase and decrease in the current period							December 31, 2022	Impairment provision as of December 31, 2022
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
and Construction Co., Ltd.										
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.				-10,500,972.31				80,000,000.00	69,499,027.69	
Yancheng Xingrui Construction Engineering Co., Ltd.				-6,246,767.27				20,000,000.00	13,753,232.73	
Jiangsu Hengshuo Water Co., Ltd.	201,465,365.11			-11,679,871.02					189,785,494.09	
Yancheng Dafeng Mingcheng Development and Construction Co., Ltd.	6,000,000.00								6,000,000.00	
Jiangsu Sanshui Sewage Treatment Co., Ltd.	10,276,821.32			715,769.80					10,992,591.12	
Yancheng Dafeng 228 Service Area Management Co., Ltd.	12,000,000.00			-409,796.45					11,590,203.55	
Yancheng Dafeng Modern Forestry Development Co., Ltd.	1,054,008,422.07			1,260,435.00					1,055,268,857.07	
Yancheng Dafeng Jiangshang Tourism Development Co., Ltd.	798,222,000.33			-946,708.30		348,277,055.00			1,145,552,347.03	
Yancheng Dafeng Yongshun Investment and Development Co., Ltd.	615,758,630.43			4,190,024.98					619,948,655.41	
Yancheng Dafeng	152,381,307.13			-904,586.63					151,476,720.50	

Invested unit	December 31, 2021	Increase and decrease in the current period							December 31, 2022	Impairment provision as of December 31, 2022
		Additional investment	Negative investment	Profits and losses on investments confirmed by the equity method	Adjustments of other comprehensive incomes	Changes in other equities	Declared and distributed cash dividends or profits	Other		
Dongfang Taohuazhou Tourism Development Co., Ltd.										
Total	9,171,026,312.97			174,421,272.69		348,277,055.00		100,000,000.00	9,793,724,640.66	

9. Other equity instrument investment

(1) Details of other equity instrument investment

Item	December 31, 2024	December 31, 2023	December 31, 2022
Investment of non-listed equity instruments	501,687,155.38	479,920,856.32	100,000,000.00
Total	501,687,155.38	479,920,856.32	100,000,000.00

(2) Details of investment of non-tradable equity instruments

Item	Initial investment cost	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reasons for designating to measure at fair value and include its changes in other comprehensive income	Reasons for transferring other comprehensive income to retained earnings
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	100,000,000.00				Other equity instrument investments are investments that the Company plans to hold for a long time not for trading purposes	
Zhejiang Chouzhou Commercial Bank Co., Ltd.	300,000,000.00	101,687,155.38				
Total	400,000,000.00	101,687,155.38				

10. Other non-current financial assets

(1) Details of other non-current financial assets

Item	December 31, 2024	December 31, 2023	December 31, 2022
Financial assets measured at fair value and whose changes are recorded into current profits and losses	731,197,942.21	646,404,851.02	676,394,851.02
Including: debt instrument investment			
Other equity instrument investment	631,197,942.21	541,404,851.02	571,394,851.02
Derivative financial assets			
Mixed instrument			
Other	100,000,000.00	105,000,000.00	105,000,000.00
Financial assets measured at fair value and whose changes are recorded into current profits and losses			
Including: debt instrument investment			
Mixed instrument			
Other			
Total	731,197,942.21	646,404,851.02	676,394,851.02

(2) Details of equity instrument investments

Item	December 31, 2024	December 31, 2023	December 31, 2022
Jiangsu China-Korea Yancheng Industrial Park Investment Co., Ltd.	95,500,000.00	100,000,000.00	100,000,000.00
Jiangsu Dafeng Rural Commercial Bank Co., Ltd.	167,618,181.02	167,618,181.02	167,618,181.02
Jiangsu Yancheng Rural Commercial Bank Co., Ltd.	120,000,000.00	120,000,000.00	120,000,000.00
Yancheng Dafeng Jiecheng Environmental Protection Engineering Co., Ltd.	4,000,000.00	4,000,000.00	3,990,000.00
Shanghai-Suzhou Dafeng Industrial Linkage Cluster Development and Construction Co., Ltd.	50,000,000.00	50,000,000.00	
Yancheng Dafeng Fengtai Emerging Industry Investment Fund (Limited Partnership)	121,074,761.19	37,500,000.00	37,500,000.00
Jiangsu Suyan Coastal Cooperative Development Co., Ltd.	20,000,000.00	20,000,000.00	20,000,000.00
Yancheng Dafeng Jinniu Coastal Emerging Industry Investment Fund (Limited Partnership)		10,281,670.00	10,281,670.00
Shanghai Sirong Investment Management Co., Ltd. -Dafeng Canadian Solar New Energy Investment Fund			80,000,000.00
Yancheng Huanghai Zhengda Industrial Investment Fund Partnership (Limited Partnership)	1,000,000.00		
Jiangsu Jinmao Financing Guarantee Co., Ltd.	15,000,000.00	15,000,000.00	15,000,000.00
Jiangsu Xinchangyan Construction and Development Co., Ltd.	10,000,000.00	10,000,000.00	10,000,000.00
Jiangsu Yancheng Yueda Automobile Science and Technology Innovation Fund (Limited Partnership)	11,000,000.00	6,000,000.00	6,000,000.00
Jiangsu Yancheng Coastal Hengxin Carbon and Equity Investment Partnership (Limited Partnership)	16,005,000.00	1,005,000.00	1,005,000.00
Total	631,197,942.21	541,404,851.02	571,394,851.02

(3) Other details

Item	December 31, 2024	December 31, 2023	December 31, 2022
Jiangsu Trust Dingxin No. 358 Collective Fund Trust Plan		5,000,000.00	5,000,000.00
Financial products	100,000,000.00	100,000,000.00	100,000,000.00
Total	100,000,000.00	105,000,000.00	105,000,000.00

11. Investment real estate

(1) Investment properties measured at fair value:

Item	Property	Land use right	Use right of sea area	Total
I. Balance as of December 31, 2023	1,459,853,310.00	12,616,838,810.90	43,624,600.00	14,120,316,720.90
II. Change in the Current Period	612,184,847.36	810,692,137.84	-15,256,300.00	1,407,620,685.20
Plus: outsourcing	34,351,792.00	78,527,200.00		112,878,992.00
Transfer of inventory/fixed assets/construction in progress	679,126,650.44	731,002,431.64		1,410,129,082.08
Less: disposals	108,141,029.53			108,141,029.53
Other decreased amount			16,071,100.00	16,071,100.00

Item	Property	Land use right	Use right of sea area	Total
Fair value changes	6,847,434.45	1,162,506.20	814,800.00	8,824,740.65
III. Balance as of December 31, 2024	2,072,038,157.36	13,427,530,948.74	28,368,300.00	15,527,937,406.10

(Continued)

Item	Property	Land use right	Use right of sea area	Total
I. Balance as of December 31, 2022	1,553,798,982.23	8,793,795,305.00	407,912,454.00	10,755,506,741.23
II. Change in the Current Period	-93,945,672.23	3,823,043,505.90	-364,287,854.00	3,364,809,979.67
Plus: outsourcing	349,470,056.65	3,808,926,281.07		4,158,396,337.72
Transfer of inventory/fixed assets/construction in progress	5,025,066.94			5,025,066.94
Less: disposals	41,193,080.47	214,749,027.50		255,942,107.97
Other decreased amount			365,235,111.00	365,235,111.00
Fair value changes	-11,652,615.35	-166,728,847.67	947,257.00	-177,434,206.02
重分类变动	-395,595,100.00	395,595,100.00		
III. Balance as of December 31, 2023	1,459,853,310.00	12,616,838,810.90	43,624,600.00	14,120,316,720.90

(Continued)

Item	Property	Land use right	Use right of sea area	Total
I. Balance as of December 31, 2021	1,143,001,908.38	8,911,744,450.58	406,618,700.00	10,461,365,058.96
II. Change in the Current Period	410,797,073.85	-117,949,145.58	1,293,754.00	294,141,682.27
Plus: outsourcing		22,247.52		22,247.52
Transfer of inventory/fixed assets/construction in progress	334,478,445.03			334,478,445.03
Less: disposals	5,095,795.76			5,095,795.76
Other decreased amount		163,663,094.00		163,663,094.00
Fair value changes	38,676,624.58	88,429,500.90	1,293,754.00	128,399,879.48
重分类变动	42,737,800.00	-42,737,800.00		
III. Balance as of December 31, 2022	1,553,798,982.23	8,793,795,305.00	407,912,454.00	10,755,506,741.23

Note: as of December 31, 2024, 9,993,511,065.00 yuan of the investment real estate was used for mortgage loans.

12. Fixed assets

Item	December 31, 2024	December 31, 2023	December 31, 2022
Fixed assets	3,797,580,111.13	3,660,527,006.11	3,306,383,089.09
Disposal of fixed assets			
Total	3,797,580,111.13	3,660,527,006.11	3,306,383,089.09

(1) Detail of fixed assets

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
1 Original book value:						

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
Balance as of December 31, 2023	3,848,283,229.03	223,012,340.90	38,854,434.44	36,355,557.37	6,157,563.41	4,152,663,125.15
1. Increased in this year	428,219,611.38	18,308,146.60	1,286,809.60	2,266,223.94	977,418.36	451,058,209.88
(1) Purchase	1,089,844.88	1,175,017.80	1,286,809.60	1,573,599.85	123,789.76	5,249,061.89
(2) Transfer of construction in progress	298,626,051.50	17,133,128.80				315,759,180.30
(3) Changes in the scope of consolidation				692,624.09	853,628.60	1,546,252.69
(4) Other	128,503,715.00					128,503,715.00
2. Decreased in this year	160,320,493.31	71,911,711.18	29,189,933.62	8,885,639.34	1,254,688.60	271,562,466.05
(1) Disposal or scrap	54,825,244.89	17,455,482.85	2,195,454.27	136,360.39	1,350.00	74,613,892.40
(2) Other decreases	105,495,248.42	54,456,228.33	26,994,479.35	8,749,278.95	1,253,338.60	196,948,573.65
Balance as of December 31, 2024	4,116,182,347.10	169,408,776.32	10,951,310.42	29,736,141.97	5,880,293.17	4,332,158,868.98
II. Accumulated depreciation						
Balance as of December 31, 2023	370,336,229.78	66,731,184.55	28,399,278.92	24,993,533.21	1,675,892.58	492,136,119.04
1. Increased in this year	127,571,267.64	12,479,349.97	2,561,546.29	2,795,856.56	1,074,412.40	146,482,432.86
(1) Withdrawal	127,571,267.64	12,479,349.97	2,561,546.29	2,782,124.06	1,074,412.40	146,468,700.36
(2) Increase in changes in scope of consolidation				13,732.50		13,732.50
2. Decreased in this year	39,456,732.73	37,337,784.70	22,664,627.10	4,505,097.72	75,551.80	104,039,794.05
(1) Disposal or scrap	33,854,158.62	1,804,105.82	1,789,517.48	433,439.17		37,881,221.09
(2) Other decreases	5,602,574.11	35,533,678.88	20,875,109.62	4,071,658.55	75,551.80	66,158,572.96
Balance as of December 31, 2024	458,450,764.69	41,872,749.82	8,296,198.11	23,284,292.05	2,674,753.18	534,578,757.85
III. Impairment provision						
Balance as of December 31, 2023						
1. Increased in the current period						
2. Decrease in the current period						
Balance as of December 31, 2024						
IV. Book value						
Book value as of December 31, 2024	3,657,731,582.41	127,536,026.50	2,655,112.31	6,451,849.92	3,205,539.99	3,797,580,111.13
Book value as of December 31, 2023	3,477,946,999.25	156,281,156.35	10,455,155.52	11,362,024.16	4,481,670.83	3,660,527,006.11

(Continued)

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
1 Original book value:						
Balance as of December 31, 2022	3,460,329,510.32	121,099,103.43	36,808,929.72	32,972,366.85	5,650,906.46	3,656,860,816.78
1. Increased in this year	395,052,189.39	101,913,237.47	3,979,783.68	3,443,742.81	506,656.95	504,895,610.30

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
(1) Purchase	15,282,329.91	101,847,286.54	3,758,914.62	2,124,713.17	334,675.53	123,347,919.77
(2) Transfer of construction in progress	376,393,298.72			483,125.54	171,981.42	377,048,405.68
(3) Changes in the scope of consolidation	3,376,560.76	65,950.93	220,869.06	835,904.10		4,499,284.85
2. Decreased in this year	7,098,470.68		1,934,278.96	60,552.29		9,093,301.93
(1) Disposal or scrap	2,273,270.54		1,934,278.96	60,552.29		4,268,101.79
(2) Other decreases	4,825,200.14					4,825,200.14
Balance as of December 31, 2023	3,848,283,229.03	223,012,340.90	38,854,434.44	36,355,557.37	6,157,563.41	4,152,663,125.15
II. Accumulated depreciation						
Balance as of December 31, 2022	247,072,234.64	58,120,017.29	24,126,758.58	20,614,020.37	544,696.81	350,477,727.69
1. Increased in this year	125,059,361.19	8,611,167.26	5,727,652.25	4,421,124.84	1,131,195.77	144,950,501.31
(1) Withdrawal	123,672,769.57	8,588,271.67	5,525,190.06	3,677,036.85	1,131,195.77	142,594,463.92
(2) Increase in changes in scope of consolidation	1,386,591.62	22,895.59	202,462.19	744,087.99		2,356,037.39
2. Decreased in this year	1,795,366.05		1,455,131.91	41,612.00		3,292,109.96
(1) Disposal or scrap	1,293,908.55		1,455,131.91	41,612.00		2,790,652.46
(2) Other decreases	501,457.50					501,457.50
Balance as of December 31, 2023	370,336,229.78	66,731,184.55	28,399,278.92	24,993,533.21	1,675,892.58	492,136,119.04
III. Impairment provision						
Balance as of December 31, 2022						
1. Increased in the current period						
2. Decrease in the current period						
Balance as of December 31, 2023						
IV. Book value						
Book value as of December 31, 2023	3,477,946,999.25	156,281,156.35	10,455,155.52	11,362,024.16	4,481,670.83	3,660,527,006.11
Book value as of December 31, 2022	3,213,257,275.68	62,979,086.14	12,682,171.14	12,358,346.48	5,106,209.65	3,306,383,089.09

(Continued)

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
1 Original book value:						
Balance as of December 31, 2021	3,598,798,881.21	87,486,313.48	23,114,661.10	29,642,715.52	265,347.45	3,739,307,918.76
1. Increased in this year	143,495,704.72	33,839,411.49	18,461,382.20	4,894,460.25	5,385,559.01	206,076,517.67
(1) Purchase	3,769,663.34	23,404,701.42	4,752,260.34	3,027,587.56	5,384,109.01	40,338,321.67
(2) Transfer of construction in progress	139,371,490.38	9,999,384.41		1,374,722.29		150,745,597.08
(3) Changes in the scope of consolidation	354,551.00	435,325.66	13,709,121.86	492,150.40	1,450.00	14,992,598.92

Item	Houses and buildings	Machines and equipment	Transportation equipment	Office and electronic equipment	Other equipment	Total
2. Decreased in this year	281,965,075.61	226,621.54	4,767,113.58	1,564,808.92		288,523,619.65
(1) Disposal or scrap	281,808,295.61	49,342.52	1,061,379.07	849,282.12		283,768,299.32
(2) Other decreases	156,780.00	177,279.02	3,705,734.51	715,526.80		4,755,320.33
Balance as of December 31, 2022	3,460,329,510.32	121,099,103.43	36,808,929.72	32,972,366.85	5,650,906.46	3,656,860,816.78
II. Accumulated depreciation						
Balance as of December 31, 2021	159,784,453.56	51,189,087.45	10,519,068.79	17,892,227.32	162,823.11	239,547,660.23
1. Increased in this year	119,201,321.51	6,998,150.83	15,444,091.28	3,913,473.74	381,873.70	145,938,911.06
(1) Withdrawal	118,975,077.06	6,813,301.93	5,288,684.96	3,440,241.55	381,873.70	134,899,179.20
(2) Increase in changes in scope of consolidation	226,244.45	184,848.90	10,155,406.32	473,232.19		11,039,731.86
2. Decreased in this year	31,913,540.43	67,220.99	1,836,401.49	1,191,680.69		35,008,843.60
(1) Disposal or scrap	31,890,334.78	49,216.65	961,070.77	747,086.34		33,647,708.54
(2) Other decreases	23,205.65	18,004.34	875,330.72	444,594.35		1,361,135.06
Balance as of December 31, 2022	247,072,234.64	58,120,017.29	24,126,758.58	20,614,020.37	544,696.81	350,477,727.69
III. Impairment provision						
Balance as of December 31, 2021						
1. Increased in the current period						
2. Decrease in the current period						
Balance as of December 31, 2022						
IV. Book value						
Book value as of December 31, 2022	3,213,257,275.68	62,979,086.14	12,682,171.14	12,358,346.48	5,106,209.65	3,306,383,089.09
Book value as of December 31, 2021	3,439,014,427.65	36,297,226.03	12,595,592.31	11,750,488.20	102,524.34	3,499,760,258.53

(2) As of December 31, 2024, the value of houses in fixed assets amounting to 913,704,667.28 yuan is mortgaged for loans.

13. Construction in progress

Item	December 31, 2024		
	Book balance	Impairment provision	Book value
Construction in progress	1,721,552,142.33		1,721,552,142.33
Engineering materials			
Total	1,721,552,142.33		1,721,552,142.33

(Continued)

Item	December 31, 2023	December 31, 2022
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	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	1,971,407,996.85		1,971,407,996.85	1,349,016,382.54		1,349,016,382.54
Engineering materials						
Total	1,971,407,996.85		1,971,407,996.85	1,349,016,382.54		1,349,016,382.54

(1) Details of construction in progress are as follows:

Item	December 31, 2024		
	Book balance	Impairment provision	Book value
Intelligent Warehousing and Logistics Center	630,475,202.34		630,475,202.34
Solar photovoltaic power station	2,336,177.11		2,336,177.11
Transformation and Upgrading Project of the New Energy Science and Innovation Park in the Yangtze River Delta Integration Industrial Development Base	26,011,300.24		26,011,300.24
Talent Apartment	53,460,233.12		53,460,233.12
Staff Apartment	1,291,043.81		1,291,043.81
Other works	121,719.12		121,719.12
Urban infrastructure supporting fee	1,859,481.00		1,859,481.00
Grain drying line project	2,892,876.51		2,892,876.51
Dafeng District Mobile Cabin Hospital Construction Project	30,287,482.84		30,287,482.84
Longma and Shuangrui 10 KV Double-circuit Line Project in Dafeng Development Zone	6,559,813.58		6,559,813.58
New Straw Collection and Storage Point Project	745,340.96		745,340.96
Water-saving Irrigation Project	584,714.53		584,714.53
Vegetable Greenhouse Project	1,476,572.00		1,476,572.00
Optical New Material High-standard Workshop (100 mu (approx. 6.67 ha), east side of Jinfeng Road, south side of Yongyue Road)	9,701,314.16		9,701,314.16
Anti-counterfeiting New Material Standard Workshop (40 mu (approx. 2.67 ha))	4,999,053.64		4,999,053.64
Construction project of Wind Power Equipment Industrial Park	23,107,498.68		23,107,498.68
Supporting Plant Construction Project for the annual production of 450 sets of Shuangrui large megawatt offshore wind turbine blades	25,079,092.14		25,079,092.14
Former Training Cloud Electronics Workshop Project	41,226,359.90		41,226,359.90
Supporting Workshop Construction Project of Canadian Solar's Annual Production of 12 GWh Battery Cells	219,740,261.73		219,740,261.73
Reconstruction and Operation Service Project of Jindalai Water Affairs Phase I 10,000-ton/day Industrial Sewage Treatment Plant in the original Electronic Information Industry Park	11,867,893.76		11,867,893.76
Doulonggang Ecological Group Urban Forest Park Project	309,306,979.23		309,306,979.23
Dafeng Caoyan Government 10Kv (Capacity Expansion) Power Distribution Project	200,414.46		200,414.46

Item	December 31, 2024		
	Book balance	Impairment provision	Book value
District Government Photovoltaic Carport Renovation Project	40,000.00		40,000.00
Office building renovation	70,341.57		70,341.57
Shuangyuewan Construction Waste Treatment Plant	13,586,609.69		13,586,609.69
Sewage Treatment Project in Shanghai-Jiangsu Cluster Area	16,637.17		16,637.17
Inverted rainbow well and pipeline project of Sewage Treatment Plant in Shanghai-Jiangsu Dafeng Industrial Linkage Cluster Area	25,515,107.06		25,515,107.06
Fence, tailwater inverted siphon, temporary power supply project	14,355.12		14,355.12
2019 Gang-G-07 Shanghai-Jiangsu Cluster Area	6,222,617.80		6,222,617.80
Reclaimed Water Reuse Project in Dafeng Port Economic Zone	1,810,130.54		1,810,130.54
Town-level sewage treatment facilities improvement project _ sewage equipment system and purification system	70,932,640.43		70,932,640.43
Town-level sewage treatment facilities improvement project	199,134,568.52		199,134,568.52
Repair and renovation of urban construction office buildings	878,309.57		878,309.57
Total	1,721,552,142.33		1,721,552,142.33

