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

This announcement and the listing document referred to herein have been published for information purposes only as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. *For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Issuer and the Guarantor (each as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*

PUBLICATION OF THE OFFERING CIRCULAR

SFG INTERNATIONAL HOLDINGS CO. LIMITED
(山東財金國際控股有限公司)

(incorporated in the British Virgin Islands with limited liability)

U.S.$350,000,000 4.25 per cent. Guaranteed Bonds due 2029 (the "Bonds")
Unconditionally and Irrevocably Guaranteed by

山东财金集团
SHANDONG FINANCE GROUP

SHANDONG FINANCE INVESTMENT GROUP CO. LIMITED
(山東省財金投資集團有限公司)

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

(Stock Code: 40418)

This announcement is issued pursuant to Rule 37.39A of the Listing Rules. Reference is made to the notice of the listing of the Bonds on The Stock Exchange of Hong Kong Limited dated 1 June 2026. The Bonds as described in the offering circular dated 27 May 2026 (the "**Offering Circular**") (appended herewith) are issued to professional investors (as defined in Chapter 37 of the Listing Rules) (the "**Professional Investors**") only.

Notice to Hong Kong Investors: Each of SFG International Holdings Co. Limited (山東財金國際控股有限公司) (the "**Issuer**") and Shandong Finance Investment Group Co. Limited (山東省財金投資集團有限公司) (the "**Guarantor**") confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on The Stock Exchange of Hong Kong Limited 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.

Hong Kong, 2 June 2026

As at the date of this announcement, the sole director of SFG International Holdings Co. Limited (山東財金國際控股有限公司) is Ms. LIU Yu.

As at the date of this announcement, the directors of Shandong Finance Investment Group Co. Limited (山東省財金投資集團有限公司) are Mr. LIANG Lei, Mr. CUI Pengpeng, Mr. YU Fuhai and Mr. SUN Fengyan.

IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information as a result of such access. You acknowledge that the access to the Offering Circular is intended for use by you only and you agree you will not forward or otherwise provide access to any other person.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES (THE "SECURITIES") AND THE GUARANTEE (EACH AS DESCRIBED IN THE OFFERING CIRCULAR) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES AND THE GUARANTEE MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.

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

Confirmation of Your Representation: You have accessed the attached document on the basis that you have represented to the Issuer, the Guarantor (each as defined in the Offering Circular), GF Securities (Hong Kong) Brokerage Limited, Shenwan Hongyuan Securities (H.K.) Limited, CLSA Limited, DBS Bank Ltd., ABCI Capital Limited, China Securities (International) Corporate Finance Company Limited, Guotai Junan Securities (Hong Kong) Limited, Zhongtai International Securities Limited, Caitong International Securities Co., Limited, China Construction Bank (Asia) Corporation Limited, China CITIC Bank International Limited, CEB International Capital Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, CMB Wing Lung Bank Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Shanxi Securities International Limited, SunRiver International Securities Group Limited and Tai Fung Bank Limited (the "**Joint Lead Managers**", and each a "**Joint Lead Manager**") that: (1) you and any customers you represent are not in the United States, (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, (3) you consent to delivery of this document and any amendments or supplements by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

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

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

Restrictions: The Offering Circular is being furnished in connection with an offering in offshore transactions outside the United States in compliance with Regulation S under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the Securities.

Nothing in this electronic transmission constitutes, and may not be used in connection with, an offer or an invitation by or on behalf of any of the Issuer, the Guarantor or the Joint Lead Managers to subscribe or purchase any of the Securities, in any place where offers or solicitations are not permitted by law and access has been limited so that it shall not constitute in the United States or elsewhere directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Joint Lead Manager or any affiliate of a Joint Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Joint Lead Manager or such affiliate on behalf of the Issuer and the Guarantor in such jurisdiction. Any Securities to be issued in respect thereof will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration. Access has been limited so that it shall not constitute a general solicitation in the United States or elsewhere. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Securities.

You are reminded that you have accessed the Offering Circular on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located.

Actions that you may not take: If you receive the Offering Circular by e-mail, you should not reply by e-mail to this electronic transmission, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

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

SFG INTERNATIONAL HOLDINGS CO. LIMITED
（山東財金國際控股有限公司）

(incorporated in the British Virgin Islands with limited liability)

U.S.$350,000,000 4.25 per cent. Guaranteed Bonds due 2029

Unconditionally and Irrevocably Guaranteed by

山东财金集团
SHANDONG FINANCE GROUP

SHANDONG FINANCE INVESTMENT GROUP CO. LIMITED
（山東省財金投資集團有限公司）

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

Issue Price: 100.0 per cent.

The 4.25 per cent. guaranteed bonds in the aggregate principal amount of U.S.$350,000,000 (the "**Bonds**") will be issued by SFG International Holdings Co. Limited（山東財金國際控股有限公司）(the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by Shandong Finance Investment Group Co. Limited（山東省財金投資集團有限公司）(the "**Guarantor**" or "**Company**"), a company incorporated under the laws of the People's Republic of China. The Issuer is a wholly-owned subsidiary of the Guarantor.

The Bonds will bear interest on their outstanding principal amount from and including 1 June 2026 (the "**Issue Date**") at the rate of 4.25 per cent. per annum, and such interest will be payable semi-annually in arrear in equal instalments on 1 June and 1 December in each year (each an "**Interest Payment Date**"), commencing on 1 December 2026. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 1 June 2029 (the "**Maturity Date**").

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(a) of the terms and conditions of the Bonds (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 legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank *pari passu* with all the Issuer's other present and future unsecured and unsubordinated obligations.

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 withholding or deduction for or 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 British Virgin Islands or the PRC or any authority therein or thereof having power to tax, to the extent described in "*Terms and Conditions of the Bonds – Taxation*".

In accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises（《企業中長期外債審核登記管理辦法》(國家發展和改革委員會令第56號)）issued by the National Development and Reform Commission of the PRC or its local counterparts (the "**NDRC**") on 5 January 2023 and which came into effect from 10 February 2023 (the "**NDRC Measures**"), the Guarantor has registered the issuance of the Bonds with the NDRC and obtained NDRC certificate dated 25 May 2026 evidencing such registration which, as at the date of this Offering Circular, remains valid and in full force and effect. The Guarantor undertakes to file or cause to be filed with the NDRC the requisite information and documents within ten PRC Business Days (as defined in the "*Terms and Conditions of the Bonds*") after the Issue Date in accordance with the NDRC Measures, any applicable implementation rules, regulations, certificates, circulars or notices in connection therewith issued by the NDRC from time to time and other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Measures (the "**Post-Issuance Filing**") and to comply with all applicable PRC laws and regulations in relation to the issue of the Bonds (including but not limited to any related filing requirement under the NDRC Measures).

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") with China Construction Bank (Asia) Corporation Limited（中國建設銀行(亞洲)股份有限公司）(the "**Trustee**") on or around the Issue Date. The Guarantor will undertake to register or cause to be registered with the Shandong Branch (or other relevant branch) of the State Administration of Foreign Exchange ("**SAFE**"), the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees（跨境擔保外匯管理規定）promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**") and to use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline (as defined in the Terms and Conditions of the Bonds) and comply with all applicable PRC laws and regulations in relation to the Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and the Principal Paying Agent (which notice shall be irrevocable), at their principal amount together with any unpaid interest accrued up to, but excluding the date fixed for redemption, in the event of certain changes affecting taxes of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction). See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*". At any time following the occurrence of a Change of Control or a No Registration Event (each as defined in "*Terms and Conditions of the Bonds*"), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any interest accrued and unpaid up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*". The Bonds may also be redeemed at the option of the Issuer at any time and from time to time prior to the Par Call Date (as defined in Conditions 6(e)) of the Terms and Conditions of the Bonds), in whole but not in part, on giving not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent in writing and to the Bondholders, at a Make Whole Price (as defined in the Terms and Conditions of the Bonds) at the redemption date as specified in the Make Whole Redemption Notice (as defined in the Terms and Conditions of the Bonds) (the "**Make Whole Redemption Date**"), together with accrued and unpaid interest up to but excluding such Make Whole Redemption Date, subject to and in accordance with the Terms and Conditions of the Bonds. The Issuer may also at its option, on giving not less than 30 days nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem the Bonds in whole, but not in part, at any time on or after 1 May 2029 (the "**Par Call Date**"), at 100 per cent. of the principal amount of the Bonds (together with interest accrued up to but excluding the date fixed for redemption specified in the Optional Redemption Notice). See Conditions 6(d) (*Redemption at Make Whole Price at the Option of the Issuer*) and Conditions 6(e) (*Redemption at par at the Option of the Issuer*) of the Terms and Conditions of the Bonds.

The Bonds will be issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 12 for a discussion 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 may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds and the Guarantee are being offered in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*".

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 document is for distribution to Professional Investors only.

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

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

The Guarantor has been assigned a rating of "A" with a stable outlook by Fitch Ratings Inc., ("**Fitch**") and "A2" with a stable outlook by Moody's Rating ("**Moody's**"). The Bonds are expected to be rated "A" and "A2" by Fitch and Moody's, respectively. A rating is not a recommendation to buy, sell or hold the Bonds and may be subject to revision, suspension, reduction or withdrawal at any time by the relevant rating agencies. A suspension, reduction or withdrawal of the rating(s) assigned to the Guarantor may adversely affect the market price of the Bonds.

The Bonds will be represented initially by beneficial interests in a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about 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 transfer thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Lead Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

GF Securities (Hong Kong) | **Shenwan Hongyuan (H.K.)** | **CITIC Securities**

Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

DBS Bank Ltd. | **ABC International** | **China Securities International**

Guotai Junan International | **Zhongtai International** | **Caitong International** | **China Construction Bank (Asia)**

Joint Lead Managers and Joint Bookrunners

China CITIC Bank International | **CEB International** | **China Everbright Bank Hong Kong Branch** | **China Galaxy International**

China Industrial Securities International | **China International Capital Corporation** | **China Minsheng Banking Corp., Ltd. Hong Kong Branch** | **CMB Wing Lung Bank Limited**

CMBC Capital | **CNCB Capital** | **Haitong International** | **Hua Xia Bank Co., Limited Hong Kong Branch**

ICBC (Asia) | **Industrial Bank Co., Ltd. Hong Kong Branch** | **Shanghai Pudong Development Bank Hong Kong Branch** | **Shanxi Securities International**

SunRiver International Securities Group Limited | **Tai Fung Bank**

Offering Circular dated 27 May 2026

IMPORTANT NOTICE

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

Hong Kong Exchanges and Clearing Limited and 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. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the merits or credit quality of the Issuer, the Guarantor or the Bonds or the quality of disclosure in this document. Investors are advised to read and understand the contents of this Offering Circular before investing. If in doubt, investors should consult their advisers.

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 and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this document 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.

This Offering Circular has been prepared by the Issuer and the Guarantor solely for use in connection with the proposed offering of the Bonds and giving of the Guarantee described in this Offering Circular. The distribution of this Offering Circular, the offering of the Bonds and the giving of the Guarantee in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, GF Securities (Hong Kong) Brokerage Limited, Shenwan Hongyuan Securities (H.K.) Limited, CLSA Limited, DBS Bank Ltd., ABCI Capital Limited, China Securities (International) Corporate Finance Company Limited, Guotai Junan Securities (Hong Kong) Limited, Zhongtai International Securities Limited, Caitong International Securities Co., Limited, China Construction Bank (Asia) Corporation Limited, China CITIC Bank International Limited, CEB International Capital Corporation Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Galaxy International Securities (Hong Kong) Co., Limited, China Industrial Securities International Brokerage Limited, China International Capital Corporation Hong Kong Securities Limited, China Minsheng Banking Corp., Ltd. Hong Kong Branch, CMB Wing Lung Bank Limited, CMBC Securities Company Limited, CNCB (Hong Kong) Capital Limited, Haitong International Securities Company Limited, Hua Xia Bank Co., Limited Hong Kong Branch, Industrial and Commercial Bank of China (Asia) Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch, Shanxi Securities International Limited, SunRiver International Securities Group Limited and Tai Fung Bank Limited (the "**Joint Lead Managers**") to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds and the giving of the Guarantee or the possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds in any jurisdiction where such action is prohibited by law would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". This Offering Circular does not

constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction in which such offer or invitation would be unlawful. By purchasing the Bonds, investors represent and agree to all of those provisions contained in that section of this Offering Circular.

The PRC government (including the Shandong Government and the Shandong Provincial Department of Finance) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds in lieu of the Issuer and/or the Guarantor. Any reference to government support in this Offering Circular shall not be read as indication that financial support will be given in respect of the Issuer's or the Guarantor's obligations under the Bonds. See "*Risk Factors – Risks relating to the Bonds and the Guarantee – The PRC government (including the Shandong Government and the Shandong Provincial Department of Finance) has no obligation to pay any amount under the Bonds.*"

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

*MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**") and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.*

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

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other

person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each offeree of the Bonds, by accepting delivery of this Offering Circular, agrees to the foregoing.

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

No representation or warranty, express or implied, is made or given by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Guarantee of the Bonds and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them. The Joint Lead Managers, the Trustee and the Agents and any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them have not independently verified any of the information contained in this Offering Circular and can give no assurance that this information is accurate, truthful or complete. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the Guarantor and the merits and risks involved in investing in the Bonds. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf, in connection with the Issuer, the Guarantor, the Group, the issue and offering of the Bonds or the giving of the Guarantee of the Bonds. Each of the Joint Lead Managers, the Trustee, the Agents and their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them, undertakes to review the financial condition or affairs of the Issuer or the Guarantor for so long as the Bonds remain outstanding

nor to advise any investor or potential investor of the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee, or the Agents or their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them.

This Offering Circular should not be considered as a recommendation by any of the Issuer, the Guarantor, Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers, representatives or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

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

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

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

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although the Issuer and the Guarantor believe this information to be reliable, this information has not been independently verified by the Issuer, the Guarantor, the Joint Lead Managers, the Trustee or the Agents or their respective affiliates, directors, officers, employees, agents, advisers, representatives 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 their respective affiliates, directors, officers, employees, agents, advisers, representatives 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 Issuer and the Guarantor, having made all reasonable inquiries, confirm 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 (including all information required by applicable laws and all information which, according to the particular nature of the Issuer, the Guarantor, the Group and of 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 and the Group and of the rights attaching to the Bonds and the Guarantee of the Bonds); (ii) the statements contained in this Offering Circular are in every material particular true and accurate and not misleading and there are no other facts in relation to the Issuer, the Guarantor, the Group and the Bonds the omission of which would in the context of an issue of Bonds make any statement in this Offering Circular misleading in any material respect; (iii) the statements of intention, opinion, belief or expectation contained in this Offering Circular with regard to the Issuer, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) 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 in this Offering Circular; (v) this Offering Circular does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading; and (vi) the statistical, industry and market-related data, each of which are included in this Offering Circular are based on or derived or extracted from sources which the Issuer and the Guarantor believe to be accurate and reliable in all material respect.

IN CONNECTION WITH THE ISSUE OF THE BONDS, THE JOINT LEAD MANAGERS ACTING AS STABILISATION COORDINATORS (THE "STABILISATION COORDINATOR") (OR PERSONS ACTING ON BEHALF OF A STABILISING COORDINATOR), PROVIDED THAT CHINA CITIC BANK INTERNATIONAL LIMITED SHALL NOT BE APPOINTED OR ACTING AS THE STABILISATION COORDINATOR, MAY OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION COORDINATOR (OR PERSONS ACTING ON BEHALF OF A STABILISATION COORDINATOR) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, 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 COORDINATOR (OR PERSONS ACTING ON BEHALF OF A STABILISATION COORDINATOR) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including all of the Joint Lead Managers, are "capital market intermediaries" ("**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the Code). This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" ("**OCs**") for this offering and are subject to additional requirements under the 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 Code as having an association (Association) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

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

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

PRESENTATION OF FINANCIAL INFORMATION AND OTHER DATA

This Offering Circular contains the audited consolidated financial information of the Guarantor as at and for the years ended 2023, 2024 and 2025, which have derived from the Guarantor's consolidated financial statements for the years ended 31 December 2024 and 2025 (the "**Guarantor's Consolidated Financial Statements**"). The Guarantor's Consolidated Financial Statement have been audited by Xin Lian Yi Certified Public Accountants (Limited Liability Partnership) ("**Xin Lian Yi**"), the independent auditors of the Guarantor and were prepared and presented in accordance with the Accounting Standards for Business Enterprises in China ("**PRC GAAP**"). The Guarantor has not prepared its financial statements or consolidated financial statements, as the case may be, in accordance with International Financial Reporting Standards ("**IFRS**"). PRC GAAP differs in certain respects from IFRS. See "*Summary of Certain Differences Between the PRC GAAP and IFRS*".

This Offering Circular contains certain information regarding the Group's EBITDA. EBITDA is not a standard measure under PRC GAAP. EBITDA is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year or any other measure of financial performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. The Guarantor has included EBITDA because it believes it is a useful supplement to cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented in this Offering Circular may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definition.

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.

CERTAIN DEFINITIONS AND CONVENTIONS

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

Unless the context otherwise requires, references to "2023", "2024" and "2025" in this Offering Circular means the Group's financial years ended 31 December 2023, 2024 and 2025, respectively.

- the "**Group**", the "**Guarantor**", the "**Company**" and words of similar import refers to Shandong Finance Investment Group Co. Limited(山東省財金投資集團有限公司)itself, or to Shandong Finance Investment Group Co. Limited(山東省財金投資集團有限公司)and its consolidated subsidiaries, as the context requires;

- the "**Issuer**" refers to SFG International Holdings Co. Limited(山東財金國際控股有限公司), a wholly-owned subsidiary of the Guarantor;

- "**China**" or the "**PRC**" refers to the People's Republic of China, excluding, for purposes of this Offering Circular only, Taiwan, Hong Kong and the Macau Special Administrative Region;

- "**CNY**", "**RMB**" or "**Renminbi**" refers to the legal currency of the PRC;

- "**Hong Kong**" refers to Hong Kong Special Administrative Region of the PRC;

- "**IFRS**" refers to the International Financial Reporting Standards;

- "**LPR**" refers to loan prime rates;

- "**MOFCOM**" refers to the Ministry of Commerce of the PRC;

- "**NDRC**" refers to the National Development and Reform Commission of the PRC;

- "**PBOC**" refers to the People's Bank of China, the central bank of the PRC;

- "**PRC GAAP**" refers to the generally accepted accounting principles in the People's Republic of China;

- the "**PRC government**" refers to the central government of China and its political subdivisions, including provincial, municipal and other regional or local government entities, and instrumentalities thereof, or where the context requires, any of them;

- "**SAFE**" refers to the State Administration of Foreign Exchange of the PRC or its competent local counterpart;

- "**SASAC**" refers to the State-owned Assets Supervision and Administration Commission of the PRC;

- "**SAT**" refers to the State Administration of Taxation of the PRC;

- "**Shandong Government**" refers to the Shandong Provincial People's Government; and

- "**US$**" or "**U.S. dollars**" refers to the legal currency of the United States.

The Issuer and the Guarantor record and publish their financial statements in Renminbi. Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB6.9931 to U.S.$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 31 December 2025 as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the

Federal Reserve Bank of New York. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate, or at all. For further information relating to the exchange rates, see "*Exchange Rate Information*".

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

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only.

FORWARD-LOOKING STATEMENTS

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

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

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

- the Group's business and operating strategies;
- the Group's capital commitment and development plans;
- the amount and nature of, and potential for, future development of the Group's business;
- various business opportunities that the Group may pursue;
- the regulatory environment of the industries in which the Group operates;
- changes in political, economic, legal and social conditions, in particular in the PRC, including the specific policies of the PRC central and local governments affecting the regions where the Group operates;
- the prospective financial condition and performance regarding the Group's businesses;
- availability and costs of financing;
- changes in competitive conditions and the Group's ability to compete under these conditions;
- the Group's ability to obtain additional capital on acceptable terms;
- reduction or discontinuance of the government subsidies and other government grants or the mismatch in terms of timing of the availability of the government fiscal support and that of the Group's cash flow requirement; and
- other risks identified in "*Risk Factors*" in this Offering Circular.

Neither the Issuer or the Guarantor undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

TABLE OF CONTENTS

Section	Page
SUMMARY	1
THE OFFERING	3
SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP	8
RISK FACTORS	12
TERMS AND CONDITIONS OF THE BONDS	43
SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM	64
USE OF PROCEEDS	66
CAPITALISATION AND INDEBTEDNESS OF THE GROUP	67
DESCRIPTION OF THE ISSUER	68
DESCRIPTION OF THE GROUP	69
DIRECTORS AND SENIOR MANAGEMENT	92
EXCHANGE RATE INFORMATION	94
PRC LAWS AND REGULATIONS	95
TAXATION	99
SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE PRC GAAP AND IFRS	103
SUBSCRIPTION AND SALE	105
GENERAL INFORMATION	112
INDEX TO FINANCIAL INFORMATION	F-1

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 "Risk Factors" section in this Offering Circular, before making any investor decision.

OVERVIEW

The Group is a key provincial financial service provider and state-owned capital investment and operation entity in Shandong Province. Founded in 1992, the Group primarily engages in financial investment and services and modern industrial investment and operations. Adhering to the Group's "double-drive" approach of policy-based and market-oriented investment strategies, the Group has invested in various companies and projects to facilitate the development of modern industries and the real economy in Shandong Province. As at the date of this Offering Circular, the Company's registered capital is RMB30.0 billion.

With a strong foothold in Shandong Province, the Group has benefited from distinct geographic advantages and enjoyed great economic development potentials in Shandong Province. Shandong Province is located on the east coast of China. Along with the implementation of a number of national and regional strategic plans, such as the "Master Plan for the Development of the Growth Drivers Renewal Pilot Zone in Shandong Province(山東新舊動能轉換綜合試驗區建設總體方案)", the "Belt and Road Initiative", the "Yellow River Delta Area Ecological Economic Zone Development Plan(黃河三角洲高效生態經濟區發展規劃)" and "Shandong Peninsula Blue Economic Zone Development Plan(山東半島藍色經濟區發展規劃)", the Group has leveraged unique business opportunities and become a key provincial financial service provider in Shandong Province.

Based on the type of revenue recognised for its businesses and nature of each business line, the Group's principal business segments include:

Financial Investment and Services	The Group's financial investment and services consist of securities services, fund investments, other financial investments and local financial services.
Modern Industrial Investment and Operations	The Group's modern industrial investment and operations consist of industrial operations, infrastructure services and supply chain services. The Group's industrial operations business primarily involves modern agriculture, healthcare and cultural tourism, new energy and other strategic industrial investments. The Group's infrastructure services business primarily involves infrastructure investment and public-private partnership projects. The Group's supply chain business primarily involves products such as refined oil, coatings, and building materials, with major sales regions spanning East China, South China and Northwest China.
Other Business	In addition to the aforementioned business segments, the Group also generates operating revenue from other businesses.

The Group has demonstrated a stable growth in its business. For the years ended 31 December 2023, 2024 and 2025, the Group's total operating revenue was approximately RMB8.4 billion, RMB10.4 billion and RMB13.5 billion, respectively, and its net profit was approximately RMB2.0 billion,

RMB2.2 billion and RMB3.0 billion, respectively. As at 31 December 2023, 2024 and 2025, the total assets of the Group was approximately RMB327.6 billion, RMB352.8 billion and RMB453.5 billion, respectively.

COMPETITIVE STRENGTHS

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

- A leading provincial-level financing and investment platform in Shandong Province, possessing in-depth operational expertise with a longstanding operating history which facilitates the infrastructure, finance and economic development of Shandong Province;
- Strong support from the Shandong Government;
- A backbone to support development of different industries across various cities in Shandong Province;
- Prudent, effective and comprehensive risk management system;
- Diversified financing channels and solid capital base; and
- Experienced senior management team and talented professionals.

BUSINESS STRATEGIES

The Group aims to achieve high-quality development by implementing its business strategies, with the vision of becoming a leading state-owned capital investment and operation entity in Shandong Province. Adhering to the mission of supporting regional economic transformation and serving the overall social development of Shandong Province, the Group intends to focus on the following business strategies:

- Continue to refine its existing businesses and strategic positioning;
- Continue to diversify the Group's financing channels with a comprehensive risk management system;
- Continue to diversify the Group's business portfolio and cultivate new businesses that synergise with the Group's principal business; and
- Continue to enhance the Group's management capabilities and optimise the structure of its talent pool.

RECENT DEVELOPMENT

For details of the Group's recent development, see "*Description of the Group – Recent Development*" in this Offering Circular.

THE OFFERING

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	SFG International Holdings Co. Limited(山東財金國際控股有限公司).
Legal Identification Code.	655600KRWZA1ZZVAWX21.
Guarantor	Shandong Finance Investment Group Co. Limited(山東省財金投資集團有限公司).
Issue	U.S.$350,000,000 4.25 per cent. Guaranteed Bonds due 2029 (the "**Bonds**").
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.
Issue Price	100.0 per cent.
Form, Specified Denomination and Title	The Bonds will be issued in registered form in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Interest	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.25 per cent. per annum, payable semi-annually in arrear in equal instalments on 1 June and 1 December in each year (each an "**Interest Payment Date**") commencing on 1 December 2026.
Issue Date	1 June 2026.
Maturity Date	1 June 2029.
Use of Proceeds	See "*Use of Proceeds*".
Status of the Bonds	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 legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank *pari passu* with all the Issuer's 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 legislation and subject to Condition 4(a) of the Terms and Conditions of the Bonds, at all times rank *pari passu* with all its other present and future unsecured and unsubordinated obligations.

Negative Pledge	The Bonds will contain a negative pledge provision as further described in Condition 4(a) of the Terms and Conditions of the Bonds.
Events of Default	Upon the occurrence of any of the events as described in Condition 9 of the Terms and Conditions of the Bonds, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (provided in any such case that the Trustee shall first have been indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer and the Guarantor that the Bonds are, and they shall immediately become, due and payable at their principal amount together (if applicable) with any accrued and unpaid interest.
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 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 British Virgin Islands or the PRC or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate applicable on 27 May 2026 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required. If (i) the Issuer is required to make any such deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer, or as the case may be, the Guarantor is required to make any such deduction or withholding by or within the PRC in excess of the Applicable Rate, then the Issuer (or the Guarantor, as the case may be) (except in certain circumstances set out in Condition 8 of the Terms and Conditions of the Bonds) such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required. For more information, please refer to Condition 8 of the Terms and Conditions of the Bonds.
Final Redemption.	Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.

Redemption at Make Whole Price at the Option of the Issuer	On giving not less than 30 nor more than 60 days' notice (a "**Make Whole Redemption Notice**") to the Bondholders in accordance with Condition 16 of the Terms and Conditions of the Bonds and in writing to the Trustee and the Principal Paying Agent, the Issuer may at any time and from time to time prior to the Par Call Date (as defined in Conditions 6(e)) of the Terms and Conditions of the Bonds) redeem the Bonds, in whole but not in part, at a Make Whole Price (as defined in the Terms and Conditions of the Bonds) at the redemption date as specified in the Make Whole Redemption Notice (the "**Make Whole Redemption Date**"), together with accrued and unpaid interest up to but excluding such Make Whole Redemption Date. Please see "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at Make Whole Price at the Option of the Issuer*".
Redemption at par at the Option of the Issuer	The Issuer may at its option, on giving not less than 30 days nor more than 60 days' notice ("**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem the Bonds in whole, but not in part, at any time on or after 1 May 2029 (the "**Par Call Date**"), at 100 per cent. of the principal amount of the Bonds (together with interest accrued up to but excluding the date fixed for redemption specified in the Optional Redemption Notice). Please see "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption at par at the Option of the Issuer*".
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 to the Bondholders and in writing to the Trustee and the Principal Paying Agent (which notice shall be irrevocable), at their principal amount together with any unpaid interest accrued up to, but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice (i) that the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 of the Terms and Conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 May 2026; and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due. For more information, please refer to Condition 6(b) of the Terms and Conditions of the Bonds – "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Taxation Reasons*".

Redemption for Relevant Events	At any time following the occurrence of a Change of Control or a No Registration Event (each a "**Relevant Event**"), the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all but not some only of that holder's Bonds on the Put Settlement Date (as defined in the Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with any interest accrued and unpaid up to but excluding such Put Settlement Date. See "*Terms and Conditions of the Bonds – Redemption and Purchase – Redemption for Relevant Events*".
Further Issues	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them, the timing for the Post-Issuance Filing with the NDRC and the timing for completion of the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any series (including the Bonds). Any further bonds forming a single series with the Bonds may 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. References in the Terms and Conditions of the Bonds to the Bonds will include (unless the context requires otherwise) any other bonds issued pursuant to Condition 15 of the Terms and Conditions of the Bonds and forming a single series with the Bonds.
Clearing Systems	The Bonds will be represented by beneficial interests in the Global Certificate in registered form, which will be registered in the name of a nominee for, and shall be deposited on or about the Issue Date with, a common depository for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except in the limited circumstances as described herein, certificates for Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law and Jurisdiction	English law. Exclusive jurisdiction of the Hong Kong courts.
Trustee	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Principal Paying Agent. . . .	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Registrar and Transfer Agent.	China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司).
Listing	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.

Ratings	The Guarantor has been assigned a rating of "A" with a stable outlook by Fitch and "A2" with a stable outlook by Moody's. The Bonds are expected to be rated "A" and "A2" by Fitch and Moody's, respectively. A credit rating 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. Prospective investors should evaluate each rating independently of any other rating of the Bonds or other securities of the Issuer or the Guarantor.
ISIN	XS3373749996.
Common Code	337374999.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The summary audited consolidated financial information of the Guarantor as at and for the years ended 31 December 2023, 2024 and 2025, as set out below, has been derived from the Guarantor's Consolidated Financial Statement. The Guarantor's Consolidated Financial Statements have been audited by Xin Lian Yi and were prepared and presented in accordance with PRC GAAP.

Prospective investors should read the summary audited consolidated financial information below in conjunction with the Guarantor's audited consolidated financial statements and the related notes included elsewhere in this Offering Circular. Historical results are not necessarily indicative of results that may be achieved in any future period.