(Continued)

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Intelligent Warehousing and Logistics Center	470,851,400.00		470,851,400.00	227,568,903.15		227,568,903.15
New office building of Road and Bridge Company	12,345,510.40		12,345,510.40	620,002.23		620,002.23
Wind Power Industrial Park Linli Center	158,658.53		158,658.53			
Wind Power Park Project	7,939,201.60		7,939,201.60	5,592,999.32		5,592,999.32
Solar Photovoltaic Power Station	10,399,991.32		10,399,991.32	4,997,785.17		4,997,785.17
Transformation and Upgrading Project of the New Energy Science and Innovation Park in the Yangtze River Delta Integration Industrial Development Base	25,440,826.74		25,440,826.74			
Decoration Project of New Energy Industry-Talent Integration Innovation Center Office	4,854.37		4,854.37	4,854.37		4,854.37
Fence Project on the West Side Plot of Dafeng District Science and Technology Pioneer Park	196,148.87		196,148.87	196,148.87		196,148.87
Decoration Project of the Second Floor of the	3,375,042.42		3,375,042.42	3,375,042.42		3,375,042.42

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Factory Building in the Science and Technology Incubation Park						
Procurement of intelligent equipment for 7# and 8# workshops in Science and Technology Pioneer Park	404,437.18		404,437.18	404,437.18		404,437.18
1# and 3# Roof Waterproofing in Science and Technology Pioneer Park	356,312.07		356,312.07	356,312.07		356,312.07
Exterior Wall Renovation Project of 7#, 8#, 18# 1 and 9# Workshops in Science and Technology Pioneer Park	200,218.29		200,218.29	200,218.29		200,218.29
Renovation Project of Gate and Guide Sign of Science and Technology Pioneer Park	185,100.68		185,100.68	113,884.12		113,884.12
Talent Apartment	6,929,314.01		6,929,314.01	2,706,839.12		2,706,839.12
Scholarly Apartment				3,193,152.41		3,193,152.41
Staff Apartment	208,365.04		208,365.04	4,861,970.30		4,861,970.30
South Freight Station	328,199.30		328,199.30	328,199.30		328,199.30
Other works	65,934.69		65,934.69	170,000.00		170,000.00
Urban infrastructure supporting fee	1,859,481.00		1,859,481.00			
Funnaide Project				37,757,473.38		37,757,473.38
Dafeng District Mobile Cabin Hospital Construction Project	26,445,441.64		26,445,441.64	2,603,178.90		2,603,178.90
Longma and Shuangrui 10 KV Double-circuit Line Project in Dafeng Development Zone	6,559,813.58		6,559,813.58			
Former Training Cloud Electronics Workshop Project	41,186,134.80		41,186,134.80			
Surveying and mapping fees for the plot of the original Seaport Holdings	7,358.49		7,358.49	7,358.49		7,358.49
Garbage treatment station leachate equipment				104,267.33		104,267.33
Charging Pile Membrane Structure Parking Shed Project of Runcheng Property				91,743.12		91,743.12
1000 tons/day Domestic Wastewater Treatment Renovation Project	1,209,535.31		1,209,535.31	897,426.20		897,426.20
New Straw Collection and Storage Point Project of Fengrui Agriculture	407,558.06		407,558.06			
Vegetable Greenhouse Project	143,712.00		143,712.00			

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
High-end equipment manufacturing standard workshop (122.4 mu (approx. 8.16 ha), south side of South Ring Road and north side of Qizao River)	137,782,720.13		137,782,720.13	67,316,184.81		67,316,184.81
Wind power equipment high-end standard workshop (164.3 mu (approx. 11.95 ha), north of Likenever Company)	346,144.45		346,144.45			
Supporting Workshop Construction Project of Canadian Solar's Annual Production of 12 GWh Battery Cells	34,779,723.93		34,779,723.93			
Optical New Material High-standard Workshop (100 mu (approx. 6.67 ha), east side of Jinfeng Road, south side of Yongyue Road)	9,701,314.16		9,701,314.16	9,694,922.15		9,694,922.15
Anti-counterfeiting New Material Standard Workshop (40 mu (approx. 2.67 ha))	4,852,748.57		4,852,748.57	4,852,748.57		4,852,748.57
Construction project of Wind Power Equipment Industrial Park	31,741,624.63		31,741,624.63			
Supporting Plant Construction Project for the annual production of 450 sets of Shuangrui large megawatt offshore wind turbine blades	1,485.15		1,485.15			
Construction Project of Energy Storage System Industrial Park	235,021,989.89		235,021,989.89	25,556,665.12		25,556,665.12
Reconstruction and Operation Service Project of Jindalai Water Affairs Phase I 10,000-ton/day Industrial Sewage Treatment Plant in the original Electronic Information Industry Park	11,346,877.28		11,346,877.28	11,346,877.28		11,346,877.28
Interior Decoration Project of Type B 8# Farmer Apartment in Xinmin North Community	160,842.92		160,842.92	160,842.92		160,842.92
Decoration Project of 8 Houses in Zaowei Community	941,849.03		941,849.03	596,890.54		596,890.54
Decoration Project of 12 # (Floors 2-11) in Chang'an South Community				388,349.51		388,349.51

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Hengrui Workshop Project				606,265.79		606,265.79
Project of Development Zone Police Station	521,016.48		521,016.48	939,392.43		939,392.43
Sporadic projects such as site maintenance of fire station and petition office in Development Zone				28,178.26		28,178.26
Renovation of Canteen of Office Building of Development Zone Management Committee	1,341,004.44		1,341,004.44	1,341,004.44		1,341,004.44
Doulonggang Ecological Group Urban Forest Park Project	264,345,495.71		264,345,495.71	263,559,118.69		263,559,118.69
Project of New Fourth Army and Eighth Route Army Baizhou Joining Forces Memorial Hall	120,155,920.08		120,155,920.08	100,755,336.08		100,755,336.08
Baiju Town Joining Forces Land	10,740,322.50		10,740,322.50	10,740,322.50		10,740,322.50
Phase II Project for Administrative Center Photovoltaic Power Generation	88,425.77		88,425.77	88,425.77		88,425.77
Dafeng District Government 110KW Solar Photovoltaic Construction Project	4,766.27		4,766.27	4,766.27		4,766.27
Dafeng Government Caoyan 10Kv (Capacity Expansion) Power Distribution Project	183,038.16		183,038.16	183,038.16		183,038.16
Caoyan Town New Energy Photovoltaic Carport Project	202,300.72		202,300.72			
Sanlong Town New Energy Photovoltaic Carport Project	239,134.21		239,134.21			
District Government Photovoltaic Carport Renovation Project	40,000.00		40,000.00	40,000.00		40,000.00
Shuangyuewan Construction Waste Treatment Plant	11,484,764.53		11,484,764.53	9,500,106.39		9,500,106.39
Dafeng District Waste Classification and Disposal Center	1,479,742.58		1,479,742.58	101,862.17		101,862.17
Renovation and Transformation of Xiecheng Office Building	70,341.57		70,341.57	70,341.57		70,341.57
Renovation and Transformation of Urban Construction Office Buildings	860,807.09		860,807.09	843,840.32		843,840.32
Sewage Treatment Project in Shanghai-Jiangsu Cluster Area	82,970,745.31		82,970,745.31	75,635,690.61		75,635,690.61

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Inverted rainbow well and pipeline project of Sewage Treatment Plant in Shanghai-Jiangsu Dafeng Industrial Linkage Cluster Area	19,640,104.79		19,640,104.79	19,815,562.57		19,815,562.57
Fence, tailwater inverted siphon, temporary power supply project	9,900.99		9,900.99	13,775.18		13,775.18
Reclaimed Water Reuse Project in Dafeng Port Economic Zone	1,676,243.75		1,676,243.75	673,457.03		673,457.03
2019 Gang-G-07 Shanghai-Jiangsu Cluster Area	6,445,920.55		6,445,920.55	6,445,920.55		6,445,920.55
Project of dismantling and transporting enclosure	4,454.13		4,454.13	4,454.13		4,454.13
Sanlong Town Sewage Treatment Project	41,113,118.85		41,113,118.85	34,336,968.56		34,336,968.56
Town-level sewage treatment facilities improvement project (water purification)	198,414,513.28		198,414,513.28			
Town-level sewage treatment facilities improvement project (water purification) – sewage equipment system and purification system	49,500,000.00		49,500,000.00			
Project of National Fitness Center Building	75,990,044.56	6	75,990,044.5	75,990,044.56		75,990,044.56
Dafeng District Coastal Modern and High-efficiency Agriculture Demonstration Zone				331,232,833.87		331,232,833.87
Total	1,971,407,996.85		1,971,407,996.85	1,349,016,382.54		1,349,016,382.54

(2) There is no indication of impairment of the Company's construction in progress, and no provision for impairment of construction in progress has been made.

(3) Mortgage of construction in progress

As of December 31, 2024, an amount of 630,475,202.34 yuan in construction in progress was used for mortgage loans.

14. Intangible assets

(1) Detail of intangible assets

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
I. Original book value						
Balance as of December 31, 2023	127,979,171.89	13,270,760.00	3,646,704.96	672,000.00		145,568,636.85

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
I. Amount increased in the current period	562,396,029.13		4,485,018.84		2,611,391.05	569,492,439.02
(1) Purchase	527,823,500.00		4,485,018.84		2,611,391.05	534,919,909.89
(2) Other increases	34,572,529.13					34,572,529.13
2. Amount decreased in the current period	43,579,006.89		34,463.46			43,613,470.35
(1) Disposal						
(2) Other decreases	43,579,006.89		34,463.46			43,613,470.35
Balance as of December 31, 2024	646,796,194.13	13,270,760.00	8,097,260.34	672,000.00	2,611,391.05	671,447,605.52
II. Accumulated amortization						
Balance as of December 31, 2023	10,751,520.83	6,020,992.97	3,365,142.44	397,600.00		20,535,256.24
1. Amount increased in the current period	5,788,542.46	1,474,528.89	1,370,541.75	67,200.00	217,615.92	8,918,429.02
(1) Withdrawal	5,571,048.38	1,474,528.89	1,370,541.75	67,200.00	217,615.92	8,700,934.94
(2) Other increases	217,494.08					217,494.08
2. Amount decreased in the current period	3,747,569.09		8,460.44			3,756,029.53
(1) Disposal						
(2) Other decreases	3,747,569.09		8,460.44			3,756,029.53
Balance as of December 31, 2024	12,792,494.20	7,495,521.86	4,727,223.75	464,800.00	217,615.92	25,697,655.73
III. Impairment provision						
Balance as of December 31, 2023						
1. Increased in the current period						
2. Decreased in the current period						
Balance as of December 31, 2024						
IV. Book value						
Book value as of December 31, 2024 of	634,003,699.93	5,775,238.14	3,370,036.59	207,200.00	2,393,775.13	645,749,949.79
Book value as of December 31, 2023 of	117,227,651.06	7,249,767.03	281,562.52	274,400.00		125,033,380.61

(Continued)

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
I. Original book value						
Balance as of December 31, 2022	120,427,204.89	13,270,760.00	3,646,704.96	672,000.00		138,016,669.85
1. Amount increased in the current period	7,551,967.00					7,551,967.00
(1) Purchase						
(2) Other increases	7,551,967.00					7,551,967.00
2. Amount decreased in the current period						

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
(1) Disposal						
(2) Other decreases						
Balance as of December 31, 2023	127,979,171.89	13,270,760.00	3,646,704.96	672,000.00		145,568,636.85
II. Accumulated amortization						
Balance as of December 31, 2022	7,418,994.63	4,546,464.08	2,945,773.02	330,400.00		15,241,631.73
1. Amount increased in the current period	3,174,922.09	1,474,528.89	419,369.42	67,200.00		5,136,020.40
(1) Withdrawal	2,526,982.97	1,474,528.89	419,369.42	67,200.00		4,488,081.28
(2) Other increases	963,147.34					963,147.34
2. Amount decreased in the current period						
(1) Disposal						
(2) Other decreases						
Balance as of December 31, 2023	10,751,520.83	6,020,992.97	3,365,142.44	397,600.00		20,535,256.24
III. Impairment provision						
Balance as of December 31, 2022						
1. Increased in the current period						
2. Decreased in the current period						
Balance as of December 31, 2023						
IV. Book value						
Book value as of December 31, 2023	117,227,651.06	7,249,767.03	281,562.52	274,400.00		125,033,380.61
Book value as of December 31, 2022	113,008,210.26	8,724,295.92	700,931.94	341,600.00		122,775,038.12

(Continued)

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
I. Original book value						
Balance as of December 31, 2021	98,407,591.00	13,270,760.00	3,340,260.16	672,000.00		115,690,611.16
1. Amount increased in the current period	93,160,436.89		306,444.80			93,466,881.69
(1) Purchase	19,974,321.89		306,444.80			20,280,766.69
(2) Other increases	73,186,115.00					73,186,115.00
2. Amount decreased in the current period	71,140,823.00					71,140,823.00
(1) Disposal	62,601,663.00					62,601,663.00
(2) Other decreases	8,539,160.00					8,539,160.00
Balance as of December 31, 2022	120,427,204.89	13,270,760.00	3,646,704.96	672,000.00		138,016,669.85
II. Accumulated amortization						
Balance as of December 31, 2021	11,250,368.30	3,071,935.19	2,526,225.18	263,200.00		17,111,728.67
1. Amount increased in the current period	7,254,339.59	1,474,528.89	419,547.84	67,200.00		9,215,616.32

Item	Land use right	Land management rights	Software	Trademark right	Data resources	Total
(1) Withdrawal	7,254,339.59	1,474,528.89	419,547.84	67,200.00		9,215,616.32
(2) Other increases						
2. Amount decreased in the current period	11,085,713.26					11,085,713.26
(1) Disposal	11,085,713.26					11,085,713.26
(2) Other decreases						
Balance as of December 31, 2022	7,418,994.63	4,546,464.08	2,945,773.02	330,400.00		15,241,631.73
III. Impairment provision						
Balance as of December 31, 2021						
1. Increased in the current period						
2. Decreased in the current period						
Balance as of December 31, 2022						
IV. Book value						
Book value as of December 31, 2022	113,008,210.26	8,724,295.92	700,931.94	341,600.00		122,775,038.12
Book value as of December 31, 2021	87,157,222.70	10,198,824.81	814,034.98	408,800.00		98,578,882.49

(2) As of December 31, 2024, an amount of 64,495,263.99 yuan of intangible assets was used for mortgage loans.

(3) Land use rights for which title certificates have not been completed as of December 31, 2024

Item	Original book value	Reasons for failing to complete the property title certificate
Land use right	481,446,797.85	No title certificate has been processed yet

15. Long-term deferred expenses

Item	December 31, 2023	Amount increased in the current period	Amortization in the current period	Other decreased amount	December 31, 2024
Decoration fee	3,777,961.89		1,123,459.16		2,654,502.73
Start-up expenses	22,533,005.65	2,129,124.21		24,559,700.70	102,429.16
Reclamation and treatment expenses	1,995,032.33	486,307.61	347,435.03		2,133,904.91
Total	28,305,999.87	2,615,431.82	1,470,894.19	24,559,700.70	4,890,836.80

(Continued)

Item	December 31, 2022	Amount increased in the current period	Amortization in the current period	Other decreased amount	December 31, 2023
Decoration fee	669,188.65	5,220,942.35	2,112,169.11		3,777,961.89
Start-up expenses	13,842,346.48	9,936,539.89	1,245,880.72		22,533,005.65
Reclamation and treatment expenses	2,009,150.76	296,140.20	310,258.63		1,995,032.33
Total	16,520,685.89	15,453,622.44	3,668,308.46		28,305,999.87

(Continued)

Item	December 31, 2021	Amount increased in the current period	Amortization in the current period	Other decreased amount	December 31, 2022
Decoration fee	2,484,433.08		1,815,244.43		669,188.65
Start-up expenses	10,494,420.73	3,666,236.42	318,310.67		13,842,346.48
Reclamation and treatment expenses		2,322,068.80	312,918.04		2,009,150.76
Total	12,978,853.81	5,988,305.22	2,446,473.14		16,520,685.89

16. Deferred income tax assets, deferred income tax liabilities

Item	December 31, 2024	
	Deferred income tax assets, deferred income tax liabilities	Deductible / Taxable temporary differences
Deferred income tax assets:		
Credit impairment provision	40,181,953.67	160,727,814.72
Total	40,181,953.67	160,727,814.72
Deferred income tax liabilities:		
Change in fair value of investment real estate and other comprehensive income	988,223,472.50	3,952,893,890.00
Total	988,223,472.50	3,952,893,890.00

(Continued)

Item	December 31, 2023		December 31, 2022	
	Deferred income tax assets, deferred income tax liabilities	Deductible / Taxable temporary differences	Deferred income tax assets, deferred income tax liabilities	Deductible / Taxable temporary differences
Deferred income tax assets:				
Credit impairment provision	34,657,736.66	138,630,946.63	33,814,176.64	135,256,706.58
Total	34,657,736.66	138,630,946.63	33,814,176.64	135,256,706.58
Deferred income tax liabilities:				
Change in fair value of investment real estate and other comprehensive income	999,519,137.99	3,997,496,489.39	986,602,511.24	3,946,410,044.96
Total	999,519,137.99	3,997,496,489.39	986,602,511.24	3,946,410,044.96

17. Other non-current assets

Item	December 31, 2024	December 31, 2023	December 31, 2022
Youth Education Base	748,809,064.51	748,809,064.51	749,845,471.70
South District Landscape Lake	98,946,154.66	98,946,154.66	98,946,154.66
Standard Workshop in Science and Technology Park	19,216,859.75	19,216,859.75	19,216,859.75
Total	866,972,078.92	866,972,078.92	868,008,486.11

18. Short-term borrowings

Item	December 31, 2024	December 31, 2023	December 31, 2022
Pledged loan	1,382,656,198.00	4,007,460,000.00	2,652,800,000.00
Mortgage loan	117,990,000.00	15,000,000.00	490,000,000.00

Item	December 31, 2024	December 31, 2023	December 31, 2022
Guarantee + mortgage loan	790,640,000.00	1,088,000,000.00	50,000,000.00
Guarantee + pledge loan	197,000,000.00		
Guaranteed loan	5,259,838,676.31	4,329,339,000.62	3,496,344,350.00
Credit loan		310,000,000.00	
Accrued interest	7,669,495.43	8,270,822.96	4,621,785.78
Total	7,755,794,369.74	9,758,069,823.58	6,693,766,135.78

19. Notes payable

Type	December 31, 2024	December 31, 2023	December 31, 2022
Bank acceptance bill	347,690,000.00	1,096,000,000.00	2,210,470,000.00
Commercial acceptance bill	2,267,250,000.00	1,932,700,000.00	4,850,030,000.00
Letter of credit	122,000,000.00	138,266,103.09	14,815,290.68
Total	2,736,940,000.00	3,166,966,103.09	7,075,315,290.68

20. Accounts payable

(1) List of account payable

Aging	December 31, 2024	
	Amount	Proportion (%)
Within 1 year	516,427,222.59	81.52
1-2 years	54,696,990.96	8.63
2-3 years	4,042,745.45	0.64
More than 3 years	58,300,706.62	9.21
Total	633,467,665.62	100.00

(Continued)

Aging	December 31, 2023		December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	329,797,361.41	73.78	228,202,545.62	71.43
1-2 years	51,769,033.20	11.58	62,678,309.55	19.62
2-3 years	31,496,477.66	7.05	10,131,682.30	3.17
More than 3 years	33,948,538.99	7.59	18,474,914.36	5.78
Total	447,011,411.26	100.00	319,487,451.83	100.00

21. Advance receipts

Item	December 31, 2024	December 31, 2023	December 31, 2022
Rent	13,168,824.97	15,998,464.03	11,244,380.56
Total	13,168,824.97	15,998,464.03	11,244,380.56

22. Contract liabilities

(1) Details of contract liabilities

Item	December 31, 2024	December 31, 2023	December 31, 2022
Balance of operating contract liabilities	777,755,114.66	602,876,142.31	490,789,361.04
Total	777,755,114.66	602,876,142.31	490,789,361.04

23. Payroll payable

(1) List of employee remuneration payable

Item	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024
I. Short-term remuneration	5,584,548.25	98,251,672.49	102,598,955.34	1,237,265.40
II. Post-demission welfare - defined contribution plan	29,219.36	14,773,545.51	14,790,565.21	12,199.66
III. Dismissal benefits				
IV. Other benefits due within one year				
Total	5,613,767.61	113,025,218.00	117,389,520.55	1,249,465.06

(Continued)

Item	December 31, 2022	Increase in this year	Decrease in this year	December 31, 2023
I. Short-term remuneration	4,765,584.61	108,387,359.01	107,568,395.37	5,584,548.25
II. Post-demission welfare - defined contribution plan	20,311.76	13,059,329.64	13,050,422.04	29,219.36
III. Dismissal benefits				
IV. Other benefits due within one year				
Total	4,785,896.37	121,446,688.65	120,618,817.41	5,613,767.61

(Continued)

Item	December 31, 2021	Increase in this year	Decrease in this year	December 31, 2022
I. Short-term remuneration	2,025,321.00	112,335,449.33	109,595,185.72	4,765,584.61
II. Post-demission welfare - defined contribution plan	55,149.38	12,329,331.74	12,364,169.36	20,311.76
III. Dismissal benefits				
IV. Other benefits due within one year				
Total	2,080,470.38	124,664,781.07	121,959,355.08	4,785,896.37