Summary Consolidated Balance Sheet Data

	As at 31 December			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(USD) (unaudited)
Current assets				
Bank balances and cash	16,670,332,297.95	22,711,014,926.75	35,368,861,999.97	5,057,679,998.85
Settlement reserve	–	–	1,418,067,163.07	202,780,907.33
Trading financial assets	4,119,338,436.14	5,867,452,190.13	18,575,326,452.92	2,656,236,354.82
Derivative financial assets	–	–	21,042,229.55	3,008,998.81
Notes receivable	198,763,823.24	165,957,904.45	38,330,770.47	5,481,227.28
Accounts receivable	3,086,216,776.61	4,557,910,749.80	3,848,966,828.22	550,394,936.18
Pre-payment	5,070,668,991.67	2,135,142,034.18	1,373,036,007.78	196,341,537.77
Other receivables	4,235,739,870.27	8,278,514,977.10	12,761,853,618.88	1,824,920,796.05
Purchase and resale of financial assets	–	–	57,685,128.64	8,248,863.69
Inventory	6,955,321,107.93	4,613,400,696.22	1,325,587,073.73	189,556,430.44
Contact assets	1,694,413,255.53	1,953,268,005.02	2,178,545,996.62	311,527,934.20
Non-current assets due within one year	4,997,032,601.92	8,737,014,274.08	14,759,272,348.78	2,110,547,875.59
Other current assets	9,199,180,332.80	19,104,717,999.75	79,836,765,823.85	11,416,505,673.29
Total current assets	**56,227,007,494.06**	**78,124,393,757.48**	**171,563,341,442.48**	**24,533,231,534.30**
Non-current assets				
Available-for-sale financial assets	–	2,229,351,862.59	654,737,569.42	93,626,227.20
Debt investments	5,462,598,797.56	5,773,212,267.73	4,408,835,683.27	630,455,117.65
Other debt investments	653,691,461.40	586,949,847.20	2,557,651,330.29	365,739,275.90
Long-term accounts receivable	181,131,153,206.32	171,450,404,357.66	152,160,617,450.69	21,758,678,905.02
Long-term equity investment	19,922,978,170.63	22,514,977,120.57	20,953,931,766.74	2,996,372,390.89
Other equity instrument investments	30,998,984,759.84	30,248,784,940.09	55,884,545,704.14	7,991,383,750.29
Other non-current financial assets	26,220,753,621.63	27,545,315,230.41	28,683,869,089.81	4,101,738,726.72
Investment in real estate	371,791,446.53	2,438,307,874.09	1,548,703,416.56	221,461,643.13
Fixed assets	555,868,351.70	1,269,726,425.75	4,551,074,093.23	650,794,939.76
Construction in progress	842,825,089.45	628,348,816.56	2,283,229,423.30	326,497,465.12
Right-of-use asset	5,292,405.94	3,248,379.61	112,339,556.45	16,064,342.92
Intangible assets	5,073,903,819.44	4,923,399,457.37	4,802,807,341.56	686,792,315.51
Research and development expenses	28,942,225.57	26,788,380.81	16,838,094.98	2,407,815.56
Goodwill	22,071,928.20	304,179,134.47	1,990,561,665.53	284,646,532.37
Long-term deferred expenses	17,448,626.16	6,244,085.47	78,942,900.91	11,288,684.69
Deferred tax assets	42,021,709.81	363,738,737.19	1,165,732,491.30	166,697,529.18
Other non-current assets	65,936,615.82	4,392,144,875.98	97,531,386.79	13,946,802.82
Total non-current assets	**271,416,262,236.00**	**274,705,121,793.55**	**281,951,948,964.97**	**40,318,592,464.71**
Total assets	**327,643,269,730.06**	**352,829,515,551.03**	**453,515,290,407.45**	**64,851,823,999.01**

	As at 31 December			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(USD) (unaudited)
Current liabilities				
Short-term loans	13,656,118,909.94	27,542,518,281.79	40,750,305,763.65	5,827,216,222.23
Borrowed funds	–	–	1,805,895,858.35	258,239,673.16
Financial liabilities held for trading	–	–	37,130,900.86	5,309,648.20
Notes payable	229,379,029.61	902,904,561.88	1,580,100,000.00	225,951,294.85
Accounts payable	1,639,156,180.60	1,657,354,767.02	6,285,541,847.34	898,820,529.86
Advances from customers	457,492,513.53	388,037,805.17	464,566,619.32	66,432,143.02
Financial assets sold under repurchase agreements	–	–	3,937,499,302.44	563,054,911.62
Receivables from agency securities trading	–	–	4,919,007,837.38	703,408,765.41
Receivables from underwriting securities	–	–	853,056.33	121,985.43
Contract liabilities	592,473,060.58	549,710,008.89	234,662,462.99	33,556,285.91
Staff remuneration payable	167,271,072.16	270,038,315.73	784,098,797.87	112,124,636.84
Taxes and surcharges payable	551,011,558.92	595,899,075.59	672,911,704.65	96,225,093.97
Other payables	1,579,959,957.63	2,558,983,399.85	3,693,623,245.19	528,181,099.25
Non-current liabilities due within one year	1,465,747.22	1,012,505.18	2,914,419,163.04	416,756,397.45
Other current liabilities	53,455,677.91	47,833,941.39	1,970,830,973.72	281,825,080.97
Total current liabilities	**18,927,783,708.10**	**34,514,292,662.49**	**70,051,447,533.13**	**10,017,223,768.16**
Non-current liabilities				
Long-term loans	168,944,242,249.07	160,902,124,844.42	175,792,583,706.31	25,138,005,134.53
Bonds payable	35,533,445,561.96	41,586,651,628.20	52,054,007,534.57	7,443,624,077.24
Lease liability	3,731,151.19	2,038,225.94	57,686,786.47	8,249,100.75
Long-term payable	158,640,000.00	90,130,000.00	130,000.00	18,589.75
Provision for liabilities	–	–	30,854,040.90	4,412,069.17
Deferred income	4,750,000.00	6,000,000.00	–	–
Deferred tax liabilities	394,365,637.32	333,647,081.01	371,130,817.45	53,071,001.05
Other non-current liabilities	1,535,033,579.74	1,636,866,364.65	1,560,913,349.92	223,207,640.38
Total non-current liabilities	**206,574,208,179.28**	**204,557,458,144.22**	**229,867,306,235.62**	**32,870,587,612.88**
Total of liabilities	**225,501,991,887.38**	**239,071,750,806.71**	**299,918,753,768.75**	**42,887,811,381.04**
Shareholders' equity				
Paid-in capital (share capital)	10,000,000,000.00	30,000,000,000.00	30,000,000,000.00	4,289,942,943.76
Capital reserve	82,039,617,799.35	69,822,929,056.67	74,028,434,870.82	10,585,925,393.72
Other comprehensive income	-1,052,144,322.66	-1,046,930,862.63	-1,270,608,903.39	-181,694,656.65
Surplus reserves	309,894,516.36	309,894,516.36	309,894,516.36	44,314,326.46
General Risk Reserve	58,742,723.24	134,786,737.79	202,537,522.79	28,962,480.56
Undistributed profit	5,216,760,384.04	5,995,884,106.75	6,613,356,841.19	945,697,450.51
Total shareholders' equity attributable to parent company	96,572,871,100.33	105,216,563,554.94	109,883,614,847.77	15,713,147,938.36
Minority shareholders' equity	5,568,406,742.35	8,541,201,189.38	43,712,921,790.93	6,250,864,679.60
Total shareholders' equity	**102,141,277,842.68**	**113,757,764,744.32**	**153,596,536,638.70**	**21,964,012,617.97**
Total liabilities and shareholders' equity	**327,643,269,730.06**	**352,829,515,551.03**	**453,515,290,407.45**	**64,851,823,999.01**

Summary Consolidated Income Statement Data

	For the year ended 31 December			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(U.S.$) (unaudited)
Total operating revenue	**8,383,346,183.42**	**10,437,957,777.00**	**13,463,802,881.96**	**1,925,298,205.65**
Operating revenue	8,383,346,183.42	10,275,754,431.93	12,584,647,908.93	1,799,580,716.55
Interest income	–	148,108,390.34	222,116,214.64	31,762,196.26
Fee and commission income	–	14,094,954.73	657,038,758.39	93,955,292.84
Total operating cost	**8,129,370,368.61**	**9,832,084,821.03**	**12,218,722,207.39**	**1,747,254,037.18**
Operating cost	5,903,179,448.72	7,179,642,733.54	7,201,142,801.71	1,029,749,724.97
Interest expenses	–	2,605,304.17	145,071,150.99	20,744,898.68
Commissions and fees expenses	–	81,303.15	113,745,661.77	16,265,413.30
Taxes and additions	71,464,956.98	116,285,679.41	138,026,673.97	19,737,551.87
Selling expenses	38,943,209.76	39,321,357.47	119,988,802.74	17,158,170.59
Administration expenses	604,848,531.96	723,904,929.12	1,631,921,445.06	233,361,662.93
Research expenses	30,166,698.68	7,927,901.95	19,546,597.19	2,795,126.22
Financial expenses	1,480,767,522.51	1,762,315,612.22	2,849,279,073.96	407,441,488.60
Other income	102,151,816.43	63,187,339.74	-16,681,006.13	-2,385,352.15
Investment income	2,203,771,496.78	2,484,935,301.73	3,142,642,382.13	449,391,883.73
Exchange gain	–	–	-450,887.07	-64,475.99
Fair value change gain	304,363,275.89	44,299,649.86	229,109,770.54	32,762,261.45
Credit impairment loss	-198,159,698.87	-170,704,671.31	-644,365,990.16	-92,143,111.09
Asset disposal income	220,710.20	-67,698.42	129,063.96	18,455.90
Operating profit	**2,666,323,415.24**	**3,027,522,877.57**	**3,955,464,007.84**	**565,623,830.32**
Non-operating income	14,100,551.48	31,114,540.63	69,175,592.56	9,891,978.17
Non-operating expenses	2,954,015.92	7,751,131.71	3,652,212.07	522,259.38
Total profit	**2,677,469,950.80**	**3,050,886,286.49**	**4,020,987,388.33**	**574,993,549.12**
Income taxes expenses	652,493,131.36	817,300,151.34	1,060,147,827.69	151,599,123.09
Net profit	**2,024,976,819.44**	**2,233,586,135.15**	**2,960,839,560.64**	**423,394,426.03**
Attributable to shareholders of parent company	1,764,366,142.16	1,932,982,868.54	1,921,150,412.38	274,720,855.18
Attributable to minority shareholders	260,610,677.28	300,603,266.61	1,039,689,148.26	148,673,570.84
Other comprehensive income, net of tax	**-126,406,380.61**	**5,233,209.63**	**-232,239,161.10**	**-33,209,758.35**
Total comprehensive income	**1,898,570,438.83**	**2,238,819,344.78**	**2,728,600,399.54**	**390,184,667.68**

Summary Consolidated Cash Flow Statement Data

	For the year ended 31 December			
	2023	2024	2025	
	(RMB)	(RMB)	(RMB)	(U.S.$) (unaudited)
Net cash flows from operating activities	9,549,448,838.12	12,273,542,293.62	19,966,963,836.05	2,855,237,853.89
Net cash flows from investing activities	-12,856,907,264.93	-16,752,358,170.68	-38,359,092,023.81	-5,485,277,205.22
Net cash flows from financing activities	11,127,310,740.69	10,252,475,618.22	32,318,941,620.38	4,621,547,185.14
Net increase in cash and cash equivalents	7,812,174,232.41	5,784,150,514.84	13,914,070,314.82	1,989,685,592.20
Beginning balance of cash and cash equivalents	3,680,501,785.83	11,492,676,018.24	17,276,826,533.08	2,470,553,335.87
Ending balance of cash and cash equivalents	**11,492,676,018.24**	**17,276,826,533.08**	**31,190,896,847.90**	**4,460,238,928.07**

Other financial data

The following table sets forth certain other financial data of the Group as at the dates and for the periods indicated.

	As at and for the year ended 31 December		
	2023	2024	2025
EBITDA[(1)] (RMB in billion)	4.85	5.76	7.66
EBITDA/interest expenses	2.57	2.42	2.37
RoTA[(2)] (per cent.)	1.45	1.60	1.80
Total indebtedness[(3)] (RMB in billion)	218.1	230.0	268.6
Net debt (RMB in billion)	201.5	207.3	233.2

Notes:

(1) EBITDA for any period is calculated as total profit adjusted for adjusted interest expenses, depreciation of fixed assets, amortisation of intangible assets, depreciation of invested properties and long-term amortisation of current amortization. EBITDA is a widely used financial indicator of a company's ability to service and incur debt, EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Group's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. In evaluating EBITDA, the Group believes that investors should consider, among other things, the components of EBITDA such as sales and operating expenses under the amount by which EBITDA exceeds capital expenditures and other charges. The Company has included EBITDA because it believes that it is a useful supplement to the cash flow data as a measure of the Group's performance and its ability to generate cash flow from operations to cover debt service and taxes. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. Investors should not compare the Group's EBITDA to EBITDA presented by other companies because not all companies use the same definitions.

(2) RoTA is calculated as the sum of total profit and interest expenses divided by average total assets. Investors should not compare the Group's RoTA to RoTA presented by other companies because not all companies use the same definitions.

(3) Total indebtedness consists of short-term loans, long-term loans and bonds payable. Investors should not compare the Group's total indebtedness to total indebtedness presented by other companies because not all companies use the same definitions.

(4) Net debt is calculated as total indebtedness less bank balances and cash. Investors should not compare the Group's net debt to net debt presented by other companies because not all companies use the same definitions.

RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information contained in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially and adversely affected by any of these risks. The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Bonds, but the ability of the Issuer or the Guarantor to pay interests, principal or other amounts on or in connection with any Bonds may be affected by some factors that may not be considered as significant risks by the Issuer, the Guarantor or the Group on information currently available to them or which they are currently unable to anticipate. Additional risks and uncertainties not presently known to the Group or which the Group currently deems 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 Group is not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Group believes may be material for the purpose of assessing the market risks associated with the Bonds are described below. The Group believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Group to repay principal, pay interest (if any) or other amounts or fulfil other obligations on or in connection with the Bonds may occur for other reasons and the Group does not represent that the statements below regarding the risks of holding the Bonds are exhaustive.

RISKS RELATING TO THE GROUP

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

The Group's businesses are highly concentrated in Shandong Province, the PRC, focusing mainly on financial investment and services and modern industrial investment and operations. 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 Shandong Province and the PRC. Meanwhile, governmental policies regarding fund investment, infrastructure construction, equity investment and financial leasing also have a major impact on the Group's business and growth prospects. A key factor affecting these governmental policies is economic conditions in the PRC generally and in Shandong Province in particular. In recent years, there has been a slowdown in the growth of the PRC's economic development as evidenced by a decrease in China's GDP annual growth rate. According to the National Statistics Bureau of the PRC (中華人民共和國國家統計局), the annual growth rate of the PRC's GDP slowed down from 7.8 per cent. in 2013 to 2.3 per cent. in 2020. In 2023, 2024 and 2025, the annual growth rate of the PRC's GDP was 5.2 per cent., 5.0 per cent. and 5.0 per cent., respectively. The national economic condition of the PRC has a material effect on the regional economic performance in the PRC. Shandong Province has similarly experienced a steady but slowing economic growth in recent years. According to the Shandong Provincial Statistics Bureau (山東省統計局), the annual growth rate of GDP in Shandong Province slowed down from 9.6 per cent. in 2013 to 3.6 per cent. in 2020. In 2023, 2024 and 2025, the annual growth rate of Shandong Province's GDP was 6.0 per cent., 5.7 per cent. and 5.5 per cent., respectively.

The future prospects of the PRC's and Shandong Province's economies depend on many different factors, most of which are beyond the Group's control. There can be no assurance that the level of economic development in Shandong Province will continue to grow at the rates seen in recent years, and it is unclear how the economic development in Shandong Province will be affected by a perceivable slowdown in the overall growth of the PRC economy. Any continuing slowdown in the economic development in Shandong Province may affect the quality of assets managed by the Group as well as the operation and development of the customers of the Group, which may in turn adversely affect the Group's business, financial condition, results of operations and prospects.

Furthermore, the Group's business operations rely on the overall activity level in the industries in which it operates and invests, and the relevant upstream and downstream industries. The slow-downs in the growth of market demand, fluctuations in major raw material prices and the commodities prices, volatility of the PRC economy and global markets and more cautious market sentiment towards corporate investment may each negatively affect the Group's business, financial condition, results of operations and prospects.

The Group requires various approvals, permits and licences to operate its businesses.

Certain business activities of the Group, such as financial investment and services, industrial operations, infrastructure services and supply chain services are extensively regulated in the PRC. The operation of these business activities requires a number of approvals, licences and permits from different governmental authorities. For example, the Group is required to and has obtained a number of permits and approvals in connection with its financial leasing business. Governmental authorities in the PRC have broad discretion in implementing and enforcing applicable laws and regulations and in granting such permits, qualifications, approvals and certificates necessary for the Group to conduct its business. There can be no assurance that the Group will be able to obtain or renew all necessary approvals, permits and licences on a timely basis or at all, and any failure to obtain any of these in a timely manner could result in delay or suspension of the Group's business operations or project development, which may subject the relevant Group members to regulatory or administrative penalties.

Furthermore, 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, qualifications, approvals or certificates 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 permits, qualifications, approvals or certificates are fulfilled, governmental authorities normally conduct regular or ad hoc inspections, investigations or inquiries. If any significant non-compliance is identified by the governmental authorities, the Group's permits, qualifications, approvals or certificates may be suspended or revoked, and the Group may be imposed 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 Shandong Provincial Department of Finance and the Shandong Government may exert significant influence on the Group, and could make decisions, or cause the Group to change the scope of its operations, or impose new obligations on the Group, that are not in the Group's best interests.

With 100.0 per cent. of its equity interests ultimately held by the Shandong Provincial Department of Finance, the Guarantor is ultimately controlled by the Shandong Government. As the sole ultimate shareholder of the Guarantor, the Shandong Provincial Department of Finance participates in and closely monitors the Group's decision-making process for key projects, reviews the Group's development strategy and investment plans, and appoints and conducts annual appraisals on, the directors and supervisors of the Guarantor. Due to the involvement of the Shandong Provincial Department of Finance in the affairs of the Group as the Guarantor's sole ultimate shareholder, there can be no assurance that the Shandong Provincial Department of Finance will not interfere with the business and operations of the Group, and any such interference may have a material adverse effect on the Group's business, financial positions, results of operations, financial performances and prospects.

In addition, the Shandong Government may 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 Shandong Provincial Department of Finance and the Shandong Government would always make decisions in the Group's best interests or with the aim of maximising the Group's profits. For example, the Shandong Provincial Department of Finance and the Shandong Government may influence the Group's business and strategies in a manner beneficial to Shandong Province as a whole but not necessarily in the Group's best interests. The Shandong Provincial

Department of Finance and the Shandong Government could also change its policies, plans, preferences, views, expectations, projections, forecasts and opinions, as a result of changes in the PRC's economic, political and social environment and its projections of population and employment growth. Any such change may have a material adverse effect on the Group's business, financial conditions, results of operations and prospects.

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

In light of the strategic importance of the Group's business and operations to Shandong Province, the Group has received substantial support from the Shandong Government and its controlled governmental entities, which is critical to the Group's business operation. The government support received by the Group includes without limitation, favourable policies, business opportunities, favourable taxation treatment, capital injection, government subsidies and grants. However, there is no assurance that the Shandong Government will continue to provide support to the Group or that the existing or other types of government support will not be reduced or terminated due to changes in government policies or otherwise. If any favourable governmental support currently available to the Group is reduced or discontinued in the future, the Group's business, financial condition and results of operations would be materially and adversely affected. The controlling relationship between the Guarantor and its ultimate controller, the Shandong Government does not necessarily correlate to or provide any assurance to the Guarantor's financial condition and the repayment obligation in relation to the Bonds remains the sole obligation of the Issuer and/or the Guarantor.

The Group is subject to a relatively high degree of financial leverage, which may affect the Group's business activities and increase its exposure to certain operational risks.

The Group believes that it will continue to require substantial capital resources to support its business operations and expansion. With the increased investments made by the Group and the rapid growth in the scale of its assets, the amount of outstanding indebtedness of the Group has generally increased. As at 31 December 2025, the Group's total indebtedness (comprising short-term loans, long-term loans and bonds payable) was approximately RMB268.6 billion, representing approximately 59.2 per cent. of the Group's total assets, of which approximately RMB41.8 billion would become due within 12 months. A relatively large size of indebtedness may pose negative effects on the repayment capabilities of the Group in the long run. Therefore, if the Group cannot obtain sufficient funds in commercially acceptable terms in the future, it may be under the repayment pressure, which may negatively affect the liquidity and operation of the Group.

In addition to the above, substantial indebtedness could impact 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;
- 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.

The Group relies on bank loans and proceeds from bond issuances to satisfy a portion of its capital requirements. The Group is subject to financing cost and repayment pressure of principal and interest. For the years ended 31 December 2023, 2024 and 2025, the Group's interest expense under financial expense amounted to approximately RMB1,885.7 million, RMB2,381.1 million and RMB3,228.8

million, respectively. Such cost and pressure may continue to increase in the future. If the Group cannot sustain its ability to make sufficient profits, such high financing costs and repayment pressure may negatively affect the business, financial condition and results of operations 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. As at 31 December 2025, the Group's restricted assets amounted to approximately RMB148.5 billion, representing approximately 32.7 per cent. of its total assets. The Group's restricted assets include without limitation cash at bank and on hand. If the Guarantor and its subsidiaries are unable to service their secured debt on a timely basis, the assets provided as security for such debt may be subject to foreclosure, which may adversely affect the Group's business, prospects and financial condition.

Significant long-term accounts receivable may affect the Group's liquidity and restrict the Group's business activities.

As at 31 December 2023, 2024 and 2025, the Group's long-term accounts receivable amounted to approximately RMB181.1 billion, RMB171.5 billion and RMB152.2 billion, respectively, representing approximately 55.3 per cent., 48.6 per cent. and 33.6 per cent., respectively, of the Group's total assets. These other receivables are mainly outstanding amounts owed to the Group by the local governmental agencies under the Group's infrastructure investment business and by clients under the Group's financial leasing business. According to the Group's accounting policies, the Group will make provisions for overdue receivables in its balance sheet as a reserve against the future recognition of accounts receivable or as bad debt. As at 31 December 2025, the Group made provisions of approximately RMB101.5 million for the Group's long-term accounts receivable.

There are inherent risks associated with the ability and willingness of the Group's customers and the local government to make timely payments and their failure to make timely payments could materially and adversely affect the Group's liquidity and in turn affect its business, financial condition or results of operations.

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

Certain of the Group's businesses are capital intensive. For the year ended 31 December 2023, 2024 and 2025, the Group made capital expenditures of approximately RMB1,783.4 million, RMB861.5 million and RMB2,049.3 million, respectively. There is no assurance that there will be no significant increase in capital expenditure resulting from the Group's business growth.

The Group has historically satisfied its capital requirements mainly with cash flows generated from its operating activities, bank loans and other borrowings and bond issuances. 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 changes 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, if at all.

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. Most of these factors are beyond the Group's control and there is no assurance that the Group will be able to procure sufficient funding 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.

Most of the Group's businesses are operated in a single geographical region.

A majority of the Group's current and anticipated businesses are operated in Shandong Province. Any material region-wide adverse events may negatively impact the demand for services provided or projects conducted by the Group in Shandong Province, which would in turn affect the revenue 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, slowdown in the infrastructure construction, 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, results of operations and prospects.

The financial services and securities sectors are highly competitive, and the Group's businesses may be materially and adversely affected if it is unable to compete effectively.

The Group operates in multiple industries in the PRC, including securities services, fund investments, other financial investments and local financial services. These industries are highly competitive, and the Group faces intense competition in most of its business lines. The Group competes with PRC securities firms, commercial banks, insurance companies and other financial institutions in various specific business lines. Commercial banks, insurance companies and other financial institutions are expanding their services into the traditional businesses of financial services firms through continuous product and service innovation and have been competing with securities firms in certain areas.

Furthermore, any lowering of the entry thresholds of the PRC financial services industry and the trend towards mixed business operations in the PRC financial industry may cause new competitors to enter into the securities industry, or allow the Group's current competitors to expand the scope of their business into new business areas and compete with the Group. Any deregulation of the PRC financial services industry, particularly over foreign ownership in financial services companies, may also induce more foreign financial institutions to enter into the PRC capital markets.

In addition, as the PRC financial services industry is gradually evolving and the economy is gradually developing, demand for other innovative products and services may emerge, and there can be no assurance that the Group will be able to provide such innovative products and services in a timely manner. With the continuous innovation of the financial industry and the impact of Internet finance, the market competition in the financial industry will become increasingly fierce. As a result, if the Group fails to compete effectively against its competitors, its business, results of operations and financial condition may be materially and adversely affected.

The Group's financial investment and services is subject to the inherent risks associated with the investment markets and changes in general political conditions.

The Group's financial investment and services is directly affected by the inherent risks associated with the investment markets, such as market volatility, overall investment sentiments, fluctuations in market capitalisation and trading volumes, the supply of liquidity and perceived credit worthiness of each individual investment and the general investment industry. The Group's financial investment and services is also subject to changes in general political conditions, such as monetary policies, fiscal policies, foreign exchange policies, currency fluctuations, cost of funding, volatility of interest rates, taxation policies and other macroeconomic policies, legislation and regulations affecting the financial and securities industries. The Group may not be able to manage its exposure to changes of these conditions. It is also affected by the upward and downward trends in the business and financial sectors as well as inflation and availability of short-term and long-term funding sources. Poor market conditions

could affect the value of its investment assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the investment assets that the Group invests in or manages which, in turn, may have a material adverse effect on its business, growth prospects, net inflows of assets under management, fee income, results of operations and/or financial condition.

The Group has made investments in limited partnership funds that it does not control.

The Group invests in various underlying funds under its fund investment business, in which it does not have control as a limited partner ("**LP**") or as an investor. The capability to manage and monitor the operations of the fund is vested on the general partner ("**GP**") or the fund manager under the limited partnership agreement ("**LPA**") entered among LPs and GPs or under the investment memorandum. The Group's inability to exercise control over the fund and project companies associated with the operation of the fund exposes the Group to inherent risks such as daily operational issues and legal noncompliance of its project companies as the Group may not be in a position to resolve issues or address risks in its project companies. Also, its interests may be adversely affected as a result of the GP or fund manager's failure to perform its contractual obligations under the LPA or the investment memorandum.

Also, regardless of whether the Group has control, there can be no assurance that it will not have disputes with other LPs or investors of the fund. In the event of such disputes, the operations of such fund may be adversely affected, and the Group may be forced to take legal actions, including arbitration and litigation, to resolve such disputes. These actions could result in substantial costs, divert the Group's management resources and adversely impact its reputation. The outcome of any such arbitration or litigation cannot be guaranteed. If any of the foregoing were to occur, the value of the Group's partnership interest in the fund that it does not control could decrease and its financial condition and cash flows could suffer as a result.

Disputes with the GP of funds invested by the Group may affect the Group's business, financial condition and results of operations of the funds.

Disagreements with the GP in connection with the scope or performance of the GP's respective obligations under a fund partnership or co-operation arrangement could adversely affect the Group's ability to implement its business strategies and achieve its investment goals. The GP may interpret the obligations of the parties under the LPA narrower than the Group in its capacity as the LP. The Group may also have disputes with the GP over the carried interests the GP may be entitled to. In addition, the GP may fail to identify appropriate investment opportunities or realise sufficient returns for the Group as the LP. The LPs may have economic or business interests or goals that are inconsistent with the GP. The GP may also take actions which are contrary to instructions or requests from the LP or contrary to its policies or objectives, or it may be unable or unwilling to fulfil its obligations under the LPA. Should any of these situations arise, the Group may be unable to derive the benefits it anticipates from such partnerships in its capacity as the LP and the Group's business, financial condition, results of operations and prospects could be adversely affected.

A decline in the pace of investments into the funds that the Guarantor's subsidiary manages could result in the Group receiving less carried interest.

The carried interest that any of the Guarantor's subsidiaries acting as the GP (the "**Subsidiary GP**") earns is driven in part by the pace of investments into the funds which the Subsidiary GP manages. Any decline in such pace could reduce the Subsidiary GP's carried interest and could make it more difficult for the Subsidiary GP to raise capital. Many factors could cause such a decline in the pace of investments, including the inability of the Subsidiary GP's investment professionals to identify attractive investment opportunities, competition for such opportunities among other potential acquirers, decreased availability of capital on attractive terms and the Subsidiary GP's failure to consummate identified investment opportunities because of business, regulatory or legal complexities and adverse developments in the PRC or the global economy or financial markets, which in turn could affect the Group's business, financial condition, results of operations and prospects.

The equity investments made under the Group's fund investment business and equity investment business is subject to the Group's investment decisions and market volatility.

The Group makes equity investments in its fund investment business, such as fund investment and equity investment in investment funds, and equity investment business. For investments in private companies, the Group generally faces the risks as follows, and its business, financial condition and results of operations could be materially and adversely affected by any of the events mentioned below.

- Portfolio companies may take longer than expected to mature to a stage suitable for IPOs. As such, the Group's investment period would be longer than it anticipated which could reduce its returns on investment.

- The Group's ability to exit an equity investment is also subject to market conditions in the PRC. Owing to volatile equity capital markets, the Group may be forced to sell its investments at undesirable prices or defer sales for a considerable period of time, or the Group may not be able to sell its investments at all.

- If the target company does not reach the profitability as anticipated, the Group's ability to exit from, or receive dividends on, such investments could be severely hampered; and the target company could suffer from business difficulties, have poor financial performance or even become insolvent before the Group exits.

In addition, the Group may have limited control over the companies in which it has invested. Therefore, it may not be able to influence the business decisions of the Group's invested companies, which could prevent the Group from making profit from such investments as it anticipated. In addition, for the private portfolio companies, they may fail to meet their obligations under the agreements entered into with the Group, which could result in deterioration in the value of the investments. In such cases, the business, financial condition and results of operations of the Group could be materially and adversely affected.

The Group may be subject to various risks with respect to its financial leasing business.

The Group engages in financial leasing under its financial leasing business and may be subject to various risks, including but not limited to:

- The financial leasing business is exposed to credit risk arising primarily from the default by the lessees or the guarantors, which may result in deterioration in the quality of the lease receivables portfolio or a decline in the quality of future receivables. In addition, if the Group fails to effectively mitigate the credit risk and its outstanding finance lease receivables, the cash flows from and liquidity condition of financial leasing business could be materially and adversely affected.

- The value of collateral or guarantee used to secure the Group's leases, and the assets underlying such leases which are disposed of upon repossession, may be inadequate to cover related finance lease receivables. The Group usually requests lessees to provide collateral to secure the obligations under the lease agreements and/or provide a guarantee in connection with each financial lease. The value of collateral and/or assets underlying the Group's leases may be reduced due to various factors such as damage, devaluation, loss or reduced market demand. A significant deterioration in the financial condition of the guarantors under the Group's leases could significantly decrease the amounts that the Group may recover under such guarantees. A reduction in the value of collateral, guarantees or assets that underlie the Group's leases or the Group's inability to obtain additional guarantees may result in impairment losses and require the Group to make additional provisions for impairment losses on its finance lease receivables. This may materially and adversely affect the Group's financial leasing business, financial condition and results of operations.

- The Group may face difficulties and not be able to successfully enforce its rights to the underlying collateral or guarantees in relation to the Group's leases or its rights to repossess the assets underlying such leases in connection with the Group's financial leasing business. For the Group's financial leasing services, the Group would usually request the lessees to provide collateral or guarantees for the leases with specific guarantee agreements. The lessees and guarantors of the Group's finance leases are generally third parties in relation to the Group, the Group's shareholders or directors or any of their respective associates. In the event of any material default on interest payment terms, the Group is entitled to enforce its security rights and/or repossess and dispose of the assets underlying its leases to realise their value.

- The financial leasing business may be affected by the fluctuations of the interest rate. The interest rates payable by the customers in the financial leasing business are substantially influenced by PBOC benchmark lending rates. If the PBOC increases the benchmark lending rates, this would affect the willingness of the existing or potential customers of the Group's customers to undertake new projects and may cause them to limit the size of the projects that they undertake in the future. If the PBOC decreases the benchmark lending rates, the Group will face intensifying competition among financial leasing companies and other financial institutions. For more information on the interest rate fluctuation, see "*– The Group's results of operations may be susceptible to material fluctuations of interest rates*".

The Group's infrastructure investment business depends largely on the government's policies.

The Group's ability to raise funds for its infrastructure investment business depends on a number of factors, including the PRC government's policy, macroeconomic factors affecting the PRC's economy as well as significant volatilities in its capital markets, many of which are beyond the Group's control. Banks may reduce the amount or be unwilling to lend their funds to the Group due to market volatility and unfavourable economic conditions as well as the change of PRC government's policy. However, as payments of the existing infrastructure investment projects under the Group's infrastructure investment business are generally paid by the local government to the Group in instalments over a specified period of time, normally ranging from ten to 25 years, the Group believes that such change of PRC government's policy would not materially and adversely affect the financial condition, results of operations and prospects of the Group's infrastructure investment business. See "*Description of the Group – Description of the Group's Business – Infrastructure Investment – Business Model*".

In addition, to the extent that economic and market conditions deteriorate, the Group may be unable to raise sufficient funds from banks to support the infrastructure investment activities of future funds. If the Group fails to raise funds or if there is any change of PRC government's policy regarding the infrastructure investment segment, the financial condition, results of operations and prospects of the Group's infrastructure investment business could be materially and adversely affected.

The Group's infrastructure investment business is exposed to liquidity risk.

As a key financing platform for financing and supporting infrastructure constructions in Shandong Province, the Group finances provincial infrastructure construction projects, including shanty-town renovation projects, development of rural highways and education-related facilities, by on-lending the loans from financial institutions to third parties, mainly local state-owned enterprises, which are responsible for carrying out the construction of the projects. As such, the Group's infrastructure investment business is exposed to liquidity risk arising primarily from the mismatch of repayment in timing and amount between the repayment of bank loans owed by the Group and the repayment of loans on-lend by the Group. The Group has implemented a comprehensive internal risk management mechanism to minimise and control the liquidity risks arising from the infrastructure construction projects financed by the Group. For example, the Group carefully manages the duration of its indebtedness to ensure sustainable funding, and implements various measures to control the process of issuance of loans and payment collection. In addition, the Group generates cash flows from various sources, such as cash flows generated from its operating activities, bank loans and other borrowings and

bond issuances. However, there is no assurance that the Group will be able to have sufficient cash on hand to meet its liquidity needs. Although the Group believes that it currently maintains sufficient credit lines and banking facilities, potential sources of external financing could be limited due to unfavourable market conditions and disruptions in credit and capital markets. Any decline in its liquidity level may increase the Group's borrowing costs, which may in turn have a material and adverse impact on the financial condition, results of operations and prospects of the Group's infrastructure investment business.

Changes in government policies on government buyout services may adversely affect the Group's infrastructure investment business.

Government authorities may, without prior notice to the Group, implement changes to the existing policies on buyout services, which may adversely affect the Group's infrastructure investment business.

The Group primarily conducts its infrastructure investment business based on policies designated by the Shandong Provincial Department of Finance. The Group generates operating income by providing investment and financing services for provincial infrastructure construction projects, including shanty-town renovation projects, development of rural highways and education-related facilities by on-lending loans from financial institutions to third parties, mainly local state-owned enterprises, which are responsible for carrying out the construction of the projects. In return, the Group charges services fees to borrowers when disbursing such loans to third parties. This approach designates the Group as the primary borrowing entity for infrastructure investment projects, utilizing a government buyout service model for project financing.

The service fees generated from these transactions is the main source of operating revenue of the Group in its infrastructure investment business. Due to policy reasons, the Group no longer engage in new infrastructure investment projects that involve government buyout services due to policy reasons. However, previously approved shantytown renovation projects continue to proceed normally. Although due to the long-term nature of these loans (10 to 25 years), the asset management fee income continues to provide a stable cash flow for the Group, there is no assurance that the government policies will not change in the future in a manner which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's healthcare and cultural tourism business is sensitive to the general macro-economic environment.

The healthcare and cultural tourism business, including the cultural tourism operations and cultural tourism project investment, is one of the main business under the Group's industry operations segment. The healthcare and cultural tourism business is particularly sensitive to the general macro-economic environment, which has affected and could affect levels of discretionary leisure tourism and tourist spending. In particular, the number of tourists traveling and the amount they spend on holidays could decrease if disposable income reduces, sales taxes or value-added taxes increase, unemployment rate increases, transport and fuel costs increase, or the spending habits of tourists change in response to uncertain economic conditions. The general macro-economic environment and other factors which are common to the healthcare and cultural tourism industry in general but beyond the Group's control could result in a material adverse impact on the Group's business and financial condition.

The Group's fund investment business depends largely on its ability to raise funds from investors and retain the funds raised.

The Group's ability to raise funds for its fund investment business depends on a number of factors, including macroeconomic factors affecting the PRC's economy as well as significant volatilities in its capital markets, many of which are beyond the Group's control. Investors may reduce or withdraw their investments due to market volatility and unfavourable economic conditions as well as when the investment objective is satisfied. The Group's investors and potential investors assess its performance, market benchmarks and performance of the Group's competitors, which affects the Group's ability to raise funds for existing and future funds. To the extent that economic and market conditions deteriorate,

the Group may be unable to raise sufficient funds to support the investment activities of future funds. If the Group fails to raise funds, the financial condition and results of operations of the Group's fund investment business could be materially and adversely affected.

Fluctuations in commodity prices may adversely affect the Group's supply chain services business.

The Group's supply chain services business primarily involves products such as refined oil, coatings, and building materials. The prices of these commodities are subject to significant volatility driven by global crude oil price movements, changes in supply and demand dynamics, government pricing policies, and international trade conditions. Although the Group primarily adopts a "order-based procurement" model to mitigate price risk, fluctuations in procurement and sales prices occurring within a short period may still adversely affect the Group's gross profit margin and overall profitability. There can be no assurance that the Group will be able to pass on any significant increase in procurement costs to its downstream customers in a timely manner or at all.

The Group's supply chain business is concentrated in the petrochemical and building materials industries.

A substantial portion of the Group's supply chain services revenue is derived from the trading of refined oil products, petrochemical materials and building materials. These industries are subject to cyclical fluctuations, government price controls, changes in refining capacity utilisation, environmental regulations, the pace of new energy adoption and geopolitical risks. Specifically, the Group's petrochemical trade is sensitive to global energy market shifts. Any material adverse development in these industries, including but not limited to any decrease in market demand or supply chain disruptions, could materially and adversely affect the Group's supply chain services revenue and profitability.

The Group's supply chain services rely on a limited number of major suppliers and customers.

The Group's supply chain services business depends on a limited number of major upstream suppliers, including central and local state-owned enterprises and large-scale private enterprises in the petrochemical and construction sectors as its downstream customers. The loss of any significant supplier or customer, or a material deterioration in the Group's relationship with any such party, could result in a substantial reduction in trading volume and revenue. Furthermore, the inability of major suppliers to perform their obligations due to financial distress, operational disruptions or regulatory sanctions may disrupt the Group's supply chain and adversely affect its ability to satisfy its commitments to downstream orders.

The Group may be exposed to credit and settlement risks from its customers and suppliers.

The Group extends credit to its customers and is required to make payments to its suppliers in the ordinary course of its supply chain services business. Procurement and sales settlements are primarily conducted via telegraphic transfer and notes, with settlement periods generally not exceeding one year. However, delays or defaults in payment by downstream customers, particularly during periods of economic downturn or tight credit conditions, may expose the Group to liquidity strain, increased provision for expected credit losses, and potential bad debt expenses. In addition, pursuant to specific transaction requirements, the Group may be required to prepay deposits or progress payments to suppliers, which may further increase the Group's working capital requirements and credit exposure.

The Group's operations may be adversely affected by challenges in inventory management and control.

The Group's supply chain services business involves extensive logistics operations. Although the Group generally seeks to match procurement with sales orders, there may be periods during which goods are held in inventory or are in transit between suppliers and customers. During such periods, the goods are exposed to risks of physical damage, theft, deterioration, price decline and obsolescence. In addition, the Group may be required to hold inventory in advance of customer demand or as a result of minimum

purchase commitments from suppliers. Any material inventory loss or decline in inventory value that is not adequately covered by insurance, contractual protections or downstream customer prepayments could adversely affect the Group's financial condition and results of operations.

The Group relies on third-party warehousing and logistics providers for its supply chain operations.

In the ordinary course of its supply chain services business, the Group may engage third-party logistics providers and warehousing services. While the Group selects such third-party partners based on their qualifications and track records, the Group does not directly operate these facilities. Any failure by third-party providers to maintain adequate security, insurance coverage or operational standards, or any disruption to warehousing or transportation services due to accidents, natural disasters or labour disputes, could lead to inventory loss, delivery delays or damage to the Group's reputation.

Restrictive covenants contained in financing agreements 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 agreements entered into by members of the Group contain operational and financial restrictions on the Guarantor 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 Guarantor or any of its relevant subsidiaries (as borrower) to meet such financial restrictions may be affected by events beyond its control. Such restrictions may also negatively affect the 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 Guarantor or any of its relevant subsidiaries is unable to comply with the restrictions and covenants in its current or future financing and other agreements, a default under the terms of such agreements may occur. In the event of a default under such agreements, the creditors may be entitled to terminate their credit commitments to the Guarantor or its subsidiaries, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Some of the financing agreements entered into by the Guarantor and its subsidiaries may contain cross-acceleration or cross-default provisions. As a result, a default by the Guarantor or any of its subsidiaries under any of such agreements may cause the acceleration of not only such defaulted debt but also other debt, including the Bonds, or result in a default under other financing agreements. If any of these events occurs, there can be no assurance that the Guarantor or its subsidiaries will be able to obtain the creditors' waiver in a timely manner or that the assets and cash flow of the Guarantor or its subsidiaries would be sufficient to repay in full all of their respective debt as they become due or accelerated, or that the Guarantor or its subsidiaries would be able to find alternative financing. Even if the Guarantor and its subsidiaries could obtain alternative financing, there can be no assurance that it would be on terms that are favourable or commercially acceptable to the Guarantor or, as the case may be, its subsidiaries.

The provision for impairment losses with respect to the businesses conducted by the Group may not be sufficient for covering the actual losses which may be incurred in the future.

The Group may be required to make provisions for impairment losses for the businesses it engages. The Group determines the amount of provisions on the basis of the Group's internal provisioning procedures and guidelines and relevant regulatory requirements with consideration of certain other factors. In the event that adverse changes occur in the PRC economy or if other events adversely affect specific customers, industries or markets, or if there is any change to the factor previously used to assess and determine the amount of provisions, the Group's provisions for impairment losses with respect to the businesses conducted may prove to be insufficient. Under these circumstances, the Group may be

required to make additional provisions for impairment losses, which could significantly reduce the Group's profit and may materially and adversely affect its 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. Most of the Group's indebtedness bears interest at floating interest rates, which are mainly linked to the LPR published by the National Interbank Funding Centre(全國銀行間同業拆借中心). Any material fluctuations in the LPR may have a material impact on the Group's interest expenses under its bank loans and in turn affect its results of operations. The Group may not be able to obtain future funding at a commercially acceptable cost, or at all. The PRC government has historically adjusted interest rates from time to time as implementation of the PRC government's economic and monetary policies. Since 2012, PBOC reduced the benchmark one-year lending rate a number of times to 4.35 per cent. as at 24 October 2015 and onwards. Starting August 2019, the National Interbank Funding Centre is authorised by PBOC to publish the LPR on a monthly basis based on the prime rate offered by a panel of commercial banks, and Chinese banks are required to use the LPR as the reference rate for the pricing of its loans extended after 1 January 2020. Although the Group's business and financial condition may benefit from the low prevailing interest rates in the market, there is no assurance that this low-interest environment will continue. Any increase in the LPR in the future will increase the Group's financing costs and adversely affect the Group's profitability, financial condition and results of operations.

The Group may be unsuccessful in integrating and managing future investments and acquisitions.

As part of its expansion plans, the Group from time to time considers investment and acquisition opportunities that may complement its core business portfolio and capabilities, and assist in expanding the market share of its core business operations. The ability of the Group's operations to grow by investments in and acquisitions of its target businesses is dependent upon, and may be limited by, the availability of attractive projects, its ability to agree commercial, technical and financing terms to the satisfaction of the Group and obtaining required approvals from relevant regulatory authorities.

Such investments and acquisitions may expose the Group to potential difficulties that could prevent it from achieving the strategic objectives for the investments and/or acquisitions or the anticipated levels of profitability from the investments and acquisitions. These difficulties include:

- diversion of management's attention from the Group's existing businesses;
- increases in the Group's expenses and working capital requirements, which may reduce its return on invested capital;
- difficulty of expanding into markets in different geographic locations and challenges of operating in markets and industries that the Group does not have substantial experience in;
- increases in debt, which may increase the Group's finance costs as a result of higher interest payments;
- exposure to unanticipated contingent liabilities to acquired businesses; and
- difficulties in integrating acquired businesses or investments into the Group's existing operations, which may prevent it from achieving, or may reduce, the anticipated synergies.

In addition, when the Group invests in joint ventures which it may not have management control, there can be no assurance that such joint ventures will operate smoothly or successfully, if at all. There can be no assurance that joint venture partners will act in a way which is consistent with the interests of the Group and be able and willing to fulfil their obligations under the relevant joint venture or other agreements.

The risk management policies and procedures and internal controls of the Group, as well as the risk management tools available to the Group, may not be adequate or effective in identifying or managing risks to which the Group is exposed.

The complexity of the operations and products of the Group exposes the Group to various risks, including market risk, credit risk, operational risk, liquidity risk, compliance risk, legal risk and other risks. The Group has established risk management and internal control systems and procedures to manage potential risks associated with the businesses the Group engages in, and the Group has been dedicated to continuously improving these systems and procedures. However, the design and implementation of such systems, including internal control environment, risk identification and evaluation, effectiveness of risk control and information communication, are restricted by the information, tools, models and technologies available to the Group, and systems of the Group may not be adequate or effective in identifying or mitigating its risk exposure in all market environments or protecting it against all types of risks. The risk management and internal control systems of the Group require constant monitoring, maintenance and continual improvements. The efforts of the Group to maintain these systems may be ineffective or inadequate.

The effectiveness of the risk management and internal control systems and procedures of the Group may also be adversely affected by misjudgement, clerical mishandling and errors, reporting errors or the limited experience or resources in making accurate, complete, up-to-date or proper evaluations. Many of the methods adopted by the Group for managing risk exposure are based upon observed historical market behaviour or data. Future risk exposure can be significantly greater than what these methods have historically estimated. Moreover, the information and empirical data that the Group relies on may quickly become obsolete as a result of market and regulatory developments, and the historical data of the Group may not be able to adequately reflect risks that may emerge from time to time in the future.

In addition, the Group has a relatively limited operating history in its fund investment business operation. Though the Group has implemented various measures to improve its risk management and internal controls, there can be no assurance that all such measures will prove to be effective or adequate. The Group's efforts to improve its risk management and internal controls have required, and in the future may require, increased costs and significant management time and commitment.

Furthermore, financial institutions typically utilise various financial instruments to manage risks associated with their businesses. The current state of the financial markets in the PRC and current PRC laws and regulations, however, restrict the types of financial instruments the Group may use to mitigate or hedge different risks. Therefore, the risk management tools available to the Group are limited, which in turn limits the risk management capability and effectiveness of the Group. As a result, the Group may be unable to take timely and appropriate measures to manage its risks due to the ineffectiveness of risk management methods and techniques adopted by the Group.

The Group cannot assure that its risk management and internal control systems are adequate and effective. Failure to address any internal control matters and other deficiencies in a timely and effective manner may result in investigations, disciplinary actions or even prosecution being taken against the Group or its employees, or disruption to its risk management system, any of which may have a material adverse effect on its business, financial condition and results of operations.

The Group operates in 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 Guarantor has a large number of subsidiaries operating in multiple industries. Through these subsidiaries, the Group focuses on a number of business segments covering a wide range of industries, involving financial investment and services and modern industrial investment and operations. As such, the Group is exposed to risks associated with conducting multiple businesses and operating through a large number of subsidiaries.

The Group is exposed to business, market and regulatory risks relating to different industries, markets and geographic areas, and may from time to time expand its businesses to new industries, markets and geographic areas in which it has limited operating experience. The Group may need to devote substantial resources to become familiar with, and monitor changes in, different operating environments so that it can develop strategies that fit the needs of the portfolio companies.

In addition, due to the large number of the Group's portfolio companies, successful operation of the Group's subsidiaries requires an effective management system. As the Group continues to grow its businesses and expand into various industries, the Group's operations and corporate structure may become more complex, which would increase the difficulty of implementing its management system. There is no assurance that the Group can successfully manage the business operations all of its subsidiaries, or that the business operations and development of the Group members will form any kind of synergy. Any mismanagement of the subsidiaries may materially and adversely affect the Group's business, financial condition and results of operations.

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

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

Since the historical financial information of the Group may not be indicative of its current or future results of operations, there is no assurance that the Group will not record an operating loss in the future, which may have a negative effect on the Group's payment capabilities.

The Group's results of operation and its operating revenue from the Group's various business segments may vary significantly from period to period.

The Group's results of operations and its operating revenue from its principal business segments may vary significantly from period to period due to a number of factors, such as general economic and market conditions, nature of the Group's businesses, timing of the Group's investment projects, operating revenue recognition policies and any volatility in expenses. The Group generates its operating revenue primarily from fund investment business, infrastructure investment business and financial leasing business, which are usually subject to state macro-control and general economic conditions, accordingly, their results of operation may experience relatively large fluctuations. Considering the uncertainties of current economic and market conditions, which may pose a material effect on the Group's businesses, there is no assurance whether the results of operation of the Group or its principal businesses may experience volatility or decrease in the future, and prospective investors should consider this factor prior to making any investment decision.

The Group faces risks associated with contracting with public bodies.

As a provincial financial service provider and a state-owned capital investment and operation entity in Shandong Province, the Group collaborates with various governmental bodies in Shandong Province and other entities under their control. Although the Group believes that it currently maintains good working relationships with those governmental bodies and entities, there is no assurance that these working relationships will sustain in the future. Local governments and entities under their control may have economic or business interests or considerations that are inconsistent with those of the Group, take actions contrary to the Group's requests, strategies or objectives, encounter financial difficulties, or have disputes with the Group as to contractual or other matters. Those governmental bodies and entities may

not honour their contractual obligations in a timely manner, if at all, or may, without prior notice or consent from the Group, change existing policies and project plans in Shandong Province for a number of reasons, such as government budgeting and government policies.

In addition, the Group may contract with the local governments in Shandong Province under its infrastructure investment business for loan repayment of certain infrastructure construction projects in Shandong Province. The local governments' ability to meet its repayment obligations for such projects largely depends on its fiscal revenue, policies and regulations promulgated by governments or authorities at higher levels as well as many other factors which are generally beyond the Group's control. The local governments may be unable or unwilling to fulfil their contractual obligations.

Failure by the local government to fulfil its obligations under these loans or any adverse change to the policies or development plans may require the Group to adjust its business plans and strategies, which could adversely affect its operating results. There is no assurance that the Group will be able to successfully resolve its disagreements with the local governments or entities under their control in a timely manner, or at all. Disputes with public bodies may last for considerably longer periods of time than those with private sector counterparties, and payments from public bodies with which the Group has such disputes may be delayed as a result. Any of these eventualities may materially and adversely affect the business relationships between the Group and the local governments, which may in turn materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Labour shortages, labour disputes or increases in labour costs as well as implementation of PRC employment regulations could materially and adversely affect the Group's business, prospects and results of operations.

The Group's business can be labour intensive. Increased awareness of labour protection as well as increasing minimum wages is likely to increase the labour costs of PRC enterprises in general.

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 stringent requirements on employers in relation to entry into fixed-term employment contracts and restrictions on 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 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. Under the National Leisure and Tourism Outline 2013-2020 (國民旅遊休閒綱要2013-2020) which became effective on 2 February 2013, the system of paid annual leave for employees shall have been basically implemented by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013-2020, the Group's labour costs (inclusive of those incurred by contractors) may increase.

Further, under the PRC Labour Contract Law, 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 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 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 of the Guarantor 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 loss to the Group and adversely affect its operating revenue and financial condition.

The Group may not be able to fully detect money laundering and other illegal or improper activities in its business operations on a timely basis.

The Group is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC, Hong Kong and other relevant jurisdictions. The PRC's anti-money laundering law requires financial institutions to establish sound internal control policies and procedures with respect to anti-money laundering monitoring and reporting activities. Such policies and procedures require the Group, in particular, the portfolio companies in its financial services segment to, among other things, establish a customer identification system in accordance with the relevant rules, record the details of customer activities and report suspicious transactions to the relevant authorities.

In the event that the Group fails to detect money laundering or other illegal or improper activities or fails to fully comply with applicable laws and regulations, the relevant government agencies may freeze its assets or impose fines or other penalties on it. Any such consequence may materially and adversely affect its business reputation, financial condition and results of operations.

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, subcontractors 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 the bribery activities;
- 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 on the Group as a result and have a material adverse effect on its reputation and business.

Litigation and regulatory investigations and the resulting sanctions or penalties may adversely affect the Group's reputation, business, results of operations and financial condition.

The Group is exposed to risks associated with litigations relating to its operations, including the risk of lawsuits and other legal actions. The Group may be subject to arbitration claims and lawsuits in the ordinary course of its business. The Group may also be subject to inquiries, investigations, and proceedings by regulatory and other governmental agencies actions brought against it, which may result in settlements, injunctions, fines, penalties or other results adverse to it that could harm its reputation. Even if the Group is successful in defending itself against these actions, the costs of such defence may be significant. In addition, the Group may be subject to regulatory actions from time to time. A substantial legal liability or a significant regulatory action could have a material and adverse effect on the Group's operations, reputation and business prospects.

There is no assurance that the number of legal claims and amount of damages sought in litigation and regulatory proceedings may not increase in the future. A significant judgement or regulatory action against the Group or a disruption in its business arising from adverse adjudications in proceedings against its directors, officers or employees would have a material adverse effect on its liquidity, business, financial condition, results of operations and prospects.

The Group's businesses may be adversely affected by natural disasters, an outbreak, or threatened outbreak, of any severe contagious disease or other contingent events.

The Group's business performance is subject to general economic and social conditions in the PRC, especially economic development in Jinan where the Group operates. Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought, or epidemics such as Middle East Respiratory Syndrome (MERS), Severe Acute Respiratory Syndrome (SARS), H5N1 avian flu, human swine flu (also known as Influenza A (H1N1)) or, the novel coronavirus ("**COVID-19**") pandemic.

Past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in the PRC. Another public health crisis in the PRC triggered by a recurrence of SARS or an outbreak of any other epidemics, including, for example, the COVID-19 pandemic, may result in material disruptions to the Group's business operation, such as its engineering construction business. In addition, the outbreak of communicable diseases, such as the COVID-19 outbreak on a global scale, may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect the PRC and other economies. Such outbreak has resulted in restrictions on travel and public transportation and prolonged closures of workplaces, which has a material adverse effect on the global economy. Any material changes 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.

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:

- defective quality of the projects and products it develops;
- work-related personal injuries;
- on-site production accidents;
- unexpected business interruptions;
- construction interruptions caused by operational errors, electricity outages, raw material shortages, equipment failure and other production risks;
- operating limitations imposed by environmental or other regulatory requirements;
- environmental or industrial accidents; and
- catastrophic events such as fires, earthquakes, explosions, floods or other natural disasters.

Members of the Group maintain insurance policies, which the Group believes to be consistent with relevant laws and industries 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 Group or its contractors, 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 business interruption, property risks and third party (public) liability from wars, acts of terrorism or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Although each of the Group's production facilities has had a track record of safe operation and none of them has suffered any material hazards over the last three years, there can be no assurance that hazards, accidents or mishaps will not occur in the future. To the extent that the members of the Group suffer 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's historical financial statements have been prepared in accordance with PRC GAAP, which is different from IFRS in certain respects.

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

In addition, the Group's independent auditor, Xin Lian Yi, is registered members of the Chinese Institute of Certified Public Accountants. Although the Group's auditor has significant audit experience in the PRC, they have limited international capital markets experience. Prospective investors should consider this factor prior to making any investment decision.

The Group's independent auditor is subject to periodic regulatory oversight and may be involved in legal or other proceedings from time to time.

The Group's independent auditor, Xin Lian Yi and its personnel are subject to extensive regulatory oversight and may, from time to time, be involved in litigations, arbitrations, investigations, or other legal claims and lawsuits in the ordinary course of their business. Xin Lian Yi has been involved in a civil litigation in the PRC during the past three years. Based on the due diligence conducted by the Joint Lead Manager and confirmations received from Xin Lian Yi, (i) such legal proceeding is unrelated to the Group and does not involve any members of the audit engagement team for the Group's current bond issuance, and (ii) such proceeding is not expected to have any material adverse impact on this offering of Bonds.

However, there can be no assurance that any future negative developments concerning our independent auditors or any future regulatory actions against them will not affect investor confidence in the Group's financial statements or the trading price and liquidity of the Bonds.

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

From time to time, the Group issues debt securities in the PRC. According to applicable PRC regulations, the Group is required to publish its periodic financial information to satisfy its continuing disclosure obligations relating to its debt securities issued. The interim financial information published by the Group in the PRC is normally derived from its management accounts and is not audited or reviewed by independent auditors. Certain historical financials that are not included in this Offering Circular may not be directly comparable to the financials contained herein. As such, financial information published in the PRC by the Group should not be relied upon by potential purchasers to provide the same quality of information associated with any audited information.

Public corporate disclosure about the Issuer and the Guarantor may be limited.

As the Issuer and the Guarantor have not been listed on any stock exchange, there may be less information about them publicly available than is regularly made available by listed companies.

RISKS RELATING TO THE PRC

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

The economy of China experienced rapid growth in the past 40 years. There has been a slowdown in the growth of China's GDP since the second half of 2013 which has raised market concerns that the historic rapid growth of the economy of China may not be sustainable. According to the National Statistics Bureau of the PRC, the annual growth rate of China's GDP in 2020 slowed down to 2.3 per cent. on a year-on-year basis compared to 6.8 per cent. in 2016. In March 2016, Moody's Investors Service and Standard & Poor's Ratings Services changed China's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's Investors Service changed China's credit rating outlook to "stable" but lowered PRC's sovereign rating from Aa3 to A1. In September 2017, Standard & Poor's Ratings Services lowered China's sovereign credit rating from AA- to A+. Any slow-down in the PRC economy may create a credit-tightening environment, increase the Group's financing costs, or reduce government subsidies to the Group, resulting in a material adverse effect on its business, results of operations and financial condition.

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 addition, the United Kingdom's exit from the European Union took place on 31 January 2020, where the United Kingdom legally revoked its membership in the 28-nation European Union. There is also substantial uncertainty relating to the impact of the United Kingdom's withdrawal from the European Union on the economic conditions of other part of the world, such as the PRC's, including but not limited to further decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies) and a possible economic recession involving more countries and areas. On 11 March 2020, the World Health Organisation declared COVID-19 as a global pandemic. The COVID-19 pandemic has resulted in a number of countries declaring a state of emergency and a number of countries, including the PRC, Japan, the United States, members of the European Union and the United Kingdom, imposing extensive business and travel restrictions with a view to containing the pandemic. Widespread reductions in consumption, industrial production and business activities arising from the COVID-19 pandemic will significantly disrupt the global economy and global markets and is likely to result in a global economic recession. In addition, COVID-19 has led to significant volatility in the global markets across all asset classes, including stocks, bonds, oil and other commodities and this volatility may persist for some time.

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.

Changes in China's economic, political and social conditions as well as governmental policies could adversely affect the Group's business, financial condition and results of operations.

Substantially all of the Group's assets are located in the PRC. Accordingly, the Group's financial condition, results of operations and prospects are, to a material extent, subject to economic, political and legal developments in the PRC. 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 emphasizing 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 China 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 is no assurance that the PRC government will continue to pursue the economic reforms or that any such reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). If the PRC's economic growth slows down or if the PRC economy experiences a recession, the growth of demands for the Group's products and services may also slow down or stop, and its business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes to or introduction of measures to control 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 may evolve, and the interpretation and implementation of PRC laws and regulations involves uncertainties. Legal protections available to the holders of the Bonds may be limited.

As substantially all of the Group's businesses are conducted, and substantially all of the Group's assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The Chinese legal system is based on written statutes. Prior court decisions may be cited for reference but are not binding on subsequent cases and have limited precedential value. Since 1979, the Chinese legislative bodies have promulgated laws and regulations dealing with such economic matters as foreign investment, corporate organisation and governance, commerce, taxation and trade. However, as these laws and regulations involve significant uncertainties. As the Chinese legal system develops, there is no assurance that changes in such laws and regulations, or in their interpretation or enforcement, will not have a material adverse effect on the business operations.

In addition, many of the PRC laws and regulations are relatively new and evolving, subject to different interpretations. Only limited volumes of published court decisions may be cited for reference, and such cases have limited precedential value as they are not binding on subsequent cases. These uncertainties relating to the interpretation of PRC laws and regulations and a system of jurisprudence that gives only limited precedential value to prior court decisions can affect the legal remedies and protections available to investors, and can affect the value of your investment.

Furthermore, the administration of PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. These uncertainties relating to the interpretation and implementation of PRC laws and regulations may affect the legal protections and remedies that are available to the Group in its operations and to holders of the Bonds.

Government control of currency conversion and the fluctuation of the Renminbi may materially and adversely affect the Group's operations and financial results.

The Group receives substantially all of its revenues in Renminbi, which currently is not a freely convertible currency. A portion of these revenues must be converted into other currencies to allow the Group to make payments on obligations denominated in currencies other than the Renminbi.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's political and economic conditions. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. Since then, the PRC government has made, and may in the future make, further adjustments to the exchange rate system. PBOC announces the closing price of a foreign currency traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each working day, and makes it the central parity for the trading against the Renminbi on the following working day. The PBOC surprised markets in August 2015 by thrice devaluing the Renminbi, lowering its daily mid-point trading price significantly against the U.S. dollar. The currency devaluation of the Renminbi was intended to bring it more in line with the market by taking market signals into account. Renminbi depreciated significantly against the U.S. dollar following this August 2015 announcement by the PBOC and hit record lows since 2008 against the U.S. dollar in 2016. Following the gradual appreciation of Renminbi in 2017, Renminbi experienced a depreciation in value against U.S. dollar following a fluctuation in 2018 and a significant depreciation from the second half of 2019 through the first half of 2020, followed by appreciation in the second half of 2020, and may remain fluctuating in the future. For more details, see "*Exchange Rate Information*". With an increased floating range of the Renminbi's value against foreign currencies and a more market-oriented mechanism for determining the mid-point exchange rates, the Renminbi may further appreciate or depreciate significantly in value against the U.S. dollar or other foreign currencies in the long-term. Any significant appreciation of the Renminbi against the U.S. dollar or other foreign currencies may result in the decrease in the value of the Group's foreign currency-denominated assets. Conversely, any significant depreciation of the Renminbi may adversely affect the value of the Group's businesses and its proceeds from the Issue. In addition, there are limited instruments available for the Group to reduce its foreign currency risk exposure at reasonable costs. All of these factors could materially and adversely affect the Group's businesses, financial conditions and results of operations.

The operations of the Group may be affected by rising inflation rates within the PRC.

Economic growth in the PRC has historically been accompanied by periods of high inflation. The PRC government has implemented various policies from time to time to control inflation. The PRC government has periodically introduced measures in certain sectors to avoid overheating of the economy, including tighter bank lending policies, increases in bank interest rates, and measures to curb inflation, which has resulted in a decrease in the rate of inflation. However, inflation rates within the PRC have been on a sharp uptrend in recent years. Increasing inflationary rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policies and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's business and financial condition and results of operations, as well as its liquidity and profitability.

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

Facts, 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 and although the Group believes such facts and statistics are accurate and reliable, it cannot guarantee the quality or the reliability of such source materials. They have not been prepared or independently verified by the Group, the Joint Lead

Managers, the Trustee, the Agents or any of its or their respective affiliates, employees, officers, directors, agents, advisers, 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, 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 Shandong Government and the Shandong Provincial Department of Finance) has no obligation to pay any amount under the Bonds.

The PRC government (including the Shandong Government and the Shandong Provincial Department of Finance) is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds. 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**") 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**") promulgated on 11 May 2018 and took effect on the same day.

The PRC government, the Shandong Government and the Shandong Provincial Department of Finance only have limited liability in the form of its equity contribution in the Issuer and the Guarantor. As such, the PRC government, the Shandong Government and the Shandong Provincial Department of Finance do not have any payment or other obligations under the Bonds or the relevant transaction documents in relation to the Bonds. The Bonds are to be solely repaid by the Issuer and/or the Guarantor as an obligor under the relevant transaction documents and as an independent legal person. Investments in the Bonds are relying solely on the credit risk of the Issuer and the Guarantor. Any ownership or control by the PRC government does not necessarily correlate to, or provide any assurance as to, the financial condition of the Issuer or the Guarantor. Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Guarantor and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements. In the event the Issuer and/or the Guarantor do not fulfil their obligations under the Bonds, investors will only be able to claim as an unsecured creditor against the Issuer, the Guarantor and their assets, and not any other person including the PRC government, the Shandong Government, the Shandong Provincial Department of Finance or any other local or municipal government.

An active trading market for the Bonds may not develop.

The Bonds are a new issue of securities for which there is currently no trading market. There can be no assurance as to the liquidity of the Bonds or that an active trading market will develop or as to liquidity or sustainability of any such market, the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds. If the Bonds are allocated to a limited group of investors, and a limited number of investors hold a significant proportion of the Bonds, liquidity will be restricted and

the development of a liquid trading market for the Bonds will be affected. If a market does develop, it may not be liquid and the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's operations and the market for similar securities. The Joint Lead Managers are not obligated to make a market in the Bonds and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Joint Lead Managers. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, Bondholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Bonds. Such lack of liquidity may result in investors suffering losses on the Bonds in secondary resales even if there is no decline in the performance of the assets of the Group. It is not possible to predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Bonds and instruments similar to the Bonds at that time. Although application will be made for the listing of the Bonds on the Hong Kong Stock Exchange, no assurance can be given as to the liquidity of, or trading market for, the Bonds. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, investors will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

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

If an active trading market for the Bonds were to develop, the price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group, proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, changes in the industry that the Group operates and competition and general economic conditions 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.

Investors in the Bonds may be subject to foreign exchange risks.

The Bonds are denominated and payable in U.S. dollars. An investor who measures investment returns by reference to a currency other than the U.S. dollar would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which neither the Issuer nor the Guarantor has any control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

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

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including China. Since the sub-prime 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.

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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 of 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) Bonds are legal investments for it, (b) 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 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 (other than the Issuer), and effectively subordinated to the Guarantor's secured debt to the extent of the value of the collateral securing such indebtedness.

The Issuer was established by the Guarantor specifically for the purpose of issuing the Bonds and will on-lend the net proceeds from the issue of the Bonds to the Guarantor or to other members of the Group. Moreover, the Issuer may issue other bonds in the future and on-lend the proceeds to other entities. The Issuer does not and will not have any assets other than such loan and its ability to make payments under the Bonds will depend on its receipt of timely payments from the Guarantor or other members of the Group under such loan arrangement.

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, 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 percentage 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.

If the Guarantor fails to submit the Deed of Guarantee for registration with SAFE or complete such registration with SAFE within the time period prescribed by SAFE, there may be logistical hurdles for cross-border payment under the Guarantee.

Pursuant to the Deed of Guarantee, the Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Bonds and the Trust Deed. The Guarantor is required to submit the Deed of Guarantee to SAFE for registration in accordance with, and within the time period prescribed by, the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees. Although the non-registration does not render the Deed of Guarantee ineffective or invalid under PRC law, the Guarantor may not be able to go through the procedures for the purchase of foreign exchange and remittance to perform its obligations under the Deed of Guarantee, and SAFE may impose penalties on the Guarantor if registration of the Deed of Guarantee is not carried out within the stipulated timeframe. The Guarantor intends to complete the Cross-Border Security Registration with SAFE as soon as practicable and in any event before the Registration Deadline (being the day falling 150 PRC Business Days after the Issue Date). If the Cross-Border Security Registration is not completed before the Registration Deadline, the holder of a Bond will have the option to require the Issuer to redeem such Bond pursuant to Condition 6(c) of the Terms and Conditions of the Bonds. In addition, if the Guarantor fails to complete the Cross-Border Security Registration, there may be logistical hurdles at the time of remittance of funds (if any cross-border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of the registration of the Deed of Guarantee with SAFE in order to effect such remittance, although this does not affect the validity of the Deed of Guarantee itself.

The Provisions on the Foreign Exchange Administration of Cross-Border Guarantees is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Deed of Guarantee of the Bonds in the PRC. In addition, the administration of the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees may be subject to a certain degree of executive and policy discretion by SAFE. There is no assurance that the registration of the Deed of Guarantee with SAFE can be completed by the Guarantor or that such registration will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the validity and enforceability of the Deed of Guarantee in the PRC.

The NDRC Measures is a new regulation and the implementation of which may involve significant uncertainty.

According to the NDRC Measures promulgated by the NDRC on 5 January 2023, which came into effect on 10 February 2023 and superseded the NDRC Circular, and any implementation rules as issued by the NDRC from time to time, if a PRC enterprise or an offshore branch or enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a tenor of one year or more, such PRC enterprise must, in advance of issuing such bonds, file certain prescribed documents with the NDRC and obtain the Certificate of Examination and Registration from the NDRC in respect of such issue. According to the NDRC Measures, the enterprise must report certain details of the bonds to the NDRC within 10 working days upon the completion of the bond issue.

However, the NDRC Measures is a recent regulation and its interpretation may involve significant uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds. The administration of the NDRC Measures may be subject to a certain degree of executive and policy discretion by the NDRC. In particular, there is a risk that the NDRC could in the future amend the rules relating to the NDRC Measures or the interpretation thereof (including with retroactive effect), such that debt instruments similar to the Bonds will be subject to the registration and other requirements under the NDRC Measures. In such circumstances, there is no assurance that Issuer will be able to comply with the NDRC requirements to provide the notification of the particulars of the issue of the Bonds to the NDRC within the prescribed timeframe, which may in turn result in an adverse consequence for the Issuer, the Bonds or the investors in the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

The Bonds and the Guarantee are unsecured obligations.

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

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

- there is a default in payment under the Issuer's or the Guarantor's future secured indebtedness or other unsecured indebtedness; or

- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

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

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

The Terms and Conditions of the Bonds provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to any modification of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed, the Bonds, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee will not be materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed, the Terms and Conditions of the Bonds, the Deed of Guarantee or the Agency Agreement which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of law.

In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds, the Trust Deed, the Terms and Conditions of the Bonds, the Deed of Guarantee or the Agency Agreement (other than a proposed breach, or a breach relating to the subject of certain reserved matters) if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby.

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

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

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

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

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

The Bonds will be represented by the Global Certificate which will be deposited with a common depositary for Euroclear and Clearstream (each a "**Clearing System**"). Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive certificates representing the 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 Systems.

While the Bonds are represented by the Global Certificate, the Issuer, or failing which, the Guarantor will discharge its payment obligations under the Bonds by making payments to the Clearing System for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely

on the procedures of the relevant Clearing System(s) to receive payments under the Bonds. Neither the Issuer nor the Guarantor 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 Clearing System(s) to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Certificate will not have a direct right under the Global Certificate to take enforcement action against the Issuer or the Guarantor in the event of a default under the Bonds but will have to rely upon their rights under the Trust Deed.

The Bonds are subject to optional redemption by the Issuer and may have a lower market value than bonds that cannot be redeemed.

The Issuer has the option to redeem all of the Bonds in the circumstances as set forth in Condition 6(d) (*Redemption at Make Whole Price at the Option of the Issuer*) and Condition 6(e) (*Redemption at par at the Option of the Issuer*) of the Terms and Conditions of the Bonds. Such an optional redemption feature is likely to limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. Potential investors should consider such optional redemption feature prior to making any investment decision.

The Issuer may be expected to redeem the Bonds when its cost of borrowing is lower than the coupon rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

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

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

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

The Bonds will carry a fixed interest rate. Consequently, the trading price of the Bonds will vary with the fluctuations in the US dollar interest rates. If a holder of the Bonds tries to sell such Bonds before their maturity, he may receive an offer that is less than his investment.

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

The Issuer may, on the occurrence of a Relevant Event (as defined under the Terms and Conditions of the Bonds), 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 in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. There is also no assurance that the Guarantor 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 or redeem tendered Bonds by the Issuer or the Guarantor would constitute an event of default under the Bonds, which may also constitute a default under the terms of the Group's other indebtedness.

The insolvency laws of the British Virgin Islands and 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 British Virgin Islands and the PRC, respectively, any insolvency proceeding relating to the Issuer or the Guarantor would likely involve British Virgin Islands or PRC insolvency laws, respectively, 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.