(2) List of short-term remuneration

Item	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024
I. Salaries, bonuses, allowances and subsidies	4,754,277.33	82,802,811.59	86,382,695.04	1,174,393.88
II. Employee services and benefits	804,120.00	2,782,872.75	3,549,752.75	37,240.00
III. Social insurance premiums	15,340.76	7,672,753.16	7,673,311.60	14,782.32
Including: 1. medical insurance expense	11,493.13	6,795,099.64	6,794,136.84	12,455.93
2. Industrial injury insurance expenses	1,871.65	592,348.17	593,345.00	874.82

Item	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024
3. Birth insurance expenses	1,975.98	285,305.35	285,829.76	1,451.57
IV. Housing provident fund	9,889.16	4,795,361.10	4,805,250.26	
V. Labor union expenses and employees' educational funds	921.00	197,873.89	187,945.69	10,849.20
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
Total	5,584,548.25	98,251,672.49	102,598,955.34	1,237,265.40

(Continued)

Item	December 31, 2022	Increase in this year	Decrease in this year	December 31, 2023
I. Salaries, bonuses, allowances and subsidies	4,730,999.06	90,362,869.79	90,339,591.52	4,754,277.33
II. Employee services and benefits	12,600.00	4,878,637.89	4,087,117.89	804,120.00
III. Social insurance premiums	10,221.99	7,709,468.55	7,704,349.78	15,340.76
Including: 1. medical insurance expense	7,722.64	6,790,631.33	6,786,860.84	11,493.13
2. Industrial injury insurance expenses	1,846.33	497,760.17	497,734.85	1,871.65
3. Birth insurance expenses	653.02	421,077.05	419,754.09	1,975.98
IV. Housing provident fund	9,084.16	5,146,558.00	5,145,753.00	9,889.16
V. Labor union expenses and employees' educational funds	2,679.40	289,824.78	291,583.18	921.00
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
Total	4,765,584.61	108,387,359.01	107,568,395.37	5,584,548.25

(Continued)

Item	December 31, 2021	Increase in this year	Decrease in this year	December 31, 2022
I. Salaries, bonuses, allowances and subsidies	1,992,602.08	94,984,011.82	92,245,614.84	4,730,999.06
II. Employee services and benefits	4,000.00	4,646,171.70	4,637,571.70	12,600.00
III. Social insurance premiums	15,440.64	7,360,616.74	7,365,835.39	10,221.99
Including: 1. medical insurance expense	11,809.05	6,260,149.46	6,264,235.87	7,722.64
2. Industrial injury insurance expenses	2,494.52	474,817.15	475,465.34	1,846.33
3. Birth insurance expenses	1,137.07	625,650.13	626,134.18	653.02
IV. Housing provident fund	7,564.00	5,030,709.05	5,029,188.89	9,084.16
V. Labor union expenses and employees' educational funds	5,714.28	313,940.02	316,974.90	2,679.40
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
Total	2,025,321.00	112,335,449.33	109,595,185.72	4,765,584.61

(3) Defined contribution plan

Item	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024
Basic endowment insurance	26,342.91	12,365,559.57	12,380,559.97	11,342.51
Unemployment insurance premium	2,876.45	404,119.06	406,138.36	857.15
Annuity payment		2,003,866.88	2,003,866.88	-
Total	29,219.36	14,773,545.51	14,790,565.21	12,199.66

(Continued)

Item	December 31, 2022	Increase in this year	Decrease in this year	December 31, 2023
Basic endowment insurance	17,702.95	11,172,712.62	11,164,072.66	26,342.91
Unemployment insurance premium	2,608.81	1,039,493.97	1,039,226.33	2,876.45
Annuity payment		847,123.05	847,123.05	
Total	20,311.76	13,059,329.64	13,050,422.04	29,219.36

(Continued)

Item	December 31, 2021	Increase in this year	Decrease in this year	December 31, 2022
Basic endowment insurance	45,254.89	11,486,251.96	11,513,803.90	17,702.95
Unemployment insurance premium	3,058.36	449,396.27	449,845.82	2,608.81
Annuity payment	6,836.13	393,683.51	400,519.64	
Total	55,149.38	12,329,331.74	12,364,169.36	20,311.76

24. Taxes and dues payable

Item	December 31, 2024	December 31, 2023	December 31, 2022
Value added tax payable	837,977,785.53	674,563,568.10	539,523,012.01
Payment of urban maintenance and construction tax	75,308,282.76	62,164,760.90	49,270,700.18
Education surcharge payable	54,546,369.90	45,154,822.16	35,945,264.74
Corporate income tax payable	966,249,922.85	846,444,116.87	677,273,881.42
Property tax payable	4,686,942.21	2,512,500.50	2,377,347.34
Urban land use tax payable	3,818,233.82	2,782,805.53	2,741,459.69
Land value increment tax payable			189,458.35
Environmental protection tax payable	54,452.28	367,608.47	192,009.25
Stamp duty payable	3,118,754.31	581,431.05	922,990.28
Personal income tax payable	99,079.63	38,248.69	233,460.93
Other taxes payable	18,743.07	19,199.07	18,848.25
Total	1,945,878,566.36	1,634,629,061.34	1,308,688,432.44

25. Other payables

Item	December 31, 2024	December 31, 2023	December 31, 2022
Other payables	8,288,940,774.95	6,674,595,256.06	5,574,679,521.89
Interest payable			
Dividends payable			

Item	December 31, 2024	December 31, 2023	December 31, 2022
Total	8,288,940,774.95	6,674,595,256.06	5,574,679,521.89

1. Other payables

(1) Presentation of other payables by aging

Aging	December 31, 2024		December 31, 2023		December 31, 2022	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	5,765,930,114.60	69.56	4,707,374,458.30	70.53	4,179,254,930.18	74.96
1-2 years	1,070,842,006.86	12.92	728,899,841.98	10.92	1,051,239,717.70	18.86
2-3 years	499,824,272.68	6.03	901,109,060.69	13.50	167,156,364.84	3.00
More than 3 years	952,344,380.81	11.49	337,211,895.09	5.05	177,028,509.17	3.18
Total	8,288,940,774.95	100.00	6,674,595,256.06	100.00	5,574,679,521.89	100.00

26. Non-current liabilities due within one year

Item	December 31, 2024	December 31, 2023	December 31, 2022
Long-term borrowings due within one year	5,106,858,672.71	3,684,146,911.37	3,369,082,382.68
Interest on long-term borrowings due within one year	18,313,173.68	4,818,387.81	1,421,945.32
Long-term payables due within one year	4,619,054,882.13	3,776,143,643.97	3,657,187,554.94
Bonds payable due within one year	4,019,720,557.16	657,982,482.16	2,433,424,810.97
Interest on Bonds Payable Due Within One Year	181,746,405.10	194,099,090.40	197,154,345.21
Interest payable due within one year	40,288,763.93	78,800,013.89	68,499,763.89
Other non-current liabilities due within one year	992,893,334.00	1,316,100,000.00	1,013,370,000.00
Total	14,978,875,788.71	9,712,090,529.60	10,740,140,803.01

27. Other current liabilities

Item	December 31, 2024	December 31, 2023	December 31, 2022
21 Dafeng Chengjian CP002 Short-term Financing Bonds			400,000,000.00
Jiangsu Broadcasting Group Factoring			75,000,000.00
Jiangsu Xitie Commercial Factoring Co., Ltd.			100,000,000.00
Wuxi Jintou Commercial Factoring Co., Ltd.			50,000,000.00
Nanjing Jinlv Commercial Factoring Co., Ltd.			100,000,000.00
CITIC letter of credit			36,494,032.80
Jiushi Financial Leasing			180,000,000.00
Jiangsu Xinbao Technology Microfinance Co., Ltd.			9,000,000.00
23 Dafeng Chengzi CP001		470,000,000.00	
Jiangsu Bank Financial Management Direct Financing		200,000,000.00	200,000,000.00
Nanjing Bank Financial Management Direct Financing		300,000,000.00	
Wuxi Liantou Commercial Factoring Co., Ltd.	60,000,000.00	130,000,000.00	
Wuxi Jinkong Commercial Factoring Co., Ltd.	90,000,000.00	20,000,000.00	100,000,000.00

Item	December 31, 2024	December 31, 2023	December 31, 2022
Suqian Industrial Development Commercial Factoring Co., Ltd.		30,000,000.00	
Postal Savings Bank Factoring		100,000,000.00	
Jinxin Microcredit Loan		15,000,000.00	
Trust loan	549,000,000.00	446,800,000.00	438,600,000.00
Zhongrong Tianxia (Shenzhen) Financial Leasing Co., Ltd.		46,210,000.00	
Tax to be written-off	92,454,661.56	54,189,771.96	49,572,860.58
Total	791,454,661.56	1,812,199,771.96	1,738,666,893.38

28. Long-term borrowings

Item	December 31, 2024	December 31, 2023	December 31, 2022
Credit loan	18,000,000.00		
Pledged loan	259,200,000.00	355,750,000.00	518,750,000.00
Mortgage loan	324,333,332.00	1,054,250,000.00	41,500,000.00
Guaranteed loan	15,436,444,188.96	13,940,532,355.00	10,607,347,744.43
Guarantee + mortgage loan	3,122,967,400.00	1,857,122,000.00	2,430,000,000.00
Guarantee + pledge loan	477,918,750.00	745,100,000.00	958,993,750.00
Guarantee + mortgage + pledge loan	24,500,000.00		29,750,000.00
Accrued interest on long-term borrowings	18,313,173.68	12,580,390.60	8,456,397.40
Subtotal	19,681,676,844.64	17,965,334,745.60	14,594,797,891.83
Less: long-term borrowings due within one year	5,106,858,672.71	3,684,146,911.37	3,369,082,382.68
Less: interest on long-term borrowings due within one year	18,313,173.68	4,818,387.81	1,421,945.32
Total	14,556,504,998.25	14,276,369,446.42	11,224,293,563.83

29. Bonds payable

(1) Bonds payable

Item	December 31, 2024	December 31, 2023	December 31, 2022
21 Dacheng 01 Corporate Bond			924,674,151.90
21 Dacheng 02 Corporate Bond		60,307,224.83	60,156,270.69
21 Dacheng 03 Corporate Bond			251,069,465.47
21 Dacheng 04 Corporate Bond			499,465,707.55
21 Hengtou 01 Raise Funds			266,107,833.91
21 Hengtou 02 Raise Funds			264,564,810.19
21 Hengtou 03 Raise Funds			104,873,824.61
21 Hengtou 04 Raise Funds			154,931,581.73
22 Dafeng 01 Corporate Bond	1,093,790,839.11	1,341,524,986.43	1,338,356,992.44
22 Dafeng Chengjian PPN001	873,435,160.52	854,540,412.26	852,502,480.70
22 Dafeng Chengjian PPN002	339,287,598.66	334,031,539.44	333,455,539.97

Item	December 31, 2024	December 31, 2023	December 31, 2022
23 Dafeng 01 Corporate Bond	1,231,046,104.99	1,212,292,483.98	
23 Dafeng 02 Corporate Bond	476,353,094.95	471,909,781.33	
24 Dafeng Chengzi MTN001	511,973,243.96		
24 Dafeng 01	332,311,979.95		
24 Dafeng 02	200,955,254.28		
24 Dafeng 03	803,152,663.66		
23 Hengtou 01 Raise Funds	529,964,993.40	528,939,881.49	
23 Hengtou 02 Raise Funds	105,005,742.49	104,802,629.76	
23 Hengtou 03 Raise Funds	155,100,706.22	154,830,410.98	
24 Hengtou 01 Raise Funds	247,459,730.61		
24 Hengtou 02 Raise Funds	248,525,054.37		
24 Hengtou 03 Raise Funds	248,560,507.97		
22 Dafeng Jiaotou Bonds	779,901,878.44	773,686,739.92	771,742,200.00
20 Mingsheng 01	498,051,394.84	492,184,751.63	496,282,557.68
20 Mingsheng 02			20,000,000.00
21 Mingsheng 01		248,936,025.38	245,841,178.00
21 Mingsheng 02		349,187,999.07	346,771,003.19
22 Mingsheng 01	279,507,983.41	278,850,172.01	278,192,360.62
22 Mingsheng 02	199,161,178.91	198,781,660.84	198,402,142.77
23 Mingsheng 01	20,000,000.00	20,000,000.00	
23 Mingsheng 02	596,319,156.85	594,385,023.67	
24 Mingsheng 01	495,362,253.86		
Subtotal	10,265,226,521.45	8,019,191,723.02	7,407,390,101.42
Less: bonds payable due within one year	4,019,720,557.16	657,982,482.16	2,433,424,810.97
Less: interest payable on bonds due within one year	181,746,405.10	194,099,090.40	197,154,345.21
Total	6,063,759,559.19	7,167,110,150.46	4,776,810,945.24

(2) Details of bonds payable:

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2023
21 Dacheng 02 Corporate Bond	60,000,000.00	11/19/2021	3 years	60,000,000.00	60,307,224.83
22 Dafeng 01 Corporate Bond	1,270,000,000.00	1/6/2022	3 years	1,270,000,000.00	1,341,524,986.43
22 Dafeng Chengjian PPN001	840,000,000.00	7/28/2022	3 years	840,000,000.00	854,540,412.26
22 Dafeng Chengjian PPN002	330,000,000.00	8/29/2022	3 years	330,000,000.00	334,031,539.44
23 Dafeng 01 Corporate Bond	1,200,000,000.00	8/23/2023	3 years	1,200,000,000.00	1,212,292,483.98
23 Dafeng 02 Corporate Bond	470,000,000.00	10/13/2023	3 years	470,000,000.00	471,909,781.33
24 Dafeng Chengzi MTN001	500,000,000.00	3/25/2024	5 years	500,000,000.00	
24 Dafeng 01	330,000,000.00	9/24/2024	10 years	330,000,000.00	

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2023
24 Dafeng 02	200,000,000.00	10/31/2024	10 years	200,000,000.00	
24 Dafeng 03	800,000,000.00	11/18/2024	10 years	800,000,000.00	
23 Hengtou 01 Raise Funds	500,000,000.00	2/21/2023	2 years	500,000,000.00	528,939,881.49
23 Hengtou 02 Raise Funds	100,000,000.00	4/12/2023	2 years	100,000,000.00	104,802,629.76
23 Hengtou 03 Raise Funds	148,000,000.00	4/25/2023	2 years	148,000,000.00	154,830,410.98
24 Hengtou 01 Raise Funds	248,000,000.00	11/20/2024	5 years	248,000,000.00	
24 Hengtou 02 Raise Funds	250,000,000.00	12/13/2024	5 years	250,000,000.00	
24 Hengtou 03 Raise Funds	250,000,000.00	12/13/2024	7 years	250,000,000.00	
22 Dafeng Jiaotou Bonds	750,000,000.00	4/28/2022	7 years	750,000,000.00	773,686,739.92
20 Mingsheng 01	500,000,000.00	4/13/2020	3+2 years	462,600,000.00	492,184,751.63
21 Mingsheng 01	250,000,000.00	1/27/2021	3 years	239,875,000.00	248,936,025.38
21 Mingsheng 02	350,000,000.00	1/29/2021	3 years	342,125,000.00	349,187,999.07
22 Mingsheng 01	280,000,000.00	7/21/2022	3 years	277,900,000.00	278,850,172.01
22 Mingsheng 02	199,500,000.00	9/16/2022	3 years	198,291,450.00	198,781,660.84
23 Mingsheng 01	20,000,000.00	2/28/2023	3 years	20,000,000.00	20,000,000.00
23 Mingsheng 02	600,000,000.00	9/27/2023	3 years	593,880,000.00	594,385,023.67
24 Mingsheng 01	500,000,000.00	11/14/2024	5 years	495,250,000.00	
Subtotal	10,945,500,000.00			10,875,921,450.00	8,019,191,723.02
Less: bonds payable due within one year					657,982,482.16
Less: interest payable on bonds due within one year					194,099,090.40
Total	10,945,500,000.00			10,875,921,450.00	7,167,110,150.46

(Continued)

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2024
21 Dacheng 02 Corporate Bond		3,432,828.00	-159,947.17	63,900,000.00	
22 Dafeng 01 Corporate Bond		74,950,819.67	-3,315,033.01	326,000,000.00	1,093,790,839.11
22 Dafeng Chengjian PPN001		17,950,684.93	-944,063.33		873,435,160.52
22 Dafeng Chengjian PPN002		5,044,931.51	-211,127.71		339,287,598.66
23 Dafeng 01 Corporate Bond		17,986,885.25	-766,735.76		1,231,046,104.99
23 Dafeng 02 Corporate Bond		4,260,819.67	-182,493.95		476,353,094.95
24 Dafeng Chengzi MTN001	500,000,000.00	11,628,415.30	-344,828.66		511,973,243.96
24 Dafeng 01	330,000,000.00	2,253,196.72	-58,783.23		332,311,979.95
24 Dafeng 02	200,000,000.00	933,333.33	-21,920.95		200,955,254.28
24 Dafeng 03	800,000,000.00	3,092,240.44	-60,423.22		803,152,663.66
23 Hengtou 01 Raise Funds			-1,025,111.91		529,964,993.40

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2024
23 Hengtou 02 Raise Funds			-203,112.73		105,005,742.49
23 Hengtou 03 Raise Funds		-28,789.04	-299,084.28		155,100,706.22
24 Hengtou 01 Raise Funds	248,000,000.00	916,512.88	1,456,782.27		247,459,730.61
24 Hengtou 02 Raise Funds	250,000,000.00	308,219.18	1,783,164.81		248,525,054.37
24 Hengtou 03 Raise Funds	250,000,000.00	348,904.11	1,788,396.14		248,560,507.97
22 Dafeng Jiaotou Bonds		4,143,425.68	-2,071,712.84		779,901,878.44
20 Mingsheng 01			5,866,643.21		498,051,394.84
21 Mingsheng 01			1,063,974.62	250,000,000.00	
21 Mingsheng 02			812,000.93	350,000,000.00	
22 Mingsheng 01			657,811.40		279,507,983.41
22 Mingsheng 02			379,518.07		199,161,178.91
23 Mingsheng 01					20,000,000.00
23 Mingsheng 02			1,934,133.18		596,319,156.85
24 Mingsheng 01	495,250,000.00		112,253.86		495,362,253.86
Subtotal	3,073,250,000.00	147,222,427.63	6,190,299.74	989,900,000.00	10,265,226,521.45
Less: bonds payable due within one year					4,019,720,557.16
Less: interest payable on bonds due within one year					181,746,405.10
Total	3,073,250,000.00	147,222,427.63	6,190,299.74	989,900,000.00	6,063,759,559.19

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2022
21 Dacheng 01 Corporate Bond	920,000,000.00	11/19/2021	2 years	920,000,000.00	924,674,151.90
21 Dacheng 02 Corporate Bond	60,000,000.00	11/19/2021	3 years	60,000,000.00	60,156,270.69
21 Dacheng 03 Corporate Bond	250,000,000.00	11/26/2021	2 years	250,000,000.00	251,069,465.47
21 Dacheng 04 Corporate Bond	500,000,000.00	12/24/2021	2 years	500,000,000.00	499,465,707.55
22 Dafeng 01 Corporate Bond	1,270,000,000.00	1/6/2022	3 years	1,270,000,000.00	1,338,356,992.44
23 Dafeng 01 Corporate Bond	1,200,000,000.00	8/23/2023	3 years	1,200,000,000.00	
23 Dafeng 02 Corporate Bond	470,000,000.00	10/13/2023	3 years	470,000,000.00	
PPN 840 million	840,000,000.00	7/28/2022	3 years	840,000,000.00	852,502,480.70
PPN 330 million	330,000,000.00	8/29/2022	3 years	330,000,000.00	333,455,539.97
23 Hengtou 01 Raise Funds	500,000,000.00	2/21/2023	2 years	500,000,000.00	
23 Hengtou 02 Raise Funds	100,000,000.00	4/12/2023	2 years	100,000,000.00	
23 Hengtou 03 Raise Funds	148,000,000.00	4/25/2023	2 years	148,000,000.00	
21 Hengtou 01 Raise Funds	250,000,000.00	2/9/2021	3 years	250,000,000.00	266,107,833.91
21 Hengtou 02 Raise Funds	250,000,000.00	2/26/2021	5 years	250,000,000.00	264,564,810.19

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2022
21 Hengtou 03 Raise Funds	100,000,000.00	4/20/2021	5 years	100,000,000.00	104,873,824.61
21 Hengtou 04 Raise Funds	148,000,000.00	4/29/2021	5 years	148,000,000.00	154,931,581.73
22 Dafeng Jiaotou Bond	750,000,000.00	4/28/2022	7 years	750,000,000.00	771,742,200.00
20 Mingsheng 01	500,000,000.00	4/13/2020	3+2 years	462,600,000.00	496,282,557.68
20 Mingsheng 02	100,000,000.00	8/3/2020	2+1 years	100,000,000.00	20,000,000.00
21 Mingsheng 01	250,000,000.00	1/27/2021	3 years	239,875,000.00	245,841,178.00
21 Mingsheng 02	350,000,000.00	1/29/2021	3 years	342,125,000.00	346,771,003.19
22 Mingsheng 01	280,000,000.00	7/21/2022	3 years	277,900,000.00	278,192,360.62
22 Mingsheng 02	199,500,000.00	9/16/2022	3 years	198,291,450.00	198,402,142.77
23 Mingsheng 01	20,000,000.00	2/28/2023	3 years	20,000,000.00	
23 Mingsheng 02	600,000,000.00	9/27/2023	3 years	593,880,000.00	
Subtotal	10,385,500,000.00			10,320,671,450.00	7,407,390,101.42
Less: bonds payable due within one year					2,433,424,810.97
Less: interest payable on bonds due within one year					197,154,345.21
Total	10,385,500,000.00			10,320,671,450.00	4,776,810,945.24