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, giving of notice to the Issuer and the Guarantor pursuant to Condition 9 of the Terms and Conditions of the Bonds and taking steps pursuant to Condition 13 of the Terms and Conditions of the Bonds, the Trustee may, at its sole discretion, request the Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes steps and/or actions and/or institutes proceedings on behalf of the Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction.

Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or 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 or security or pre-funding to it, in breach of the terms of the Trust Deed or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law and regulations, it will be for the holders of the Bonds to take such steps and/or actions and/or institute such proceedings directly.

Decisions may be made on behalf of all holders of the Bonds that 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 the individual Bondholders.

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

The Terms and Conditions of the Bonds, the Deed of Guarantee, the Trust Deed and the Agency Agreement are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, the Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned（關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排）(the "**Arrangement**"), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts.

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

TERMS AND CONDITIONS OF THE BONDS

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

The issue of the U.S.$350,000,000 in aggregate principal amount of 4.25 per cent. guaranteed bonds due 2029 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) was authorised by a resolution of the sole director of SFG International Holdings Co. Limited(山東財金國際控股有限公司)(the "**Issuer**") passed on 18 May 2026 and the guarantee of the Bonds was authorised by a resolution of the board of directors of Shandong Finance Investment Group Co. Limited(山東省財金投資集團有限公司)(the "**Guarantor**") passed on 13 August 2025 and 15 May 2026. The Bonds are constituted by a Trust Deed (as amended, restated and/or supplemented from time to time, the "**Trust Deed**") dated 1 June 2026 between the Issuer, the Guarantor and China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司)(the "**Trustee**", which expression shall include its successors(s)) as trustee for itself and the holders of the Bonds). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the certificates evidencing the Bonds. The Bonds have the benefit of a deed of guarantee (as amended, restated and/or supplemented from time to time, the "**Deed of Guarantee**") dated 1 June 2026 executed by the Guarantor and the Trustee relating to the Bonds. An Agency Agreement (as amended, restated and/or supplemented from time to time, the "**Agency Agreement**") dated 1 June 2026 relating to the Bonds has been entered into between the Issuer, the Guarantor, the Trustee, China Construction Bank (Asia) Corporation Limited(中國建設銀行(亞洲)股份有限公司) as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent appointed from time to time in connection with the Bonds), as registrar (in such capacity, the "**Registrar**", which expression shall include its successor(s)) and as transfer agent (in such capacity, the "**Transfer Agent**", which expression shall include any other transfer agent appointed in connection with the Bonds) and any other agents named therein. Copies of the Trust Deed, the Deed of Guarantee and the Agency Agreement are available for inspection 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)) by the Bondholders (as defined below) following prior written request and proof of holding and identity to the satisfaction of the Trustee, at the principal place of business of the Trustee (being as at the Issue Date (as defined below) at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong). "**Paying Agents**" means any paying agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds and includes the Principal Paying Agent and "**Agents**" means the Principal Paying Agent, any other Paying Agents, the Registrar, the Transfer Agent and any other agent or agents appointed from time to time pursuant to the Agency Agreement with respect to the Bonds. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

All capitalised terms that are not defined in these terms and conditions (these "**Conditions**") will have, unless the context otherwise requires, the meanings given to them in the Trust Deed.

1 Form, Specified Denomination and Title

The Bonds are issued in the specified denomination of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Specified Denomination**").

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

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

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

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

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

2 Transfers of Bonds and Delivery of New Certificates

(a) **Transfer:** A holding of Bonds may, subject to Conditions 2(d) and 2(e), 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 the relevant Transfer Agent may 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 (which shall be in the Specified Denomination) and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor (which shall be in the Specified Denomination). 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.

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) shall be made available for delivery within seven business days of receipt of a duly completed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), "**business day**"

means a day, other than a Saturday or Sunday or public holiday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) **Transfer or Exercise Free of Charge:** 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 by the relevant Bondholder of any and all tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require in respect thereof); (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title or identity of the person making the application; and (iii) the Registrar or the 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 redemption of that Bond, (ii) after a Put Exercise Notice has been deposited in respect of such Bond pursuant to Condition 6(c), (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(a)), or (iv) during the period of 15 days prior to (and including) any date on which Bonds may be called for redemption by the Issuer pursuant to Conditions 6(b), 6(d) or 6(e).

(e) **Regulations:** All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement. Each of the Issuer and the Registrar may change the regulations from time to time, with the prior written approval of the Trustee and (in the case of any change proposed by the Issuer) of the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholder and at the Issuer's expense) by the Registrar to any Bondholder upon prior written request and proof of holding and identity to the satisfaction of the Registrar and is available at the specified office of the Registrar.

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 legislation and subject to Condition 4(a), at all times rank *pari passu* 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 legislation and subject to Condition 4(a), at all times rank *pari passu* with all the Issuer's other present and future unsecured and unsubordinated obligations.

4 Negative Pledge; Undertakings relating to the Bonds and the Guarantee

(a) **Negative Pledge:** So long as any Bond remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and each of the Issuer and the Guarantor will ensure that none of their respective Subsidiaries will create, incur, assume, permit to exist 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 such Relevant Indebtedness, without at the same time or prior thereto

according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(b) **Undertakings relating to the Bonds and the Guarantee: The Guarantor undertakes:**

(i) to file or cause to be filed with the National Development and Reform Commission of the PRC (the "**NDRC**") the requisite information and documents, within 10 PRC Business Days after the Issue Date in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-term Foreign Debts of Enterprises (《企業中長期外債審核登記管理辦法》國家發展和改革委員會令第56號))(the "**NDRC Measures**") issued by the NDRC on 5 January 2023 and which came into effect from 10 February 2023, and other requisite information and documents in connection with the Bonds from time to time within the relevant prescribed timeframes in accordance with the NDRC Measures (the "**Post-Issuance Filing**") and to comply with all applicable PRC laws and regulations in relation to the issue of the Bonds; and

(ii) to register or cause to be registered with the Shandong Branch (or other relevant branch) of the State Administration of Foreign Exchange ("**SAFE**"), the Deed of Guarantee within 15 PRC Business Days after execution of the Deed of Guarantee in accordance with the Provisions on the Foreign Exchange Administration of Cross-Border Guarantees (跨境擔保外匯管理規定) promulgated by SAFE on 12 May 2014 which came into effect on 1 June 2014 (the "**Cross-Border Security Registration**") and to use its best endeavours to complete the Cross-Border Security Registration and obtain a registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE) on or before the Registration Deadline and comply with all applicable PRC laws and regulations in relation to the Guarantee.

The Guarantor shall, within 10 PRC Business Days after submission of the Post-Issuance Filing and receipt of the registration certificate from SAFE (or any other document evidencing the completion of registration issued by SAFE), provide the Trustee with:

(i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory (as defined in the Trust Deed) of the Guarantor confirming (A) the submission of the Post-Issuance Filing and the completion of the Cross-Border Security Registration; and

(ii) copies of the relevant documents evidencing the completion of the Post-Issuance Filing (if any) and the Cross-Border Security Registration, each certified in English by an Authorised Signatory of the Guarantor as being a true and complete copy of the original,

(such documents as set out in (i) and (ii) collectively, the "**Registration Documents**").

In addition, the Guarantor shall, procure that, within five PRC Business Days after the documents comprising the Registration Documents are delivered to the Trustee, the Issuer gives notice to the Bondholders (in accordance with Condition 16) of the completion of the Post-Issuance Filing and the Cross-Border Security Registration in the form set out in the Trust Deed.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to:

(i) monitor, assist with or ensure the completion of the Cross-Border Security Registration with SAFE on or before the Registration Deadline and/or the Post-Issuance Filing with the NDRC within 10 PRC Business Days after the Issue Date;

(ii) verify the accuracy, validity and/or genuineness of any documents in relation to or in connection with the Post-Issuance Filing and/or the Cross-Border Security Registration and/or the Registration Documents; or

(iii) give notice to the Bondholders confirming the completion of the Post-Issuance Filing and/or the Cross-Border Security Registration,

and shall not be liable to the Issuer, the Guarantor, any Bondholders or any other person for not doing so.

(c) **Financial Statements:** So long as any Bond remains outstanding (as defined in the Trust Deed):

(i) within 150 days of the end of each Relevant Period, the Guarantor shall provide the Trustee with a copy of the relevant Audited Financial Reports prepared in accordance with PRC GAAP (audited by a nationally or internationally recognised firm of independent accountants) and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants or (y) 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 Guarantor certifying that such translation is complete and accurate. The Trustee shall not be obliged to check or verify any translations and may rely conclusively without liability to any Bondholder or any other person on the accuracy and completeness of any such translation;

(ii) within 120 days of the end of each Relevant Period, the Guarantor shall provide the Trustee with a copy of the Unaudited Semi-Annual Financial Reports prepared on a basis consistent with the Audited Financial Reports and if such statements shall be in the Chinese language, together with an English translation of the same translated by (x) a nationally or internationally recognised firm of independent accountants or (y) 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 Guarantor certifying that such translation is complete and accurate. The Trustee shall not be obliged to check or verify any translations and may rely conclusively without liability to any Bondholder or any other person on the accuracy and completeness of any such translation; and

(iii) each of the Issuer and the Guarantor shall provide the Trustee with a Compliance Certificate (on which the Trustee may rely conclusively as to such compliance) of the Issuer or the Guarantor (as the case may be) (a) within 14 days of any request therefor from the Trustee or (b) at the time of the provision of the Audited Financial Reports.

(d) **Ratings:** So long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders, the Issuer will use all reasonable endeavours to maintain a rating on the Bonds by at least one Rating Agency.

In these Conditions:

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

"**Authorised Signatory**" means an Authorised Signatory as defined in the Trust Deed;

"**Compliance Certificate**" means a certificate (substantially in the form scheduled to the Trust Deed) of the Issuer or the Guarantor (as the case may be) in English signed by an Authorised Signatory of the Issuer or the Guarantor (as the case may be) that, having made all reasonable enquiries, to the best 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 calendar days before the date of the certificate that:

(a) no Event of Default (as defined in Condition 9) or Potential Event of Default (as defined in the Trust Deed) has 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

(b) the Issuer or the Guarantor (as the case may be) has complied with all its covenants and obligations under the Trust Deed, the Bonds and the Deed of Guarantee.

"**Issue Date**" means 1 June 2026;

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

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

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

"**Rating Agency**" means (1) Fitch Ratings Ltd. and its successors; (2) Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors or (3) any other reputable credit rating agency of international standing;

"**Registration Deadline**" means the day falling 150 PRC Business Days after the Issue Date;

"**Relevant Indebtedness**" means any indebtedness incurred outside the PRC which is in the form of, or represented or evidenced by, bonds, notes, or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market (which, for the avoidance of doubt, does not include bilateral loans, syndicated loans or club deal loans, any transferrable loan facility or agreement);

"**Relevant Period**" means (i) in relation to the Audited Financial Reports, each period of 12 months ending on the last day of the Guarantor's financial year (being 31 December of that financial year) and (ii) in relation to the Unaudited Semi-Annual Financial Reports, each period of six months ending on the last day of the Guarantor's first half financial year (being 30 June of that financial year);

a "**Subsidiary**" of any person means (a) 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 (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person; and

"**Unaudited Semi-Annual Financial Reports**" means, for a Relevant Period, semi-annual unaudited and unreviewed consolidated balance sheet, income statement and statement of cash flows of the Guarantor together with any statements, reports (including any directors' and auditors' review reports, if any) and 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 4.25 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$21.25 per Calculation Amount (as defined below) on 1 June and 1 December in each year (each an "**Interest Payment Date**") commencing on 1 December 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 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 date 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 date falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of the 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 Bondholder under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), 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 is called an "**Interest Period**".

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

6 Redemption and Purchase

(a) **Final Redemption:** Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 1 June 2029 (the "**Maturity Date**"). The Bonds may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) **Redemption for 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 to the Bondholders and in writing to the Trustee and the Principal Paying Agent (which notice shall be irrevocable), at their principal amount together with any unpaid interest accrued up to, but excluding the date fixed for redemption, if the Issuer and/or the Guarantor (as the case may be) satisfies the Trustee immediately prior to the giving of such notice (i) that the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in Condition 8) as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC, or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including but not limited to any decision by a court of competent jurisdiction), which change or amendment becomes effective on or after 27 May 2026; and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds (or the Guarantee, as the case may be) then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer (or the Guarantor, as the case may be) shall deliver to the Trustee (A) a certificate signed in English by any one Authorised Signatory of the Issuer (or a certificate in English of the Guarantor signed by an Authorised Signatory of the Guarantor, as the case may be) stating that the obligation referred to in (i) above of this Condition 6(b) cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it and (B) an opinion, addressed to and in form and substance satisfactory to the Trustee, of independent tax or legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be) has or will become obliged to pay such Additional Tax Amounts as a result of such change or amendments, and the Trustee shall be entitled (but shall not be obliged to) to accept 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 the same shall be conclusive and binding on the Bondholders. All Bonds in respect of which any notice of redemption is given under Condition 6(b) shall be redeemed on the date specified in such notice in accordance with this Condition 6(b). The Trustee shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion.

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

The "**Put Settlement Date**" shall be the fourteenth day (in the case of a redemption for a Change of Control) or the tenth day (in the case of a redemption for a No Registration Event) or, if such day is not a Payment Business Day (as defined in Condition 7(f)), the next

following Payment Business Day after the expiry of such period of 30 days as referred to above. A Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds the subject of the Put Exercise Notices delivered as aforesaid on the Put Settlement Date.

The Issuer or the Guarantor as the case may be shall give notice in writing to Bondholders in accordance with Condition 16 and to the Trustee and the Principal Paying Agent in writing by not later than 14 days (in the case of a redemption for a Change of Control) or five PRC Business Days (in the case of a redemption for a No Registration Event) following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 6(c).

In this Condition 6(c):

a "**Change of Control**" occurs when:

(i) (a) the Shandong Finance Department and (b) any other person Controlled (whether directly or indirectly) by the Shandong Provincial Finance Department, the Shandong Provincial People's Government or the PRC government, together cease to Control the Guarantor;

(ii) the Guarantor ceases to hold or own 100 per cent. of the issued share capital of the Issuer; or

(iii) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person or persons, acting together, unless (x) the Guarantor is the surviving person after such consolidation or merger, or (y) if the Guarantor is not the surviving person after such consolidation or merger, such person(s) is/are Controlled (whether directly or indirectly) by the Shandong Finance Department, the Shandong Provincial People's Government or the PRC government;

"**Control**" means, with respect to a person, (i) the ownership or control of 100 per cent. of the voting rights of the issued share capital of a person whether obtained directly or indirectly or (ii) the right to appoint and/or remove all or the majority of the members of a 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;

a "**No Registration Event**" occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;

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

"**Registration Conditions**" means the receipt by the Trustee of the Registration Documents;

a "**Relevant Event**" means a Change of Control or a No Registration Event; and

"**Shandong Finance Department**" means the Shandong Provincial Department of Finance (山東省財政廳) or its successors.

Neither the Trustee nor the Agents 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.

(d) **Redemption at Make Whole Price at the Option of the Issuer:** On giving not less than 30 nor more than 60 days' notice (a "**Make Whole Redemption Notice**") to the Bondholders in accordance with Condition 16 and in writing to the Trustee and the Principal Paying Agent, the Issuer may at any time and from time to time prior to the Par Call Date (as defined in Condition 6(e)) redeem the Bonds, in whole but not in part, at a Make Whole Price at the redemption date as specified in the Make Whole Redemption Notice (the "**Make Whole Redemption Date**"), together with accrued and unpaid interest up to but excluding such Make Whole Redemption Date.

Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions (including any Make Whole Price or any amount payable under any notice of redemption or Put Exercise Notice) or have any duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and none of them shall be liable to the Bondholders, the Issuer, the Guarantor or any other person for not doing so or for any appointment of, or any calculation or determination made by, the Quotation Agent.

For the purpose of this Condition 6(d):

"**Adjusted Treasury Rate**" means, with respect to a Make Whole Redemption Date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Make Whole Redemption Date;

"**Comparable Treasury Issue**" means the U.S. Treasury security having a maturity comparable to the remaining term of the Bonds from the Make Whole Redemption Date to the Par Call Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to most nearly equal to the Par Call Date;

"**Comparable Treasury Price**" means, with respect to a Make Whole Redemption Date:

(1) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third business day preceding such redemption date, as set forth in the daily statistical release (of any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities"; or

(2) if such release (or any successor release) is not published or does not contain such prices on such business day, (x) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (y) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations;

"**Make Whole Price**" means, with respect to a Bond at the Make Whole Redemption Date, the amount that is the greater of (i) the amount equal to the present value of the principal amount of the Bond, assuming a scheduled repayment thereof on the Par Call Date, plus the present values of the scheduled interest payments due on such Bond from and including the Make Whole Redemption Date to but excluding the Par Call Date (but excluding accrued and

unpaid interest to but excluding the Make Whole Redemption Date), computed using a discount rate equal to the Adjusted Treasury Rate plus 15 basis points, and (ii) the principal amount of such Bond. Such Make Whole Price shall be determined and notified in writing by the Quotation Agent to the Trustee, the Principal Paying Agent and the Issuer;

"**Quotation Agent**" means the Reference Treasury Dealer selected by the Issuer and notified in writing to the Trustee and the Principal Paying Agent;

"**Reference Treasury Dealer**" means each of any three investment banks of recognised standing that is a primary U.S. Government securities dealer in New York City, selected by the Issuer in good faith; and

"**Reference Treasury Dealer Quotations**" means, with respect to each Reference Treasury Dealer and a Make Whole Redemption Date, the average as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to such Quotation Agent by such Reference Treasury Dealer at 5:00 p.m. (New York time) on the third business day preceding such Make Whole Redemption Date.

(e) **Redemption at par at the Option of the Issuer**: The Issuer may, on giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) and in writing to the Trustee and the Principal Paying Agent, redeem the Bonds in whole, but not in part, at any time on or after 1 May 2029 (the "**Par Call Date**"), at 100 per cent. of their principal amount together with any interest accrued to but excluding the date fixed for redemption specified in the Optional Redemption Notice.

(f) **Notices of Redemption:** All Bonds in respect of which any notice of redemption is given under this Condition 6 shall be redeemed on the date specified in such notice in accordance with this Condition 6. If there is more than one notice of redemption given in respect of any Bond (which shall include any notice given by the Issuer pursuant to Condition 6(b), any Put Exercise Notice given by a Bondholder pursuant to Condition 6(c), a Make Whole Redemption Notice given pursuant to Condition 6(d) and an Optional Redemption Notice given pursuant to Condition 6(e)), the notice given first in time shall prevail and in the event of two notices being given on the same date, the first to be given shall prevail.

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption or Put Exercise Notice) or have any duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Bondholders or any other person for not doing so.

(g) **Purchase:** The Issuer, the Guarantor and their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for, among other things, the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 9, 12(a) and 13.

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

7 Payments

(a) **Method of Payment:**

(i) Payments of principal and premium (if any) shall be made (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Bonds represented by such Certificates) in the manner provided in Condition 7(a)(ii) below.

(ii) Interest on each Bond shall be paid on the due date to the person shown on the Register at the close of business on the fifth Payment Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Bond shall be made in U.S. dollars by wire transfer to the registered account of the holder of such Bond. In these Conditions, the "**registered account**" of a holder means the U.S. dollar account maintained by or on behalf of the such holder with a bank, details of which appear in 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 Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

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

(c) **Payment Initiation:** Where payment is to be made by wire transfer to an account in U.S. dollars, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if that date is not a Payment Business Day, on the first following day which is a Payment Business Day), or, in the case of payments of principal or premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Paying Agent, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Appointment of Agents:** The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent 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 Agents and to appoint additional or other Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) such other agents as may be required by the stock exchange on which the Bonds may be listed, in each case, as approved in writing by the Trustee.

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

(e) **Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay in receiving the amount due on a Bond if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so), or if a wire transfer made in accordance with Condition 7(a)(ii) reaches the registered account of the relevant holder 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, a Sunday or a public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of U.S. dollars payments in Hong Kong and New York City and (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 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 British Virgin Islands or the PRC or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC at the rate applicable on 27 May 2026 (the "**Applicable Rate**"), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If (i) the Issuer is required to make any such deduction or withholding by or within the British Virgin Islands, or (ii) the Issuer, or as the case may be, the Guarantor is required to make any such deduction or withholding by or within the PRC in excess of the Applicable Rate, then 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:** to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the British Virgin Islands (in the case of payments made by the Issuer) or the PRC (in the case of payments made by the Issuer or the Guarantor) other than the mere holding of the Bond; or

(b) **Lawful avoidance of withholding:** to a holder, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate representing the Bond is presented for payment; or

(c) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is surrendered or presented (where presentation or surrender is required) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering or presenting (as the case may be) the Certificate representing such Bond for payment on the last day of such period of 30 days (as if such last day were a Payment Business Day).

In this Condition 8, "**Relevant Date**" in respect of any Bond means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Bondholders that, upon further presentation or surrender (as the case may be) of the Certificate representing such Bond being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation or surrender.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, assessments, governmental charges, withholding or other payment referred to in this Condition 8 or otherwise in connection with the Bonds or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such tax, duty, assessments, governmental charges, withholding or other payment in any jurisdiction or to provide any notice or information 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, assessments, governmental charge, withholding or other payment imposed by or in any jurisdiction.

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

9 Events of Default

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

(a) **Non-Payment:** there has been a failure to pay (i) the principal of or any premium (if any); 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 their respective other obligations under the Bonds, the Trust Deed or the Deed of Guarantee (other than where such default gives rise to a Bondholder right to require

the redemption of the Bonds pursuant to Condition 6(c)), which default is, in the opinion of the Trustee, incapable of remedy or, if such default is, in the opinion of the Trustee, capable of remedy, such default is not remedied within 45 calendar days after written 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 (as extended by any originally applicable grace period), provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 9(c) have occurred equals or exceeds U.S.$30,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar 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 any substantial 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 calendar days; or

(e) **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of their respective Principal Subsidiaries on all or a substantial part of its assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and is not discharged or stayed within 45 calendar days; or

(f) **Insolvency:** the Issuer or the Guarantor or any of their respective Principal Subsidiaries (i) 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 as they fall due, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts as they fall due, or (ii) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; or

(g) **Winding-up:** an order is made by a court of competent jurisdiction or an effective resolution is passed for the winding-up or dissolution of the Issuer or the Guarantor or any of their respective Principal Subsidiaries, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders or (B) in the case of a Principal Subsidiary of the Issuer or the Guarantor, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or the Guarantor (as the case may be) or another of their respective Principal Subsidiaries or (ii) a disposal of a Principal Subsidiary or such Principal Subsidiary's business and assets on an arm's length basis where the proceeds or other considerations resulting from such disposal are fully transferred or vested in the Issuer, the Guarantor (as the case may be) or another of their respective Principal Subsidiaries; or

(h) **Nationalisation:** any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a substantial part of the assets of the Issuer, the Guarantor or any of their respective Principal Subsidiaries; 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 and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Deed of Guarantee admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done; or

(j) **Illegality:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Bonds, the Trust Deed and/or the Deed of Guarantee; or

(k) **Unenforceability of Guarantee:** the Guarantee becomes unenforceable or invalid or shall for any reason ceases 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 Conditions 9(d) to 9(g) (both inclusive).

In this Condition 9:

"**Principal Subsidiary**" means, at any time, any Subsidiary of the Issuer and/or the Guarantor:

(i) whose total revenue (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer or the Guarantor, as the case may be, as shown by its latest audited income statement, is at least seven per cent. of the consolidated total revenues as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries;

(ii) whose net profit (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer or the Guarantor, as the case may be, as shown by its latest audited income statement, is at least seven per cent. of the consolidated net profit as shown by the latest published audited consolidated income statement of the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries; or

(iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer or the Guarantor, as the case may be, as shown by its latest audited balance sheet, is at least seven per cent. of the consolidated total assets as shown by the latest published audited consolidated balance sheet of the Issuer or the Guarantor, as the case may be, and their respective consolidated Subsidiaries; 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, provided that (xx) the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall forthwith become a Principal Subsidiary and (yy) on or after the date on which the first published audited accounts (consolidated, if appropriate) of the Issuer or the Guarantor, as the case may be, prepared as of a date later than such transfer are issued, whether such

transferor Subsidiary or such transferee Subsidiary is or is not a Principal Subsidiary shall be determined on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition,

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 Issuer or the Guarantor, as the case may be, relate, the reference to the then latest consolidated audited accounts of the Issuer or the Guarantor, as the case may be, for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer or the Guarantor, as the case may be, for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer or the Guarantor, as the case may be, adjusted to consolidate the latest accounts (consolidated in the case of a Subsidiary of the Guarantor which itself has Subsidiaries) of such Subsidiary in such accounts;

(b) if at any relevant time in relation to the Issuer or the Guarantor or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the total revenue, net profit or total assets of the Issuer, the Guarantor and/or any such Subsidiary (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) prepared for this purpose;

(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 Guarantor; and

(d) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (a) above of this definition) are not consolidated with those of the Issuer or the Guarantor, as the case may be, 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 Issuer or the Guarantor, as the case may be.

10 Prescription

Claims against the Issuer or the Guarantor for payment in respect of the Bonds shall be prescribed and become void unless made within ten years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8) in respect of them.

11 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity 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 Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee. Such a meeting may be convened by the Issuer, the Guarantor and the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the maturity of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, any premium payable on redemption of, or interest on, the Bonds, (iii) to change the currency of payment of the Bonds, (iv) to modify the provisions concerning the quorum required at any meeting of 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 in writing signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding (a "**Written Resolution**") and consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Bondholders of not less than 90 per cent. of the aggregate principal amount of the Bonds outstanding (an "**Electronic Consent**") shall in each case for all purposes be as valid and effective as an Extraordinary Resolution. A Written Resolution may be contained in one document or several documents in like form, each signed by or on behalf of one or more Bondholders. A Written Resolution and/or Electronic Consent will be binding on all Bondholders whether or not they participated in such Written Resolution and/or Electronic Consent, as the case may be.

(b) **Modification and Waiver:** The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Bonds, 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 Bonds, the Agency Agreement and/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, such modification, authorisation or waiver shall be notified by the Issuer, failing whom the Guarantor, to the Bondholders as soon as practicable in accordance with Condition 16.

(c) **Entitlement of the Trustee:** In connection with the exercise of its functions, rights powers and discretions (including but not limited to those referred to in this Condition 12) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have

regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or the Trustee any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

13 Enforcement

The Trustee may, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the terms of the Trust Deed, the Agency Agreement, the Bonds and/or the Deed of Guarantee (as the case may be), 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 principal amount of the Bonds outstanding, and (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.

14 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including, without limitation, provisions relieving it from taking steps and/or actions and/or instituting proceedings to enforce its rights under the Trust Deed, the Deed of Guarantee, the Agency Agreement and/or these Conditions and in respect of the Bonds and payment or taking other actions unless first indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of the Bondholders. The Trustee and its affiliates are entitled to (i) enter into business transactions with the Issuer, the Guarantor and any entity (directly or indirectly) related to the Issuer or the Guarantor without accounting for any profit, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions without regard to the interests of, or consequences for, the Bondholders and (iii) 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 each Agent may accept and shall be entitled to rely conclusively without liability to Bondholders, the Issuer, the Guarantor or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by it or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely conclusively on any such report, confirmation, certificate, information, advice or opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer, the Guarantor and the Bondholders. 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.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Deed of Guarantee, the Agency Agreement or these Conditions to exercise any discretion or power, take or refrain from taking any action, make any decision or give any direction or certification, the Trustee is entitled, prior to exercising any such discretion or power, taking or refrain from taking any such action, making any such decision or giving any such direction or certification, to seek directions from the Bondholders by way of Extraordinary Resolution or clarification of any directions, and shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all action,

proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including 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, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking or refrain from taking such action, making such decision or giving such direction or certification as a result of seeking such direction or clarification from the Bondholders or in the event that no direction or clarification is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer, the Guarantor or any other person appointed by the Issuer and/or the Guarantor in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. 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 on any direction, instruction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Neither the Trustee nor any of the Agents shall be under any obligation to monitor or take any steps to ascertain whether any Event of Default, Potential Event of Default (as defined in the Trust Deed) or Relevant Event has occurred or to monitor compliance by the Issuer or the Guarantor with the provisions of the Trust Deed, the Agency Agreement, the Deed of Guarantee or these Conditions, and shall not be liable to any Bondholder, the Issuer, the Guarantor or any other person for not doing so.

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, the first payment of interest on them, the timing for the Post-Issuance Filing with the NDRC and the timing for completion of the Cross-Border Security Registration) and so that such further issue shall be consolidated and form a single series with the outstanding bonds of any series (including the Bonds). Any further bonds forming a single series with the Bonds may 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.

16 Notices

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

So long as the Global Certificate is held by or on behalf of Euroclear and Clearstream, any notice to the holders of the Bonds shall be validly given by the delivery of the relevant notice to Euroclear and Clearstream, for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by these Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law and Jurisdiction

(a) **Governing Law:** The Trust Deed, the Agency Agreement, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) **Jurisdiction:** The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with any Bonds, the Deed of Guarantee, the Trust Deed or the Agency Agreement ("**Proceedings**") may be brought in such courts. Each of the Issuer and the Guarantor has irrevocably submitted to the exclusive jurisdiction of such courts.

(c) **Agent for Service of Process:** Each of the Issuer and the Guarantor irrevocably appoints Shandong Finance Group (Hong Kong) Co. Limited of 38/F, The Center, 99 Queen's Road Central, Central And Western District, Hong Kong as its authorised agent in Hong Kong to accept service of process in any Proceedings based on any of the Bonds, the Guarantee, the Trust Deed or the Agency Agreement. If for any reason the Issuer or the Guarantor, as the case may be, ceases to have such an agent in Hong Kong, it will promptly appoint a substitute process agent and notify the Bondholders and the Trustee of such 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.

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, a common depositary for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, promises to pay such principal and interest on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the 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 through which the Bonds are held (an "**Alternative Clearing System**") is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar 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 due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday inclusive) except 25 December and 1 January.

Notices

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

Bondholder's Redemption

The Bondholder's 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 the Principal 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.

Issuer's Redemption

The option of the Issuer provided for in Condition 6(b), Condition 6(d) and Condition 6(e) of the Terms and Conditions of the Bonds shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions 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 represented by the Global Certificate will be effected by a reduction in the principal amount of the Bonds in the register of the Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation (for information only) in the schedule.

Meetings

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

Trustee's Powers

In considering the interests of the Bondholders whilst the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated 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 holders of the Bonds in respect of which the Global Certificate is issued.

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

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

USE OF PROCEEDS

The gross proceeds from the offering of the Bonds will be U.S.$350,000,000. Such gross proceeds, after deducting commissions to be charged by the Joint Lead Managers and other estimated expenses payable in connection with the offering of the Bonds, will be used for refinancing the Group's existing medium- and long-term offshore indebtedness maturing in June 2026.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the consolidated capitalisation and indebtedness of the Group as at 31 December 2025 and as adjusted to give effect to the issue of the Bonds. The table should be read in conjunction with the Group's Consolidated Financial Statements and the related notes included elsewhere in this Offering Circular.

	As at 31 December 2025			
	Actual		As adjusted	
	(RMB)	(U.S.$)[(1)]	(RMB)	(U.S.$)[(1)]
	(in thousands)			
			(unaudited)	
Current indebtedness:				
Short-term loans	40,750,305.8	5,827,216.2	40,750,305.8	5,827,216.2
Total current indebtedness	**40,750,305.8**	**5,827,216.2**	**40,750,305.8**	**5,827,216.2**
Non-current indebtedness:				
Long-term loans	175,792,583.7	25,138,005.1	175,792,583.7	25,138,005.1
Bonds payable	52,054,007.5	7,443,624.1	52,054,007.5	7,443,624.1
Bonds to be issued[(2)]	–	–	2,447,585.0	350,000.0
Total non-current indebtedness	**227,846,591.2**	**32,581,629.2**	**230,294,176.2**	**32,931,629.2**
Total indebtedness[(3)]	**268,596,897.0**	**38,408,845.4**	**271,044,482.0**	**38,758,845.4**
Total shareholders' equity	**153,596,536.6**	**21,964,012.6**	**153,596,536.6**	**21,964,012.6**
Total capitalisation[(4)]	**422,193,433.6**	**60,372,858.1**	**424,641,018.6**	**60,722,858.1**

Notes:

(1) For convenience only, all translations from Renminbi into U.S. dollars are made at the rate of RMB6.9931 to U.S.$1.00, based on the noon buying rate as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve Bank System on 31 December 2025.

(2) This amount represents the proceeds from the issuance of the Bonds, before deducting the commissions and other estimated expenses payable in connection with the offering of the Bonds.

(3) This amount represents the sum of current indebtedness and non-current indebtedness.

(4) Total capitalisation represents the sum of total indebtedness and total shareholders' equity.

Except as otherwise disclosed in this Offering Circular, there has been no material adverse change in the Group's consolidated capitalisation and indebtedness since 31 December 2025.

DESCRIPTION OF THE ISSUER

OVERVIEW

The Issuer is a BVI business company incorporated under the BVI Business Companies Act (as amended) of the British Virgin Islands (BVI Company Number: 2047730). It was incorporated in the British Virgin Islands on 10 November 2020. The Issuer is an indirect wholly-owned subsidiary of the Guarantor. The registered office of the Issuer is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

BUSINESS ACTIVITY

The Issuer was established with full capacity to carry on or undertake any business or activity, do any act or enter into any transaction and has full rights, powers and privileges for the above purposes pursuant to the objects and powers set out in its memorandum of association. As at the date of this Offering Circular, the Issuer does not carry and has not carried on any business other than entering into arrangements in connection with or ancillary to the issue of bonds, and the Issuer has no debt outstanding and has no contingent liabilities other than the U.S.$500,000,000 2.40 per cent. guaranteed bonds due 2026 issued on 3 June 2021 and the proposed issuance of the Bonds on or around the Issue Date. As at the date of this Offering Circular, the Issuer has no subsidiaries.

DIRECTOR

The sole director of the Issuer is LIU Yu. The sole director of the Issuer does not hold any shares or options to acquire shares of the Issuer. As at the date of this Offering Circular, the Issuer does not have any employees.

SHARE CAPITAL

The Issuer is authorised under its memorandum of association to issue a maximum of 50,000 shares of a single class each with a par value of U.S.$1.00. As at the date of this Offering Circular, 100 shares have been issued. No part of the equity securities of the Issuer is listed or dealt on any stock exchange and no listing of or permission to deal in such securities is being or proposed to be sought.