(Continued)

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2023
21 Dacheng 01 Corporate Bond		52,104,767.12	-2,101,080.98	978,880,000.00	
21 Dacheng 02 Corporate Bond		3,900,000.00	-150,954.14	3,900,000.00	60,307,224.83
21 Dacheng 03 Corporate Bond		15,595,890.41	-584,644.12	267,250,000.00	
21 Dacheng 04 Corporate Bond		30,895,890.41	-1,138,402.04	531,500,000.00	
22 Dafeng 01 Corporate Bond		76,200,000.00	-3,167,993.99	76,200,000.00	1,341,524,986.43
23 Dafeng 01 Corporate Bond	1,200,000,000.00	18,036,164.38	5,743,680.40		1,212,292,483.98
23 Dafeng 02 Corporate Bond	470,000,000.00	4,272,493.15	2,362,711.82		471,909,781.33
PPN 840 million		42,000,000.00	-2,037,931.56	42,000,000.00	854,540,412.26
PPN 330 million		14,850,000.00	-575,999.47	14,850,000.00	334,031,539.44
23 Hengtou 01 Raise Funds	500,000,000.00	30,109,589.04	1,169,707.55		528,939,881.49
23 Hengtou 02 Raise Funds	100,000,000.00	5,063,013.70	260,383.94		104,802,629.76
23 Hengtou 03 Raise Funds	148,000,000.00	7,226,049.31	395,638.33		154,830,410.98

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2023
21 Hengtou 01 Raise Funds		2,000,000.00	-142,166.09	268,250,000.00	
21 Hengtou 02 Raise Funds		2,732,876.71	-202,313.10	267,500,000.00	
21 Hengtou 03 Raise Funds		2,169,863.01	-156,312.38	107,200,000.00	
21 Hengtou 04 Raise Funds		3,474,147.95	-250,270.32	158,656,000.00	
22 Dafeng Jiaotou Bond		31,000,000.00	-17,444,539.92	46,500,000.00	773,686,739.92
20 Mingsheng 01			-4,097,806.05		492,184,751.63
20 Mingsheng 02				20,000,000.00	
21 Mingsheng 01			3,094,847.38		248,936,025.38
21 Mingsheng 02			2,416,995.88		349,187,999.07
22 Mingsheng 01			657,811.39		278,850,172.01
22 Mingsheng 02			379,518.07		198,781,660.84
23 Mingsheng 01	20,000,000.00				20,000,000.00
23 Mingsheng 02	593,880,000.00		505,023.67		594,385,023.67
Subtotal	2,418,000,000.00	341,630,745.19	-15,064,095.73	2,782,686,000.00	8,019,191,723.02
Less: bonds payable due within one year			-59,858,457.71	2,413,424,810.97	657,982,482.16
Less: interest payable on bonds due within one year		194,099,090.40		197,154,345.21	194,099,090.40
Total	2,418,000,000.00	147,531,654.79	44,794,361.98	172,106,843.82	7,167,110,150.46

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2021
21 Dacheng 01 Corporate Bond	920,000,000.00	11/19/2021	2 years	920,000,000.00	922,431,342.37
21 Dacheng 02 Corporate Bond	60,000,000.00	11/19/2021	3 years	60,000,000.00	60,014,907.56
21 Dacheng 03 Corporate Bond	250,000,000.00	11/26/2021	2 years	250,000,000.00	250,461,964.89
21 Dacheng 04 Corporate Bond	500,000,000.00	12/24/2021	2 years	500,000,000.00	498,375,001.02
22 Dafeng 01 Corporate Bond	1,270,000,000.00	1/6/2022	3 years	1,270,000,000.00	
PPN 840 million	840,000,000.00	7/28/2022	3 years	840,000,000.00	
PPN 330 million	330,000,000.00	8/29/2022	3 years	330,000,000.00	
21 Hengtou 01 Raise Funds	250,000,000.00	2/9/2021	3 years	250,000,000.00	264,820,927.89
21 Hengtou 02 Raise Funds	250,000,000.00	2/26/2021	5 years	250,000,000.00	263,283,511.70
21 Hengtou 03 Raise Funds	100,000,000.00	4/20/2021	5 years	100,000,000.00	104,366,406.62
21 Hengtou 04 Raise Funds	148,000,000.00	4/29/2021	5 years	148,000,000.00	154,181,965.96
22 Dafeng Jiaotou Bond	750,000,000.00	4/28/2022	7 years	750,000,000.00	
19 Mingsheng 01	200,000,000.00	9/12/2019	2+1 years	193,950,000.00	200,000,000.00

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

Bond name	Par value	Issue date	Bond term	Issue amount	December 31, 2021
20 Mingsheng 01	500,000,000.00	4/13/2020	3+2 years	462,600,000.00	483,552,977.68
20 Mingsheng 02	100,000,000.00	8/3/2020	2+1 years	100,000,000.00	100,000,000.00
21 Mingsheng 01	250,000,000.00	1/27/2021	3 years	239,875,000.00	242,746,330.62
21 Mingsheng 02	350,000,000.00	1/29/2021	3 years	342,125,000.00	344,354,007.31
19 Mingsheng 02 Resale	199,550,000.00	11/21/2021	1 years		199,550,000.00
22 Mingsheng 01	280,000,000.00	7/21/2022	3 years	277,900,000.00	
22 Mingsheng 02	199,500,000.00	9/16/2022	3 years	198,291,450.00	
Subtotal	7,747,050,000.00			7,482,741,450.00	4,088,139,343.62
Less: bonds payable due within one year					399,550,000.00
Less: interest payable on bonds due within one year					48,306,447.71
Total	7,747,050,000.00			7,482,741,450.00	3,640,282,895.91

(Continued)

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2022
21 Dacheng 01 Corporate Bond		6,775,232.88	54,347,576.65	58,880,000.00	924,674,151.90
21 Dacheng 02 Corporate Bond		448,767.12	3,592,596.01	3,900,000.00	60,156,270.69
21 Dacheng 03 Corporate Bond		1,654,109.59	16,203,390.99	17,250,000.00	251,069,465.47
21 Dacheng 04 Corporate Bond		604,109.59	31,986,596.94	31,500,000.00	499,465,707.55
22 Dafeng 01 Corporate Bond	1,270,000,000.00	74,947,397.26	-6,590,404.82		1,338,356,992.44
PPN 840 million	840,000,000.00	17,950,684.93	-5,448,204.23		852,502,480.70
PPN 330 million	330,000,000.00	5,044,931.51	-1,589,391.54		333,455,539.97
21 Hengtou 01 Raise Funds		16,250,000.00	3,286,906.02	18,250,000.00	266,107,833.91
21 Hengtou 02 Raise Funds		14,767,123.29	4,014,175.20	17,500,000.00	264,564,810.19
21 Hengtou 03 Raise Funds		5,030,136.99	2,677,281.00	7,200,000.00	104,873,824.61
21 Hengtou 04 Raise Funds		7,181,852.05	4,223,763.72	10,656,000.00	154,931,581.73
22 Dafeng Jiaotou Bond	750,000,000.00	31,000,000.00	-9,257,800.00		771,742,200.00
20 Mingsheng 01					496,282,557.68
20 Mingsheng 02					20,000,000.00
21 Mingsheng 01					245,841,178.00
21 Mingsheng 02					346,771,003.19

Bond name	Issued this period	Provision of interests based on face value	Amortized at premium or discount	Repaid in current period	December 31, 2022
22 Mingsheng 01					278,192,360.62
22 Mingsheng 02					198,402,142.77
Subtotal	3,190,000,000.00	181,654,345.21	97,446,485.94	165,136,000.00	7,407,390,101.42
Less: bonds payable due within one year					2,433,424,810.97
Less: interest payable on bonds due within one year					197,154,345.21
Total	3,190,000,000.00	181,654,345.21	97,446,485.94	165,136,000.00	4,776,810,945.24

30. Long-term payables

Item	December 31, 2024	December 31, 2023	December 31, 2022
Long-term payables	4,463,616,419.73	5,132,570,947.04	5,309,746,769.95
Special payables	960,687,123.87	1,110,711,452.63	871,790,339.68
Total	5,424,303,543.60	6,243,282,399.67	6,181,537,109.63

(1) Long-term payables

Item	December 31, 2024	December 31, 2023	December 31, 2022
Financial leasing	4,337,143,744.86	4,419,144,591.01	4,414,144,324.89
Other borrowings	4,745,527,557.00	4,489,570,000.00	4,552,790,000.00
Subtotal	9,082,671,301.86	8,908,714,591.01	8,966,934,324.89
Less: long-term payables due within one year	4,619,054,882.13	3,776,143,643.97	3,657,187,554.94
Total	4,463,616,419.73	5,132,570,947.04	5,309,746,769.95

(2) Details of special payables

Item	December 31, 2023	Increased in the current period	Decrease in the current period	December 31, 2024
Special funds for shantytown reconstruction allocated by the provincial government	11,520,000.00			11,520,000.00
Construction funds of Kangxinyayuan	331,675,551.12		101,101,453.10	230,574,098.02
Xinfengli construction funds	150,000.00		150,000.00	
Runfu Phase II Capital	756,361,120.00	39,940,000.00	88,708,094.15	707,593,025.85
Maintenance fees of street lamps	4,781.51		4,781.51	
Financial borrowings	11,000,000.00			11,000,000.00
Total	1,110,711,452.63	39,940,000.00	189,964,328.76	960,687,123.87

(Continued)

Item	December 31, 2022	Increased in the current period	Decrease in the current period	December 31, 2023
Special funds for shantytown reconstruction allocated by the provincial government	11,520,000.00			11,520,000.00
Construction funds of Kangxinyayuan	523,672,849.83	1,710,000.00	193,707,298.71	331,675,551.12

Item	December 31, 2022	Increased in the current period	Decrease in the current period	December 31, 2023
Maintenance fees of street lamps		20,721,266.00	20,716,484.49	4,781.51
Xinfengli construction funds	150,000.00			150,000.00
Runfu Phase II Capital	150,000,000.00	606,361,120.00		756,361,120.00
Financial borrowings	11,518,900.00		518,900.00	11,000,000.00
Harvest Land Special Payables	174,928,589.85		174,928,589.85	
Total	871,790,339.68	628,792,386	389,871,273.05	1,110,711,452.63

(Continued)

Item	December 31, 2021	Increased in the current period	Decrease in the current period	December 31, 2022
Special funds for shantytown reconstruction allocated by the provincial government	20,724,849.37	522,170,600.00	531,375,449.37	11,520,000.00
Funds for affordable housing construction	20,990,000.00		20,990,000.00	
Funds for the construction of public rental housing and poverty relief housing	202,417,842.40		202,417,842.40	
Construction funds of Kangxinyayuan		523,672,849.83		523,672,849.83
Funds for construction of Jingshang Mingcheng		11,485.45	11,485.45	
Xinfengli construction funds		150,000.00		150,000.00
Runfu Phase II Capital		300,000,000.00	150,000,000.00	150,000,000.00
Financial borrowings		11,518,900.00		11,518,900.00
Harvest Land Special Payables	143,668,907.57	31,259,682.28		174,928,589.85
Total	387,801,599.34	1,388,783,517.56	904,794,777.22	871,790,339.68

31. Other non-current liabilities

Item	December 31, 2024	December 31, 2023	December 31, 2022
Jiangsu Asset Management Co., Ltd.			300,000,000.00
2019 Hengrui Listing Financing (Small Micro)			78,150,000.00
Hengrui Investment Listed for Financing in 2020			461,470,000.00
Hengrui Investment Asset Income Right No. 01 (Meiyuying)	279,990,000.00	295,640,000.00	299,200,000.00
Jiangsu Hengrui No.1 Accounts Receivable Debt Asset Targeted Financing Product		64,940,000.00	200,000,000.00
Jiangsu Hengrui Investment Listed for Financing Project in 2021		608,270,000.00	700,000,000.00
Jiangsu Xinbao Technology Microfinance Co., Ltd.		48,000,000.00	18,000,000.00
Nantong Jinkong Commercial Factoring Co., Ltd.		40,000,000.00	60,000,000.00
Jiangxi Guoyuan International Commercial Factoring Co., Ltd.		200,000,000.00	
Suzhou Chengtou Commercial Factoring Co., Ltd.		150,000,000.00	
Shenzhen Tianqi Financial Leasing Co., Ltd.		105,890,000.00	
Shaanxi International Trust Co., Ltd.		325,850,000.00	
Suzhou Trust Co., Ltd.			100,000,000.00

Item	December 31, 2024	December 31, 2023	December 31, 2022
Suzhou Gusu District Xinxin Rural Microloan Co., Ltd.			25,000,000.00
Lujiazui International Trust Co., Ltd.		83,700,000.00	283,700,000.00
Chang 'an Trust International Co., Ltd.		100,000,000.00	100,000,000.00
Shaanxi International Trust Co., Ltd.		80,000,000.00	136,000,000.00
Shaanxi International Trust Co., Ltd. 2		20,000,000.00	20,000,000.00
SDIC Taikang Hongyan No. 3066		300,490,000.00	499,580,000.00
Jiangsu Xinbao Technology Microfinance Co., Ltd.		15,000,000.00	15,000,000.00
China Jingu International Trust Co., Ltd.	600,000,000.00	600,000,000.00	
Western Trust Co., Ltd.	148,200,000.00	145,200,000.00	
Anhui Guoyuan Trust Co., Ltd.	100,570,000.00	100,570,000.00	
Minmetals International Trust Co., Ltd.		494,500,000.00	
Jiangsu Shiyun Industry Investment Management Co., Ltd.	84,870,000.00	72,240,000.00	
Zhongrong Tianxia (Shenzhen) Financial Leasing Co., Ltd.	92,420,000.00	101,100,000.00	
Jingu Trust Ruiyin No. 725	78,590,000.00		
Jiangsu Jinlian Financial Assets Trading Center Co., Ltd.	55,920,000.00		
Targeted financing product			214,620,000.00
Subtotal	1,440,560,000.00	3,951,390,000.00	3,510,720,000.00
Less: other non-current liabilities due within one year	992,893,334.00	1,316,100,000.00	1,013,370,000.00
Total	447,666,666.00	2,635,290,000.00	2,497,350,000.00

32. Capital reserves

Item	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024
Other capital reserves	20,455,847,718.05	5,508,798,485.52	4,858,384,303.60	21,106,261,899.97
Total	20,455,847,718.05	5,508,798,485.52	4,858,384,303.60	21,106,261,899.97

(Continued)

Item	December 31, 2022	Increase in this year	Decrease in this year	December 31, 2023
Other capital reserves	19,081,525,331.98	1,766,569,794.32	392,247,408.25	20,455,847,718.05
Total	19,081,525,331.98	1,766,569,794.32	392,247,408.25	20,455,847,718.05

(Continued)

Item	December 31, 2021	Increase in this year	Decrease in this year	December 31, 2022
Other capital reserves	18,624,329,005.06	1,391,962,605.57	934,766,278.65	19,081,525,331.98
Total	18,624,329,005.06	1,391,962,605.57	934,766,278.65	19,081,525,331.98

33. Other comprehensive income

Item	December 31,	Amount incurred in current period	December 31,
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Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

	2023		Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period				2024
		Pre-tax income of current period		Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that will be reclassified into profit or loss in the future	1,975,523,294.17	-25,388,929.53	49,804,709.54	-18,798,409.78	-37,597,732.20	-18,797,497.09	1,937,925,561.97
Among them: initial conversion of investment real estate	1,975,523,294.17	-25,388,929.53	49,804,709.54	-18,798,409.78	-37,597,732.20	-18,797,497.09	1,937,925,561.97
II. Other comprehensive income that cannot be reclassified into profits or losses	29,370,914.69	10,665,486.55		2,666,371.64	7,999,114.91		37,370,029.60
Including: changes in fair value of other equity instrument investments	29,370,914.69	10,665,486.55		2,666,371.64	7,999,114.91		37,370,029.60
Total	2,004,894,208.86	-14,723,442.98	49,804,709.54	-16,132,038.14	-29,598,617.29	-18,797,497.09	1,975,295,591.57

(Continued)

Item	December 31, 2022	Amount incurred in current period					December 31, 2023
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that will be reclassified into profit or loss in the future	2,072,870,700.62	86,137,923.62	190,331,079.73	-20,830,376.26	-97,347,406.45	13,984,626.60	1,975,523,294.17
Among them: initial conversion of investment real estate	2,072,870,700.62	86,137,923.62	190,331,079.73	-20,830,376.26	-97,347,406.45	13,984,626.60	1,975,523,294.17
II. Other comprehensive income that		39,161,219.59		9,790,304.90	29,370,914.69		29,370,914.69

Item	December 31, 2022	Amount incurred in current period					December 31, 2023
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
cannot be reclassified into profits or losses							
Including: changes in fair value of other equity instrument investments		39,161,219.59		9,790,304.90	29,370,914.69		29,370,914.69
Total	2,072,870,700.62	125,299,143.21	190,331,079.73	-11,040,071.36	-67,976,491.76	13,984,626.60	2,004,894,208.86

(Continued)

Item	December 31, 2021	Amount incurred in current period					December 31, 2022
		Pre-tax income of current period	Less: Current transfer-in profits and losses included into other comprehensive incomes in the prior period	Less: income tax expenses	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive income that will be reclassified into profit or loss in the future	2,158,898,056.98	-113,499,124.48		-28,374,781.13	-86,027,356.36	903,013.01	2,072,870,700.62
Among them: initial conversion of investment real estate	2,158,898,056.98	-113,499,124.48		-28,374,781.13	-86,027,356.36	903,013.01	2,072,870,700.62
Total	2,158,898,056.98	-113,499,124.48		-28,374,781.13	-86,027,356.36	903,013.01	2,072,870,700.62

Note 1: In 2023, two sea area usage rights within investment properties were reclaimed by the government, and the corresponding amount of other comprehensive income related to the reclaimed sea area usage rights was accordingly reduced.

Note 2: In 2024, one sea area usage right within investment properties was reclaimed by the government, and the corresponding amount of other comprehensive income related to the reclaimed sea area usage right was accordingly reduced.