FINANCIAL STATEMENTS

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. Effective from 1 January 2023, the Issuer is also required to file a financial annual return with its registered agent within nine months after the end of each year to which the financial annual return relates.

LEGAL PROCEEDINGS

The Issuer is not involved in any litigation or arbitration proceedings, and it is not aware of any pending or threatened action against it.

DESCRIPTION OF THE GROUP

OVERVIEW

The Group is a key provincial financial service provider and state-owned capital investment and operation entity in Shandong Province. Founded in 1992, the Group primarily engages in financial investment and services and modern industrial investment and operations. Adhering to the Group's "double-drive" approach of policy-based and market-oriented investment strategies, the Group has invested in various companies and projects to facilitate the development of modern industries and the real economy in Shandong Province. As at the date of this Offering Circular, the Company's registered capital is RMB30.0 billion.

With a strong foothold in Shandong Province, the Group has benefited from distinct geographic advantages and enjoyed great economic development potentials in Shandong Province. Shandong Province is located on the east coast of China. Along with the implementation of a number of national and regional strategic plans, such as the "Master Plan for the Development of the Growth Drivers Renewal Pilot Zone in Shandong Province(山東新舊動能轉換綜合試驗區建設總體方案)", the "Belt and Road Initiative", the "Yellow River Delta Area Ecological Economic Zone Development Plan(黃河三角洲高效生態經濟區發展規劃)" and "Shandong Peninsula Blue Economic Zone Development Plan(山東半島藍色經濟區發展規劃)", the Group has leveraged unique business opportunities and become a key provincial financial service provider in Shandong Province.

Based on the type of revenue recognised for its businesses and nature of each business line, the Group's principal business segments include:

Financial Investment and Services	The Group's financial investment and services consist of securities services, fund investments, other financial investments and local financial services.
Modern Industrial Investment and Operations	The Group's modern industrial investment and operations consist of industrial operations, infrastructure services and supply chain services. The Group's industrial operations business primarily involves modern agriculture, healthcare and cultural tourism, new energy and other strategic industrial investments. The Group's infrastructure services business primarily involves infrastructure investment and public-private partnership projects. The Group's supply chain business primarily involves products such as refined oil, coatings, and building materials, with major sales regions spanning East China, South China and Northwest China.
Other Business	In addition to the aforementioned business segments, the Group also generates operating revenue from other businesses.

The Group has demonstrated a stable growth in its business. For the years ended 31 December 2023, 2024 and 2025, the Group's total operating revenue was approximately RMB8.4 billion, RMB10.4 billion and RMB13.5 billion, respectively, and its net profit was approximately RMB2.0 billion, RMB2.2 billion and RMB3.0 billion, respectively. As at 31 December 2023, 2024 and 2025, the total assets of the Group was approximately RMB327.6 billion, RMB352.8 billion and RMB453.5 billion, respectively.

COMPETITIVE STRENGTHS

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

A leading provincial-level financing and investment platform in Shandong Province, possessing in-depth operational expertise with a longstanding operating history which facilitates the infrastructure, finance and economic development of Shandong Province

The Group is a key provincial financial service provider and a state-owned capital investment and operation entity in Shandong Province. Having accrued substantial expertise in providing financing and investment solutions to foster the infrastructure and economic development of Shandong Province, the Group has grown into a leading financing and investment platform in Shandong Province, offering solutions that cope with infrastructure, finance and economic development strategies and policies advanced by the Shandong Government.

Leveraging its strong foothold in Shandong Province, the Group has maintained its position as a leading financing and investment platform whilst benefiting from the distinct geographic advantages and economic development potentials in Shandong Province. As a key operator of government-guided funds in Shandong Province, the Group, through Shandong New Growth Drivers Renewal Fund, invested in 162 new projects for the year ended 31 December 2024, with the new/increased capital contributions from the the Shandong New Growth Drivers Renewal Fund amounted to approximately RMB3.1 billion. As the provincial-level unified lending entity for infrastructure construction investment and financing in Shandong Province, the Group had disbursed cumulative loans totaling approximately RMB237.8 billion for its infrastructure services as at 31 December 2024. As the leading entity for equity investment using provincial fiscal funds in Shandong Province, the Group has achieved significant breakthroughs in multiple key equity investment projects funded by fiscal resources. Being a well-established financing and investment platform, the Group also aligns its business development and strategies with several regional and national strategic plans.

Due to the Group's substantial involvement in the infrastructure, finance and economic development of Shandong Province, the Group is well-recognised as a key contributor and remains to be one of the enterprises that enjoys strong support from the Shandong Government. This support is manifested through capital injections, asset transfers and government grants. See "*Strong support from the Shandong Government*" in this section for further details.

Strong support from the Shandong Government

Leveraging its in-depth operational expertise and profound operating experience of over three decades as a financing and investment platform in Shandong Province, the Group maintains its vital role as a financial service provider and state-owned capital investment and operation entity and continually receives strong support from the Shandong Government. Such government support includes without limitation the following:

- *Equity transfers*. The Group has received a number of strategic equity transfers over the years. In 2016, the Shandong Government transferred 100 per cent. of its holdings in Shandong Finance Co., Ltd.(山東省財金發展有限公司) to the Group. During the same year, Shandong Government converted the long-term liabilities and other gains of Rongshihua Financial Leasing Co., Ltd.(山東省融世華租賃有限公司) into equity and transferred the same to the Group, alongside with the equity interests in Shandong Shi Te New Energy Technology Co., Ltd.(山東世特新能源技術有限公司). In 2024, the Group became the de facto controller of Topsperity Securities, holding a 35 per cent. equity interest. In the same year, the Group has acquired a controlling stake in Taihe Asset Management Co., Ltd.(泰合資產管理有限公司)("**Taihe Asset**").

- *Government subsidies*. The Group has received government subsidies from the Shandong Government. In 2019, the Group's key subsidiaries, Shandong Finance Venture Capital Co., Ltd.(山東省財金創業投資有限公司) and Shandong Caijin Xinfeng Construction Development Co., Ltd.(山東財金新嵐建設發展有限公司), have received government subsidies amounting to approximately RMB3.0 million and RMB0.3 million, respectively. In 2020, Shandong Finance

Venture Capital Co., Ltd. further received a government subsidy amounting to approximately RMB7.2 million. In 2022, 2023 and 2024, the Group respectively received approximately RMB131.86 million, RMB82.97 million and RMB49.81 million of government subsidy.

- *Capital injections*. The Group has, through the Shandong Provincial Department of Finance, received capital injections from the Shandong Government. In 2021, Shandong Provincial Department of Finance increased its capital contribution to RMB9 billion. In 2024, the Group approved the capitalisation of its capital reserve and undistributed profits, which resulted in an increase of approximately RMB20 billion in government-contributed capital.

In addition to the aforementioned financial support, the Shandong Government, and through the Shandong Provincial Department of Finance, is also involved in the appointment of the Group's senior management personnel, including the chairman, executive directors and external directors of the board of directors of the Company. The chairman of the board of directors of the Company is generally appointed by the Shandong Government. The external directors of the Company are generally nominated by the Shandong Provincial Department of Finance. The executive directors of the Company are generally appointed by the Shandong Government.

The strong and continued support from the Shandong Government allows the Group to engage its businesses in capital-intensive and large-scaled provincial projects, which further increases the Group's competitiveness and in turn contributes to its future business growth and prospects.

A backbone to support development of different industries across various cities in Shandong Province

As a key provincial financial service provider and a state-owned capital investment and operation entity acting as a crucial financing and investment platform which supports the infrastructure, finance and economic development of Shandong Province, the Group offers comprehensive service coverage and a diversified business portfolio, allowing it to engage in various infrastructure and investment projects. In order to achieve a broad service coverage and fulfil the financing and investment needs of the rapid and ongoing development of Shandong Province, the Group primarily engages in financial investment and services and modern industrial investment and operations.

The Group manages and operates an extensive range of government-guided funds and self-funded investment funds which feature a broad investment coverage across the province. These funds serve as a key catalyst for regional economic growth, with a thorough investment footprint spanning across various cities in Shandong Province and focusing on key investment themes such as the transformation of growth drivers and the development of strategic emerging industries.

Furthermore, the Group leverages its provincial-level platforms to enhance financial support for small and medium enterprises and various listed companies through diversified financial instruments and guarantee facilities. Through its extensive cooperation with financial institutions and access to various funding channels, the Group has secured a strong capital base and established a wide-reaching project pipeline that covers a vast network of prefecture-level cities and counties, supporting essential livelihood projects, educational facilities, and transportation infrastructure.

Leveraging the comprehensive service coverage and diversification of the Group's business and by promoting the development of different industries in various cities in Shandong Province, the Group is able to maintain sustainable growth, generate steady operating income and profit and minimise concentration risks.

Prudent, effective and comprehensive risk management system

The Group has instituted a prudent, effective and comprehensive risk management system which centrally monitors major risks involved in various business operations at the Group level, covering risk identification, assessment, supervision, reporting and control, which is compatible with the market oriented operations of its business when conducting financing, investment and fund management affairs.

The Group has promulgated comprehensive internal regulations and policies for its risk management and internal control system, such as the "Three Importance and One Essential (三重一大)" principle, which together with the external relevant regulations issued by the Shandong Provincial Department of Finance, facilitate the formulation and implementation of the comprehensive and visionary corporate governance policies as well as the prudent business operations. "Three Importance" denotes the determination of important corporate affairs, the appointment of important senior management roles and the decision making of important investment projects. "One Essential" denotes the determination of the Group's disposal of large funds. The affairs aforementioned shall be decided under due process that they shall be decided by a shareholder meeting, a board of directors' meeting, a general manager's meeting or the employee representative's meeting. The Audit and Risk Control Committee under the board of directors of the Company and the Audit Department are responsible for supervising the implementation of such decisions.

Since its inception, the Group has formulated a number of rules and regulations, covering planning and finance, risk compliance, comprehensive management, related transaction management, information disclosure management, management at subsidiary level, investment management and budget management, which enable the Group to promulgate a comprehensive operation system covering, among other things, review, approve and post-investment management for its business. The Company, as the headquarters, comprises several functional departments to execute these measures, including the Office, Party-and-Masses Work Department, Human Resources Department, Strategic Development Department, Financial Management Department, Investment Operations Department, Risk Compliance Department and Audit Department.

The Group has implemented the following internal rules and regulations in carrying out its internal control and risk management measures:

- *Planning and Finance:* Measures for Accounting (會計核算辦法), Interim Measures for Comprehensive Budget (全面預算管理暫行辦法), Measures for Fund Approval and Payment (資金審批與支付管理辦法), Measures for Assets Disposal (資產收益收繳管理辦法), Measures for the Management of Financial Directors of Directly-Affiliated Companies (直屬公司財務總監管理辦法) and Measures for Bank Account Management (銀行帳戶管理辦法). The Financial Management Department oversees the Group's financing system, accounting, and financial digital systems.

- *Risk Compliance:* Measures for Comprehensive Risk Management (全面風險管理辦法) and Interim Measures for Lifelong Accountability for Major Decisions (重大決策終身責任追究暫行辦法) The board of directors is responsible for the Group's comprehensive risk management, while the Audit and Risk Control Committee provides professional advice. The Risk Compliance Department is responsible for pre-investment risk assessment, legal due diligence review, and the audit of legal documents such as contracts and agreements.

- *Comprehensive Management:* Measures for Three Importance and One Essential (三重一大決策制度實施辦法).

- *Related Transaction Management:* Measures for Related Transaction Management (關聯交易管理制度). The Measures set out the identification standards for related parties and transactions, establish strict decision-making procedures, and ensure that transactions are conducted on an arm's-length basis to protect the interests of the Company and non-related shareholders.

- *Information Disclosure Management:* Measures for Debt Information Disclosure (債券資訊披露專項管理辦法), formulated in accordance with the regulations of the Shanghai Stock Exchange, which stipulates the basic principles and implementation of information disclosure to protect the legitimate rights of investors.

- *Management at Subsidiary Level:* The Group manages its subsidiaries through unified Investment Management Measures (投資管理辦法), Financing Management Measures (融資管理辦法), Sunshine Procurement Management Measures (陽光採購管理辦法), Interim Measures for Internal Lending (內部借款管理暫行辦法), and Operating Performance Evaluation Measures (直屬公司經營業績考核辦法). The Group adopts the "Three Importance and One Essential" principle in deciding the investment projects and external guarantees of its subsidiaries.

- *Investment Management:* Measures for Investment Management (投資管理辦法), Detailed Rules for Project Pre-approval Review Meeting (立項預審會工作細則), Interim Measures for Post-investment Management of Provincial Fiscal Fund Equity Investment (省級財政資金股權投資投後管理暫行辦法) and Working Rules for Investment Review Meetings (投資評審會工作細則). The Strategic Development Department leads the Group's investment management. The Group defines clear authorization limits based on investment size.

- *Budget Management:* Interim Measures for Comprehensive Budget Management (全面預算管理暫行辦法). The Budget Measures set out the whole process of initiating, approving, executing, and evaluating the budget plan. The Shareholders' Meeting is the highest decision-making body for budget management. The Budget Management Committee under the board of directors provides professional advice and review for the budget plans.

- *Internal Audit:* The Audit Department is responsible for establishing the internal audit system, conducting comprehensive audits of the Group and its subsidiaries, and performing post-investment evaluations to assess the objectives, execution, and effectiveness of projects. The Audit Department also assists the Audit and Risk Control Committee in exercising oversight functions previously held by the supervisor board.

Diversified financing channels and solid capital base

The Group has a strong credit profile, and it is dedicated to expanding its financing channels, improving the capital structure of its assets and liabilities, and striving to provide stable and low-cost financing for the sustainable development of its business.

Since its inception, the Group has received strong capital support from its ultimate sole shareholder, the Shandong Provincial Department of Finance, through direct and indirect capital injection, which has established a solid capital base for the operation of the Group. The Group's strong financial condition and leading industry position enables it to obtain capital from some of China's top financial institutions at relatively low financing costs. Over the years, the Group has established sound relationships with, and had access to loans and credit facilities from major PRC financial institutions. As at 30 September 2025, the Group had access to credit facilities from banks in an aggregate principal amount of approximately RMB426.0 billion, of which approximately RMB110.2 billion remained unutilised. The Group has continuously expanded its financing channels by utilising comprehensive and diversified financing channels, which includes, without limitation, bank loans and the issuance of debt securities in the capital markets. The Group has a proven track record of successfully issuing onshore corporate bonds and medium-term notes with various tenors, reflecting its strong standing and creditworthiness among institutional investors.

The Group's creditworthiness has been recognised by domestic and international rating agencies. The Group has been assigned an AAA issuer rating by both Shanghai Brilliance Credit Rating & Investor Service Co., Ltd.(上海新世紀資信評估投資服務有限公司)and Lianhe Credit rating Co., Ltd.(聯合資信評估股份有限公司). The Guarantor has been assigned a rating of "A2" with a stable outlook by Moody's and "A" with a stable outlook by Fitch.

As such, the Group believes that it has a solid capital base with access to diversified funding resources, which enables it to fulfil the capital need of its businesses and capitalise on various business opportunities.

Experienced senior management team and talented professionals

The Group has an experienced senior management team. Under their leadership, the Group has become a key provincial financial service provider in Shandong Province over the past years. The Group's management team possesses extensive expertise in the financial industry and most members of the Group's senior management have working experience at the Shandong Provincial Department of Finance or other local government departments, who have deep insights on the economic and financial development of Shandong Province. Based on their vast experience in relevant industries, close working relationships with governments and relevant agencies, deep insights on the local economic and financial development as well as management skills, the senior management of the Group is capable of identifying the development trends of the fund investment industry and to capture business opportunities, especially in Shandong Province. The Group has focused on motivating its employees and paid great attention to cultivating a sound corporate culture to achieve strong corporate cohesion and low staff turnover. With experienced management team and talented professionals, the Group has been able to maintain efficient management.

BUSINESS STRATEGIES

The Group aims to achieve high-quality development by implementing its business strategies, with the vision of becoming a leading state-owned capital investment and operation entity in Shandong Province. Adhering to the mission of supporting regional economic transformation and serving the overall social development of Shandong Province, the Group intends to focus on the following business strategies:

Continue to refine its existing businesses and strategic positioning

The Group intends to further clarify and consolidate its core business pillars to ensure high-quality growth. By adhering to the "double-drive" approach of policy-based mandates and market-oriented operations, the Group plans to optimize its resource allocation across its primary segments, including financial investment and services and modern industrial investment and operations, thereby enhancing its overall market competitiveness and regional influence.

In early 2026, the Group formally established the strategic objective of developing the "Four Strong Caijin"(四強財金)framework, which focuses on four core pillars:

- strong financial attributes, achieved by reinforcing its core financial businesses, driving the public listing of Topsperity Securities, optimizing its license portfolio across securities, public funds, and asset management companies, upgrading specialized services in leasing, factoring, and microfinance, and innovating policy-based business models to safeguard regional financial stability;

- strong investment and operational capabilities, by targeting sectors such as new energy and big health, deploying capital into emerging industries to build benchmark projects, refining its "fundraising, investment, management, value creation, and exit"(募投管賦退)ecosystem, strengthening equity-debt synergies, and cultivating entities for public listing to integrate industrial and innovation chains;

- strong resource aggregation, by deepening internal synergy, empowering the Caijin enterprise cooperation, leveraging its windows in Hong Kong and Shanghai to catalyze cross-border capital flows and talent and investment attraction(雙招雙引), and fostering a collaborative market ecosystem; and

- strong brand influence, by championing its mission of "Enriching Qilu through Fiscal Strength, Benefiting the Future through Financial Excellence"(財潤齊魯金澤未來)and enhancing talent cultivation and incentive mechanisms.

Continue to diversify the Group's financing channels with a comprehensive risk management system

The Group has established a prudent financing structure where it obtains financing through various financing channels, including, among others, bank loans, debt securities and financial leasing arrangements. The Group will continue to maintain a close connection with financial institutions and investors, in the meantime explore additional funding resources, such as accessing new markets to issue debt securities, and diversify its financing channels with the vision to further optimise its financing structure. The Group believes a diversified financing structure can help improve its financial stability and secure funding on more favourable terms, which in turn can strengthen its capability to manage and operate state-owned assets. The Group plans to procure adequate funding for its operations and will closely monitor the risk of different financing channels through its robust, comprehensive risk management system.

Continue to diversify the Group's business portfolio and cultivate new businesses that synergise with the Group's principal business

While the Group intends to continue its focus on financial investment and services and modern industrial investment and operations in Shandong Province, it intends to continue to diversify its business portfolio and cultivate new businesses that synergise with its principal business. Supported by the Group's extensive experience, strong execution capabilities and government support, in recent years, the Group has been continuously expanding its businesses in other industries. In alignment with the provincial "Top Ten Industries" plan(十強產業)and the overarching strategy of replacing old growth drivers with new ones, the Group prioritizes investments in "Four New" projects(四新項目)(comprising new technology, new industries, new business forms, and new models), transportation infrastructure, critical energy, and construction initiatives under the "Belt and Road Initiative". With its infrastructure investment projects designated on the provincial priority list, the Group leverages its platform advantages to facilitate and support infrastructure development at the municipal and county levels. Furthermore, consistent with provincial economic and social development mandates, the Group extends financing and loans for critical public welfare projects, thereby accelerating the modernization of urban and rural infrastructure. Going forward, the Group intends to continue to diversify its business portfolio and the Group believes a synergised and diversified business portfolio will further strengthen its competitiveness and promote sustainable growth.

Continue to enhance the Group's management capabilities and optimise the structure of its talent pool

The Group intends to continue to improve and streamline its management structure, so as to further increase its capabilities in terms of corporate management and internal control. The Group considers effective management at all organisational levels and among members of the Group to be important in optimising its overall operational efficiency. The Group believes that its employees are one of its important assets and the Group's continued ability to compete effectively in its existing businesses and expand into new businesses depends on its ability to attract, motivate and retain talent. As such, the Group will continue to invest in its employees and maintain a spirit of partnership with its employees to optimise the structure of its talent pool, so as to support its business goals and enhance its competitive advantages.

RECENT DEVELOPMENTS

Financial results of the Group for the three months ended 31 March 2026

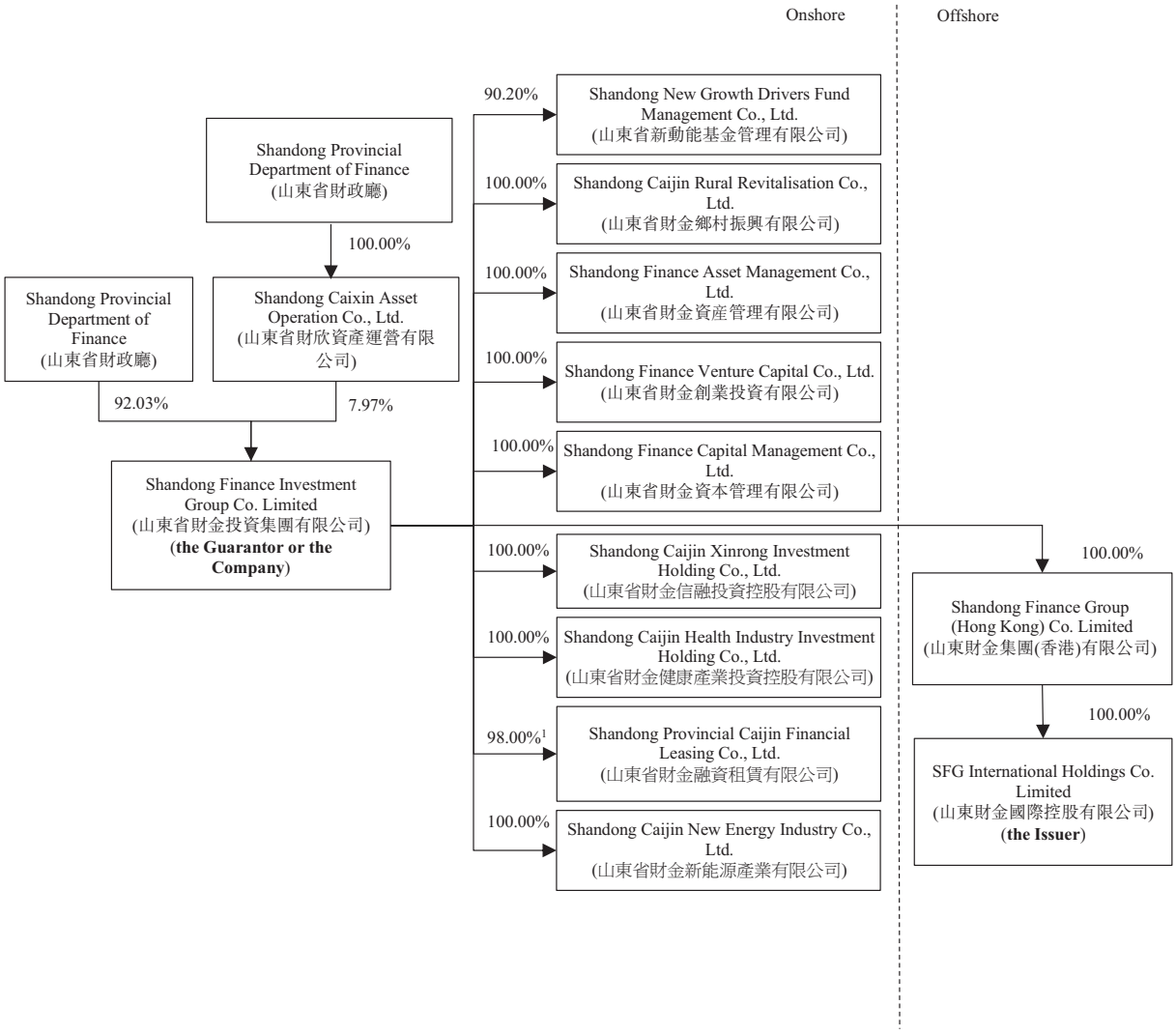
As at 31 March 2026, as compared to the financial information as at 31 December 2025, the Group's accounts receivable increased primarily due to the expansion of its business scale; the Group's other receivables decreased primarily due to the recovery of investments during the period; and the Group's other current liabilities increased primarily due to an increase in financing activities.

For the three months ended 31 March 2026, as compared to the same period in the preceding year, the Group's operating revenue, interest income, fee and commission income and investment income increased primarily due to the expansion of its business scale and the inclusion of newly consolidated subsidiaries; the Group's financial expenses and interest expenses increased primarily due to the increase in the scale of the Group's financing; and the Group's income taxes and additions increased primarily due to the increase in revenue during the period. As a result of the foregoing, the Group's net profit increased in the three months ended 31 March 2026, as compared to the same period in the preceding year.

Potential investors should note, in particular, that the Group's financial information as at and for the three months ended 31 March 2026 is derived from the Company's management accounts and has not been audited or reviewed by independent auditors. As such, the Group's financial information as at and for the three months ended 31 March 2026 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 the three months ended 31 March 2026 are not necessarily indicative of the results that may be expected for the year ending 31 December 2026 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. See "*Risk Factors – Risks Relating to the Group – The Group has published and may continue to publish periodic financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on financial information other than that disclosed in this Offering Circular*".

GROUP STRUCTURE

The following chart presents a simplified corporate structure of the Group as at 31 December 2025.



Notes:

(1) Shandong Finance Investment Group Co. Limited ultimately holds a 98 per cent. of equity interest in Shandong Provincial Caijin Financial Leasing Co., Ltd., pending completion of the change of industrial and commercial registration.

HISTORY AND DEVELOPMENT

In April 1992, the Company's predecessor, Shandong Economic Development and Investment Corporation (山東省經濟開發投資公司) was established by the Shandong Government with an initial registered capital of RMB100.0 million. In September 2015, the Company was reformed as limited liability company and was renamed Shandong Finance Investment Group Co. Limited (山東省財金投資集團有限公司). As at the date of this Offering Circular, the Company has a registered capital of RMB30.0 billion.

The following table sets out selected milestone events in the history of the Company and the Group.

Year	Milestone Event
1992	The Company's predecessor, Shandong Economic Development and Investment Corporation (山東省經濟開發投資公司) was established by the Shandong Government with an initial registered capital of RMB100.0 million. Shandong Economic Development and Investment Corporation assumes important functions of investing, operating and managing fiscal funds, including government revolving funds, funds for treasury bond, special funds for comprehensive agricultural development, special funds for cultural industry development, special funds for local railroad construction and funds for government-guided in industrial funds under the Yellow River Delta Area Ecological Economic Zone Development Plan (黃河三角洲高效生態經濟區發展規劃) and Shandong Peninsula Blue Economic Zone Development Plan (山東半島藍色經濟區發展規劃).
2015	With the Shandong Government's approval, the Company was reformed as a limited liability company and was renamed Shandong Finance Investment Group Co. Limited (山東省財金投資集團有限公司). Shandong Provincial Department of Finance, Shandong SASAC and Shandong Provincial Council for Social Security Fund jointly became shareholders of the Company, holding 40.0 per cent., 30.0 per cet. and 30.0 per cent. equity interests of the Company, respectively.
2016	Shandong Provincial Department of Finance, Shandong SASAC and Shandong Provincial Council for Social Security Fund made capital contribution to the Company with an amount of RMB1.2 billion, RMB900.0 million and RMB900.0 million, respectively, after which the Company's registered capital was increased to RMB3.0 billion. Shandong Finance Co., Ltd. (山東省財金發展有限公司), a company established in 2014 by the Shandong Government through Shandong Shantytown Redevelopment Fund Management Centre (山東省棚戶區改造資金管理中心) with a capital contribution amounted to RMB10 billion, was transferred to the Company.
2018	By deepening reform, advancing innovation and enhancing internal government, the Group outperformed its annual targets and over-fulfilled the targets set under the "13th Five-Year Plan"(十三五規劃).

Year	Milestone Event
2020	With the Shandong Government's approval, Shandong Provincial Department of Finance and Shandong Provincial Council for Social Security Fund jointly became shareholders of the Company, holding 90.0 per cent. and 10.0 per cent. equity interests of the Company, respectively.
2021	Shandong Provincial Council for Social Security Fund transferred 10.0 per cent. equity interests of the Company to Shandong Caixin Asset Operation Co., Ltd.(山東省財欣資產運營有限公司).
	The Company increased its registered capital from RMB3.0 billion to RMB10.0 billion by converting its capital reserves and undistributed profits into capital.
2024	The Company further increased its registered capital from RMB10.0 billion to RMB30.0 billion by converting its capital reserves and undistributed profits into capital. Upon completion, the shareholding of the Shandong Provincial Department of Finance and Shandong Caixin Asset Operation Co., Ltd. was adjusted to 92.03 per cent. and 7.97 per cent., respectively.
	The Company has completed the acquisition of a 35 per cent. equity interest in Topsperity Securities, thereby gaining de facto control, and has concurrently acquired a controlling stake in Taihe Asset, securing core financial licenses across securities, public funds, and asset management companies. Furthermore, the Company established Shandong Puhui Qilu Investment Co., Ltd.(山東省普惠齊魯投資有限公司)("**Puhui Qilu**") to manage and operate the province's RMB100-billion-level debt-resolution fund. It has also set up specialized platforms to establish its strategic layout in different industrial sectors including rural revitalization, new energy, health and cultural tourism. Leveraging Shanghai Caijin and Hong Kong Caijin as strategic windows, the Company has continuously expanded its cross-border finance business as well as its "talent and investment attraction"(雙招雙引) initiatives.
2025	Pursuant to the Notice on Issuing the Implementation Plan for Deepening the Reform of the Board of Supervisors of Local State-Owned Financial Enterprises in Shandong Province (Lu Cai Jin Jian [2025] No. 2) issued by the Shandong Provincial Department of Finance, the Company amended its articles of association to abolish the board of supervisors and supervisor positions, with the relevant functions and powers to be exercised by the Audit and Risk Control Committee of the board of directors, internal audit and other bodies.

RELATIONSHIP WITH THE SHANDONG PROVINCIAL DEPARTMENT OF FINANCE AND THE SHANDONG GOVERNMENT

With 100.0 per cent. of its equity interests ultimately held by the Shandong Provincial Department of Finance, the Company is ultimately controlled by the Shandong Government. As a key provincial financial service provider and a state-owned capital investment and operation entity in Shandong Province, the Company has extensive relationships with the Shandong Government and other entities

directly or indirectly controlled by it. As the sole ultimate shareholder of the Company, the Shandong Provincial Department of Finance appoints the Company's board of directors and supervises the performance of the Company's board of directors in such capacity through various means.

Notwithstanding the Company's extensive relationships with the Shandong Government and other entities controlled by it, the Company is not part of the government. It is operationally and financially separated from the Shandong Government. Its functions and departments are separate from those of the government and do not share any premises with the Shandong Government. The board of directors and the senior management of the Company are not government officials and do not have any employment outside of the Group. The Company has its own budget and financial reporting system and its assets and liabilities are separate from those of the Shandong Government. The Shandong Provincial Department of Finance (as the sole ultimate shareholder of the Company) and the Shandong Government (as the ultimate controller of the Company) are only responsible for the liability of the Group up to the limit of their equity contribution to the Company. Neither the Shandong Government nor any other PRC governmental entity has any payment or other obligations under the Bonds, the Deed of Guarantee or the Trust Deed, nor will they provide guarantee of any kind for the Bonds. The Bondholders do not have any recourse against the Shandong Government or any other PRC governmental entity in respect of any obligation arising out of or in connection with the Bonds, the Deed of Guarantee or the Trust Deed. The Bonds are to be repaid solely by the Issuer and the Company, and the obligations of the Issuer and the Company under the Bonds, the Deed of Guarantee or the Trust Deed shall be performed solely by the Issuer and the Company as independent legal persons. This position has been reinforced by the MOF Circular and Joint Circular. However, neither of these Circulars prohibits the PRC government from providing support (in various forms including capital injection and subsidies, but excluding injecting any kinds of public assets or land reserves as the Group's assets) to the Group in its ordinary course of business in compliance with PRC laws and regulations. The detailed description of the relationship between the Company and the Shandong Government in this Offering Circular does not imply in any way any explicit or implicit credit support of the Shandong Government in respect of the Bonds, the repayment of which remains the sole responsibility of the Issuer and the Company. See also the risk factors headed "*A reduction or discontinuance of government support could materially and adversely affect the Group's business, financial condition and results of operations" and business models" and "The Shandong Provincial Department of Finance and the Shandong Government may exert significant influence on the Group, and could make decisions, or cause the Group to change the scope of its operations, or impose new obligations on the Group, that are not in the Group's best interests*" in the section headed "*Risk Factors – Risks relating to the Group*".

DESCRIPTION OF THE GROUP'S BUSINESS

Overview

The Group is a key provincial financial service provider and state-owned capital investment and operation entity in Shandong Province. Founded in 1992, the Group primarily engages in financial investment and services and modern industrial investment and operations. Adhering to the Group's "double-drive" approach of policy-based and market-oriented investment strategies, the Group has invested in various companies and projects to facilitate the construction and development of infrastructure as well as to foster industry upgrading and the development of the real economy in Shandong Province. As at the date of this Offering Circular, the Company's registered capital is RMB30.0 billion.

The Group has demonstrated a stable growth in its business. For the years ended 31 December 2023, 2024 and 2025, the Group's total operating revenue was approximately RMB8.4 billion, RMB10.4 billion and RMB13.5 billion, respectively, and its net profit was approximately RMB2.0 billion, RMB2.2 billion and RMB3.0 billion, respectively. As at 31 December 2023, 2024 and 2025, the total assets of the Group was approximately RMB327.6 billion, RMB352.8 billion and RMB453.5 billion, respectively.

Financial Investment and Services

The Group's financial investment and services consist of securities services, fund investments, other financial investments and local financial services. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's financial investment and services was approximately RMB940.1 million, RMB1,512.5 million and RMB4,174.9 million, respectively, representing approximately 11.2 per cent., 14.7 per cent. and 33.2 per cent., respectively, of the total operating revenue from the Group's principal business segments for the same periods.

Securities services

The Group conducts its securities services business through Topsperity Securities Co., Ltd.(德邦證券股份有限公司)("**Topsperity Securities**") and its subsidiaries including Topsperity Securities Asset Management Co., Ltd.(德邦證券資產管理有限公司), Topsperity Fund Management Company Limited(德邦基金管理有限公司) and Central China International Futures Company Limited(中州期貨有限公司).

Topsperity Securities is a nationwide comprehensive and full-licenced securities firm established with the approval of the China Securities Regulatory Commission and holds licences related to public funds, asset management, futures, private equity and alternative investments. Topsperity Securities primarily provides comprehensive financial services encompassing securities brokerage, investment banking, asset management, fund and futures trading, private equity investment, and alternative investments, building a comprehensive financial services ecosystem that covers the entire business chain and the full investment lifecycle. Topsperity Securities' business revenue was primarily comprised of interest income and fee and commission income.