34. Undistributed profits

Item	December 31, 2024	December 31, 2023	December 31, 2022
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Item	December 31, 2024	December 31, 2023	December 31, 2022
Profits undistributed of the end of previous year before adjustment	5,907,035,743.61	5,031,188,227.02	4,321,464,273.58
Total adjustment number of undistributed profit at the beginning of the period			
Beginning undistributed profits after the adjustment	5,907,035,743.61	5,031,188,227.02	4,321,464,273.58
Plus: Net profits attributable to the shareholder of the parent company	614,286,281.21	875,847,516.59	709,723,953.44
Less: withdrawal of statutory surplus reserve			
Less: other			
Undistributed profits at the end of the period	6,521,322,024.82	5,907,035,743.61	5,031,188,227.02

35. Operating Income and Operating Cost

Item	FY2024	FY2023	FY2022
Main business income	11,098,937,182.99	9,849,488,467.61	9,076,155,860.08
Other business income	172,962,369.66	118,445,274.47	69,227,613.92
Total	11,271,899,552.65	9,967,933,742.08	9,145,383,474.00
Main business cost	10,273,552,544.18	9,053,978,565.93	8,331,494,633.84
Other business cost	84,858,156.37	55,293,479.38	19,894,362.80
Total	10,358,410,700.55	9,109,272,045.31	8,351,388,996.64

(1) Classification of main business

Item	FY2024	
	Income	Cost
Infrastructure construction	3,597,971,914.15	3,029,562,380.63
Engineering construction	288,032,206.90	266,151,103.48
Real estate sales	210,112,760.62	178,795,944.15
Trading business	6,350,855,333.75	6,326,623,609.81
Gas supply and power supply business	304,484,491.64	290,978,214.88
Road management		
Leasing business	217,387,578.47	91,605,692.52
Transportation service	10,958,638.51	10,921,025.05
Sewage treatment	16,876,265.11	11,020,408.63
Property management services	12,779,419.91	10,052,907.30
Testing services	901,969.99	674,819.10
Agency business	7,072,761.22	7,232,039.07
Civil Air defense	27,982,761.56	25,524,203.04
Escort	26,101,962.01	14,370,928.93
Tourism service	239,664.77	56,565.09
Room revenue	18,899.12	7,748.08

Item	FY2024	
	Income	Cost
Other	27,160,555.26	9,974,954.42
Total	11,098,937,182.99	10,273,552,544.18

(Continued)

Item	FY 2023		FY 2022	
	Income	Cost	Income	Cost
Infrastructure construction	3,557,411,709.39	2,995,549,379.03	3,353,629,244.93	2,786,142,419.84
Engineering construction	229,663,794.13	207,996,564.53	203,989,556.89	223,906,014.52
Real estate sales	132,908,074.96	98,731,640.38	421,883,882.39	415,724,509.10
Trading business	5,355,805,255.40	5,330,055,244.77	4,570,460,401.36	4,538,681,257.79
Gas supply and power supply business	161,063,867.11	152,530,015.15	139,651,864.31	135,816,379.63
Road management	21,764,876.45	18,578,428.08	17,871,627.84	15,439,407.19
Leasing business	237,670,774.26	127,966,868.40	206,781,304.88	116,279,357.43
Transportation service	12,868,478.15	12,185,759.71	8,131,280.99	7,489,713.55
Sewage treatment	24,829,389.00	19,460,310.30	13,872,585.47	16,818,164.78
Property management services	17,206,828.69	16,822,206.90	15,548,027.32	11,503,559.75
Testing services	2,538,298.19	348,497.82	21,093,684.02	15,184,638.63
Agency business	15,242,183.77	14,926,641.20	14,357,489.03	4,235,360.22
Civil Air defense	24,646,062.85	23,231,187.03	26,672,152.90	25,560,044.00
Escort	26,222,112.76	12,970,976.97	21,309,760.86	12,127,049.47
Tourism service	2,368,257.92	2,243,655.82	5,666,789.76	6,570,631.66
Room revenue				
Other	27,278,504.58	20,381,189.84	35,236,207.13	16,126.28
Total	9,849,488,467.61	9,053,978,565.93	9,076,155,860.08	8,331,494,633.84

36. Taxes and surcharges

Item	FY2024	FY2023	FY2022
Urban maintenance and construction tax	15,676,028.28	14,225,939.40	25,575,941.86
Education surcharges	11,211,968.50	10,152,915.88	17,645,766.46
Land value increment tax	101,163,926.09	185,318,465.31	71,073,545.32
Property tax	33,796,427.99	13,847,956.42	9,345,615.25
Payment of land use tax	20,368,748.57	17,968,560.37	13,556,673.63
Stamp duty	11,225,667.01	7,713,542.43	4,015,518.02
Environmental protection tax	3,488,802.92	4,411,737.22	83,656.87
Vehicle and vessel tax	33,178.22	42,184.76	40,395.11
Other taxes and fees	119,864.55	1,173,295.60	1,620,448.46
Total	197,084,612.13	254,854,597.39	142,957,560.98

Note: For details of various taxes and additional payment standards, please refer to Note V “Taxes”.

37. Financial expenses

Item	FY2024	FY2023	FY2022
Interest expenditures	188,088,053.76	218,811,398.10	288,857,459.85
Less: interest incomes	113,310,999.19	151,898,427.42	183,627,951.13
Plus: commission charges	3,037,848.94	8,718,258.94	16,826,861.35
Plus: exchange losses	5,946,430.41	6,319,150.56	-1,020,331.64
Total	83,761,333.92	81,950,380.18	121,036,038.43

38. Other income

Item	FY2024	FY2023	FY2022
The government subsidy related to the daily activities of enterprises	293,238,579.44	448,941,587.06	409,131,948.37
Total	293,238,579.44	448,941,587.06	409,131,948.37

39. Investment income (or loss is expressed by “-”)

Item	FY2024	FY2023	FY2022
Long-term equity investment income calculated by the equity method	174,979,843.19	184,527,488.13	174,421,272.69
Investment income obtained during the period of holding other equity instrument investment	35,695,070.22	22,346,619.63	24,556,832.71
Investment income from the disposal of equity investments	6,174,749.46	100,000.00	-272,379.61
Total	216,849,662.87	206,974,107.76	198,705,725.79

40. Profit and loss from change in fair value (or income is expressed by “-”)

Item	FY2024	FY2023	FY2022
Investment properties measured at fair value	8,824,740.65	203,348,736.35	106,242,461.03
Total	8,824,740.65	203,348,736.35	106,242,461.03

41. Credit impairment losses (loss is expressed by “-”)

Item	FY2024	FY2023	FY2022
Bad debt reserves	-22,096,868.09	-3,863,340.05	-63,022,614.23
Total	-22,096,868.09	-3,863,340.05	-63,022,614.23

42. Income from asset disposal (loss is expressed by “-”)

Item	FY2024	FY2023	FY2022
Profit on disposal of non-current assets	5,616,725.78	-101,694.54	45,252,955.00
Total	5,616,725.78	-101,694.54	45,252,955.00

43. Non-operating incomes

Item	FY2024	FY2023	FY2022
Profit from scrapping of non-current assets	20,459.22		
Compensation income	74,000.61		

Item	FY2024	FY2023	FY2022
Other	1,867,730.69	1,479,609.46	1,410,316.38
Total	1,962,190.52	1,479,609.46	1,410,316.38

44. Non-operating expenses

Item	FY2024	FY2023	FY2022
Loss from scrapping due to damage of non-current assets	1,974,881.88	400,729.60	34,499.56
Expenditures for welfare donations	229,472.71	27,300.00	14,947.40
Late fee for taxes	77,947,287.04	68,353,567.08	36,321,731.10
Compensation and liquidated damages	2,666,161.25		
Other	855,257.63	945,221.44	1,556,903.45
Total	83,673,060.51	69,726,818.12	37,928,081.51

45. Income tax expenses

Item	FY2024	FY2023	FY2022
Current income tax	145,326,619.41	138,626,232.17	145,822,266.65
Deferred income tax expenses	-3,463,047.48	7,620,675.35	10,804,428.79
Total	141,863,571.93	146,246,907.52	156,626,695.44

46. Supplementary information to statement of cash flow

(1) Supplementary information to statement of cash flow

Supplementary information	FY2024	FY2023	FY2022
I. Adjust net profit to cash flow of operating activities:			
Net profits	739,299,018.17	1,015,839,916.42	850,978,633.98
Plus: asset impairment provision			
Credit impairment losses	22,096,868.09	3,863,340.05	63,022,614.23
Depreciation of fixed assets, oil and gas assets and productive biological assets	146,468,700.36	142,594,463.92	134,899,179.20
Amortization of intangible assets	8,700,934.94	4,488,081.28	9,215,616.32
Amortization of long-term deferred expenses	1,470,894.19	3,668,308.46	2,446,473.14
Loss on disposal of fixed assets, intangible assets and other long-term assets (or income is expressed by "-")	-5,616,725.78	101,694.54	-45,252,955.00
Loss from on retirement of fixed assets (or income is expressed by "-")	1,954,422.66	400,729.60	34,499.56
Loss from change in fair value (or income is expressed by "-")	-8,824,740.65	-203,348,736.35	-106,242,461.03
Financial expenses (or income is expressed by "-")	188,088,053.76	218,811,398.10	288,857,459.85
Investment loss (or income is expressed by "-")	-216,849,662.87	-206,974,107.76	-198,705,725.79
Decrease in deferred tax assets (or increase is expressed by "-")	-5,524,217.01	-843,560.02	-16,000,832.71
Increase in deferred tax liabilities (or decrease is expressed by "-")	2,061,169.53	8,464,235.37	26,805,261.50
Inventory decrease (or increase is expressed by "-")	-1,398,031,807.81	782,475,308.01	-3,101,134,133.54

Supplementary information	FY2024	FY2023	FY2022
Decrease in operational receivable items (or increase is expressed by “-”)	-498,991,076.14	-2,361,521,131.31	-1,350,358,387.97
Decrease in operational payable items (or decrease is expressed by “-”)	4,014,686,959.93	2,590,614,844.45	1,370,327,926.86
Other			
Net cash flows from operating activities	2,990,988,791.37	1,998,634,784.76	-2,071,106,831.40
2. Significant investing and financing activities not involving cash deposit and withdrawal			
Conversion of debts into capital			
Convertible bonds due within one year			
Fixed assets under financing lease			
3. Net increase in cash and cash equivalents			
Closing balance of cash	3,030,318,346.22	2,112,381,426.39	1,467,179,827.14
Less: opening balance of cash	2,112,381,426.39	1,467,179,827.14	2,616,081,977.27
Plus: closing balance of cash equivalents			
Less: opening balance of cash equivalents			
Net increase in cash and cash equivalents	917,936,919.83	645,201,599.25	-1,148,902,150.13

(1) Composition of cash and cash equivalents

Item	December 31, 2024	December 31, 2023	December 31, 2022
I cash	3,030,318,346.22	2,112,381,426.39	1,467,179,827.14
Including: cash on hand	28,837.78	40,712.74	231,901.83
Bank deposits available for payment at any time	3,030,289,339.24	2,112,340,713.65	1,466,947,925.31
Other monetary capital available for payment at any time	169.20		
II. Cash equivalents			
III. Balance of cash and cash equivalents	3,030,318,346.22	2,112,381,426.39	1,467,179,827.14

Note: Margin and fixed deposits that mature in more than three months are not included in cash and cash equivalents.

47. Assets with restricted ownership or use rights

Item	Book value as of December 31, 2024	Reasons for constraints
Monetary capital	5,313,844,040.05	Deposits for bills and pledges for loans
Inventory	1,240,918,135.05	Provide collateral for loan
Fixed assets	913,704,667.28	Provide collateral for loan
Investment real estate	9,993,511,065.00	Provide collateral for loan
Intangible assets	64,495,263.99	Provide collateral for loan
Construction in progress	630,475,202.34	Provide collateral for loan
Other non-current financial assets	100,000,000.00	Provide pledge for loan
Total	18,256,948,373.71	

VII. Change of consolidation scope

1. Details of the change of consolidation scope

(1) Change of consolidation scope in 2024

① Entities newly included in the scope of consolidation in 2024

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Acquisition method
				Direct	Indirect	
Yancheng Dafeng Huixinlong Agricultural Development Co., Ltd.	Yancheng	Yancheng	Chinese herbal medicine planting		100.00	Established by investment
Yancheng Dafeng Fenghuiyuan Agricultural Development Co., Ltd.	Yancheng	Yancheng	Aquaculture		100.00	Established by investment
Yancheng Dafeng Huifengda Urban Renewal Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng Dafeng Huifeng Beautiful Rural Residential Development and Construction Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng Dafeng Haizhichuan Construction Engineering Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng Dafeng Sanmusen Agricultural Development Co., Ltd.	Yancheng	Yancheng	Chinese herbal medicine cultivation;		100.00	Established by investment
Yancheng Dafeng Ruiken Agricultural Development Co., Ltd.	Yancheng	Yancheng	Aquaculture		100.00	Established by investment
Yancheng Dafeng Zewo Agriculture Co., Ltd.	Yancheng	Yancheng	Agricultural professional and auxiliary activities		100.00	Established by investment
Yancheng Dafeng Fengshuo Agricultural Development Co., Ltd.	Yancheng	Yancheng	Building demolition operations (except blasting operations)		100.00	Established by investment
Yancheng Dafeng Hengxinsheng Development and Construction Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng City Dafeng District Ruiye Urban Renewal Co., Ltd.	Yancheng	Yancheng	Water conservancy, environment and public facilities management		100.00	Established by investment
Yancheng Dafeng Shuohai Modern Agriculture Co., Ltd.	Yancheng	Yancheng	Water conservancy, environment and public facilities management		100.00	Established by investment
Yancheng Dafeng Shuohai Modern Agriculture Co., Ltd.	Yancheng	Yancheng	Water conservancy, environment and public facilities management		100.00	Established by investment

② Entities removed from the scope of consolidation in 2024:

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Reduction method
				Direct	Indirect	
Yancheng Dafeng Wuhuan Sports Investment Co., Ltd.	Yancheng	Yancheng	Sales of sports equipment (except shooting equipment) and supplies;		100.00	Cancellation
Yancheng Xinfeng New Energy Development Co., Ltd.	Yancheng	Yancheng	Production and supply of power and heat		51.00	Cancellation

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Reduction method
				Direct	Indirect	
Yancheng Dafeng Xingda Property Rights Trading Service Center Co., Ltd.	Yancheng	Yancheng	Property rights (equity) transaction agent		100.00	Cancellation
Yancheng Dafeng Security Service Co., Ltd.	Yancheng	Yancheng	Provide security services to society, etc.		100.00	Uncompensated transfer
Yancheng Dafeng Baofeng Property Co., Ltd.	Yancheng	Yancheng	Ecological protection and environmental governance		100.00	Uncompensated transfer
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	Yancheng	Yancheng	Conducting the manufacturing and leasing of various high, middle and low-end tombs		100.00	Uncompensated transfer
Yancheng Dafeng Liangyuan Wedding Etiquette Service Co., Ltd.	Yancheng	Yancheng	Typing and photocopying; Wedding etiquette service, video photography service, exhibition service		100.00	Uncompensated transfer
Yancheng Dafeng Wuhuan Stadium Management Service Co., Ltd.	Yancheng	Yancheng	Operation management of sports venues;		100.00	Uncompensated transfer
Yancheng Dafeng Urban and Rural Public Transportation Service Co., Ltd.	Yancheng	Yancheng	Car rental services		100.00	Uncompensated transfer
Yancheng Dafeng Runcheng Property Service Co., Ltd.	Yancheng	Yancheng	Property management;		37.50	Uncompensated transfer
Yancheng Dafeng Science and Technology Pioneer Park Co., Ltd.	Yancheng	Yancheng	Scientific and technological information consulting business		100.00	Uncompensated transfer
Dafeng Xingfeng Freight Co., Ltd.	Yancheng	Yancheng	Carriage of goods		100.00	Uncompensated transfer
Yancheng Dafeng Fenghuayuan Development and Construction Co., Ltd.	Yancheng	Yancheng	Real estate development and operation		100.00	Uncompensated transfer
Yancheng Dafeng Hengtai Water Co., Ltd.	Yancheng	Yancheng	Sewage treatment and recycling		100.00	Uncompensated transfer
Yancheng Dingju Modern Agriculture Co., Ltd.	Yancheng	Yancheng	Grain farming		100.00	Uncompensated transfer

Note: The number of subsidiaries (sub-subsidiaries) included in the consolidated scope of the Company in 2024 increased by 13 compared with that in 2023 and decreased by 15.

(2) Changes in scope of consolidation in 2023

① Entities newly included in the scope of consolidation in 2023:

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Acquisition method
				Direct	Indirect	
Yancheng Dafeng Huifengmao Development and Construction Co., Ltd.	Yancheng	Yancheng	Construction Engineering	100.00		Uncompensated transfer
Yancheng Dafeng Fenghuayuan Development and Construction Co., Ltd.	Yancheng	Yancheng	Real estate development and operation		100.00	Established by investment
Yancheng Dafeng Fengjingyuan Construction Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng Dafeng Huiye Development and Construction Co., Ltd.	Yancheng	Yancheng	Real estate development and		100.00	Established by investment

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Acquisition method
				Direct	Indirect	
			operation			
Yancheng Dafeng Huifengcai Development and Construction Co., Ltd.	Yancheng	Yancheng	Real estate development and operation		51.00	Established by investment
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	Yancheng	Yancheng	Manufacturing and leasing of various high, middle and low-end tombs		100.00	Uncompensated transfer
Yancheng Dafeng Liangyuan Wedding Etiquette Service Co., Ltd.	Yancheng	Yancheng	Typing, copying		100.00	Uncompensated transfer
Yancheng Dafeng Xinyan Urban Renewal Co., Ltd.	Yancheng	Yancheng	Construction Engineering		100.00	Established by investment
Yancheng Dafeng Huifengju Development and Construction Co., Ltd.	Yancheng	Yancheng	Civil engineering construction industry		100.00	Established by investment
Yancheng Dafeng Huifengyuan Development and Construction Co., Ltd.	Yancheng	Yancheng	Electricity and heat production and supply		100.00	Established by investment
Yancheng Dafeng Huixin Urban Renewal Co., Ltd.	Yancheng	Yancheng	Construction of buildings		100.00	Established by investment
Yancheng Dingju Modern Agriculture Co., Ltd.	Yancheng	Yancheng	Cereal cultivation		100.00	Established by investment
Yancheng Kezhisi Urban Renewal Co., Ltd.	Yancheng	Yancheng	Civil engineering construction industry		100.00	Established by investment
Yancheng Kezhibo Urban Renewal Co., Ltd.	Yancheng	Yancheng	Civil engineering construction industry		100.00	Established by investment
Yancheng Dafeng Mingheng Urban Renewal Co., Ltd.	Yancheng	Yancheng	Construction of buildings		100.00	Established by investment

② Entities removed from the scope of consolidation in 2023:

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Reduction method
				Direct	Indirect	
Yancheng Dafeng Xingda Property Rights Trading Center Service Co., Ltd.	Yancheng	Yancheng	Property rights (equity) transaction agent		100.00	Cancellation
Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.	Yancheng	Yancheng	R&D, manufacturing and sales of optoelectronic devices and electronic components		100.00	Uncompensated transfer

Note: The number of subsidiaries (sub-subsidiaries) included in the consolidated scope of the Company in the fiscal year 2023 increased by 15 compared with that in 2022 and decreased by 2.

(3) Changes in scope of consolidation in 2022

① Entities newly included in the scope of consolidation in 2022:

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Acquisition method
				Direct	Indirect	
Yancheng Dafeng Security Service Co., Ltd.	Yancheng	Yancheng	Provide security services to society		100.00	Established by investment
Yancheng Dafeng Security Service Co., Ltd.	Yancheng	Yancheng	Provide security services to society		100.00	Established by investment
Yancheng Dafeng Shengyuanxi Urban Renewal Co., Ltd.	Yancheng	Yancheng	Water conservancy, environment and		100.00	Established by

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Acquisition method
				Direct	Indirect	
			public facilities management			investment

② Entities removed from the consolidation scope in 2022:

Name of Subsidiaries	Main business place	Registered land	Business nature	Shareholding Ratio (%)		Reduction method
				Direct	Indirect	
Yancheng Dafeng New City Information Consulting Service Co., Ltd.	Yancheng	Yancheng	Labor dispatching service		100.00	Cancellation
Yancheng Dafeng Tongjieda Transportation Service Co., Ltd.	Yancheng	Yancheng	Sedan rental and charter passenger transport service		100.00	Cancellation
Yancheng Dafeng Rungang Transportation Engineering Co., Ltd.	Yancheng	Yancheng	Engineering construction		100.00	Transfer
Yancheng Dafeng Hengbei Travel Agency Co., Ltd.	Yancheng	Yancheng	Leasing and business services		100.00	Cancellation

Note: The number of subsidiaries (sub-subsidiaries) included in the scope of consolidation for the Company in the fiscal year 2022 increased by 3 compared to the fiscal year 2021, and decreased by 4.

VIII. Equity in other entities

1. Equity in subsidiaries

No.	Name	Level	Registered land	Business nature	Registered capital (ten thousand yuan)	Shareholding Ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
1	Yancheng Dafeng Huifengmao Development and Construction Co., Ltd.	1	Yancheng	Construction Engineering	20,000.00	100.00		100.00	Transfer
2	Yancheng Dafeng Urban Construction Group Co., Ltd.	1	Yancheng	Real estate development and operation	300,000.00	100.00		100.00	Transfer
3	Jiangsu Hengrui Investment Development Co., Ltd.	2	Yancheng	Investment development, infrastructure construction, etc.	200,000.00		75.00	75.00	Establishment
4	Yancheng Dingrui New Energy Development Co., Ltd. (Note 1)	3	Yancheng	Project investment business	31,000.00		48.39	100.00	Establishment
5	Yancheng Dafeng Hengxinxiang Development and Construction Co., Ltd.	3	Yancheng	Real estate development	10,000.00		100.00	100.00	Establishment
6	Jiangsu Dafeng Overseas Students Pioneer Park Technology Development Co., Ltd.	3	Yancheng	Technology consulting business	2,000.00		100.00	100.00	Establishment
7	Jiangsu Hengrui Asset Management Co., Ltd.	3	Yancheng	Investment and asset management business	10,000.00		100.00	100.00	Establishment
8	Yancheng Dafeng Korean Capital Gathering Area	3	Yancheng	Infrastructure construction, municipal	40,000.00		50.00	100.00	Establishment

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

No.	Name	Level	Registered land	Business nature	Registered capital (ten thousand yuan)	Shareholding Ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
	Construction and Development Co., Ltd. (Note 2)			engineering, water conservancy engineering construction					
9	Jiangsu Hengkai Trading Co., Ltd.	3	Yancheng	Commodity sales	30,000.00		100.00	100.00	Establishment
10	Jiangsu Fengrui Agricultural Development Co., Ltd.	3	Yancheng	Cultivation and sale of crops and horticultural crops	12,000.00		100.00	100.00	Establishment
11	Yancheng Jingrui Development and Construction Co., Ltd.	3	Yancheng	Engineering construction	20,000.00		60.00	100.00	Establishment
12	Jiangsu Fengyue Urban Development and Construction Co., Ltd. (Note 3)	3	Yancheng	Land management industry	30,000.00		50.00	100.00	Establishment
13	Yancheng Dafeng Fengjingyuan Construction Co., Ltd.	3	Yancheng	Engineering construction, real estate leasing, etc.	10,000.00		100.00	100.00	Establishment
14	Yancheng Dafeng Zewo Agriculture Co., Ltd.	3	Yancheng	Agriculture, forestry, animal husbandry and sideline fishery professional and auxiliary activities	5,000.00		100.00	100.00	Establishment
15	Yancheng Dafeng Fengshuo Agricultural Development Co., Ltd.	3	Yancheng	Cereal cultivation	5,000.00		100.00	100.00	Establishment
16	Yancheng Dafeng Hengxinsheng Development and Construction Co., Ltd.	3	Yancheng	Construction Engineering	10,000.00		100.00	100.00	Establishment
17	Yancheng Dafeng Transportation Investment Co., Ltd.	2	Yancheng	Investment, leasing, operation and management of transportation assets	45,314.03		100.00	100.00	Establishment
18	Yancheng Dafeng Xingtong Construction Engineering Co., Ltd.	3	Yancheng	Engineering construction	27,000.00		75.00	75.00	Transfer
19	Yancheng Dafeng Road and Bridge Engineering Co., Ltd.	3	Yancheng	Roads, bridge projects, municipal public works	10,088.00		75.00	75.00	Transfer
20	Yancheng Xinglu Construction Engineering Inspection Co., Ltd.	3	Yancheng	Construction Engineering testing	100.00		75.00	75.00	Establishment
21	Jiangsu Xingtong Furun Trading Co., Ltd.	3	Yancheng	Wholesale and retail industry	20,000.00		75.00	75.00	Establishment
22	Yancheng Dafeng Ruiken Agricultural Development Co., Ltd.	3	Yancheng	Vegetable planting	100.00		100.00	100.00	Establishment

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

No.	Name	Level	Registered land	Business nature	Registered capital (ten thousand yuan)	Shareholding Ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
23	Jiangsu Haibo Warehouse Logistics Co., Ltd.	3	Yancheng	Road transport industry	15,000.00		100.00	100.00	Establishment
24	Yancheng Dafeng Xiecheng Industrial Development Co., Ltd.	2	Yancheng	Engineering construction	10,000.00		100.00	100.00	Establishment
25	Nanjing Fengye New Energy Technology Co., Ltd.	3	Nanjing	New energy technology development, consultation, transfer, and services	800.00		65.00	65.00	Establishment
26	Yancheng Dafeng Wancheng Engineering Project Management Co., Ltd.	3	Yancheng	Construction project management, infrastructure construction	10,000.00		100.00	100.00	Establishment
27	Yancheng Dafeng Wanxing Real Estate Development Co., Ltd. (Note 4)	3	Yancheng	Real estate development and operation	13,200.00		50.00	51.00	Establishment
28	Yancheng Dafeng Zhencheng Construction Co., Ltd.	3	Yancheng	Real estate development and operation	20,000.00		100.00	100.00	Establishment
29	Yancheng Dafeng Hucheng Sewage Treatment Co., Ltd.	3	Yancheng	Sewage treatment	2,000.00		100.00	100.00	Establishment
30	Jiangsu Shuifa Huaxia Environmental Technology Co., Ltd.	3	Yancheng	Environmental protection technology and equipment development	10,000.00		100.00	100.00	Establishment
31	Yancheng Dafeng Guangsha Development and Construction Co., Ltd.	3	Yancheng	Real estate development and operation	47,000.00		100.00	100.00	Establishment
32	Yancheng Dafeng Huiye Development and Construction Co., Ltd.	3	Yancheng	Real estate industry	60,614.00		100.00	100.00	Establishment
33	Yancheng Dafeng Huifengcai Development and Construction Co., Ltd.	3	Yancheng	Real estate industry	10,000.00		51.00	51.00	Establishment
34	Yancheng Dafeng Zecheng Trade Development Co., Ltd.	2	Yancheng	Wholesale and retail industry	10,000.00		100.00	100.00	Establishment
35	Yancheng Dafeng Haicheng Tourism Development Co., Ltd.	2	Yancheng	Tourist attraction development and management, infrastructure construction	30,000.00		100.00	100.00	Establishment
36	Yancheng Dafeng Xihekou Development and Construction Co., Ltd. (Note 5)	2	Yancheng	Various engineering construction activities	85,000.00		70.00	70.00	Establishment

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

No.	Name	Level	Registered land	Business nature	Registered capital (ten thousand yuan)	Shareholding Ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
37	Yancheng Dafeng Xinyan Urban Renewal Co., Ltd.	2	Yancheng	Public facilities management	40,000.00		100.00	100.00	Establishment
38	Yancheng Dafeng Huifengju Development and Construction Co., Ltd.	2	Yancheng	Civil engineering construction industry	15,000.00		100.00	100.00	Establishment
39	Yancheng Dafeng Huifengyuan Development and Construction Co., Ltd.	2	Yancheng	Electricity and heat production and supply	20,000.00		100.00	100.00	Establishment
40	Yancheng Dafeng Huixin Urban Renewal Co., Ltd.	2	Yancheng	Construction of buildings	60,000.00		100.00	100.00	Establishment
41	Yancheng Dafeng Huixinlong Agricultural Development Co., Ltd.	2	Yancheng	Chinese herbal medicine planting	5,000.00		100.00	100.00	Establishment
42	Yancheng Dafeng Fenghuiyuan Agricultural Development Co., Ltd.	2	Yancheng	Aquaculture	10,000.00		100.00	100.00	Establishment
43	Yancheng Dafeng Huifengda Urban Renewal Co., Ltd.	2	Yancheng	Construction Engineering	10,000.00		100.00	100.00	Establishment
44	Yancheng Dafeng Huifeng Beautiful Rural Residential Development and Construction Co., Ltd.	2	Yancheng	Construction Engineering	10,000.00		100.00	100.00	Establishment
45	Yancheng Dafeng Haizhichuan Construction Engineering Co., Ltd.	2	Yancheng	Construction Engineering	10,000.00		100.00	100.00	Establishment
46	Yancheng Dafeng Sanmusen Agricultural Development Co., Ltd.	2	Yancheng	Chinese herbal medicine planting	10,000.00		100.00	100.00	Establishment
47	Jiangsu Fengshou Dadi Investment and Development Co., Ltd. (Note 6)	1	Yancheng	Investment and construction of modern agricultural infrastructure	200,000.00	49.00		100.00	Transfer
48	Jiangsu Mingsheng New Rural Construction and Development Co., Ltd.	2	Yancheng	Housing engineering construction	200,000.00		100.00	100.00	Transfer
49	Yancheng Dafeng Fengshou Dadi Holiday Hotel Co., Ltd.	2	Yancheng	Accommodation and catering industry	2,000.00		100.00	100.00	Established by investment
50	Jiangsu Dazhong Tourism Industry Development Co., Ltd.	2	Yancheng	Professional technical service industry	30,000.00		100.00	100.00	Transfer

Notes to the Pro Forma Financial Statements of Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd. for the Years 2022-2024

No.	Name	Level	Registered land	Business nature	Registered capital (ten thousand yuan)	Shareholding Ratio (%)		Ratio of voting rights (%)	Acquisition method
						Direct	Indirect		
51	Jiangsu Yangqing Construction Development Co., Ltd.	3	Yancheng	建筑装饰、装修和其他建筑业	20,000.00		100.00	100.00	Transfer
52	Yancheng Dafeng Meihuawan Tourism Industry Development Co., Ltd.	3	Yancheng	Professional technical service industry	10,000.00		100.00	100.00	Transfer
53	Jiangsu Wanchuang Technology Development Co., Ltd.	3	Yancheng	Technology promotion and application services industry	10,000.00		100.00	100.00	Transfer
54	Yancheng Dafeng Tianbian Lake Industrial Co., Ltd.	3	Yancheng	General equipment manufacturing industry	30,000.00		100.00	100.00	Purchased
55	Yancheng Dafeng Doulong Riverside Hotel Management Co., Ltd.	3	Yancheng	Business service industry	200.00		100.00	100.00	Established by investment
56	Yancheng Hengbei Cultural Tourism Co., Ltd.	3	Yancheng	Business service industry	10,000.00		100.00	100.00	Purchased
57	Jiangsu Taohuazhou Agricultural Development Co., Ltd.	3	Yancheng	Fruit trees, flowers, grains, and vegetable cultivation	20,000.00		100.00	100.00	Purchased
58	Yancheng Dafeng Benren Hotel Co., Ltd.	3	Yancheng	Business service industry	5,000.00		100.00	100.00	Transfer
59	Yancheng Dafeng Shengyuanyou City Renewal Co., Ltd.	3	Yancheng	Water conservancy, environment and public facilities management	10,000.00		100.00	100.00	Established by investment
60	Yancheng Kezhisi Urban Renewal Co., Ltd.	3	Yancheng	Civil engineering construction industry	10,000.00		100.00	100.00	Established by investment
61	Yancheng Kezhibo Urban Renewal Co., Ltd.	3	Yancheng	Civil engineering construction industry	10,000.00		100.00	100.00	Established by investment
62	Yancheng Dafeng Mingheng Urban Renewal Co., Ltd.	3	Yancheng	Construction of buildings	40,000.00		100.00	100.00	Established by investment
63	Yancheng Dafeng Ruiye Urban Renewal Co., Ltd. (Note 7)	3	Yancheng	Water conservancy, environment and public facilities management	40,000.00		100.00	100.00	Established by investment
64	Yancheng Dafeng Shuohai Modern Agriculture Co., Ltd.	3	Yancheng	Agriculture, forestry, animal husbandry and fishery	10,000.00		100.00	100.00	Established by investment
65	Yancheng Dafeng Fengzhiyu Construction Engineering Co., Ltd.	3	Yancheng	Civil engineering construction industry	10,000.00		100.00	100.00	Established by investment

Note 1: Jiangsu Dafeng Economic Development Zone Project Service Center holds 51.61% of the shares in Yancheng Dingrui New Energy Development Co., Ltd. (formerly known as Dafeng Wind Power Industrial Park Investment Development Co., Ltd., renamed in April 2022), and Jiangsu Hengrui

Investment Development Co., Ltd. (hereinafter referred to as Hengrui Company), a subsidiary of the Company, holds 48.39% of the shares in Yancheng Dingrui New Energy Development Co., Ltd. Jiangsu Dafeng Economic Development Zone Project Service Center and Hengrui Company have signed an equity trusteeship agreement, entrusting Hengrui Company to exercise shareholder rights on its behalf. Senior management personnel of Hengrui Company serve as directors of the Company. The Company has substantial control over Yancheng Dingrui New Energy Development Co., Ltd. and includes it within the scope of consolidation.

Note 2: Jiangsu Dafeng Economic Development Zone Project Service Center and Jiangsu Hengrui Investment Development Co., Ltd. (hereinafter referred to as Hengrui Company), a sub-subsidiary of the Company, each hold 50% of the shares in Yancheng Dafeng Korean-funded Cluster Area Construction and Development Co., Ltd. Jiangsu Dafeng Economic Development Zone Project Service Center has signed a shareholding entrustment agreement with Hengrui Company, entrusting Hengrui Company to exercise its shareholder rights on its behalf. Hengrui Company has substantial control over Yancheng Dafeng Korean-funded Cluster Area Construction and Development Co., Ltd. and is included in the scope of consolidation.

Note 3: Jiangsu Fengyue Urban Development and Construction Co., Ltd. (hereinafter referred to as Fengyue Urban) was established on March 23, 2021. It is jointly funded by Yancheng Dafeng Urban Construction Group Co., Ltd., a subsidiary of the Company, and YueDa Real Estate Group Co., Ltd., with each holding 50% of the shares. More than half of the board members are served by Jiangsu Hengrui Investment Development Co., Ltd., a subsidiary of Yancheng Dafeng Urban Construction Group Co., Ltd. Fengyue Urban is actually controlled by our company and is included in the scope of consolidation.

Note 4: Yancheng Dafeng Wanxing Real Estate Development Co., Ltd. (hereinafter referred to as Wanxing Company) was jointly funded and established by Dafeng Wancheng Engineering Project Management Co., Ltd. (hereinafter referred to as Wancheng Company), Yancheng Dafeng Zhencheng Construction Co., Ltd. (hereinafter referred to as Zhencheng Company), and Glory Creation Group Limited (hereinafter referred to as Glory Group), with respective shareholdings of 45%, 5%, and 50%. The investment agreement stipulates that Wancheng Company, Zhencheng Company, and Glory Group hold 46%, 5%, and 49% of the voting rights respectively, and Wancheng Company consolidates Wanxing Company for accounting purposes.

Note 5: Yancheng Dafeng Xihekou Development and Construction Co., Ltd. was established on April 29, 2021. It is jointly established by Yancheng City Dafeng District Urban Construction Group Co., Ltd., Jiangsu Hengrui Investment Development Co., Ltd., Jiangsu Mingsheng New Rural Construction Development Co., Ltd. and Yancheng Dafeng Transportation Holding Group Co., Ltd., with respective shareholdings of 42.10526%, 21.05263%, 21.05263% and 15.7894%. The Company holds a total of

63.1579% of the shares and has control rights, thus being included in the scope of consolidation.

Note 6: Yancheng Dafeng Jinmao State-owned Comprehensive Assets Management Co., Ltd. (hereinafter referred to as Jinmao State-owned Assets Company) holds 51% of the shares of Jiangsu Harvest Land Investment Development Co., Ltd., a subsidiary of the Company. Jinmao State-owned Assets Company has signed a voting rights entrustment agreement with the Company, entrusting the Company to exercise its shareholder voting rights on its behalf. The Company substantially controls Jiangsu Harvest Land Investment Development Co., Ltd. and includes it within the scope of consolidation.

Note 7: Yancheng City Dafeng District Ruiye Urban Renewal Co., Ltd. was deregistered on March 25, 2025.

2. Important joint venture and associated enterprises

No.	Unit name	Main business place	Registered land	Shareholding Ratio (%)		Ratio of voting rights (%)	Whether it is strategic for the business activities
				Direct	Indirect		
1	Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	Yancheng	Yancheng		49.00	49.00	No
2	Yancheng Dafeng Fenghua Hengyu Investment Group Co., Ltd.	Yancheng	Yancheng		49.00	49.00	No
3	Yancheng Dafeng Modern Forestry Development Co., Ltd.	Yancheng	Yancheng		40.00	40.00	No
4	Yancheng Dafeng 228 Service Area Management Co., Ltd.	Yancheng	Yancheng		40.00	40.00	No
5	Jiangsu Hengshuo Water Co., Ltd.	Yancheng	Yancheng		44.44	44.44	No
6	Jiangsu Hengrui New City Development and Construction Co., Ltd.	Yancheng	Yancheng		50.00	50.00	No
7	Yancheng Dafeng Mingcheng Development and Construction Co., Ltd.	Yancheng	Yancheng		48.39	48.39	No
8	Jiangsu Sanshui Sewage Treatment Co., Ltd.	Yancheng	Yancheng		40.00	40.00	No
9	Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	Yancheng	Yancheng		30.00	30.00	No
10	Yancheng Xingrui Construction Engineering Co., Ltd.	Yancheng	Yancheng		40.00	40.00	No
11	Yancheng Dafeng Jiangshang Tourism Development Co., Ltd.	Yancheng	Yancheng		49.00	49.00	No
12	Yancheng Dafeng Yongshun Investment and Development Co., Ltd.	Yancheng	Yancheng		100.00	—	No

No.	Unit name	Main business place	Registered land	Shareholding Ratio (%)		Ratio of voting rights (%)	Whether it is strategic for the business activities
				Direct	Indirect		
13	Yancheng Dafeng Dongfang Taohuazhou Tourism Development Co., Ltd.	Yancheng	Yancheng		100.00	—	No
14	Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.	Yancheng	Yancheng		49.00	49.00	No

3. Equity in Other Invested Enterprises

No.	Unit name	Main business place	Registered land	Shareholding Ratio (%)		Ratio of voting rights (%)	Whether it is strategic for the business activities
				Direct	Indirect		
1	Jiangsu China-Korea Yancheng Industrial Park Investment Co., Ltd.	Yancheng	Yancheng		5.00	5.00	No
2	Jiangsu Dafeng Rural Commercial Bank Co., Ltd.	Yancheng	Yancheng		6.00	6.00	No
3	Jiangsu Yancheng Rural Commercial Bank Co., Ltd.	Yancheng	Yancheng		3.37	3.37	No
4	Yancheng Dafeng Jiecheng Environmental Protection Engineering Co., Ltd.	Yancheng	Yancheng		20.00	20.00	No
5	Yancheng Dafeng Fengtai Emerging Industry Investment Fund (Limited Partnership)	Yancheng	Yancheng		45.00	45.00	No
6	Jiangsu Suyan Coastal Cooperative Development Co., Ltd.	Yancheng	Yancheng		10.00	10.00	No
7	Yancheng Huanghai Zhengda Industrial Investment Fund Partnership (Limited Partnership)	Yancheng	Yancheng		30.00	30.00	No
8	Jiangsu Jinmao Financing Guarantee Co., Ltd.	Yancheng	Yancheng		5.00	5.00	No
9	Jiangsu Xinchangyan Construction and Development Co., Ltd.	Yancheng	Yancheng		2.00	2.00	No
10	Jiangsu Yancheng Yueda Automobile Science and Technology Innovation Fund (Limited Partnership)	Yancheng	Yancheng		20.00	20.00	No
11	Jiangsu Yancheng Coastal Hengxin Carbon and Equity Investment Partnership (Limited Partnership)	Yancheng	Yancheng		42.85714	42.85714	No

No.	Unit name	Main business place	Registered land	Shareholding Ratio (%)		Ratio of voting rights (%)	Whether it is strategic for the business activities
				Direct	Indirect		
12	Yancheng Doulougang Ecological Tourism Resort Group Co., Ltd.	Yancheng	Yancheng		—	—	No
13	Zhejiang Chouzhou Commercial Bank Co., Ltd.	Yancheng	Yancheng		—	—	No

IX. Related parties and related party transactions

1. Controlling shareholder and ultimate controller

(1) The controlling shareholders are listed as follows

Controlling shareholder	Shareholding Ratio (%)	Ratio of voting rights (%)
People's Government of Dafeng District, Yancheng City, Jiangsu Province	100.00	100.00

(2) The ultimate controller is listed as follows

Name of ultimate controller	Shareholding Ratio (%)	Ratio of voting rights (%)
People's Government of Dafeng District, Yancheng City, Jiangsu Province	100.00	100.00

2. Details of other related parties

For details of other related parties, please refer to "Notes VIII, 2, Significant joint ventures and associated enterprises" and "Notes VIII, 3, Interests in other investment enterprises" disclosure.