Securities Brokerage

Topsperity Securities provides comprehensive securities brokerage services through an integrated online and offline operational network.

Credit Business

The Group's credit business mainly comprises margin trading and short selling services. In line with the Group's stringent risk management protocols, Topsperity Securities has not engaged in new stock-pledged repurchase transactions in 2025. The Group's stock-pledged repurchase arrangements mainly focus on risk exposure reduction, strict pre-deal due diligence and the reinforcement of credit risk mitigation frameworks to safeguard asset quality.

Investment Banking

Topsperity Securities provides a full suite of investment banking services, including equity underwriting, debt underwriting, and financial advisory services. In 2025, the firm accelerated its business integration into Shandong Province while strengthening its nationwide underwriting footprint. For the year ended 31 December 2025, the investment banking segment achieved a corporate bond underwriting volume of approximately RMB29.3 billion. Topsperity Securities obtained the underwriting qualification for non-financial enterprise debt financing instruments, granting full access to the interbank bond market.

Proprietary Trading

Topsperity Securities conducts its proprietary trading activities with a focus on prudent capital allocation and robust risk management. Amidst complex macroeconomic market conditions, the segment has continuously strengthened its investment research frameworks and system platforms, while enhancing its trading capabilities through market-oriented reforms and optimised authorization mechanisms. The business maintains a steady and conservative investment stance, driving the synergistic development of its equity investments, fixed-income investments, and sales and trading operations.

Research

Topsperity Securities operates a professional research institute that delivers macroeconomic analysis, industry insights, and equity research to institutional clients, reinforcing the Group's brand presence and driving institutional brokerage revenues.

Fund Investment

The Group's fund investment business primarily consists of provincial-level government-guided fund business and self-funded investment fund business.

Government-Guided Funds

The Group conducts its government-guided funds business through its subsidiary, namely Shandong New Growth Drivers Fund Management Co., Ltd.(山東省新動能基金管理有限公司)("**Shandong New Growth**"). Shandong New Growth acts as the operating entity of the Shandong New Growth Drivers Renewal Fund(山東省新舊動能轉引導基金), a primary government-guided fund the Group invests for and on behalf of provincial-level governments to leverage and attract various types of social capital.

To effectively utilize the Shandong New Growth Drivers Renewal Fund, Shandong New Growth co-initiates and establishes various sub-funds (the "**Sub-funds**") with partner investment institutions, including central state-owned enterprises, large private enterprises, and financial institutions. This co-investment mode drives financial and social capital to increase investment in key fields in Shandong Province, thereby fostering new growth drivers, upgrading traditional industries, and supporting Shandong's innovative and sustainable development. For the year ended 31 December 2024, the number of new projects invested by the Shandong New Growth Drivers Renewal Fund was 162 and the new/increased capital contributions from the the Shandong New Growth Drivers Renewal Fund amounted to approximately RMB3.1 billion.

Business Model

- *LP Investment Structure*: Shandong New Growth collaborates with market-oriented fund management institutions and various investment institutions to establish the Sub-funds. Shandong New Growth acts as a Limited Partner (LP) to contribute capital to these Sub-funds.

- *Pre-Investment Procedures*: Prior to making capital contributions, Shandong New Growth strictly executes rigorous internal procedures, including evaluation, due diligence, decision-making, and fund expenditure approval.

- *Operations and Monitoring*: Following the establishment of the Sub-funds, Shandong New Growth designates representatives to such funds to closely monitor their operational and financial conditions. Shandong New Growth does not interfere in the day-to-day operations of the Sub-funds, focusing primarily on conducting policy compliance reviews of the investment projects. Shandong New Growth has established an integrated mechanism combining fund performance evaluation and financial asset valuation tracking to monitor the operations of the Sub-funds.

Self-funded Investment Funds

In addition to the government-guided funds, the Group also engages in self-funded investment funds business to support the industry upgrade in Shandong province through funds and equity investments. The self-operated fund business is primarily managed and operated by the Group's subsidiary, Shandong Caijin Venture Capital Co., Ltd.(山東省財金創業投資有限公司). The Group's self-funded investment funds business revenue was primarily comprised of fund management fees and fund investment income.

Business Model

The Group engages in self-funded investment funds business through acting as a GP and thus serving as a fund manager to attract LPs or investors to invest in funds established by the Group, and also as a LP and thus investing in funds established by the Group.

Through the Group's self-funded investment funds, the Group engages in equity investments in certain promising companies by entering into investment agreements with counter-parties. The Group typically enters into a LPA with LPs or investors to stipulate key terms such as terms of partnership, distribution waterfall, restrictions on GPs, management fee and grades of LPs.

The Group has gradually developed its own strategies and guidelines in deciding which projects or companies are suitable to invest in. In addition, the Group has implemented an internal comprehensive risk management mechanism to minimize and control the risks associated with the fund projects or the companies in which the Group invested.

Other Financial Investments

The Group conducts and operates its other financial investments through a combination of policy-driven initiatives and market-oriented operations. This segment primarily comprises inclusive investment business and government-funded equity investment business.

Inclusive Investment

The Group's inclusive investment business is primarily operated through its subsidiary, Puhui Qilu, which is responsible for the operation and management of relevant funds across Shandong Province, thereby facilitating the unblocking of capital channels for local areas. Puhui Qilu's principal business scope includes engaging in investment activities with its own funds, asset management services funded by its own capital, corporate management consultancy, and financing consultancy services.

Government-funded Equity Investment

The government-funded equity investment business is operated through the Group's subsidiary, Shandong Finance Capital Management Co., Ltd.(山東省財金資本管理有限公司)("**Caijin Capital**"). Caijin Capital provides direct equity investments to support technological innovation and industrial upgrades in the real economy. The funding for this business segment is primarily derived from capital allocations by the Shandong Provincial Department of Finance. Operating through a limited partnership structure, the Group invests in key projects across designated sectors, including technology, entrepreneurial talent, and industrial and information technology.

Local Financial Services

The Group's local financial services mainly consist of financial leasing, local financial asset management and bridge financing services.

Financial Leasing

The Group conducts its financial leasing business through Shandong Provincial Caijin Financial Leasing Co., Ltd.(山東省財金融資租賃有限公司)("**Caijin Financial Leasing**") and its subsidiary, Tianjin Shancai Caijin Financial Leasing Co., Ltd.(天津山財財金融資租賃有限公司)("**Tianjin Shancai**").

Established in 2007, Caijin Financial Leasing is licensed as a Chinese-funded financial leasing enterprise (內資融資租賃企業) by the MOFCOM and the SAT. It is authorised to engage in various leasing operations, including direct financial leasing, sale-leaseback, sub-leasing, leveraged leasing, entrusted leasing, and joint leasing transactions. It provides comprehensive financial services across multiple fields, including medical and health, water conservancy and environment, and urban public utilities, supporting the integration of industry and finance.

Tianjin Shancai holds a foreign-funded financial leasing licence and was registered in the Tianjin Dongjiang Free Trade Port Zone in December 2018 as a foreign-invested enterprise. It primarily engages in leasing operations such as direct financial leasing, sale-leaseback, and joint lease transactions by capitalising on regional location advantages and preferential policies.

Business Model

The Group primarily offers financial leasing to its customers through direct financial leasing and sale-leaseback transactions. The funding for these operations mainly comes from external financing, such as bank loans and bond issuances, as well as capital accumulation from leasing project returns.

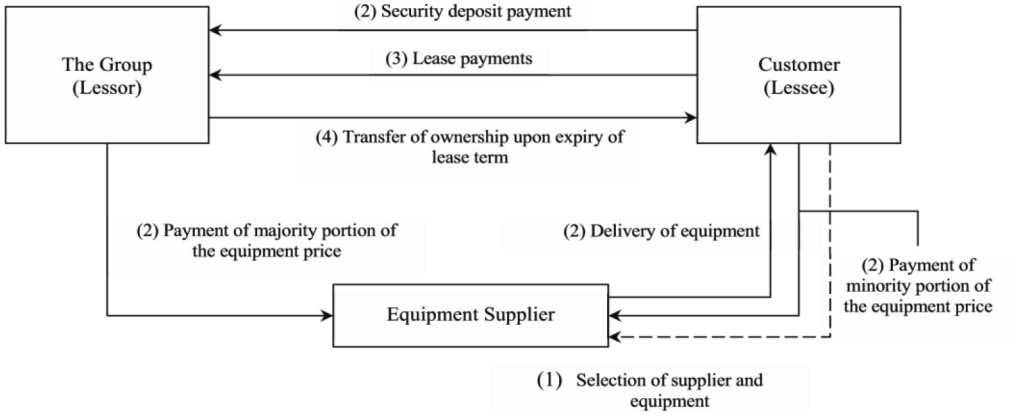
The Group primarily derives its operating revenue from the leasing of equipment to its financial leasing customers in various industries such as solar photovoltaic power generation, new energy public transport, school transport, transportation facilities, urban utilities, industrial equipment, and high-technology industrial application. The net interest income generated from these transactions is the primary source of operating revenue of the Group in its financial leasing business. In addition to receiving net interest income, the Group also charges a processing fee and comprehensive service fees customised to individual project requirements for the financial leasing services rendered, which is generally agreed between the parties.

Direct financial leasing

A typical direct financial leasing transaction involves three parties, namely the lessor, the lessee, and the equipment supplier. The Group, as the lessor, purchases specific equipment under the lease agreement from the equipment supplier pursuant to the instructions given by the lessee. After purchasing the equipment, the Group leases the equipment to the lessee (customer) in return for periodic lease payments. In a direct lease, the Group, as a lessor, has the title of leased equipment within the lease term, while substantially all of the risks and rewards associated with the title of the leased equipment have been transferred to the lessee.

At the end of the lease term, the lessee has the option, upon prior notice to the Group, to purchase the leased equipment, renew the lease, or return the leased equipment to the Group, provided that there is no default on the part of the lessee or such default has been cured. If the lessee selects to purchase the leased equipment, it should pay the Group the consideration prior to the expiry of the lease term. The Group transfers the title of the leased equipment to the lessee after receiving the consideration.

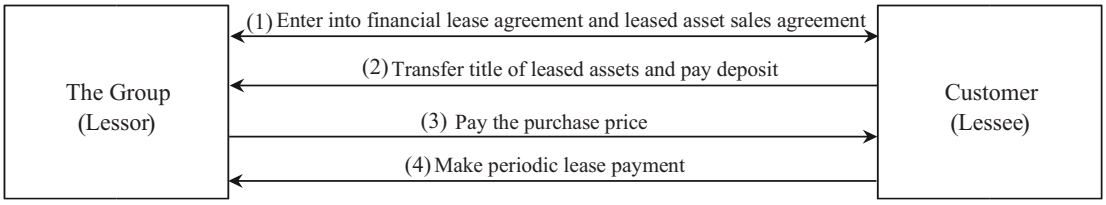
The following diagram shows the relationship among the lessor, the lessee and the equipment supplier:



Sale-leaseback

A typical sale-leaseback transaction involves two parties, namely the lessor and the lessee. In such transaction, the lessee, as the customer, purchases specific equipment directly from the equipment supplier using its own funds and sells the equipment to the Group. Thereafter, the Group, as the lessor leases the equipment back to the lessee in return for the periodic lease payments. At the end of the lease term, the lessee has the option to repurchase the leased equipment thus regaining the title of the leased equipment.

The following diagram shows the relationship between the lessor and the lessee in a sale-leaseback transaction:



Risk Management

The Group has implemented comprehensive risk management and internal control processes to minimise credit and leasing risks, avoid the provision of financial leasing services to high-risk industries, as well as designate adequate leasing strategies to ensure stable returns. In addition, internal policies are in place to ensure that the due diligence process involved in financial leasing workflows are conducted comprehensively, and that multiple payment collection processes are available to minimise risks relating to financial leasing receivables.

Local Financial Asset Management

The Group's local financial asset management business is operated through its subsidiary, Taihe Asset, focusing on distressed asset acquisition, disposal, operation, and investment activities. Its approved business scope includes investment with its own funds, asset management, investment management, and investment consultancy services funded by its own capital, corporate mergers, acquisitions, and restructuring services, alongside distressed asset management and disposal.

Bridge Financing Services

The Group's bridge financing services is primarily conducted through its subsidiary, Shandong Caijin Small and Medium Enterprises Service Co., Ltd.(山東財金中小企業服務有限公司)("**Caijin Enterprise Service**"). This business segment provides short-term financial accommodation services designed to facilitate timely loan repayments and renewals for qualified enterprises that face temporary liquidity difficulties despite meeting commercial bank credit criteria. Caijin Enterprise Service maintains a robust internal control framework and is staffed with experienced professionals, backed by sustained operational and risk management support from the Group. The segment originates transactions through a combination of market-driven client acquisition channels and internal collaborative development across the Group's broader ecosystem.

The primary revenue stream for this segment consists of service fees generated from providing bridge financing services. Under its profitability model, upfront service fees are collected from applicants based on the specific fee rates and utilisation periods stipulated in the bridge financing agreements. The maturity of such short-term financing facilities generally does not exceed one month.

Modern Industrial Investment and Operations

The Group's modern industrial investment and operations consist of industrial operations, infrastructure services and supply chain services. For the years ended 31 December 2023, 2024 and 2025, the Group's operating revenue generated from its modern industrial investment and operations was approximately RMB7,212.2 million, RMB8,598.1 million and RMB8,280.6 million, respectively, representing approximately 86.0 per cent., 83.7 per cent. and 65.8 per cent., respectively, of the total revenue from the Group's principal business segments for the same periods.

Industrial Operations

The Group's industrial operations business mainly includes modern agriculture, healthcare and cultural tourism, new energy and other strategic industrial investments and operation. For the years ended 31 December 2023, 2024 and 2025, the Group's operating revenue generated from its industrial operations business was approximately RMB1,558.3 million, RMB2,514.3 million and RMB1,388.6 million, respectively, representing approximately 18.6 per cent., 24.5 per cent. and 11.0 per cent., respectively, of the total operating revenue from the Group's principal business segments for the same periods.

Modern Agriculture

The Group's modern agriculture business is primarily operated by its wholly-owned subsidiary, Shandong Caijin Rural Revitalisation Co., Ltd.(山東省財金鄉村振興有限公司)("**Caijin Rural Revitalisation**") and its subsidiaries. The Group's modern agriculture business focuses on stabilising grain production and enhancing regional food security through the following main sub-sectors:

Integrated Agricultural Product Services

The Group operates grain service centres in major grain-producing counties across Shandong Province. It provides a one-stop standardised service covering the entire industrial chain (pre-production, production, and post-production), including order-based cultivation, financial support, centralised procurement of agricultural materials, technical assistance and drying and storage facilities. Its product portfolio mainly includes corn and wheat, as well as oysters, garlic, traditional Chinese medicinal materials and edible oils.

Agricultural Industrialisation and Rural Infrastructure Investment

The Group invests in key agricultural projects through joint ventures with industry-leading private enterprises or local state-owned entities. Projects are generally selected based on their alignment with national and provincial rural revitalisation strategies. The Group prioritises projects with robust operating cash flows and returns that exceed the industry average, while strictly controlling investments in non-core, overcapacity or high-risk sectors. As at 31 December 2025, the Group's investment portfolio mainly includes the Rizhao Wanze Feng Marine Ranch Salmon Seedling Base (Phase I)(日照萬澤豐海洋牧場三文魚苗種基地一期項目) and the Shandong Yaowang Traditional Chinese Medicine Technology Co., Ltd.(山東堯王中藥科技有限公司).

Other Agricultural Services

The Group's other agricultural services include urban-rural sanitation services.

Healthcare and cultural tourism

The Group's healthcare and cultural tourism business is primarily operated by its wholly-owned subsidiary, Shandong Caijin Health Industry Investment Holding Co., Ltd.(山東省財金健康產業投資控股有限公司). The Group's healthcare and cultural tourism business focuses on cultural tourism operations and cultural tourism project investment and others.

Cultural Tourism Operations

The Group's cultural tourism operations business focuses on creating immersive, high-quality cultural landmarks that integrate historical heritage with modern tourism experiences. In 2024, the Group launched the Langya Ancient City in Linyi, Shandong Province.

The Group's cultural tourism operations generate stable cash flows through a diversified revenue mix, including revenue from scenic area entrance tickets and tickets for large-scale live performances, revenue-sharing models with merchants operating within the ancient city and income from the rental of commercial storefronts and retail spaces.

Cultural Tourism Project Investment

The Group's cultural tourism investment business is primarily operated by its wholly-owned subsidiary, Shandong Caijin Health Industry Investment Holding Co., Ltd.(山東省財金健康產業投資控股有限公司) and its specialised investment vehicles.

The Group leverages its position as a state-owned enterprise to deepen collaborations with industry leaders, healthcare and cultural tourism institutions, and local governments. In partnership with the Jinan International Medical Centre(濟南國際醫學中心), Qilu Hospital(齊魯醫院) and other industry leading participants, the Group is developing specialised projects such as a medical logistics park and a modern imaging centre for a flagship maternity hospital. The investment portfolio spans multiple domains including elderly care services, pharmaceutical equipment, medical commerce, medical services, and smart health technologies. The Group also actively supports the regional development of health-tourism clusters.

To ensure the preservation and appreciation of state-owned assets, the Group also engages in the development and sale of health-centric properties. The Group's subsidiaries, Shandong Caijin Cultural Tourism Development Co., Ltd.(山東省財金文旅發展有限公司) and Caijin Cultural Tourism Industry Investment (Linyi) Co., Ltd.(財金文旅產業投資(臨沂)有限公司), possess Class II Real Estate Development Qualifications(房地產開發二級資質). Over the past three years, development activities have been concentrated in Linyi and Tai'an, focusing on cultural tourism real estate and commercial properties that support the Group's broader healthcare and cultural tourism and tourism mandates. The Group also generates revenue through the management and leasing of commercial properties and healthcare and cultural tourism-related facilities.

New Energy

The Group's new energy business is primarily operated by its wholly-owned subsidiary, Shandong Caijin New Energy Industry Co., Ltd.(山東省財金新能源產業有限公司). The Group's new energy business is dedicated to the development, investment, construction and management of diversified energy projects, including wind power, photovoltaics and energy storage.

The Group has successfully completed construction on certain key new energy projects, which have transitioned into the operational stage and are generating electricity sales revenue. For example:

- *Mengyin Agri-Solar Complementary Project(蒙陰農光互補項目):* Located in Linyi, this project covers approximately 3,400 mu. It was officially connected to the national grid on May 13, 2025, achieving a 100 MW grid-connected power generation capacity.

- *Jiaxiang County Wind Power Project(嘉祥縣風電項目):* Located in northern Jiaxiang, this 175 MW project involves five towns and streets. Following its full-capacity approval and commencement of construction in 2024, it was officially connected to the grid in December 2025.

- *Yutai County Wind Power Project(魚台縣風電項目):* An inland plain wind farm with a capacity of 280 MW. Construction was accelerated in 2024, and the project successfully achieved full grid connection in January 2026.

Other Industrial Operations

The Group's other industrial operations primarily comprise the software development, sales and maintenance operations of its subsidiary, Beijing Huacheng Zhiyun Software Co., Ltd.(北京華成智雲軟件股份有限公司)("**Huacheng Zhiyun**"). The Group completed the investment in Huacheng Zhiyun in 2022. Huacheng Zhiyun is a high-tech enterprise that leverages a sophisticated technological foundation centred on video processing, artificial intelligence and Big Data. Its mission is to empower the digital transformation and upgrading of government and industrial sectors through technological innovation. Revenue in this segment is primarily derived from software development and sales, professional solutions and operation and maintenance services.

Infrastructure Services

The Group's infrastructure services business primarily involves infrastructure investment and public-private partnership ("**PPP**") projects. The Group is a key financing platform for raising funds from financial institutions and to on-lend the net proceeds to third parties, mainly local state-owned enterprises, to finance and support infrastructure construction in Shandong Province. The Group finances Shandong Province's major infrastructure projects, primarily shanty-town renovation, development of rural highways, and education-related facilities. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's infrastructure services was approximately RMB1,207.3 million, RMB1,583.6 million and RMB1,302.7 million, respectively, representing approximately 14.4 per cent., 15.4 per cent. and 10.4 per cent., respectively, of the total operating revenue from the Group's principal business segments for the same periods.

Infrastructure Investment

The Group's infrastructure investment and financing services business primarily involves the co-ordinated operation of provincial-level infrastructure projects, and is primarily operated by its wholly-owned subsidiary Caijin Rural Revitalisation.

The Group provides investment and financing services for provincial infrastructure construction projects, including shanty-town renovation projects, development of rural highways and education-related facilities by on-lending loans from financial institutions to third parties, mainly local state-owned enterprises, which are responsible for carrying out the construction of the projects. In return, the Group charges services fees to borrowers when disbursing such loans to third parties. This approach designates the Group as the primary borrowing entity for infrastructure investment projects, utilizing a government buyout service model for project financing.

Under the Unified Borrowing and Repayment(統借統還)approach, the Group borrows from multiple policy banks and commercial banks to support projects across Shandong Province, except Jinan and Qingdao. Such payment will be paid by the local government, primarily the Shandong Provincial Department of Finance, in instalments over a designated period of time, normally ranging from 10 to 25 years. The Group, serving as a nominal borrower, raises funds from policy banks and national commercial banks for the on-lending purpose. The service fees generated from these transactions is the main source of operating revenue of the Group in its infrastructure investment business. The Group no longer engages in new infrastructure investment projects that involve government buyout services due to policy reasons. However, previously approved shantytown renovation projects continue to proceed normally. Due to the long-term nature of these loans (10 to 25 years), the asset management fee income continues to provide a stable cash flow for the Group.

In practice, the Group normally enters into an agreement, namely the "Integration Agreement"(聯合體協議)with the third party, which sets out the rights and obligation of each party, including but not limited to terms such as the Group is responsible for obtaining required funds from the financing bank for the purposes of project construction financing, whilst the third party is responsible for carrying out the actual construction of the projects. Thereafter, an agreement named "Government Buyout Service Agreement"(政府購買服務協議)will be entered into among the Group, the third party and the local

government. The Government Buyout Service Agreement sets out the obligation of local governments to repay the funds the Group on-lent to the third party by instalments, with a tenor ranging from 10 years to 25 years. Finally, an agreement named "Project Supervising Agreement"(項目監管協議) will be entered among the Group, the third party, the local government and the financing bank, which sets out the condition precedents the Group has to meet before requesting funds from the financing bank. Typical condition precedents include (but are not limited to): (1) settlement bank account for a specific project has been set up in the funds issuing bank; and (2) the "Fund Requesting Application Form"(提款申請書) prepared by the third party and has been approved by Shandong Provincial Department of Finance.

Since 2023, the Group has also conducted certain entrusted loan operations focused on resolving short-term liquidity issues for municipal and county-level state-owned enterprises. These operations are conducted through commercial banks, targeting entities that are not on the local government hidden debt list and have no record of default. This business is strictly managed under the Group's investment management system to control overall scale.

PPP Projects

The Group participates in PPP projects in sectors such as sewage treatment, sponge city development, eco-tourism, and municipal infrastructure, primarily through its wholly-owned subsidiary Caijin Rural Revitalisation. The Group typically establishes project companies with local governments, where the Group holds a controlling stake. The Group is responsible for project financing, construction, operation, and maintenance. The Group realises its returns through viability gap funding or government payments. As of 31 December 2025, the Group has participated in key projects such as Rizhao City Lanshan District Sponge City PPP Project (Phase I)(日照市嵐山區海綿城市PPP項目(一期)), Rizhao City Lanshan District Sewage Treatment Plant and Supporting Facilities PPP Project(日照市嵐山區污水處理廠及配套工程PPP項目), Rizhao City Lanshan District Ecotourism and Infrastructure Construction PPP Project(日照市嵐山區生態旅遊和基礎設施建設PPP項目), Weifang Cultural and Art Center Stock Asset Conversion PPP Project(山東省濰坊市文化藝術中心存量資產轉換PPP項目), and Weifang Olympic Sports Park Stock Asset Conversion PPP Project(濰坊市奧體公園存量資產轉換PPP項目).

Upon the completion of construction of a project, the Group generally enters into a concession agreement with the relevant government entities regarding the operation of the project, according to which the Group will operate the facilities and generate revenue therefrom. Upon the expiration of the concession period, the Group will transfer the ownership of the facilities to the relevant government entities free of charge or at a nominal price.

Supply Chain Servies

The Group's supply chain business primarily involves products such as refined oil, thermal insulation coatings and building materials, with major sales regions spanning East China, South China and Northwest China. The Group conducts its supply chain services business primarily through its subsidiary Shandong Finance Energy Co., Ltd.(山東省財金能源有限公司), and former subsidiaries Shandong Zhucheng Supply Chain Management Co., Ltd.(山東主城供應鏈管理有限公司)(formerly known as Shandong Finance Green Construction Supply Chain Management Co., Ltd.(山東省財金綠建供應鏈管理有限公司)) and Shandong Xinxinlian Petrochemical Co., Ltd.(山東鑫欣聯石油化工有限公司).

For the years ended 31 December 2023, 2024 and 2025, the Group's operating revenue generated from its supply chain services was approximately RMB4,446.6 million, RMB4,500.2 million and RMB5,589.2 million, respectively, representing approximately 53.0 per cent., 43.8 per cent. and 44.4 per cent., respectively, of the total operating revenue from the Group's principal business segments for the same periods.

Business Model

The Group conducts its supply chain services primarily through an "order-based procurement" model, which focuses on integrating "business, information, capital and logistics" flows. Payment terms are tailored to specific transaction requirements and market conditions, utilising deposit-based, progress-payment or full-payment models.

Goods are stored in designated large-scale warehouses. The Group maintains control over the goods and manages the associated inventory from the time of storage until the transfer to downstream customers, which is typically executed upon receipt of full or partial payment. Procurement and sales settlements for the supply chain services business are primarily conducted via telegraphic transfer (T/T) and notes, with settlement periods generally not exceeding one year.

The pricing of these goods is generally determined through the following methods:

- *Framework Agreements:* For specific products, the Group negotiates preferential prices with suppliers and customers at the beginning of the year based on market rates. Annual sales and procurement are generally executed according to the predefined framework prices. In special circumstances, separate procurement and sales agreements are signed for price adjustments of individual products.

- *Real-time Market Pricing:* For bulk commodities such as certain metals, procurement prices are based on the daily listed price on relevant industry websites plus a handling fee. Sales prices are determined by adding a margin to the procurement cost, negotiated with downstream customers either before or after procurement.

- *Market-driven Comprehensive Pricing:* For crude oil and related products, prices are determined by a comprehensive analysis of international market trends, refinery costs, inventory levels of major traders and downstream demand. The Group monitors the procurement intentions of major entities to ensure competitive trading margins.

The Group maintains a diverse range of procurement channels including refineries and petrochemical trading enterprises and focuses on developing relationships with central and local state-owned enterprises and large-scale private enterprises in the petrochemical and construction sectors.

Other Businesses

In addition to the aforementioned business segments, the Group also generates revenue from other businesses. For the years ended 31 December 2023, 2024 and 2025, operating revenue generated from the Group's other businesses was approximately RMB231.1 million, RMB165.2 million and RMB129.2 million, respectively, representing 2.8 per cent., 1.6 per cent. and 1.0 per cent. of the total operating revenue from the Group's principal business segments for the same periods.

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, vacation, employee benefits, training programmes, health and safety, confidentiality obligations and grounds for termination.

INSURANCE

The Group protects itself by maintaining insurance coverage which the Group believes is consistent with customary practises in the PRC in areas where the Group operates. The Group maintains insurance coverage in amounts that the Group believes are consistent with its risk of loss and the customary practices in the relevant industries. However, the Group may not have sufficient coverage for some of the risks it faces, either because insurance is not available or because of the high premium costs. Losses and liabilities arising from uninsured or underinsured events could have a material impact on the Group's results of operations.

LEGAL PROCEEDINGS

From time to time, the 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 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 impact on its business, financial condition or results of operations.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

In accordance with the articles of association of the Company, the board of directors of the Company (the "**Board**") shall consist of seven directors, including three executive directors, three equity directors and one employee director. Currently, the Board consists of four directors, including one chairman and one employee director. The Board is primarily responsible for, among others, implementing the resolutions and decisions adopted by and making reports to the shareholder, formulating the Company's articles of association and the amendments thereto and development strategy and plans for shareholder's approval, formulating the Company's operation guidelines and investment plans in accordance with its development strategy and plans, reviewing plans on restructuring, mergers, spin-off and liquidation in relation to the Company and its subsidiaries and submitting to the shareholder for approval or filing, formulating plans on transfer of material property rights, assets disposal, capital operation, major investment and financing activities, external guarantee plans and plans on insolvency and liquidation and submitting to the shareholder for approval or filing, reviewing the Company's annual financial budget plans and accounting plans, annual profit distribution plans and deficit covering plans, proposals in relation to the increase or decrease of registered capital and issuance of debt securities and plans in relation to major investment and financing activities and submitting the above for shareholder's approval, formulating the basic management policies of the Company and filing with the shareholder, and determining the Company's internal management structure and appointment and removal of senior management. The directors are appointed for a term of three years.

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

Name	Year of Birth	Position/Title
Mr. LIANG Lei (梁雷)	1971	Chairman of the Board
Mr. CUI Pengpeng (崔朋朋).	1975	General manager and director
Mr. YU Fuhai (于富海)	1968	Director
Mr. SUN Fengyan (孫豐彥)	1970	Employee director

Mr. LIANG Lei (梁雷), born in 1971, has been the secretary of the Party Committee of the Company since September 2022, chairman of the Board of the Company since October 2022, and concurrently the secretary of the Party Committee and chairman of the board of directors of Topsperity Securities. Mr. Liang previously served as the director of the Fund Business Department (基金業務部) of Shandong Economic Development Investment Company (山東省經濟開發投資公司), the general manager of the Fund Management Department (基金管理部) and a deputy general manager of the Company, and the Party Secretary and Chairman of the board of director of Shandong New Growth. Mr. Liang is a professor-level senior accountant.

Mr. CUI Pengpeng (崔朋朋), born in 1975, has been the general manager since February 2024, director of the Company since January 2024 and deputy secretary of the Party Committee of the Company since February 2024. Mr. Cui previously served as the director of the Capital Operation Department (資本運營部), a member of the Party Committee and a vice president of Shandong State-owned Assets Investment Holdings Co., Ltd. (山東省國有資產投資控股有限公司), a director, the chairman of the board of director and the part-time secretary of the Party Committee of Shandong Rongyue Financial Holdings Co., Ltd. (山東融越金融控股有限公司), a part-time director of Inspur Group Co., Ltd. (浪潮集團有限公司), a member of the Party Committee and a deputy general manager of the Company, a director and concurrently the chairman of Shandong Finance Group (Hong Kong) Co. Limited (山東財金集團(香港)有限公司). Mr. Cui is an economist.

Mr. YU Fuhai (于富海), born in 1968, has been the deputy secretary of the Party Committee and a director of the Company since January 2024. Mr. Yu previously served as the deputy director of the Party Committee Office of Tiantong Securities Co., Ltd. (天同證券有限責任公司), the head of the

Secretariat Group of the Preparatory Office and the director of the Office of Shandong Rural Credit Cooperative Union (山東省農村信用社聯合社), the Party secretary and chairman of Laiwu Rural Credit Cooperative Union (萊蕪市聯社), the director of the Information Technology Department, a member of the Party Committee and deputy director of Shandong Rural Credit Cooperative Union. Mr. Yu is a senior economist.

Mr. SUN Fengyan (孫豐彥), born in 1970, has been an employee director of the Company since March 2024 and he also serves as the assistant general manager and chairman of the Trade Union of the Company. Mr. Sun previously served as a deputy director and the director of the Audit Department (稽核部) of Shandong Economic Development and Investment Corporation, the general manager of the Audit and Legal Department (審計法務部) of the Company, and a director and concurrently the chairman of the board of director of Caijin Financial Leasing. Mr. Sun is a senior accountant.

SENIOR MANAGEMENT

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

Name	Year of Birth	Position/Title
Mr. CUI Pengpeng (崔朋朋).	1975	General manager and director
Ms. ZHOU Ping (周蘋)	1976	Deputy general manager
Mr. YIN Tao (尹濤)	1976	Deputy general manager
Mr. DING Yi (丁毅)	1977	Deputy general manager

Mr. CUI Pengpeng (崔朋朋), born in 1975, has been the general manager since February 2024, director of the Company since January 2024 and deputy secretary of the Party Committee of the Company since February 2024. For details of Mr. Cui's bio, please refer to "– *Directors*" above.

Ms. ZHOU Ping (周蘋), born in 1976, has been a member of the Party Committee of the Company since January 2024, and a deputy general manager of the Company since February 2024. Ms. Zhou previously served as the director of the Trading Market Supervision Division (交易市場監管處) and the director of the Capital Market Division (資本市場處) of the Shandong Provincial Financial Office (山東省金融工作辦公室), and the director of the Capital Market Division and a Level I researcher of the Shandong Local Financial Supervision and Administration Bureau (山東省地方金融監督管理局).

Mr. YIN Tao (尹濤), born in 1976, has been a member of the Party Committee and deputy general manager of the Company since February 2024, and concurrently a member of the Party Committee, secretary of the Discipline Inspection Commission, and a director of Topsperity Securities. Mr. Yin previously served as the deputy director of the Insurance and Guarantee Division of the Shandong Provincial Financial Office (山東省金融工作辦公室), a director, chairman and general manager of Shandong Caijin Financing Guarantee Fund Management Co., Ltd. (山東省財金融資擔保基金管理有限公司), and a director, chairman and general manager, and subsequently director and chairman of Shandong Caijin New Energy Industry Co., Ltd. (山東省財金新能源產業有限公司).

Mr. DING Yi (丁毅), born in 1977, has been a member of the Party Committee and deputy general manager of the Company since February 2024. Mr. Ding previously served as the deputy director of the Second Inspection Division of the Inspection Bureau of Jinan Local Taxation Bureau, Shandong Province (山東省濟南市地方稅務局稽查局檢查二處), a member of the Party Leadership Group and discipline inspection team leader of the Licheng Branch of Jinan Local Taxation Bureau, Shandong Province (山東省濟南市地方稅務局曆城分局), a member of the Joint Party Committee and deputy director of the Jinan Licheng District Taxation Bureau, State Taxation Administration (國家稅務總局濟南市曆城區稅務局), and the deputy general manager of the Investment Development Department (投資發展部) and the director of the Strategic Development Department (戰略發展部) of the Company.

EXCHANGE RATE INFORMATION

The People's Bank of China (the "**PBOC**"), the central bank of the PRC, sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the market during the prior day. The PBOC also takes into account other factors, such as the general conditions existing in the international foreign exchange markets. On 21 July 2005, the PRC government introduced a managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of currencies. On the same day, the value of the Renminbi appreciated by 2 per cent. against the U.S. dollar. The PRC government has since made and in the future may make further adjustments to the exchange rate system. On 18 May 2007, the PBOC enlarged, effective on 21 May 2007, the floating band for the trading prices in the inter-bank spot exchange market of Renminbi against the U.S. dollar from 0.3 per cent. to 0.5 per cent. around the central parity rate. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5 per cent. above or below the central parity rate published by the PBOC. The floating band was further widened to 1.0 per cent. on 16 April 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 26.9 per cent. from 21 July 2005 to 31 December 2013. On 14 March 2014, the PBOC further widened the floating band against the U.S. dollar to 2.0 per cent. On 11 August 2015, the PBOC announced to improve the central parity quotations of Renminbi against the U.S. dollar by authorising market-makers to provide central parity quotations to the China Foreign Exchange Trading Centre daily before the opening of the interbank foreign exchange market with reference to the interbank foreign exchange market closing rate of the previous day, the supply and demand for foreign exchange as well as changes in major international currency exchange rates. Following the announcement by the PBOC on 11 August 2015, Renminbi depreciated significantly against the U.S. dollar. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In January and February 2016, Renminbi experienced further fluctuations in value against the U.S. dollar. The PRC government may adopt further reforms of its exchange rate system, including making the Renminbi freely convertible in the future. The International Monetary Fund announced on 30 September 2016 that, effective on 1 October 2016, the Renminbi was added to its Special Drawing Rights currency basket. The PRC government has since made and in the future may make future adjustments to the exchange rate system.

The following table sets forth the noon buying rates for U.S. dollars in New York City for cable transfers payable in Renminbi as certified by the Federal Reserve Bank of New York for customs purposes for and as at the periods indicated as set forth in the H.10 statistical release of the Federal Reserve Board.

	Noon Buying Rate			
Period	**Period End**	**Average[(1)]**	**High**	**Low**
		(Renminbi per U.S.$1.00)		
2021	6.3726	6.4508	6.5716	6.3435
2022	6.8972	6.7518	7.3048	6.3084
2023	7.0999	7.0797	7.3430	6.7010
2024	7.2993	7.1961	7.2993	7.0106
2025	6.9931	7.1875	7.3499	6.9931
2026				
January	6.9510	6.9692	6.9965	6.9462
February	6.8579	6.9064	6.9463	6.8409
March	6.8980	6.8921	6.9119	6.8655
April	6.8273	6.8371	6.8856	6.8157
May (through 15 May)	6.8092	6.8064	6.8300	6.7851

Note:

(1) Averages are calculated by averaging the rates on the last business day of each month during the relevant year. Monthly averages are calculated by averaging the daily rates during the relevant monthly period.

PRC LAWS AND REGULATIONS

This section summarises the principal PRC laws and regulations which are relevant to the Group's business and operations and the provision of the Guarantee. 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 or to the Guarantor.

NDRC Registration

According to the NDRC Measures, which was issued by the NDRC on 5 January 2023 and came into effect on 10 February 2023, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of one year or more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure a registration certificate from the NDRC in respect of such issue.

The NDRC Measures relates to the matters as listed below:

- implement the administration of examination and the registration system. Realise the supervision and administration of the size of foreign debts borrowed on a macro level with the examination, registration, and information reporting of the issuance of foreign debts by enterprises;

- before the issuance of foreign debts, enterprises shall first apply to the NDRC for the handling of the examination and registration procedures and shall report the information on the issuance to NDRC within 10 working days of completion of each issuance;

- examination and registration materials to be submitted by an enterprise for the issuance of foreign debts shall include: application report for the issuance of foreign debts and issuance plan, including the currency, size, interest rate, and maturity of foreign debts, the purpose of the funds raised, back flow of funds, etc. The applicant shall be responsible for the authenticity, legality, and completeness of the application materials and information;

- the NDRC shall decide whether to accept the application for examination and registration within 5 working days of receiving it and shall issue a Certificate for Examination and Registration of the Issuance of Foreign Debts by Enterprises within three months of accepting the application;

- the issuer of foreign debts shall handle the procedures related to the outflow and inflow of foreign debt funds with the Certificate for Examination and Registration according to the regulations;

- in case of any major event that may affect the normal performance of debts, such as domestic and overseas debt repayment risk or significant asset restructuring, the enterprise shall promptly report relevant information and take risk isolation measures.

Cross-Border Security

On 12 May 2014, the SAFE promulgated the Provisions on the Foreign Exchange Administration of Cross-Border Security (the "**Cross-Border Security Provisions**") which took effect on 1 June 2014 and superseded a series of regulations previously issued by the SAFE and brought substantial changes to the current cross-border security regime.

The Cross-Border Security Provisions require post-event registration of the cross-border security with a local SAFE branch, and subject to the exceptions set out in its appendix 1, the enforcement of any properly registered cross-border security no longer requires prior verification by the SAFE. Also, the registration of cross-border security with a local SAFE branch is no longer a "perfection" requirement, i.e., the Cross-Border Security Provisions have clarified that failure to carry out any approval, registration or filing will not impact the validity of the security.

The Cross-Border Security Provisions also allow the cross-border security to be used for securing an offshore bond issuance, provided that (a) the offshore issuer shall be directly or indirectly owned by the onshore security provider; (b) the proceeds obtained from the offshore bond issuance shall be used for certain offshore projects which are related to the onshore security provider from a shareholding perspective; and (c) the issuer and such offshore projects have been duly approved by, registered and filed with, the relevant authorities in charge of outbound investment in PRC.

Although the approval/registration requirements relating to the cross-border security were largely relaxed under such Cross-Border Security Provisions, restrictions on the repatriation of proceeds from an offshore debt still applied, which provided that such proceeds may not be repatriated, whether directly or indirectly, from offshore to onshore, whether by way of equity investment or lending (which includes direct or indirect equity investment in an offshore company where 50 per cent. or more of its assets are located in mainland China) without obtaining prior approval from the SAFE. However, according to the Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review(關於進一步推進外匯管理改革完善真實合規性審核的通知) newly promulgated by the SAFE on 26 January 2017, proceeds from offshore debt secured by cross-border security may be repatriated to the PRC for use directly or indirectly by way of loans, equity investment, etc.

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本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.

Enterprises within the Shanghai FTZ may establish another cash pool under the Shanghai FTZ rules to extend inter-company loans, although Renminbi funds obtained from financing activities may not be pooled under this arrangement. Enterprises within the Shanghai FTZ can borrow Renminbi from offshore lenders under a pilot account-based settlement scheme within the prescribed macro prudential management limit. In addition, non-financial enterprises in the Shanghai FTZ are allowed to settle the foreign debt denominated in foreign currency with Renminbi on a voluntary basis, provided that the Renminbi proceeds settled therefrom should not be used (whether directly or indirectly) beyond their business scope or in violation of relevant laws and regulations in the PRC.

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.

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

Pursuant to the EIT Law effective on 1 January 2008 and the Individual Income Tax Law of the PRC, as amended on 30 June 2011 and effective on 1 September 2011 ("**IIT Law**"), and their implementation rules respectively, enterprises that are established under the laws of foreign countries and regions but whose "de facto management bodies" are within the PRC are treated as PRC tax resident enterprises for the purposes of the EIT Law. If the relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the "de facto management body" of the Issuer is within the PRC, the Issuer may be held to be a PRC tax resident enterprise for the purposes of the EIT Law and income or gains paid with respect to the Bonds may considered to be derived from sources within the PRC.

Under the EIT Law and its implementation rules, an income tax is imposed on the interests by way of withholding in respect of the Bonds, paid by the Issuer (if such interests are regarded as income derived from sources within the PRC under the EIT Law or the IIT Law (as the case may be)) to non-resident Bondholders, including non-resident enterprises and non-resident individuals. 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. In the event the Issuer is deemed to be a PRC tax resident enterprise by the PRC tax authorities in the future or the Guarantor is required to discharge its obligations under the Guarantee, interest paid on the Bonds or Guarantee may be considered to be PRC source, in which case the Issuer or Guarantor, as the case may be, would be required to withhold income tax from payments of interest in respect of the Bonds to any non-resident enterprise holder. The current rates of such income tax are 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises) of the gross amount of the interest, unless a lower rate is applicable. For example, the tax so charged on interests paid on the Bonds to non-resident Bondholders who or which are residents of Hong Kong (including enterprise holders and individual holders) as defined under the Arrangement between mainland China and Hong Kong for Purpose of the Avoidance of Double Taxation will be 7 per cent. of the gross amount of the interest pursuant to the arrangement between mainland China and Hong Kong and relevant interpretation of the arrangement formulated by the SAT.

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as incomes derived from sources within the PRC. 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 under the IIT Law and its implementation rules. 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 an arrangement between the PRC and Hong Kong for avoidance of double taxation, 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.

Value-added Tax ("VAT")

Pursuant to the Value-Added Tax Law of the PRC(中華人民共和國增值稅法)issued by the Standing Committee of the National People's Congress on 25 December 2024 and effective from 1 January 2026, the Implementation Regulations of the Value-Added Tax Law of the PRC(中華人民共和國增值稅法實施條例)issued by the State Council on 25 December 2025 and effective from 1 January 2026 and the Notice on Adjustment of Transfer Business Tax to Appreciation Tax(《關於全面推開營業稅改增值稅試點的通知》)issued on March 23, 2016 and implemented on May 1, 2016 (the "**Circular 36**") by the MOF and the SAT, effective from May 1, 2016, and partially repealed by the Notice on Pilot Policies of Transfer Business Tax to Appreciation Tax for Construction Services and Other Sectors(《關於建築服務等營改增試點政策的通知》)which was effective on July 1, 2017 and the Announcement on Policies for Deepening the VAT Reform(《關於深化增值稅改革有關政策的公告》)which was effective on April 1, 2019, PRC tax authorities have started imposing VAT on operating revenues from various service sectors, including real estate, construction, financial services and insurance, as well as other lifestyle service sectors, to replace the business tax that coexisted with VAT for over 20 years. In the event that foreign entities or individuals do not have a business establishment in the PRC, the purchaser of 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 processing services, financial services of direct charges, insurance services and the transfer of financial instruments, and the VAT rate is 6 per cent. Circular 36 further clarified that "loan processing" refers to the activity of lending capital for another's use and receiving the interest income thereon, therefore based on such an interpretation of "loan processing" under the Circular 36, the issuance of Bonds may be treated as the Bondholders providing loans to the Issuer or the Guarantor, which thus shall be regarded as financial services subject to VAT.

If the Issuer is treated as PRC tax residents and if PRC tax authorities could take the view that the holders of the Bonds are providing loans within the PRC, or if the interest component of the amount payable by the Guarantor to the Bondholders under the Deed of Guarantee is viewed as interest income arising within the territory of the PRC, the interest and other interest like earnings received by a non-PRC resident Bondholder from the Issuer will be subject to PRC VAT at the rate of 6 per cent. The Issuer will be obligated to withhold VAT of 6 per cent. on VAT for payments of interest and certain 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 PRC 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.

The Issuer has agreed to pay additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in "*Terms and Conditions of the Bonds*".

Stamp Duty

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

British Virgin Islands Taxation

Payments of interest and principal on the Bonds will not be subject to taxation in the British Virgin Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds nor will gains derived from the disposal of the Bonds be subject to British Virgin Islands income or corporation tax, provided that the payments are made to persons who are not resident in the British Virgin Islands. No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not resident in the British Virgin Islands with respect to the Bonds.

If neither the Issuer nor any subsidiary holds an interest in real estate in the British Virgin Islands, no stamp duty is payable in respect of the Bonds or on an instrument of transfer in respect of the Bonds.

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

Hong Kong Taxation

Withholding tax

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

Profits tax

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

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

(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, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;

(c) Interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112 of the Laws of Hong Kong) (the "**IRO**")) and arises through or from the carrying on by the financial institution of its business in 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).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to 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 Notes 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 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 a Bond.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN THE PRC GAAP AND IFRS

The consolidated financial statements of the Guarantor have been prepared in accordance with PRC GAAP.

PRC GAAP are substantially in line with IFRS, except for certain modifications which reflect China's unique circumstances and environment. The following is a general summary of certain differences between PRC GAAP and IFRS on recognition and presentation as applicable to the Guarantor. The differences identified below are limited to those significant differences that are appropriate to the Issuer's consolidated financial statements. Since the summary is not meant to be exhaustive, there is no assurance that the summary below is complete. The Issuer has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Issuer, 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 projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete. In making an investment decision, you must rely upon your own examination of the Issuer, the terms of the offering and other disclosure contained herein. You should consult your own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.

Land Use Rights

Under PRC GAAP, the cost of acquiring a land use right is generally recognized as investment property, intangible assets (if held for own use) or inventories, depending on the use of the land.

Under IFRS, the cost of acquiring a land use right (or other leasehold interest in land) is generally recognized as an operating lease prepayment, and cannot be revalued. The only exception is where the land interest is eligible to be classified as investment property. There is diversity in practice as to whether the cost of land use rights (or other leasehold interests held under operating leases) is classified as inventory when the land interest is held for re-sale in the ordinary course of business.

Non-Controlling Interest/Minority Interest

Under PRC GAAP, the acquirer should always recognise the minority interest at the minority shareholders' proportionate interest in the acquiree's identifiable net assets.

Under IFRS, the acquirer can choose, on an acquisition by acquisition basis, whether to measure components of non-controlling interest in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Government Grant

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

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

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

Reversal of an Impairment Loss

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

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

Related Party Disclosure

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

Under IFRS, government-related entities may still be treated as related parties if such government-related entities can exercise significant influence over the reporting entity.

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.

Impairment of Assets (Including Long-term Assets Measured at Historical Cost, such as Fixed Assets and Intangible Assets, and Assets Held for Sale)

Under PRC GAAP, once an impairment loss is recognized, it shall not be reversed in a subsequent period (except for the current assets impairment loss).

Under IFRS, impairment losses recognized in prior periods for an asset other than goodwill should be reversed when the recoverable amount of the asset increases as a result of a change in estimates.

Statement of Cash Flows

Under PRC GAAP, the direct method together with a supporting note reconciling operating results to cash flows arising from operations is the only permitted method.

Under IFRS, enterprises can choose whether to present cash flows from operating activities using the direct method or indirect method. Typically, entities reporting under IFRS use the indirect method.

Classification of Expenses in the Income Statement/Statement of Comprehensive Income

Under PRC GAAP, expenses must be classified based on their function in the income statement.

Under IFRS, enterprises may classify expenses either based on the nature of the expenses or their function in the statement of comprehensive income, depending on which format is considered reliable and more relevant.

SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with the Joint Lead Managers dated 27 May 2026 (the "**Subscription Agreement**") pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally and not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the aggregate principal amount of the Bonds set forth opposite its name below:

Joint Lead Manager	**Principal amount of the Bonds to be subscribed (U.S.$)**
GF Securities (Hong Kong) Brokerage Limited	65,000,000
Shenwan Hongyuan Securities (H.K.) Limited	65,000,000
CLSA Limited	65,000,000
DBS Bank Ltd.	15,000,000
ABCI Capital Limited	10,000,000
China Securities (International) Corporate Finance Company Limited	10,000,000
Guotai Junan Securities (Hong Kong) Limited	10,000,000
Zhongtai International Securities Limited	–
Caitong International Securities Co., Limited	10,000,000
China Construction Bank (Asia) Corporation Limited	10,000,000
China CITIC Bank International Limited	5,000,000
CEB International Capital Corporation Limited	5,000,000
China Everbright Bank Co., Ltd., Hong Kong Branch	5,000,000
China Galaxy International Securities (Hong Kong) Co., Limited	5,000,000
China Industrial Securities International Brokerage Limited	5,000,000
China International Capital Corporation Hong Kong Securities Limited	5,000,000
China Minsheng Banking Corp., Ltd. Hong Kong Branch	5,000,000
CMB Wing Lung Bank Limited	5,000,000
CMBC Securities Company Limited	5,000,000
CNCB (Hong Kong) Capital Limited	5,000,000
Haitong International Securities Company Limited	5,000,000
Hua Xia Bank Co., Limited Hong Kong Branch	5,000,000
Industrial and Commercial Bank of China (Asia) Limited	5,000,000
Industrial Bank Co., Ltd. Hong Kong Branch	5,000,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch	5,000,000
Shanxi Securities International Limited	5,000,000
SunRiver International Securities Group Limited	5,000,000
Tai Fung Bank Limited	5,000,000
Total	**350,000,000**

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

In connection with the issue of the Bonds, each of the Joint Lead Managers (the "**Stabilisation Coordinator**") or any person acting on behalf of the Stabilisation Coordinator may, provided that China CITIC Bank International Limited shall not be appointed or acting as the Stabilisation Coordinator, 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 the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer or the Guarantor, may 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 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 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 or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments of the Issuer or the Guarantor.

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

This notice to CMIs (including private banks) is a summary of certain obligations the Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the 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 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 should 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. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The 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 Code. Private Banks should be aware that placing an order on a "principal" basis may require the affiliated Joint Lead Managers (if any) to categorise it as a proprietary order and apply the "proprietary orders" requirements of the Code to such order and will require the Joint Lead Managers to apply the "rebates" requirements of the Code (if applicable) to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the 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 Code);
- whether any underlying investor order is a "Proprietary Order" (as used in the Code); and
- whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: GFDCM@gfgroup.com.hk; dcm@swhyhk.com; projectnexuscaijin@clsa.com; ficcsyndicate@citicclsa.com

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

General

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, the Guarantor 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, the Guarantor 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, the Guarantor or the Joint Lead Managers.

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

United States

The Bonds and the Guarantee of the Bonds have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Each Joint Lead Manager represents that it has not offered or sold, and will not offer or sell, any Bonds constituting part of its distribution at any time except in accordance with Rule 903 of Regulation S. Accordingly, neither it, any of its affiliates, nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Bonds or the Guarantee of the Bonds. Terms used in this paragraph 2 have the meanings given to them by Regulation S under the U.S. Securities Act.

Each of the Joint Lead Managers represents and agrees 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 and the Guarantee of the Bonds in the United States.

United Kingdom

Prohibition of sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Other regulatory restrictions

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 any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any 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.

European Economic Area

Prohibition of sales to EEA Retail Investors

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

For the purposes of this provision:

(a) a retail investor means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**")

(b) the expression "an offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Portugal

Each Joint Lead Manager represents, warrants and agrees that:

(a) it has not advertised, offered, distributed, submitted to an investment intentions gathering procedure or sold and will not, directly or indirectly, advertise, offer, distribute, submit to an investment intentions gathering procedure or sell the Bonds in circumstances which could qualify as a public offer of securities pursuant to the Portuguese Securities Code ("**Código dos Valores Mobiliários**") or in circumstances which would qualify as public placement of securities in the Portuguese market;

(b) the Bonds may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code unless the requirements and provisions applicable to the public offerings in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission ("**Comissão do Mercado de Valores Mobiliários**", "**CMVM**") is made;

(c) it has not distributed or caused to be distributed to the public in the Republic of Portugal any other offering material relating to the Bonds; and

(d) all applicable provisions of the Portuguese Securities Code and any applicable regulations issued by Portuguese Securities Market Commission ("**Comissão do Mercado de Valores Mobiliários**") applicable to the issue of the Bonds have been complied with regarding the Bonds, in any matters involving the Republic of Portugal.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; 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 the Laws of Hong Kong) (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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 SFO and any rules made under the SFO.

Singapore

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

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

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 Joint Lead Manager 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 Joint Lead Manager has represented and agreed that 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 applicable laws of the People's Republic of China.

British Virgin Islands

Each of the Joint Lead Managers has represented, warranted and agreed that it has not made and will not make, directly or indirectly, any offer to any person in the British Virgin Islands to purchase or subscribe for any of the Bonds.

GENERAL INFORMATION

1. **Clearing Systems**: The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code 337374999 and ISIN XS3373749996. The Legal Entity Identifier of the Issuer is 655600KRWZA1ZZVAWX21.

2. **Authorisations**: The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by written resolutions of the sole director of the Issuer on 18 May 2026. The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the giving and performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The giving of the Guarantee was authorised by resolutions of the board of directors of the Guarantor on 13 August 2025 and 15 May 2026.

3. **No Material Adverse Change**: Except as otherwise 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 2025.

4. **Litigation**: None of the Issuer, the Guarantor or any other member of the Group is not involved in any litigation or arbitration proceedings that the Issuer or Guarantor believes are material in the context of the Bonds and the giving of the Guarantee, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.

5. **Available Documents**: So long as any of the Bonds are outstanding, copies of the articles of association of the Issuer and the Guarantor and the Guarantor's Consolidated Financial Statements will be available for inspection from the Issue Date during usual business hours at the registered office of the Issuer.

   So long as any of the Bonds are outstanding and upon prior written request and proof of holding and identity to the satisfaction of the Trustee, copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee will be available for inspection by the Bondholders at the specified office of the Trustee currently at 3/F, CCB Tower, 3 Connaught Road Central, Central, Hong Kong, 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)).

6. **Financial Statements**: This Offering Circular contains the audited consolidated financial information of the Guarantor as at and for the years ended 2023, 2024 and 2025, which have been derived from the Guarantor's Consolidated Financial Statements. The Guarantor's consolidated financial statements as at and for the years ended 31 December 2024 and 2025 have been audited by Xin Lian Yi, the independent auditors of the Guarantor. The Guarantor's Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP.

7. **Listing**: Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only and such permission is expected to become effective on 2 June 2026.

INDEX TO FINANCIAL STATEMENTS

	Page
Audited consolidated financial statements of the Group as at and for the Year ended 31 December 2025[(1)]	
Audit Report	F-4
Consolidated Balance Sheet	F-7
Consolidated Income Statement	F-9
Consolidated Cash Flow Statement	F-10
Consolidated Statement of Change in Shareholders' Equity	F-11
Balance Sheet	F-13
Profit Statement	F-15
Cash Flow Statement	F-16
Statement of Change in Shareholders' Equity	F-17
Notes to Financial Statements	F-19
Audited consolidated financial statements of the Group as at and for the Year ended 31 December 2024[(1)]	
Audit Report	F-170
Consolidated Balance Sheet	F-173
Consolidated Income Statement	F-175
Consolidated Cash Flow Statement	F-176
Consolidated Statement of Change in Shareholders' Equity	F-177
Balance Sheet	F-179
Profit Statement	F-181
Cash Flow Statement	F-182
Statement of Change in Shareholders' Equity	F-183
Notes to Financial Statements	F-185

Notes:

(1) the Guarantor confirms that both Shandong Finance Investment Group Co. Ltd, Shandong Finance Investment Group Co. Ltd. and Shandong Finance Investment Group Co., Ltd., as in this Offering Circular and the Guarantor's Consolidated Financial Statements, refers to Shandong Finance Investment Group Co. Limited（山東省財金投資集團有限公司）. The discrepancy is due to the different translation practice adopted.

Shandong Finance Investment Group Co., Ltd.

(Consolidated and Parent Company)

For The Financial Year 2025

Audit Report

Xin Lian Yi Certified Public Accountants（Limited Liability Partnership）

Contents

I. Audit Report

II. Audited Financial Statements

1. Statements of Financial Position of Consolidated and Parent Company

2. Statements of Comprehensive Income of Consolidated and Parent Company

3. Company Statements of Cash Flows of Consolidated and Parent Company

4. Consolidated Statement of Changes in Equity

5. Statement of Changes in Equity of Parent Company

6. Notes to the Financial Statements

III. Appendix

1. Copy of Business License of Xin Lian Yi Certified Public Accountants (Limited Liability Partnership)

2. Copy of Practising Certificate of Xin Lian Yi Certified Public Accountants (Limited Liability Partnership)

3. Copies of Certified Public Accountant Practice Certificate

Audit report

Xin Lian Yi Shen Zi (2026) No.100137

To the Shareholders of Shandong Finance Investment Group Co., Ltd.,

I. Opinion

We have audited the accompanying financial statements of Shandong Finance Investment Group Co., Ltd. (the Company), which comprise the consolidated and the parent company's statements of financial position as at 31 December 2025, the consolidated and the parent company's statements of comprehensive income, the consolidated and the parent company's statements of cash flows and the consolidated and the parent company's statements of changes in equity for the year then ended and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and presented fairly, in all material respects, the consolidated and the parent company's financial positions as at 31 December 2025, and the consolidated and the parent company's financial performance and the consolidated and the parent company's cash flows for the year then ended.

II. Basis for Opinion

We conducted our audit in accordance with the auditing standards for Certified Public Accountants of China. The section "Auditors' Responsibility for the Financial Statements" in the audit report further describes our responsibilities in accordance with these standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled other responsibilities of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management of the Company (hereafter, the management) is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control to ensure the financial statements are free from material misstatements, whether due to fraud or error.

此码用于证明该审计报告是否由具有执业许可的会计师事务所出具，
您可使用手机"扫一扫"或进入"注册会计师行业统一监管平台（http://acc.mof.gov.cn）"进行查验。
报告编码：鲁26CHKWTM5L

During the preparation of the financial statements, the management is responsible for assessing the Company's going-concern capability, disclosing matters in relation to the going-concern status (if applicable), and applying the going-concern assumption, unless the management plans to liquidate the Company, terminates operation of the Company or has no other practical alternative choice.

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

IV. Auditor's Responsibility for the Audit of Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to frauds or errors, and issue an audit report with audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements may be caused by fraud or error. Misstatements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users based on the financial statements.

During the performance of our audit in accordance with the auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following procedures:

A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.

B. Understand the internal controls related to auditing in order to design appropriate audit procedures. But the purpose is not to express an opinion on the effectiveness of internal controls.

C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.

D. Conclude on the appropriateness of management's application of the going concern assumption, and based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we conclude that there is a material uncertainty, auditing standards require us to bring the relevant disclosures in the financial statements to the attention of statement users in our audit reports. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to the Company's financial information of the entities or business activities in order to express audit opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit, and take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which we identify during our audit.

Xin Lian Yi Certified Public Accountants
(Limited Liability Partnership)

Jinan, China

Chinese CPA:

Chinese CPA:

12 April 2026

Consolidated Statement of Financial Position

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Closing Balance	Opening Balance
Current assets:			
Cash and cash equivalents	VII. 1	35,368,861,999.97	22,711,014,926.75
Deposit Reservation for Balance	VII. 2	1,418,067,163.07	
Lendings to Banks and Other Financial Institutions			
Financial assets held for trading	VII. 3	18,575,326,452.92	5,867,452,190.13
Derivative financial assets	VII. 4	21,042,229.55	
Notes receivable	VII. 5	38,330,770.47	165,957,904.45
Accounts receivable	VII. 6	3,848,966,828.22	4,557,910,749.80
Receivables under financing			
Prepayments	VII. 7	1,373,036,007.78	2,135,142,034.18
Other receivables	VII. 8	12,761,853,618.88	8,278,514,977.10
Financial Assets Purchased Under Resale Agreements	VII. 9	57,685,128.64	
Inventories	VII. 10	1,325,587,073.73	4,613,400,696.22
Contract assets	VII. 11	2,178,545,996.62	1,953,268,005.02
Assets held for sale			
Non-current assets due within one year	VII. 12	14,759,272,348.78	8,737,014,274.08
Other current assets	VII. 13	79,836,765,823.85	19,104,717,999.75
Total current assets		171,563,341,442.48	78,124,393,757.48
Non-current assets:			
Loans Granted and Advances	VII. 14	654,737,569.42	2,229,351,862.59
Debt investments	VII. 15	4,408,835,683.27	5,773,212,267.73
Other debt investments	VII. 16	2,557,651,330.29	586,949,847.20
Long-term receivables	VII. 17	152,160,617,450.69	171,450,404,357.66
Long-term equity investments	VII. 18	20,953,931,766.74	22,514,977,120.57
Other equity instrument investments	VII. 19	55,884,545,704.14	30,248,784,940.09
Other non-current financial assets	VII. 20	28,683,869,089.81	27,545,315,230.41
Investment properties	VII. 21	1,548,703,416.56	2,438,307,874.09
Fixed assets	VII. 22	4,551,074,093.23	1,269,726,425.75
Construction in progress	VII. 23	2,283,229,423.30	628,348,816.56
Right-of-use assets	VII. 24	112,339,556.45	3,248,379.61
Intangible assets	VII. 25	4,802,807,341.56	4,923,399,457.37
Development costs	VII. 26	16,838,094.98	26,788,380.81
Goodwill	VII. 27	1,990,561,665.53	304,179,134.47
Long-term deferred expenses	VII. 28	78,942,900.91	6,244,085.47
Deferred tax assets	VII. 29	1,165,732,491.30	363,738,737.19
Other non-current assets	VII. 30	97,531,386.79	4,392,144,875.98
Total non-current assets		**281,951,948,964.97**	**274,705,121,793.55**
Total assets		**453,515,290,407.45**	**352,829,515,551.03**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

(Continued from the previous page)

Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans	VII. 31	40,750,305,763.65	27,542,518,281.79
Loans from other banks and other financial institutions	VII. 32	1,805,895,858.35	
Financial liabilities held for trading	VII. 33	37,130,900.86	
Derivative financial liability			
Notes payable	VII. 34	1,580,100,000.00	902,904,561.88
Accounts payable	VII. 35	6,285,541,847.34	1,657,354,767.02
Advance payments	VII. 36	464,566,619.32	388,037,805.17
Financial Assets Sold Under Repurchase Agreements	VII. 37	3,937,499,302.44	
Deposits from Customers and Interbank Deposits			
Funds Payable to Customers for Securities Trading	VII. 38	4,919,007,837.38	
Funds Payable to Clients for Underwriting Securities	VII. 39	853,056.33	
Contract liabilities	VII. 40	234,662,462.99	549,710,008.89
Employee benefits payable	VII. 41	784,098,797.87	270,038,315.73
Tax and surcharge payable	VII. 42	672,911,704.65	595,899,075.59
Other payables	VII. 43	3,693,623,245.19	2,558,983,399.85
Non-current liabilities due within one year	VII. 44	2,914,419,163.04	1,012,505.18
Other current liabilities	VII. 45	1,970,830,973.72	47,833,941.39
Total current liabilities		**70,051,447,533.13**	**34,514,292,662.49**
Non-current liabilities:			
Long-term loans	VII. 46	175,792,583,706.31	160,902,124,844.42
Bonds payable	VII. 47	52,054,007,534.57	41,586,651,628.20
including: Preference Shares			
Perpetual Bonds			
Lease liabilities	VII. 48	57,686,786.47	2,038,225.94
Long-term payables	VII. 49	130,000.00	90,130,000.00
Long-term employee compensation payable			
Provisions	VII. 50	30,854,040.90	
Deferred income	VII. 51		6,000,000.00
Deferred tax liabilities	VII. 29	371,130,817.45	333,647,081.01
Other non-current liabilities	VII. 52	1,560,913,349.92	1,636,866,364.65
Total non-current liabilities		**229,867,306,235.62**	**204,557,458,144.22**
Total liabilities		**299,918,753,768.75**	**239,071,750,806.71**
Shareholders' equity:			
Share capital	VII. 53	30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve	VII. 54	74,028,434,870.82	69,822,929,056.67
Less: Treasury Shares			
Other comprehensive income		-1,270,608,903.39	-1,046,930,862.63
Special Reserve			
Surplus reserve	VII. 55	309,894,516.36	309,894,516.36
General risk reserve	VII. 56	202,537,522.79	134,786,737.79
Undistributed profits	VII. 57	6,613,356,841.19	5,995,884,106.75
Total owners' equity attributable to the parent		109,883,614,847.77	105,216,563,554.94
Non-controlling interests		43,712,921,790.93	8,541,201,189.38
Total shareholders' equity		**153,596,536,638.70**	**113,757,764,744.32**
Total liabilities and shareholders' equity		**453,515,290,407.45**	**352,829,515,551.03**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Current Year	Prior Year
I. Total operating revenue		**13,463,802,881.96**	**10,437,957,777.00**
Including: Operating revenue	VII 58	12,584,647,908.93	10,275,754,431.93
Interest Income	VII 59	222,116,214.64	148,108,390.34
Fee and Commission Income	VII 60	657,038,758.39	14,094,954.73
II. Total operating costs		**12,218,722,207.39**	**9,832,084,821.03**
Including: Operating costs	VII 58	7,201,142,801.71	7,179,642,733.54
Interest Expense	VII 59	145,071,150.99	2,605,304.17
Fee and Commission Expense	VII 60	113,745,661.77	81,303.15
Taxes and surcharges	VII 61	138,026,673.97	116,285,679.41
Selling expenses	VII 62	119,988,802.74	39,321,357.47
Administrative expenses	VII 63	1,631,921,445.06	723,904,929.12
Research and development expenses	VII 64	19,546,597.19	7,927,901.95
Financial expenses	VII 65	2,849,279,073.96	1,762,315,612.22
Including: Interest expense		3,228,823,725.77	2,381,145,379.87
Interest income		408,169,957.80	629,956,993.25
Add: Other income	VII 66	-16,681,006.13	63,187,339.74
Investment income (losses expressed with "-")	VII 67	3,142,642,382.13	2,484,935,301.73
Exchange Gains (losses presented with "-")		-450,887.07	
Gains from changes in fair value (losses expressed with "-")	VII 68	229,109,770.54	44,299,649.86
Credit impairment losses (lossed expressed with "-")	VII 69	-644,365,990.16	-170,704,671.31
Assets impairment losses (losses expressed with "-")			
Gains on disposal of assets (losses expressed with "-")	VII 70	129,063.96	-67,698.42
III. Operating profit (loss expressed with "-")		**3,955,464,007.84**	**3,027,522,877.57**
Add: Non-operating income	VII 71	69,175,592.56	31,114,540.63
Less: Non-operating expenses	VII 72	3,652,212.07	7,751,131.71
IV. Total profit (loss expressed with "-")		**4,020,987,388.33**	**3,050,886,286.49**
Less: Income tax expenses	VII 73	1,060,147,827.69	817,300,151.34
V. Net profit (net loss expressed with "-")		**2,960,839,560.64**	**2,233,586,135.15**
A. Classified according to operation continuity			
Net profit from continuing operations		2,960,839,560.64	2,233,586,135.15
Net profit from discontinued operations			
B. Attributable to			
Owners of the Company		1,921,150,412.38	1,932,982,868.54
Non-controlling interests		1,039,689,148.26	300,603,266.61
VI. Other comprehensive income, net of income tax		**-232,239,161.10**	**5,233,209.63**
Attributable to shareholders of the parent		**-212,953,542.33**	**5,233,209.63**
A. Items that will not be reclassified to profit or loss		-209,457,897.98	4,165,039.65
1. Equity instrument designated at fair value through other comprehensive income - Changes in fair value	VII 74	-209,457,897.98	4,165,039.65
B. Items that may be reclassified subsequently to profit or loss		-3,495,644.35	1,068,169.98
1. Other comprehensive income can be transferred to profit or loss under the equity method			-5,249.90
2. Changes in fair value of investments in other debt instruments	VII 74	-2,183,815.74	
3. Amounts from Reclassification of Financial Assets Recognized in Other Comprehensive Income			
4. Allowance for credit losses on investments in other debt instruments	VII 74	-266,013.80	
5. Cash Flow Hedge Reserve			
6. Exchange differences on translation of foreign currency financial statements	VII 74	-1,045,814.81	1,073,419.88
7. Others			
Attributable to non-controlling interests		**-19,285,618.77**	
VII. Total comprehensive income		**2,728,600,399.54**	**2,238,819,344.78**
Attributable to owners of the Company		**1,708,196,870.05**	**1,938,216,078.17**
Attributable to non-controlling interests		**1,020,403,529.49**	**300,603,266.61**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		19,556,116,440.41	13,140,248,898.58
Net decrease in financial assets held for trading		1,049,542,641.64	
Net increase in financial liabilities held for trading		1,179,900,652.01	
Net cash received from securities trading on behalf of clients		1,131,079,342.10	
Cash received for interest, fees and commissions		1,012,402,011.24	147,669,656.05
Net increase in funds borrowed from financial institutions		70,000,000.00	
Refunds of taxes and surcharges		62,658,318.12	14,916,097.66
Cash received relating to other operating activities	VII.75	94,296,847,187.17	40,695,866,950.90
Sub-total of cash inflows from operating activities		**118,358,546,592.69**	**53,998,701,603.19**
Cash paid for goods and services		16,153,686,016.93	12,702,875,363.55
Net increase in loans and advances to customers		70,586,251.37	773,672,866.06
Net increase in financial assets held for trading		4,072,667,067.66	
Net decrease in financial liabilities held for trading		176,533,399.13	
Net decrease in funds from repurchase transactions		684,479,010.00	
Cash paid for interest, fees and commissions		127,331,968.31	15,539.37
Cash paid to and on behalf of employees		890,266,523.95	500,078,392.28
Cash paid for taxes and surcharges		2,150,104,984.95	1,386,055,607.50
Cash paid relating to other operating activities	VII.75	74,065,927,534.34	26,362,461,540.81
Sub-total of cash outflows from operating activities		**98,391,582,756.64**	**41,725,159,309.57**
Net cash flows from operating activities		**19,966,963,836.05**	**12,273,542,293.62**
II. Cash flows from investing activities:			
Cash received from disposal of investments		122,631,249,842.50	62,296,527,374.37
Cash received from investment income		3,150,697,072.89	2,214,164,378.15
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		24,570,998.71	61,550,683.74
Net proceeds from disposal of subsidiaries and other business units		998,579.51	
Cash received relating to other investing activities	VII.75	7,448,736,698.14	1,488,428,380.11
Sub-total of cash inflows from investing activities		**133,256,253,191.75**	**66,060,670,816.37**
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		2,049,262,656.14	861,464,888.79
Cash paid for acquisition of investments		169,474,627,242.43	80,795,358,011.18
Cash paid for obtaining subsidiaries and other business units			88,292,436.35
Cash paid relating to other investing activities	VII.75	91,455,316.99	1,067,913,650.73
Sub-total of cash outflows from investing activities		**171,615,345,215.56**	**82,813,028,987.05**
Net cash flows from investing activities		**-38,359,092,023.81**	**-16,752,358,170.68**
III. Cash flows from financing activities:			
Cash received from capital contributions		4,627,473,800.00	7,049,070,837.59
Cash received from borrowings		106,632,498,801.12	53,566,137,900.87
Proceeds from issue of debt securities		17,776,830,577.05	14,109,705,550.41
Cash received relating to other financing activities	VII.75	4,595,472.69	300,247,313.89
Sub-total of cash inflows from financing activities		**129,041,398,650.86**	**75,025,161,602.76**
Cash repayments of borrowings		85,683,994,363.02	54,351,315,640.73
Cash payments for distribution of dividends, profits, or for interest expenses		9,404,792,598.05	9,677,228,066.34
Cash paid relating to other financing activities	VII.75	1,633,670,069.41	744,142,277.47
Sub-total of cash outflows from financing activities		**96,722,457,030.48**	**64,772,685,984.54**
Net cash flows from financing activities		**32,318,941,620.38**	**10,252,475,618.22**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**-12,743,117.80**	**10,490,773.68**
V. Net increase/ (decrease) in cash and cash equivalents		**13,914,070,314.82**	**5,784,150,514.84**
Add: Opening balance of cash and cash equivalents		17,276,826,533.08	11,492,676,018.24
VI. Closing balance of cash and cash equivalents		**31,190,896,847.90**	**17,276,826,533.08**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd.