3. Details of related party transactions

None

4. Balance of transactions with related parties

Project name	Name of other related parties	December 31, 2024	December 31, 2023	December 31, 2022
1. Receivables				
Accounts receivable	Yancheng Dafeng Chengzhong Investment Development Co., Ltd.		369,317.25	228.00
Advance payment	Yancheng Dafeng Chengzhong Investment Development Co., Ltd.		350,350,000.00	350,350,000.00
Other receivables	Yancheng Dafeng Chengzhong Investment Development Co., Ltd.		370,882,376.10	54,540,000.00
Other receivables	Yancheng Dafeng Dongfang Taohuazhou Tourism Development Co., Ltd.		20,000,000.00	20,000,000.00
Other receivables	Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.		5,380,000.00	
Other receivables	Yancheng Dafeng Gaoxin Investment Co., Ltd.			5,000,000.00
Other receivables	Yancheng Dafeng Jiecheng Environmental Protection Engineering Co., Ltd.	7,090,000.00		8,270,000.00

Project name	Name of other related parties	December 31, 2024	December 31, 2023	December 31, 2022
Other receivables	Yancheng Dafeng Mingcheng Development and Construction Co., Ltd.		53,799,778.24	369,050,472.81
Other receivables	Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	473,351,035.90	406,441,054.37	529,193,803.53
Other receivables	Yancheng Xingrui Construction Engineering Co., Ltd.	135,560,704.33	537,304,926.16	331,512,641.53
Other receivables	Jiangsu Hengrui New City Development and Construction Co., Ltd.	268,164,671.98		29,789,769.00
Other receivables	Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	67,739,601.69	30,865,756.58	
Total		951,906,013.90	1,770,013,208.70	1,697,706,914.87
II. Accounts payable				
Other payables	Jiangsu Hengshuo Water Co., Ltd.			101,656,745.38
Other payables	Jiangsu Hengrui New City Development and Construction Co., Ltd.			29,789,769.00
Other payables	Yancheng Xingrui Construction Engineering Co., Ltd.			977,956.47
Other payables	Yancheng Dafeng Chengzhong Investment Development Co., Ltd.		16,170,580.00	
Total		—	16,170,580.00	132,424,470.85

6. Guarantee of related parties

(1) Guarantees provided by the Group for external related parties:

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date
Jiangsu Xincheng Construction Engineering Co., Ltd.	8,000.00	6/27/2024	6/26/2028
Yancheng Dafeng Hongke Investment Co., Ltd.	4,400.00	12/9/2024	9/28/2027
Yancheng Four Seasons Fenghua Urban Renewal Co., Ltd.	29,000.00	12/15/2023	12/10/2029
Yancheng Dafeng Gaokai Investment Management Co., Ltd.	5,000.00	12/3/2024	10/15/2038
Dafeng Maoyou Chuangkebang Technology Consulting Co., Ltd.	31,000.00	6/25/2023	6/24/2037
Dafeng Dongfang Wetland Marine Resources Development and Management Co., Ltd.	3,000.00	6/7/2024	6/6/2028
Jiangsu Fengnong Modern Agriculture Development Co., Ltd.	6,000.00	12/30/2024	12/19/2028
Yancheng Dafeng Gaokai Investment Management Co., Ltd.	5,000.00	12/11/2024	10/15/2038
Yancheng Dafeng Huimao Agriculture Co., Ltd.	6,600.00	10/30/2024	9/20/2030
Yancheng Dafeng Tongke New Energy Co., Ltd.	13,500.00	7/27/2023	6/20/2030
Jiangsu Fengnong Modern Agriculture Development Co., Ltd.	2,000.00	12/9/2022	3/20/2029
Yancheng Dafeng Gaoxin Investment Co., Ltd.	10,750.00	1/4/2021	12/22/2026
Yancheng Dafeng Gaoxin Investment Co., Ltd.	7,593.00	7/14/2023	7/14/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	5,000.00	9/28/2023	9/28/2025

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date
Yancheng Dafeng Gaoxin Investment Co., Ltd.	4,035.00	7/20/2023	7/20/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	4,820.00	10/27/2023	10/27/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	3,020.00	12/15/2023	12/15/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	1,680.00	12/22/2023	12/22/2025
Jiangsu Fengnong Modern Agriculture Development Co., Ltd.	2,339.78	5/30/2022	5/30/2025
Jiangsu Hengrui Water Co., Ltd.	2,750.67	8/30/2021	8/31/2026
Dafeng Dongfang Wetland Marine Resources Development and Management Co., Ltd.	1,142.46	11/30/2020	11/30/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	60,000.00	8/29/2023	8/29/2026
Yancheng Dafeng Jinchuang Urban Renewal Co., Ltd.	15,000.00	5/31/2024	5/29/2031
Yancheng Dafeng Jinchuang Urban Renewal Co., Ltd.	10,000.00	6/26/2024	5/29/2031
Yancheng Dafeng Gaoxin Investment Co., Ltd.	2,260.00	5/11/2024	9/15/2025
Yancheng Dafeng Jinchuang Urban Renewal Co., Ltd.	4,300.00	5/31/2024	5/29/2031
Yancheng Dafeng Jinchuang Urban Renewal Co., Ltd.	3,100.00	12/5/2024	5/29/2031
Yancheng Dafeng Fenglian Energy Technology Co., Ltd.	8,920.00	1/18/2023	10/20/2032
Yancheng Dafeng Fenglian Energy Technology Co., Ltd.	3,570.00	2/24/2023	10/20/2032
Yancheng Dafeng Gaoxin Investment Co., Ltd.	1,000.00	1/5/2024	1/5/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	890.00	1/12/2024	1/12/2025
Yancheng Dafeng Dongyuan Hotel Management Co., Ltd.	1,000.00	1/5/2024	1/4/2025
Yancheng Dafeng Gaohai Pipeline Co, Ltd.	3,920.00	1/2/2024	12/20/2030
Yancheng Dafeng Gaohai Pipeline Co, Ltd.	880.00	1/5/2024	12/20/2030
Yancheng Dafeng Jingshuo New Energy Development Co., Ltd.	23,648.55	1/1/2024	3/31/2032
Dafeng Dongfang Wetland Marine Resources Development and Management Co., Ltd.	12,000.00	1/10/2024	4/10/2026
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	800.00	2/2/2024	1/31/2025
Yancheng Haiyuan Sewage Treatment Co., Ltd.	1,000.00	1/24/2024	1/17/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	6,500.00	9/9/2024	9/8/2025
Yancheng Dafeng Qihang Electronic Technology Co., Ltd.	1,000.00	6/27/2024	6/26/2025
Jiangsu Xincheng Construction Engineering Co., Ltd.	1,000.00	6/27/2024	6/26/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	7,700.00	7/10/2024	7/10/2025
Dafeng Dongfang Wetland Marine Resources Development and Management Co., Ltd.	2,500.00	8/21/2024	8/20/2025
Jiangsu Fengnong Modern Agriculture Development Co., Ltd.	2,000.00	8/21/2024	8/20/2025
Yancheng Dafeng Zhongfang Xingcheng Market Construction Co., Ltd.	1,000.00	8/21/2024	8/20/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	4,000.00	11/13/2024	11/13/2025
Yancheng Xingrui Construction Engineering Co.,	500.00	11/25/2024	11/24/2025

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date
Ltd.			
Yancheng Xingrui Construction Engineering Co., Ltd.	200.00	11/25/2024	11/24/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	10,000.00	7/5/2024	1/6/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	5,500.00	4/10/2024	1/6/2025
Jiangsu Junde Engineering Construction Co., Ltd.	1,700.00	12/9/2024	12/8/2025
Yancheng Dafeng High-tech Venture Capital Co., Ltd.	700.00	12/6/2024	12/5/2025
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	15,137.00	10/12/2024	5/13/2027
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	6,422.00	5/22/2024	5/21/2027
Jiangsu Dafeng Zhongcheng Technology Venture Capital Co., Ltd.	16,211.00	5/14/2024	5/12/2027
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	3,600.00	10/24/2024	10/23/2025
Yancheng Xingrui Construction Engineering Co., Ltd.	1,500.00	2/21/2024	2/20/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	37,500.00	8/31/2022	8/31/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	31,000.00	11/7/2022	11/7/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	7,500.00	3/30/2023	3/30/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	12,500.00	10/28/2024	10/28/2027
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	2,181.84	8/21/2020	8/21/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	1,200.00	7/26/2019	6/10/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	1,743.35	9/9/2020	9/9/2025
Yancheng Dafeng Gaoxin Investment Co., Ltd.	700.00	3/13/2024	3/12/2025
Yancheng Dafeng Xingcheng Investment and Development Co., Ltd.	700.00	3/13/2024	3/12/2025
Total	491,114.65		

X. Contingencies

1. As of December 31, 2024, contingent events arising from pending litigation and arbitration and their financial impact

Yancheng Dafeng Zecheng Trading Co., Ltd., a sub-subsidiary of the Company, has filed lawsuits with the court due to disputes with Beijing Yongkun Hengye Technology Co., Ltd., Tianjin Wanzhou Tongda Logistics Co., Ltd., Jiangsu Daorong Electronic Technology Co., Ltd. Currently, the lawsuits are in progress.

2. As of December 31, 2024, guarantees provided by the Company to external non-related parties

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Haicheng Industrial Development	8,000.00	1/18/2022	12/23/2028	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Co., Ltd.				
Yancheng Dafeng Fengshengyuan Development and Construction Co., Ltd.	26,000.00	3/30/2023	3/29/2033	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	5,000.00	4/11/2024	4/10/2025	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	5,000.00	12/10/2021	11/20/2028	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	9,812.19	1/10/2022	11/20/2028	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	4,000.00	12/6/2021	11/20/2028	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	3,000.00	11/29/2021	11/20/2028	No
Yancheng Dafeng Security Service Co., Ltd.	1,000.00	2/29/2024	1/8/2025	No
Yancheng Dafeng Ruizhixu New Energy Development Co., Ltd.	7,654.00	5/22/2023	2/15/2033	No
Yancheng Dafeng Guanghong Agricultural Development Co., Ltd.	8,800.00	1/26/2022	7/28/2031	No
Jiangsu Dafeng Coastal Development Group Co., Ltd.	9,187.50	3/19/2020	3/18/2028	No
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	4,300.00	1/16/2024	1/8/2025	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	18,400.00	1/1/2023	12/30/2032	No
Jiangsu Yufeng Tourism Development Co., Ltd.	7,000.00	6/19/2024	1/24/2025	No
Jiangsu Dafeng Port Xingnong Agricultural Products Warehouse Logistics Co., Ltd.	8,680.00	6/26/2019	12/15/2027	No
Jiangsu Yufeng Tourism Development Co., Ltd.	15,000.00	5/11/2024	4/20/2025	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	40,245.38	12/9/2021	11/10/2028	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	19,631.89	11/29/2021	11/20/2028	No
Jiangsu Yancheng Port Dafeng Port Development Group Co., Ltd.	30,000.00	7/24/2024	2/23/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	8,997.99	9/7/2023	12/20/2051	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	10,919.56	8/30/2023	12/20/2051	No
Yancheng Shiming Modern Agriculture Co., Ltd.	2,500.00	7/27/2023	6/20/2033	No
Yancheng Dafeng Fishing Port Town Development and Construction Co., Ltd.	4,999.00	1/1/2024	12/25/2033	No
Yancheng Dafeng Security Service Co., Ltd.	3,000.00	2/28/2024	2/26/2025	No
Jiangsu Yancheng Port Dafeng Port Development Group Co., Ltd.	5,000.00	4/12/2024	4/12/2025	No
Jiangsu Yancheng Port Dafeng Port Development Group Co., Ltd.	14,000.00	7/15/2024	7/10/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	3,030.00	10/31/2023	4/28/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	1,760.00	11/28/2023	5/28/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	3,080.00	12/22/2023	6/22/2025	No
Jiangsu Yancheng Port Supply Chain Technology Group Co., Ltd.	9,800.00	2/8/2024	2/6/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,000.00	1/26/2024	1/26/2025	No
Yancheng Kezhijun Modern Agriculture Co., Ltd.	18,200.00	12/27/2023	10/7/2033	No
Yancheng Kezhijun Modern Agriculture Co., Ltd.	5,000.00	3/8/2024	10/7/2033	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Yumiao Agricultural Development Co., Ltd.	12,800.00	1/5/2024	10/7/2033	No
Yancheng Dafeng Huiyang Energy Development Co., Ltd.	32,400.00	3/26/2024	10/7/2033	No
Yancheng Doulonggang Tourism Industry Co., Ltd.	13,000.00	1/3/2023	1/27/2030	No
Yancheng Dafeng Fishing Port Town Development and Construction Co., Ltd.	9,000.00	1/1/2024	12/25/2033	No
Yancheng Fengzhisheng Urban Renewal Co., Ltd.	16,000.00	8/29/2024	7/14/2031	No
Yancheng Dafeng Security Service Co., Ltd.	1,000.00	9/6/2024	9/5/2025	No
Yancheng Dafeng Chuangxincheng Investment Management Co., Ltd.	11,500.00	9/30/2024	9/4/2037	No
Yancheng Doulonggang Development and Construction Co., Ltd.	5,280.00	12/16/2021	12/15/2026	No
Yancheng Doulonggang Development and Construction Co., Ltd.	8,500.00	3/10/2022	3/9/2031	No
Jiangsu Dafeng Port Xingnong Agricultural Products Warehouse Logistics Co., Ltd.	6,000.00	8/27/2019	9/5/2027	No
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	3,000.00	6/20/2024	6/19/2029	No
Yancheng Dafeng Town Water Purification Co., Ltd.	30,500.00	2/7/2021	2/6/2031	No
Yancheng Dafeng Baofeng Property Co., Ltd.	9,700.00	11/15/2023	11/14/2032	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	11,997.57	12/29/2022	12/20/2051	No
Jiangsu Yufeng Tourism Development Co., Ltd.	2,000.00	12/31/2024	12/31/2025	No
Jiangsu Yufeng Huahai Construction and Development Co., Ltd.	11,000.00	9/27/2024	3/25/2028	No
Jiangsu Yufeng Tourism Development Co., Ltd.	2,605.86	5/8/2023	5/7/2026	No
Yancheng Dafeng Hongbao Agricultural Development Co., Ltd.	5,000.00	8/13/2024	8/12/2028	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	20,000.00	1/9/2024	3/24/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	5,000.00	8/28/2024	8/27/2028	No
Jiangsu Fengshou Dadi Modern Agricultural Service Development Co., Ltd.	4,000.00	9/13/2024	9/13/2025	No
Jiangsu Haiyue Industrial Co., Ltd.	2,000.00	9/19/2024	9/18/2025	No
Jiangsu Yancheng Port Smart Port Co., Ltd.	10,000.00	7/19/2024	7/17/2025	No
Yancheng Dafeng Security Service Co., Ltd.	900.00	3/28/2024	3/28/2025	No
Yancheng Dafeng Haigang Development and Construction Co., Ltd.	3,500.00	8/30/2018	8/27/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	2,600.52	5/5/2023	5/19/2026	No
Jiangsu Dafeng Port Xingnong Agricultural Products Warehouse Logistics Co., Ltd.	11,500.00	6/26/2019	12/15/2027	No
Jiangsu Yufeng Tourism Development Co., Ltd.	4,800.00	6/10/2024	6/10/2026	No
Jiangsu Dafeng Yantu Dadi Agricultural Technology Co., Ltd.	8,560.00	8/18/2020	8/15/2031	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	5,425.79	1/25/2024	12/20/2051	No
Yancheng Dafeng Huifengmin Supply Chain Co., Ltd.	1,000.00	9/29/2024	9/27/2027	No
Yancheng Dafeng Fishing Port Town Development and Construction Co., Ltd.	10,000.00	9/18/2023	7/13/2030	No
Yancheng Dafeng Huiyang Energy Development Co., Ltd.	7,400.00	3/12/2024	2/8/2032	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Fushou Garden Cemetery Co., Ltd.	1,000.00	4/29/2024	4/29/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	6,039.48	7/20/2023	7/19/2026	No
Yancheng Dafeng Cultural Tourism Group Co., Ltd.	4,930.00	1/25/2022	11/24/2031	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	22,675.50	10/18/2024	5/31/2027	No
Yancheng Dafeng Guangfa Building Materials Trading Co., Ltd.	1,000.00	2/23/2024	2/20/2025	No
Yancheng Dafeng Minsheng Water Co., Ltd.	1,700.00	2/21/2024	2/20/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	6,900.00	3/29/2024	3/28/2025	No
Yancheng Dafeng Xinzha Pipeline Co., Ltd.	10,500.00	6/3/2024	4/20/2032	No
Yancheng Dafeng Huiyang Energy Development Co., Ltd.	20,000.00	1/19/2024	12/20/2031	No
Yancheng Dafeng Jingxing Urban Renewal Co., Ltd.	32,400.00	9/28/2023	6/20/2030	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,900.00	3/29/2024	3/28/2025	No
Yancheng Linyun Shuiwan Tourism Development Co., Ltd.	10,000.00	6/29/2022	3/20/2030	No
Jiangsu Yufeng Tourism Development Co., Ltd.	3,421.38	8/24/2023	8/21/2026	No
Yancheng Dafeng Xiheyuan Urban Renewal Construction Co., Ltd.	19,631.89	11/26/2021	11/20/2028	No
Yancheng Fengzhisheng Urban Renewal Co., Ltd.	16,600.00	7/15/2024	7/14/2031	No
Yancheng Dafeng Mubei Agriculture Co., Ltd.	1,000.00	3/30/2024	2/28/2033	No
Yancheng Dafeng Mubei Agriculture Co., Ltd.	540.00	6/24/2024	3/1/2033	No
Yancheng Dafeng Mubei Agriculture Co., Ltd.	87.00	11/4/2024	3/2/2033	No
Yancheng Dafeng Shanghai Educated Youth Memorial Hall Scenic Area Management Co., Ltd.	990.00	3/28/2023	2/20/2026	No
Yancheng Dafeng Mubei Agriculture Co., Ltd.	197.00	3/29/2024	3/3/2033	No
Yancheng Dafeng Mubei Agriculture Co., Ltd.	9,355.00	3/29/2024	2/28/2033	No
Yancheng Dafeng Town Water Purification Co, Ltd.	3,550.00	1/3/2023	7/20/2032	No
Yancheng Dafeng Town Water Purification Co, Ltd.	1,775.00	9/27/2022	7/20/2032	No
Yancheng Dafeng Security Service Co., Ltd.	1,405.00	7/5/2024	7/5/2027	No
Yancheng Dafeng Town Water Purification Co, Ltd.	5,448.26	8/15/2022	8/15/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	8,620.00	4/19/2024	4/19/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	2,385.00	4/25/2024	4/25/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	1,990.00	4/18/2024	4/18/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	1,880.00	4/19/2024	4/19/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	1,300.00	4/22/2024	4/22/2025	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	903.46	6/24/2022	6/24/2025	No
Yancheng Dafeng Huanghai Environmental Protection Technology Co., Ltd.	900.00	5/18/2022	5/18/2025	No
Dafeng Dongfang Water Treatment Co., Ltd.	25,000.00	6/23/2020	6/21/2032	No
Jiangsu Dafeng Port Xingnong Agricultural Products Warehouse Logistics Co., Ltd.	1,800.00	3/19/2020	3/10/2025	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Jiangsu Dafeng Port Xingnong Agricultural Products Warehouse Logistics Co., Ltd.	980.00	6/25/2019	12/15/2026	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	32,000.00	3/25/2024	3/26/2027	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	20,000.00	1/18/2023	1/18/2026	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	30,000.00	3/13/2023	3/13/2026	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	5,000.00	8/24/2023	8/24/2026	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	18,000.00	10/13/2022	10/13/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	3,058.80	6/28/2021	6/28/2026	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	37,791.56	12/29/2022	12/20/2051	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	10,000.00	12/16/2022	12/16/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	2,609.12	1/19/2023	1/19/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	5,198.84	3/30/2023	12/20/2051	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	1,299.76	2/1/2023	2/1/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	3,419.24	3/27/2023	12/20/2051	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	5,000.00	4/7/2023	4/7/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	9,920.00	4/12/2024	4/12/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	6,060.00	9/24/2021	3/15/2027	No
Yancheng Dafeng Minsheng Water Co., Ltd.	1,887.77	6/30/2023	6/30/2026	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	18,000.00	4/30/2024	4/29/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	10,080.00	5/24/2024	5/24/2025	No
Yancheng Dafeng Traffic Control New Energy Co., Ltd.	2,999.81	7/27/2023	7/27/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	4,000.00	6/26/2024	6/25/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	4,998.88	7/3/2023	12/20/2051	No
Jiangsu Yufeng Tourism Development Co., Ltd.	10,764.00	7/1/2019	5/19/2027	No
Yancheng Dafeng Guanghong Agricultural Development Co., Ltd.	3,418.11	8/24/2023	8/21/2026	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	2,999.33	8/31/2023	12/20/2051	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	2,499.44	9/7/2023	12/20/2051	No
Yancheng Shiming Modern Agriculture Co., Ltd.	3,000.00	7/27/2023	6/20/2033	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	8,898.01	11/20/2023	12/20/2051	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	17,110.00	7/28/2023	7/25/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	13,800.00	7/25/2023	7/25/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	23,090.36	1/17/2024	12/20/2051	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Jingxing Urban Renewal Co., Ltd.	11,000.00	12/7/2023	6/20/2030	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	10,000.00	10/27/2023	10/27/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	4,499.00	3/28/2024	12/20/2051	No
Yancheng Dafeng Ruishuo New Energy Development Co., Ltd.	5,000.00	12/29/2023	10/7/2033	No
Jiangsu Yufeng Tourism Development Co., Ltd.	4,368.80	4/1/2024	3/26/2029	No
Jiangsu Yufeng Tourism Development Co., Ltd.	10,000.00	1/31/2024	12/10/2029	No
Jiangsu Yufeng Tourism Development Co., Ltd.	9,000.00	8/12/2022	5/20/2031	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	3,499.22	1/26/2024	12/20/2051	No
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	19,000.00	3/27/2024	3/25/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	1,999.55	12/4/2024	12/20/2051	No
Jiangsu Yancheng Port Smart Port Co., Ltd.	14,000.00	2/26/2024	2/25/2025	No
Yancheng Dafeng Zhongda Intelligent Technology Co., Ltd.	7,690.83	3/5/2024	3/5/2027	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,790.00	8/2/2023	7/25/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	8,500.00	1/26/2024	7/26/2025	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	5,998.66	8/29/2023	12/14/2052	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	14,996.65	10/31/2023	12/14/2052	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,065.00	12/27/2024	11/15/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	3,000.00	4/6/2023	4/6/2026	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,000.00	5/6/2023	4/6/2026	No
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	8,666.67	3/18/2024	3/20/2029	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	17,607.07	3/27/2024	12/14/2052	No
Jiangsu Yufeng Tourism Development Co., Ltd.	26,000.00	8/23/2021	5/20/2031	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	5,000.00	4/3/2024	4/1/2025	No
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	5,000.00	5/21/2024	5/20/2025	No
Yancheng Doulonggang Ecological Tourism Resort Group Co., Ltd.	1,900.00	6/5/2024	12/5/2025	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	14,210.92	2/1/2022	12/20/2030	No
Jiangsu Yufeng Tourism Development Co., Ltd.	12,500.00	8/30/2021	5/20/2031	No
Yancheng Dafeng Huanghai Environmental Protection Technology Co., Ltd.	800.00	6/11/2024	6/11/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	4,000.00	8/1/2024	7/15/2027	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	3,000.00	8/16/2024	7/15/2027	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	100.00	6/6/2023	4/6/2026	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	19,507.00	11/8/2024	11/8/2026	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	6,050.00	11/20/2024	11/19/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	6,000.00	11/14/2024	11/14/2026	No
Yancheng City Dafeng Port Branch Railway Investment and Development Co., Ltd.	7,250.38	6/26/2024	12/14/2052	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,000.00	7/7/2023	4/6/2026	No
Jiangsu Yufeng Tourism Development Co., Ltd.	1,742.00	6/30/2022	8/15/2031	No
Jiangsu Yufeng Tourism Development Co., Ltd.	4,999.00	1/4/2024	12/25/2033	No
Jiangsu Yufeng Tourism Development Co., Ltd.	22,800.00	12/27/2024	12/20/2034	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	4,000.00	8/1/2023	4/6/2026	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	20,600.00	12/23/2024	12/23/2026	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	10,000.00	8/23/2024	8/21/2028	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	19,800.00	2/28/2023	12/20/2030	No
Jiangsu Yufeng Tourism Development Co., Ltd.	10,765.70	3/1/2023	4/28/2035	No
Jiangsu Yufeng Tourism Development Co., Ltd.	2,990.00	2/1/2024	1/30/2039	No
Yancheng Dafeng Fengzhiyuan New Energy Co., Ltd.	31,450.00	4/28/2023	2/16/2032	No
Yancheng Dafeng Fengjingsheng Development and Construction Co., Ltd.	6,100.00	5/28/2024	4/20/2038	No
Yancheng Dafeng Fengjingsheng Development and Construction Co., Ltd.	3,000.00	8/13/2024	4/20/2038	No
Yancheng Dafeng Fengjingsheng Development and Construction Co., Ltd.	2,000.00	10/18/2024	4/20/2038	No
Yancheng Dafeng Hengtai Water Co., Ltd.	499.00	8/21/2024	8/19/2025	No
Yancheng Dafeng Runcheng Property Service Co., Ltd.	499.00	6/14/2024	6/12/2025	No
Yancheng Dafeng Rungang Transportation Engineering Co., Ltd.	1,000.00	5/31/2024	5/26/2025	No
Yancheng Dafeng Xinnong Residential Environment Development Co., Ltd.	20,000.00	10/30/2023	1/15/2033	No
Yancheng Dafeng Xinnong Residential Environment Development Co., Ltd.	10,000.00	1/30/2024	1/15/2036	No
Yancheng Dafeng Xinnong Residential Environment Development Co., Ltd.	2,800.00	4/2/2024	7/15/2036	No
Yancheng Dafeng Hengtai Water Co., Ltd.	990.00	11/12/2024	11/4/2025	No
Yancheng Dafeng Woyuan Development and Construction Co., Ltd.	8,000.00	1/2/2024	12/21/2031	No
Yancheng Dafeng Woyuan Development and Construction Co., Ltd.	8,000.00	1/1/2024	12/21/2031	No
Yancheng Dafeng Junchuang Investment Management Co., Ltd.	18,000.00	1/19/2024	12/21/2034	No
Yancheng Dafeng Junchuang Investment Management Co., Ltd.	2,000.00	2/7/2024	12/21/2034	No
Yancheng Dafeng Haichuang Energy Co., Ltd.	6,920.00	1/12/2024	10/10/2033	No
Yancheng Dafeng Haichuang Energy Co., Ltd.	1,980.00	1/29/2024	10/10/2033	No
Yancheng Dafeng Xinchuang Energy Co., Ltd.	4,000.00	3/25/2024	2/19/2032	No
Yancheng Dafeng Xinchuang Energy Co., Ltd.	975.32	1/12/2024	11/13/2033	No
Yancheng Dafeng Xinchuang Energy Co., Ltd.	532.75	2/6/2024	11/13/2033	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Xinchuang Energy Co., Ltd.	2,153.90	11/14/2024	11/13/2033	No
Yancheng Dafeng Huiqi Development and Construction Co., Ltd.	4,680.00	6/28/2024	6/17/2039	No
Dafeng Xingfeng Freight Co., Ltd.	4,000.00	12/20/2024	12/17/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	1,000.00	2/5/2018	3/20/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	2,000.00	5/18/2018	3/20/2025	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	10,800.00	12/9/2020	12/9/2030	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	600.00	11/16/2020	11/12/2030	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	12,000.00	1/11/2021	12/20/2030	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	1,000.50	1/12/2021	12/20/2030	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	999.76	1/11/2021	12/20/2030	No
Jiangsu Yancheng Port Yannong Huafeng Agriculture Co., Ltd.	997.00	1/11/2021	12/28/2030	No
Jiangsu Yufeng Tourism Development Co., Ltd.	3,520.00	1/4/2021	6/15/2026	No
Jiangsu Yufeng Tourism Development Co., Ltd.	1,680.00	3/12/2021	8/14/2026	No
Jiangsu Yufeng Tourism Development Co., Ltd.	1,560.00	9/24/2021	3/15/2027	No
Yancheng Dafeng Traffic Control New Energy Co., Ltd.	13,324.02	12/22/2022	12/24/2033	No
Yancheng Dafeng Traffic Control New Energy Co., Ltd.	17,765.36	6/24/2022	12/24/2033	No
Yancheng Dafeng Traffic Control New Energy Co., Ltd.	15,100.56	1/1/2023	12/24/2033	No
Jiangsu Fengshou Dadi Seed Industry Development Co., Ltd.	5,402.55	7/28/2022	7/10/2027	No
Yancheng Dafeng Guanghong Agricultural Development Co., Ltd.	6,449.65	9/26/2022	9/10/2027	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	4,860.00	5/26/2023	12/26/2029	No
Yancheng Dafeng Guangzhiyuan New Energy Co., Ltd.	2,850.00	3/31/2023	12/31/2032	No
Yancheng Dafeng Guangzhiyuan New Energy Co., Ltd.	2,000.00	4/17/2023	12/31/2032	No
Yancheng Dafeng Zefengyuan Agricultural Development Co., Ltd.	9,500.00	6/26/2023	12/21/2029	No
Jiangsu Yufeng Tourism Development Co., Ltd.	3,026.11	9/28/2023	9/28/2026	No
Yancheng Dafeng Huafeng Water Co., Ltd.	4,509.99	11/28/2023	11/20/2027	No
Yancheng Dafeng Public Transportation Co., Ltd.	6,580.00	2/3/2021	12/15/2025	No
Yancheng Dafeng Public Transportation Co., Ltd.	9,880.00	2/1/2021	2/1/2032	No
Yancheng Dafeng Public Transportation Co., Ltd.	499.00	3/5/2024	3/1/2025	No
Yancheng Dafeng Public Transportation Co., Ltd.	1,000.00	1/5/2024	1/4/2025	No
Yancheng Dafeng Fishing Port Town Development and Construction Co., Ltd.	4,295.00	1/30/2022	1/29/2033	No
Yancheng Dafeng Fishing Port Town Development and Construction Co., Ltd.	1,655.00	1/11/2023	1/29/2033	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	3,500.00	11/15/2024	11/15/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	14,600.00	6/29/2023	12/29/2030	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Modern Forestry Development Co., Ltd.	12,000.00	7/3/2023	6/7/2033	No
Yancheng Dafeng Modern Forestry Development Co., Ltd.	1,500.00	7/28/2023	6/7/2033	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	9,000.00	2/7/2024	2/5/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	1,166.92	5/13/2020	5/13/2025	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	583.46	5/22/2020	5/22/2025	No
Yancheng Dafeng Huiyang Energy Development Co., Ltd.	10,981.33	1/1/2024	6/22/2031	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	23,000.00	3/12/2021	3/11/2043	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	9,000.00	2/23/2022	3/11/2043	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	10,000.00	5/6/2022	3/11/2043	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	15,000.00	4/1/2021	3/11/2043	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	15,000.00	6/23/2021	3/11/2043	No
Yancheng Dafeng Chuanchanghe Town Development and Construction Co., Ltd.	3,250.00	2/1/2024	3/11/2043	No
Jiangsu Haiyue Industrial Co., Ltd.	499.00	3/5/2024	3/1/2025	No
Jiangsu Haiyue Industrial Co., Ltd.	1,000.00	1/3/2024	1/2/2025	No
Jiangsu Haiyue Industrial Co., Ltd.	3,700.00	12/6/2024	12/6/2032	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	499.00	3/5/2024	3/1/2025	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	1,000.00	1/3/2024	1/2/2025	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	1,000.00	1/15/2024	1/15/2025	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	5,402.55	8/26/2022	8/10/2027	No
Jiangsu Hairong Ecological Agriculture and Forestry Co., Ltd.	2,701.27	8/26/2022	8/10/2027	No
Jiangsu Yufeng Tourism Development Co., Ltd.	1,500.00	1/2/2024	1/1/2025	No
Yancheng Dingju Modern Agriculture Co., Ltd.	4,500.00	1/5/2024	10/20/2031	No
Yancheng Dingju Modern Agriculture Co., Ltd.	50000	2/1/2024	10/20/2031	No
Yancheng Dafeng Xingfeng Engineering Construction Co., Ltd.	700.00	1/9/2024	1/8/2025	No
Yancheng Dafeng Xiaoshanghai Agriculture Co., Ltd.	1,000.00	1/17/2024	1/10/2025	No
Jiangsu Yufeng Tourism Development Co., Ltd.	500.00	1/31/2024	1/30/2025	No
Yancheng Dafeng Minsheng Water Co., Ltd.	2,000.00	3/12/2024	3/11/2025	No
Yancheng Dafeng Beiyuan Hotel Co., Ltd.	4,800.00	3/15/2024	2/20/2039	No
Jiangsu Fengshou Dadi Seed Industry Development Co., Ltd.	2,000.00	3/29/2024	3/28/2025	No
Yancheng Tianmu Hotel Co., Ltd.	1,000.00	5/10/2024	5/9/2025	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	4,011.99	4/30/2024	4/30/2027	No
Yancheng Yilu Industrial Co., Ltd.	1,000.00	6/21/2024	6/20/2025	No
Yancheng Meiyuan Cultural Industry Co., Ltd.	1,000.00	5/8/2024	5/7/2025	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Jiangsu Dafengcang Agricultural Technology Co., Ltd.	1,000.00	5/15/2024	5/14/2025	No
Yancheng Doulonggang Development and Construction Co., Ltd.	1,500.00	7/11/2024	7/10/2025	No
Yancheng Dafeng Huafeng Water Co., Ltd.	1,000.00	7/8/2024	7/7/2025	No
Jiangsu Dafengcang Agricultural Group Co., Ltd.	1,000.00	9/25/2024	9/25/2027	No
Jiangsu Dafengcang Agricultural Technology Co., Ltd.	1,000.00	9/25/2024	9/25/2027	No
Yancheng Dafengcang Huahai Local Specialty Supermarket Co., Ltd.	300.00	9/26/2024	9/15/2026	No
Yancheng Dafeng Beiyuan Hotel Co., Ltd.	1,000.00	10/17/2024	10/16/2025	No
Jiangsu Fengshou Dadi Seed Industry Development Co., Ltd.	1,400.00	12/6/2024	12/4/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	500.00	11/30/2024	11/29/2025	No
Yancheng Dafeng Dongfang Water Treatment Co., Ltd.	700.00	11/26/2024	11/25/2025	No
Yancheng Dafeng Dongfang Water Treatment Co., Ltd.	5,000.00	12/31/2024	12/30/2025	No
Jiangsu Doulonggang Medical Management Co., Ltd.	53,000.00	9/16/2023	3/31/2035	No
Jiangsu Doulonggang Medical Management Co., Ltd.	30,000.00	1/1/2024	3/31/2039	No
Jiangsu Doulonggang Medical Management Co., Ltd.	23,224.00	10/20/2023	9/30/2040	No
Jiangsu Haijia Energy Development Co., Ltd.	23,000.00	1/1/2024	8/5/2031	No
Yancheng Dafeng Xinshengyuan Agricultural Development Co., Ltd.	3,000.00	12/31/2021	11/25/2031	No
Yancheng Dafeng Xinshengyuan Agricultural Development Co., Ltd.	1,500.00	5/13/2022	5/25/2030	No
Yancheng Dafeng Xinshengyuan Agricultural Development Co., Ltd.	5,000.00	1/26/2022	11/25/2028	No
Yancheng Dafeng Xinshengyuan Agricultural Development Co., Ltd.	4,500.00	5/13/2022	11/25/2030	No
Yancheng Dafeng Xinshengyuan Agricultural Development Co., Ltd.	4,500.00	1/4/2022	11/25/2026	No
Jiangsu Yufeng Tourism Development Co., Ltd.	36,500.00	8/31/2022	8/29/2034	No
Yancheng Dafeng Chengzhong Investment Development Co., Ltd.	20,000.00	3/7/2024	3/25/2025	No
Yancheng Dafeng Haicheng Industrial Development Co., Ltd.	18,200.00	1/4/2022	12/27/2033	No
Yancheng Yingsheng Greening Co., Ltd.	9,750.00	6/9/2023	5/15/2030	No
Yancheng Daqiao Pioneer Park Construction and Development Co., Ltd.	9,650.00	7/31/2023	11/15/2031	No
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	7,500.00	7/30/2024	7/29/2025	No
Yancheng Dafeng Guangfa Building Materials Trade Development Co., Ltd.	5,000.00	4/30/2024	4/30/2025	No
Yancheng Dafeng Huafeng Investment Development Co., Ltd.	5,000.00	5/21/2024	5/20/2025	No
Yancheng Dafeng Yufeng Town Construction and Development Co., Ltd.	6,100.00	8/28/2024	8/27/2025	No
Yancheng Dafeng Lvye Xinzhong Agricultural Development Co., Ltd.	2,992.89	8/30/2023	8/30/2026	No
Yancheng Dafeng Minsheng Water Co., Ltd.	3,250.00	1/21/2020	1/19/2027	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Yancheng Dafeng Modern Forestry Development Co., Ltd.	20,000.00	4/11/2023	2/15/2033	No
Yancheng Dafeng Lvyue Xinzhong Agricultural Development Co., Ltd.	1,422.36	3/26/2021	3/26/2026	No
Yancheng Dafeng Hongbao Agricultural Development Co., Ltd.	2,920.00	6/10/2022	6/5/2025	No
Jiangsu Haijia Energy Development Co., Ltd.	5,000.00	1/1/2023	8/5/2034	No
Jiangsu Haijia Energy Development Co., Ltd.	10,000.00	1/1/2023	8/5/2033	No
Jiangsu Haijia Energy Development Co., Ltd.	8,750.00	10/27/2022	8/5/2026	No
Yancheng Dafeng Modern Forestry Development Co., Ltd.	7,000.00	4/1/2023	2/15/2030	No
Yancheng Dafeng Jiatai Agricultural Development Co., Ltd.	13,000.00	9/28/2022	3/15/2030	No
Yancheng Dafeng Jiatai Agricultural Development Co., Ltd.	3,000.00	1/1/2023	9/15/2030	No
Yancheng Yingsheng Greening Co., Ltd.	2,000.00	8/29/2023	11/15/2032	No
Yancheng Daqiao Pioneer Park Construction and Development Co., Ltd.	2,000.00	8/29/2023	11/15/2030	No
Yancheng Qicai Yuanxin Agricultural Development Technology Co., Ltd.	13,000.00	6/28/2022	6/20/2031	No
Yancheng Qicai Yuanxin Agricultural Development Technology Co., Ltd.	3,000.00	7/29/2022	6/20/2032	No
Yancheng Dafeng Zhenyang Tourism Development Co., Ltd.	7,800.00	4/18/2023	6/25/2029	No
Yancheng Dafeng Zhenyang Tourism Development Co., Ltd.	2,400.00	6/1/2023	12/25/2032	No
Yancheng Qicai Yuanxin Agricultural Development Technology Co., Ltd.	2,200.00	6/27/2022	6/20/2032	No
Yancheng Dafeng Zhenyang Tourism Development Co., Ltd.	4,000.00	4/29/2023	6/25/2031	No
Dafeng Xinju Engineering Construction Co., Ltd.	1,000.00	6/26/2024	6/20/2025	No
Yancheng Dafeng Fengyan Modern Agriculture Development Co., Ltd.	1,000.00	8/28/2024	8/6/2025	No
Yancheng Dafeng Jinxiu Dadi Agricultural Development Co., Ltd.	950.00	12/20/2024	12/15/2027	No
Yancheng Dafeng Jiatai Agricultural Development Co., Ltd.	2,000.00	9/23/2022	3/15/2025	No
Yancheng Dafengcang Agricultural Technology Co., Ltd.	850.00	9/18/2024	9/14/2025	No
Yancheng Yingsheng Greening Co., Ltd.	5,000.00	1/4/2024	5/15/2032	No
Yancheng Daqiao Pioneer Park Construction and Development Co., Ltd.	5,000.00	3/20/2024	5/15/2035	No
Yancheng Dafeng Transportation Holding Group Co., Ltd.	4,000.00	6/21/2024	6/15/2025	No
Yancheng Dafeng Zhenyang Tourism Development Co., Ltd.	2,000.00	1/4/2024	12/25/2031	No
Fufeng Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	490.00	11/25/2024	11/20/2025	No
Xintuan Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	480.00	11/25/2024	11/21/2025	No
Jinfeng Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	480.00	11/27/2024	10/25/2025	No
Yuanfeng Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	470.00	11/27/2024	10/25/2025	No
Limin Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	470.00	11/25/2024	11/20/2025	No

Guaranteed enterprise	Guarantee balance (ten thousand yuan)	Start date	Termination date	Has the guarantee performance been completed
Tongde Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	470.00	11/28/2024	10/25/2025	No
Honghua Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	470.00	11/26/2024	11/20/2025	No
Bazao Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	470.00	11/28/2024	10/25/2025	No
Hengnan Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	460.00	11/27/2024	10/25/2025	No
Jinbei Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	460.00	11/25/2024	11/20/2025	No
Daxin Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	460.00	11/25/2024	11/20/2025	No
Shuangxi Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	460.00	11/25/2024	11/20/2025	No
Fubei Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	460.00	11/25/2024	11/20/2025	No
Defeng Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	450.00	11/27/2024	10/25/2025	No
Taixi Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	450.00	11/25/2024	11/20/2025	No
Jiangsu Fengshou Dadi Modern Agricultural Service Development Co., Ltd.	10,500.00	1/6/2020	12/31/2034	No
Jiangsu Fengshou Dadi Modern Agricultural Service Development Co., Ltd.	12,000.00	9/27/2020	9/27/2029	No
Jiangsu Fengshou Dadi Seed Industry Development Co., Ltd.	3,000.00	10/25/2024	4/23/2025	No
Taixi Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	1,500.00	9/22/2023	6/6/2031	No
Limin Village Stock Economic Cooperative, Dazhong Street, Dafeng District, Yancheng City	1,500.00	9/22/2023	6/6/2031	No
Total	2,482,059.94			

As of December 31, 2024, the guarantee provided by the Company for related parties are shown in IX 6 (1).

4. As of December 31, 2024, the Company's contingent liabilities arising from other events

None.

5. As of December 31, 2024, the Company's contingent assets

None.

6. Except for the above contingencies, as of December 31, 2024, the Company has no other material contingencies.

XI. Post Balance Sheet Event

As of the date of approval of the report, there are no other significant post - balance sheet events that need to be disclosed by the Company.

XII. Notes to Main Items of Pro Forma Financial Statements of the Parent Company

1. Long-term equity investment

(1) Classification of long-term equity investment

Item	December 31, 2024		
	Book balance	Impairment provision	Book value
Investments in subsidiaries	3,049,000,000.00		3,049,000,000.00
Investment in associated enterprises			
Subtotal	3,049,000,000.00		3,049,000,000.00
Less: Provision for impairment of long-term equity investments			
Total	3,049,000,000.00		3,049,000,000.00

(Continued)

Item	December 31, 2023			December 31, 2022		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investments in subsidiaries	3,049,000,000.00		3,049,000,000.00	3,049,000,000.00		3,049,000,000.00
Investment in associated enterprises						
Subtotal	3,049,000,000.00		3,049,000,000.00	3,049,000,000.00		3,049,000,000.00
Less: Provision for impairment of long-term equity investments						
Total	3,049,000,000.00		3,049,000,000.00	3,049,000,000.00		3,049,000,000.00

(2) Invest in subsidiaries

Invested unit	December 31, 2023	Increase in this year	Decrease in this year	December 31, 2024	Withdrawn impairment provision of this year	Impairment provision as of December 31, 2024
Yancheng Dafeng Urban Construction Group Co., Ltd.	3,000,000,000.00			3,000,000,000.00		
Jiangsu Fengshou Dadi Investment Development Co., Ltd.	49,000,000.00			49,000,000.00		
Total	3,049,000,000.00			3,049,000,000.00		

(Continued)

Invested unit	December 31, 2022	Increase in this year	Decrease in this year	December 31, 2023	Withdrawn impairment provision of this year	Impairment provision as of December 31, 2023
Yancheng Dafeng Urban Construction Group Co., Ltd.	3,000,000,000.00			3,000,000,000.00		
Jiangsu Fengshou Dadi Investment Development Co., Ltd.	49,000,000.00			49,000,000.00		
Total	3,049,000,000.00			3,049,000,000.00		

(Continued)

Invested unit	December 31, 2021	Increase in this year	Decrease in this year	December 31, 2022	Withdraw n impairme nt provisio n of this year	Impairm ent provisio n as of Decemb er 31, 2022
Yancheng Dafeng Urban Construction Group Co., Ltd.	3,000,000,000.00			3,000,000,000.00		
Jiangsu Fengshou Dadi Investment Development Co., Ltd.	49,000,000.00			49,000,000.00		
Total	3,049,000,000.00			3,049,000,000.00		

XIII. Other contents that should be disclosed in accordance with relevant financial accounting standards

None.

Yancheng Dafeng Urban Development Investment Holding Group Co., Ltd.

June 17, 2025

ISSUER

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