Currency: RMB

Items	Current Year													
	Shareholders' equity attributable to the parent													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
		Preference shares	Perpetual debts	Others										
I. Closing balance of prior year	30,000,000,000.00				69,822,929,056.67		-1,046,930,862.63		309,894,516.36	134,786,737.79	5,985,884,106.75	105,216,563,554.94	8,541,201,189.38	113,757,764,744.32
Add: changes in accounting policies														
Corrections of prior period errors														
Others														
II. Opening balance of current year	30,000,000,000.00				69,822,929,056.67		-1,046,930,862.63		309,894,516.36	134,786,737.79	5,985,884,106.75	105,216,563,554.94	8,541,201,189.38	113,757,764,744.32
III. Changes in current year (decrease expressed with "-")					4,205,505,814.15		-223,678,040.76			67,750,785.00	817,472,734.43	4,867,051,292.82	35,171,720,801.55	39,838,771,694.37
(i) Total comprehensive income for the year							-212,953,542.33				1,921,150,412.38	1,708,196,870.05	1,020,403,529.49	2,728,600,399.54
(ii) Contributions by and distributions to owners					4,204,478,405.22							4,204,478,405.22	34,295,993,706.26	38,500,472,111.48
1. Capital contributions from owners					4,201,000,000.00							4,201,000,000.00	34,784,597,012.91	38,985,597,012.91
2. Capital contributions from other equity instruments holders														
3. Share-based payments recognized in shareholders' equity														
4. Others					3,478,405.22							3,478,405.22	-488,603,306.65	-485,124,901.43
(iii) Profit distribution										85,689,442.33	-1,335,846,042.33	-1,250,156,600.00	-144,876,634.20	-1,394,833,234.20
1. Appropriation to surplus reserve														
2. Appropriation to general risk reserve										85,689,442.33	-85,689,442.33			
3. Distributions to shareholders											-1,250,156,600.00	-1,250,156,600.00	-144,876,634.20	-1,394,833,234.20
4. Others														
(iv) Internal transfer of shareholders' equity							-10,724,498.43				10,724,498.43			
1. Capitalization of capital reserve														
2. Capitalization of surplus reserve														
3. Making up losses from surplus reserve														
4. Transfer of changes in defined benefit plans to retained earnings														
5. Transfer of other comprehensive income to retained earnings							-10,724,498.43				10,724,498.43			
6. Others														
(v) Special reserves														
1. Extraction during the year														
2. Utilization during the year														
(vi) Others					1,027,408.93					-17,938,657.33	21,443,865.65	4,532,617.55		4,532,617.55
IV. Closing balance of current year	30,000,000,000.00				74,028,434,870.82		-1,270,608,903.39		309,894,516.36	202,537,522.79	6,813,356,841.18	109,883,614,847.77	43,712,921,790.93	153,596,536,638.70

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative:

The person in charge of accounting:

Head of Accounting Department:

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Prior Year												
	Shareholders' equity attributable to the parent											Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Sub-total	
		Preference shares	Perpetual debts	Others									
I. Closing balance of prior year	10,000,000,000.00				82,039,617,799.35		-1,052,144,322.66		309,894,516.36	58,742,723.24	5,216,760,384.04	96,572,871,100.33	5,568,406,742.35	102,141,277,842.68
Add: changes in accounting policies														
Corrections of prior period errors														
Others														
II. Opening balance of current year	10,000,000,000.00				82,039,617,799.35		1,052,144,322.66		309,894,516.36	58,742,723.24	5,216,760,384.04	96,572,871,100.33	5,568,406,742.35	102,141,277,842.68
III. Changes in current year (decrease expressed with "-")	20,000,000,000.00				-12,216,888,742.68		5,213,480.03			76,044,014.55	779,123,722.71	8,843,892,454.61	2,972,794,447.03	11,816,486,901.64
(i) Total comprehensive income for the year							5,233,209.63				1,932,982,868.54	1,938,216,078.17	300,803,266.61	2,238,819,344.78
(ii) Contributions by and distributions to owners					7,198,000,000.00							7,198,000,000.00	3,027,564,154.16	10,225,564,154.16
1. Capital contributions from owners					7,198,000,000.00							7,198,000,000.00	3,027,564,154.16	10,225,564,154.16
2. Capital contributions from other equity instruments holders														
3. Share-based payments recognized in shareholders' equity														
4. Others														
(iii) Profit distribution										76,044,014.55	777,819,314.55	-701,775,300.00	-172,634,865.14	-874,409,965.14
1. Appropriation to surplus reserve														
2. Appropriation to general risk reserve										76,044,014.55	-76,044,014.55			
3. Distributions to shareholders											-701,775,300.00	-701,775,300.00	-172,634,865.14	-874,409,965.14
4. Others														
(iv) Internal transfer of shareholders' equity	20,000,000,000.00				-19,400,000,000.00						-600,000,000.00			
1. Capitalization of capital reserve	19,400,000,000.00				19,400,000,000.00									
2. Capitalization of surplus reserve														
3. Making up losses from surplus reserve														
4. Transfer of changes in defined benefit plans to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Others	600,000,000.00										-600,000,000.00			
(v) Special reserves														
1. Extraction during the year														
2. Utilisation during the year														
(vi) Others					-14,688,742.68		19,748.80				223,960,168.72	209,251,678.44	-182,738,308.60	26,513,367.84
IV. Closing balance of current year	30,000,000,000.00				69,822,929,056.67		1,046,930,862.63		309,894,516.36	134,786,737.79	5,995,884,106.75	105,216,563,554.94	8,541,201,189.38	113,757,764,744.32

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Statement of Financial Position

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. **Currency: RMB**

Items	Notes	Closing Balance	Opening Balance
Current assets:			
Cash and cash equivalents		13,216,660,041.69	12,418,564,504.75
Financial assets held for trading		321,269,046.32	707,613,335.44
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivables under financing			
Prepayments		119,227.06	900,710,203.36
Other receivables	XI.2	24,998,736,519.82	20,554,768,103.38
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets			500,000,000.00
Total current assets		**38,536,784,834.89**	**35,081,656,146.93**
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XI.3	90,653,627,247.70	66,262,761,528.91
Other equity instrument investments		4,853,517,304.76	4,968,593,389.18
Other non-current financial assets		1,406,713,913.66	2,386,643,808.22
Investment properties		244,509,040.44	252,187,088.16
Fixed assets		73,609,837.72	42,514,087.03
Construction in progress		5,341,935.54	4,543,402.08
Right-of-use assets			
Intangible assets		32,662,132.36	25,798,475.14
Development costs			
Goodwill			
Long-term deferred expenses		46,946,034.86	
Deferred Tax Assets		309,305,616.56	
Other non-current assets			4,298,630,479.00
Total non-current assets		**97,626,233,063.60**	**78,241,672,257.72**
Total assets		**136,163,017,898.49**	**113,323,328,404.65**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

(Continued from the previous page)

Statement of Financial Position (Continued)

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans		16,927,000,000.00	20,016,000,000.00
Financial liabilities held for trading			
Derivative financial liability			
Notes payable			
Accounts payable		16,977,148.80	165,487.66
Advance payments			
Contract liabilities			
Employee benefits payable		43,347,636.77	79,600,100.87
Tax and surcharge payable		21,636,536.59	23,161,039.41
Other payables		3,345,533,623.49	1,916,449,823.83
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		**20,354,494,945.65**	**22,035,376,451.77**
Non-current liabilities:			
Long-term Borrowings		16,675,333,750.00	
Bonds payable		30,980,665,608.56	26,538,675,799.61
including: Preference Shares			
Perpetual Bonds			
Lease liabilities			
Long-term payables			
Long-term employee compensation payable			
Provisions			
Deferred income			
Deferred tax liabilities			2,589,584.38
Other non-current liabilities			
Total non-current liabilities		**47,655,999,358.56**	**26,541,265,383.99**
Total liabilities		**68,010,494,304.21**	**48,576,641,835.76**
Shareholders' equity			
Share capital		30,000,000,000.00	30,000,000,000.00
Other equity instruments			
Capital reserve		39,779,309,107.28	35,578,309,107.28
Less: Treasury Shares			
Other comprehensive income		-780,774,235.04	-744,902,194.85
Special Reserve			
Surplus reserve		278,387,303.40	278,387,303.40
Undistributed profits		-1,124,398,581.36	-365,107,646.94
Total shareholders' equity		**68,152,523,594.28**	**64,746,686,568.89**
Total liabilities and shareholders' equity		**136,163,017,898.49**	**113,323,328,404.65**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Statement of Comprehensive Income

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Notes	Current Year	Prior Year
I. Operating revenue	XI.4	**19,344,622.64**	**13,754,716.97**
Less:operating cost	XI.4	9,995,905.09	15,974,206.98
Taxes and surcharges		13,735,184.12	11,625,782.58
Selling expenses			
Administrative expenses		107,417,280.24	152,155,753.65
Research and development expenses			
Financial expenses		752,210,036.70	73,872,254.69
Including: Interest expense		1,786,868,950.66	1,271,867,365.57
Interest income		1,036,382,696.24	1,199,397,397.97
Add: Other income		148,807.66	346,226.76
Investment income (losses expressed with "-")	XI.5	1,625,591,736.93	883,700,601.61
Gains from changes in fair value (losses expressed with "-")		-163,811,563.55	-484,234,833.87
Credit impairment losses (lossed expressed with "-")		-400,000,000.00	
Assets impairment losses (losses expressed with "-")			
Gains on disposal of assets (losses expressed with "-")			
II. Operating profit (loss expressed with "-")		**197,915,197.53**	**159,938,713.57**
Add: Non-operating income		945,818.86	0.33
Less: Non-operating expenses		800,000.00	2,000,000.00
III. Total profit (loss expressed with "-")		**198,061,016.39**	**157,938,713.90**
Less. Income tax expenses		-311,895,200.94	-95,125,093.59
III. Net profit (loss expressed with "-")		**509,956,217.33**	**253,063,807.49**
Net profit from continuing operations		**509,956,217.33**	**253,063,807.49**
Net profit from discontinued operations			
V. Other comprehensive income, net of income tax		**-35,118,798.95**	**4,159,789.75**
A. Items that will not be reclassified subsequently to profit or loss		**-35,118,798.95**	**4,165,039.65**
1. Equity instrument designated at fair value through other comprehensive income - Changes in fair value		-35,118,798.95	4,165,039.65
B. Items that may be reclassified subsequently to profit or loss			**-5,249.90**
1 Other comprehensive income that can be reclassified to profit or loss under the equity method			-5,249.90
VI. Total comprehensive income		**474,837,418.38**	**257,223,597.24**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

Statement of Cash Flows

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. **Currency: RMB**

Items	Notes	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services			
Refunds of taxes and surcharges			
Cash received relating to other operating activities		60,553,855,247.80	37,830,100,961.61
Sub-total of cash inflows from operating activities		**60,553,855,247.80**	**37,830,100,961.61**
Cash paid for goods and services			
Cash paid to and on behalf of employees		76,655,534.40	85,830,321.09
Cash paid for taxes and surcharges		81,730,734.60	119,402,499.86
Cash paid relating to other operating activities		63,239,188,469.13	44,835,204,187.03
Sub-total of cash outflows from operating activities		**63,397,574,738.13**	**45,040,437,007.98**
Net cash flows from operating activities		**-2,843,719,490.33**	**-7,210,336,046.37**
II. Cash flows from investing activities:			
Cash received from disposal of investments		1,513,574,325.85	773,116,565.88
Cash received from investment income		459,399,677.54	903,202,302.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			
Cash received relating to other investing activities			1,167,194.22
Sub-total of cash inflows from investing activities		**1,972,974,003.39**	**1,677,486,062.84**
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		2,505,981.00	610,889.64
Cash paid for acquisition of investments		17,858,414,822.97	7,855,520,322.41
Cash paid relating to other investing activities			
Sub-total of cash outflows from investing activities		**17,860,920,803.97**	**7,856,131,212.05**
Net cash flows from investing activities		**-15,887,946,800.58**	**-6,178,645,149.21**
III. Cash flows from financing activities:			
Cash received from capital contributions		3,966,000,000.00	5,748,000,000.00
Cash received from borrowings		55,493,650,000.00	38,674,974,778.96
Proceeds from issue of debt securities		6,145,045,540.53	9,893,255,550.41
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		**65,604,695,540.53**	**54,316,230,329.37**
Cash repayments of borrowings		43,611,189,250.00	35,948,550,903.96
Cash payments for distribution of dividends, profits, or for interest expenses		2,441,129,720.84	1,924,809,128.05
Cash paid relating to other financing activities		22,614,741.84	17,887,200.00
Sub-total of cash outflows from financing activities		**46,074,933,712.68**	**37,891,247,232.01**
Net cash flows from financing activities		**19,529,761,827.85**	**16,424,983,097.36**
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase/ (decrease) in cash and cash equivalents		**798,095,536.94**	**3,036,001,901.78**
Add Opening balance of cash and cash equivalents		7,418,564,504.75	4,382,562,602.97
VI. Closing balance of cash and cash equivalents		**8,216,660,041.69**	**7,418,564,504.75**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

Statement of Changes in Equity

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd.

Currency: RMB

Items	Current Year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owner's equity
		Preference shares	Perpetual debts	Others							
I. Closing balance of prior year	30,000,000,000.00				35,578,309,107.28		-744,902,184.85		278,387,303.40	-385,107,648.94	64,746,686,568.89
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of current year	30,000,000,000.00				35,578,309,107.28		-744,902,184.85		278,387,303.40	-385,107,648.94	64,746,686,568.89
III. Changes in current year (decrease expressed with "-")					4,201,000,000.00		-35,872,040.19			-759,290,934.42	3,405,837,025.39
(i) Total comprehensive income for the year							-35,118,798.95			509,956,217.33	474,837,418.38
(ii) Contributions by and distributions to owners					4,201,000,000.00						4,201,000,000.00
1. Capital contributions from owners					4,201,000,000.00						4,201,000,000.00
2. Capital contributions from other equity instruments holders											
3. Share-based payments recognized in shareholders' equity											
4. Others											
(iii) Profit distribution										-1,250,158,600.00	-1,250,158,600.00
1. Appropriation to surplus reserve											
2. Appropriation to general risk reserve											
3. Distributions to shareholders										-1,250,158,600.00	-1,250,158,600.00
4. Others											
(iv) Internal transfer of shareholders' equity							-753,241.24			753,241.24	
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Making up losses from surplus reserve											
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings							-753,241.24			753,241.24	
6. Others											
(v) Special reserves											
1. Extraction during the year											
2. Utilization during the year											
(vi) Others										-19,843,792.99	-19,843,792.99
IV. Closing balance of current year	30,000,000,000.00				39,779,309,107.28		-780,774,225.04		278,387,303.40	-1,124,398,581.36	68,152,523,594.28

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative:

The person in charge of accounting:

Head of Accounting Department:

Statement of Changes in Equity (Continued)

For the year ended 31 December 2025

Prepared by: Shandong Finance Investment Group Co., Ltd. Currency: RMB

Items	Prior Year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owner's equity
		Preference shares	Perpetual debts	Others							
I. Closing balance of prior year	10,000,000,000.00				47,780,309,107.28		-749,061,984.60		278,387,303.40	683,603,845.57	57,993,238,271.65
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of current year	10,000,000,000.00				47,780,309,107.28		-749,061,984.60		278,387,303.40	683,603,845.57	57,993,238,271.65
III. Changes in current year (decrease expressed with "-")	20,000,000,000.00				-12,202,000,000.00		4,159,789.75			-1,048,711,492.51	6,753,448,297.24
(i) Total comprehensive income for the year							4,159,789.75			253,063,807.49	257,223,597.24
(ii) Contributions by and distributions to owners					7,198,000,000.00						7,198,000,000.00
1. Capital contributions from owners					7,198,000,000.00						7,198,000,000.00
2. Capital contributions from other equity instruments holders											
3. Share-based payments recognized in shareholders' equity											
4. Others											
(iii) Profit distribution										-701,775,300.00	-701,775,300.00
1. Appropriation to surplus reserve											
2. Appropriation to general risk reserve											
3. Distributions to shareholders										-701,775,300.00	-701,775,300.00
4. Others											
(iv) Internal transfer of shareholders' equity	20,000,000,000.00				-19,400,000,000.00					-600,000,000.00	
1. Capitalization of capital reserve	19,400,000,000.00				-19,400,000,000.00						
2. Capitalization of surplus reserve											
3. Making up losses from surplus reserve											
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others	600,000,000.00									-600,000,000.00	
(v) Special reserves											
1. Extraction during the year											
2. Utilisation during the year											
(vi) Others											
IV. Closing balance of current year	30,000,000,000.00				35,578,309,107.28		-744,902,194.85		278,387,303.40	-365,107,646.94	64,746,686,568.89

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: The person in charge of accounting: Head of Accounting Department:

Shandong Finance Investment Group Co., Ltd.
Notes to the Consolidated Financial Statements
For the year ended 31 December 2025
(All amounts in RMB unless otherwise stated)

I. Company Information

Shandong Finance Investment Company Co., Ltd. (the "Company") was formerly known as Shandong Economic Development and Investment Company, which was established by Shandong Provincial Department of Finance on 10 April 1992. It is a public institution and implements enterprise management.

On 2 September 2015, the Shandong Provincial Government issued Reply to The Plan to Transform Shandong Economic Development and Investment Company into An Enterprise (Lu Zheng Zi [2015] No.189), which approved the contents of the Plan to Transform Shandong Economic Development and Investment Company into an Enterprise.Thereby on 26 December 2016, the Company obtained the business license after the transformation.

The general information of the Company is as follows:

The unified social credit code of the Company is 91370000495571787K.

The registered address of the Company is No. 1851, Shan Zuo Road, Lixia District, Jinan City, Shandong Province.

The legal representative of the Company is Liang Lei.

The organization form of the Company is limited liability company (state owned).

The registered capital of the Company is 30 billion RMB.

The principle activities of the Company are to invest, operate, manage, and consult; entrusted to manage provincial equity guiding funds and other financial funds; equity investment; real estate development and sales; and property management. (Business activities of projects subject to approval according to law can only be carried out after approval by relevant departments.)

The final controlling party of the Company is Shandong Provincial Department of Finance.

II. Basis of Preparation of Financial Statements

1. Basis of Preparation of Financial Statements

The Company's financial statements are based on the going concern assumption, according to actual transactions and matters occurred, and according to the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance (promulgated by Decree No. 33 of the Ministry of Finance and amended by Decree No. 76 of the Ministry of Finance), 42 specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other relevant provisions issued and revised on or after 15 February 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises").

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are measured on a historical cost basis. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant provisions.

2. Going concern basis

These financial statements are presented on a going concern basis. The Company has evaluated its going concern for 12 months going forward starting from 31 December 2024, and there are no factors that may cast significant doubt on the entity's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's (and the parent company's) financial position as at 31 December 2025 and the Company's (and the parent company's) operating results and cash flows for the year ended 31 December 2025.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period is divided into years and interim, which is the reporting period shorter than a full fiscal year. The fiscal year of the Company adopts the Gregorian calendar year, that is, from 1 January to 31 December of each year.

2. Business cycle

The normal business cycle refers to the period from the time the Company purchases the assets used 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 criterion of assets and liabilities.

3. Functional Currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate. The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. The currency used by the Company to prepare this financial statement is RMB.

4. Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

4.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

For a business combination under the same control, the party acquiring control over the other enterprises participating in the merger on the merger date shall be the acquirer, and the other enterprises participating in the merger shall be the acquiree. The acquisition date refers to the date on which the acquirer actually obtains the control right of the incorporated party.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

4.2 Business combination not under common control

The transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger are included in the initial recognition amount of equity securities or debt securities. The contingent



consideration involved is included in the cost of the consolidation at its fair value at the date of acquisition, and the consolidated goodwill shall be adjusted accordingly if new or further evidence of circumstances existing at the date of acquisition arises within 12 months after the date of acquisition and the contingent consideration needs to be adjusted. The costs incurred by the purchaser in the merger and the identifiable net assets acquired in the merger are measured at fair value at the date of acquisition. The difference between the cost of the merger and the fair value share of the acquiree's identifiable net assets acquired in the merger at the date of acquisition shall be recognized as goodwill. If the cost of the merger is less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the fair value of the identifiable assets, liabilities, and contingent liabilities of the acquiree obtained and the measurement of the cost of the merger shall be reviewed first, and if the cost of the merger is still less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference shall be included in the profit or loss for the current period.

If the purchaser obtains the deductible temporary difference of the acquiree and does not recognize it on the date of acquisition because it does not meet the conditions for recognition of deferred tax assets, within 12 months after the date of purchase, if new or further information is obtained to show that the relevant circumstances on the date of purchase already exist, and it is expected that the economic benefits brought by the deductible temporary difference of the acquiree on the date of purchase can be realized, the relevant deferred tax assets shall be recognized, and the goodwill shall be reduced, and if the goodwill is insufficient to be offset, the difference shall be recognized as profit or loss for the current period. In addition to the above, deferred tax assets related to business combinations are recognized in profit or loss for the current period.

In the case of a business combination that is not under common control through multiple transactions, the initial investment cost of the investment is the sum of the carrying amount of the equity investment of the acquiree held before the acquisition date and the cost of the new investment on the acquisition date in the individual financial statements; if the equity interests of the acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to the investment shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree at the disposal of the investment (i.e., except for the corresponding share of the change in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree in accordance with the equity method, the rest shall be transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the acquisition date is remeasured according to the fair value of the equity at the acquisition date, and the difference between the

fair value and its carrying amount is included in the current investment income; if the equity interests of the acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as the acquiree's direct disposal of the relevant assets or liabilities (i.e., except for the corresponding share of the change in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree according to the equity method, the rest shall be converted to investment income for the current period to which the acquisition date belongs).

5. Preparation Method of Consolidated Financial Statements

5.1 Principles for determining the scope of the consolidated financial statements

The scope of consolidated financial statements shall be confirmed based on the control. Control right means that an investor may control an investee; the investor may participate in relevant activities of the investee to obtain variable rewards and also be able to use the control rights for the investee to influence its amount of returns. The scope includes the Company and all of its subsidiaries. Subsidiary refers to the subject controlled by the Company.

The Company will re-evaluate whether the change of the relevant facts and circumstances leading to the change of the relevant elements involved in the above definition of control.

5.2 Preparation method of consolidated financial statements

From the date of obtaining the net assets of the subsidiary and the actual control of the production and operation decisions, the Company began to include it in the scope of consolidation; From the date of loss of effective control, it shall cease to be included in the scope of consolidation. For disposed subsidiaries, the operating results and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows; the opening number of the consolidated balance sheet is not adjusted for the subsidiaries disposed of in the current period. The operating results and cash flows of subsidiaries not added by business combination under common control after the purchase date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative figures of the consolidated financial statements have not been adjusted. The operating results and cash flows of subsidiaries added by the business combination under the same control from the beginning of the current period to the date of consolidation shall be appropriately included in the consolidated income statement and the consolidated cash flow statement, and the comparative figures of the consolidated financial statements shall be adjusted at the same time.

In the event that the accounting policies or accounting periods adopted by the Company are inconsistent

with those adopted by the Company in the preparation of the consolidated financial statements, necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired by business combination not under common control, the financial statements are adjusted on the basis of the fair value of identifiable net assets at the date of acquisition.

All significant balances, transactions, and unrealized profits within the Company are offset at the time of preparation of the consolidated financial statements.

The shareholders' equity and the net profit or loss of the subsidiaries that are not owned by the Company for the period are presented separately as minority interests and minority shareholders' gains and losses under the consolidated financial statements. The share of the subsidiary's net profit or loss for the current period belonging to minority shareholders' interests is shown as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. The minority shareholder's share of the subsidiary's losses exceeded the minority shareholder's share of the subsidiary's opening shareholders' equity, and the minority shareholder's equity was still reduced.

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 will be remeasured according to its fair value on the date of loss of control. The difference between the consideration obtained from the disposal of the equity and the fair value of the remaining equity less the share of the net assets of the original subsidiary that should be continuously calculated from the date of acquisition based on the proportion of the original shareholding shall be included in the investment income for the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree upon loss of control (i.e., except for the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be converted into investment income for the current period). Subsequently, the remaining equity of this part shall be subsequently measured in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment or Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. 13 "Long-term Equity Investment" or Note IV.9 "Financial Instruments".

If the Company disposes of its equity investment in a subsidiary in a step-by-step manner through multiple transactions until it loses control, it is necessary to distinguish whether the transactions in which the disposal

of the equity investment in the subsidiary until the loss of control is a package transaction. The terms, conditions, and economic impact of each transaction to dispose of an equity investment in a subsidiary that meet one or more of the following conditions generally indicate that multiple transactions should be accounted for as a package transaction: ①these transactions were entered into at the same time or with consideration to each other's influences; ②these transactions as a whole can lead to a complete commercial outcome; ③the occurrence of one transaction depends on the occurrence of at least one other transaction; ④A transaction is uneconomical in isolation, but it is economical when considered in conjunction with other transactions. If it is not a package transaction, each of these transactions shall be accounted for in accordance with the principles applicable to "partial disposal of long-term equity investment in a subsidiary without loss of control" and "loss of control of the original subsidiary due to disposal of part of the equity investment or other reasons" (see the previous paragraph for details). If the disposal of the equity investment in the subsidiary until the loss of control is a package transaction, the transaction shall be accounted for as a transaction in which the subsidiary is disposed of and control is lost; however, the difference between the disposal price before the loss of control and the share of the subsidiary's net assets corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit or loss for the period of loss of control when the control is lost.

6. Joint Arrangement Classification and Joint Operation Accounting

A joint arrangement is an arrangement of which two or more parties have joint control. Based on the rights and obligations of the joint parties in the joint arrangement, joint arrangements include joint operations and joint ventures. Joint operation refers to a joint arrangement where the joint venture is entitled to assets related to this arrangement and bears liabilities related to this arrangement. Joint ventures mean that joint venture parties are merely entitled to joint venture arrangements of net assets of such arrangements.

The Company's investment in any joint venture is accounted for by the equity method. See the details in Note (IV) "13.3.2 Long-term equity investment accounted under the equity method".

The Company confirms its assets held separately according to the arrangement of joint operation and those held jointly in proportion to the Company's share; confirms its liabilities held separately and those held jointly in proportion to the Company's share ; confirms its revenue from the sale of its share of the output arising from the joint operation; confirms its share of the revenue from the sale of the output by the joint operation; confirms the expenses incurred by the Company alone and the expenses incurred by the joint operation corresponding to the share of the Company therein.

When the Company invests or sells assets as a joint venture (the assets do not constitute business, the same below) or purchases assets from the joint venture, the Company recognizes only that the gains and losses arising from the joint operation are sold to a third party. For the impairment loss in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, the Company shall recognize the loss; for the purchase of the Company, the Company shall recognize the loss according to the share borne.

7. Recognition Criteria of Cash and Cash Equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be readily withdrawn on demand, and investments held by the Company with a short term (generally due within three months from the purchase date), with strong liquidity, easy to convert into a known amount of cash, and little risk of change in value.

8. Foreign currency transactions and conversion of foreign currency statements

8.1 Translation method of foreign currency transactions

A foreign currency transaction is recorded, on initial recognition, by applying an exchange rate that approximates the actual spot exchange rate on the date of the transaction. However, the foreign currency exchange business or the transactions involving foreign currency exchange shall be converted into the accounting standard currency amount according to the actual exchange rate adopted.

8.2 Translation method for foreign monetary currency items and foreign currency non-monetary items

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for

Foreign currency non-monetary items measured at historical cost are converted to the amounts in functional currency at the spot exchange rates on the dates of the transactions. Foreign currency non-monetary items measured at fair value are re-converted at the spot exchange rate on the date the fair value is determined. The difference between the re-converted functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rates) and is recognized in profit and loss or as other comprehensive income.

8.3 Conversion of financial statements denominated in foreign currency

Financial statements of a foreign operation are converted from the foreign currency into RMB using the

following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are converted at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions. The undistributed profit at the end of the previous year shall be the undistributed profit at the end of the previous year; the undistributed profit at the end of the financial year shall be calculated and listed according to the profit distributed after conversion; the difference between the converted assets and the aggregate of liabilities and shareholders' equity items is recognized into other comprehensive income and shareholders' equity. When disposing the overseas operation and losing control over a foreign operation, the difference in the conversion of the foreign currency statement related to the shareholders' equity items in the balance sheet shall be transferred to the current profit and loss in all or in proportion to the disposal of the overseas operation.

The foreign currency cash flows adopt the exchange rate at the spot rate at the date of cash flows for conversion. The affected amount of cash and cash equivalents due to the change of exchange rate, as an adjustment item, shall be separately listed in the cash flow statement.

On disposal of the Company's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Company transfers the accumulated exchange differences arising on conversion of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

9. Financial Instruments

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

9.1 Classification, recognition and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured at amortized cost; financial assets at fair value through other comprehensive income; Financial assets at fair value through profit or loss.

Financial assets are measured at fair vale at the time of initial recognition. For financial assets measured at

fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other types of financial assets, the relevant transaction fees are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of services, which do not include or do not consider material financing components, the amount of consideration that the Company is expected to be entitled to receive shall be the initial recognition amount.

①Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement, i.e., the cash flows generated on a specific date are only payments of principal and interest on the basis of outstanding principal amounts. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost, and the gains or losses arising from the amortization or impairment are included in the profit or loss for the current period.

②Financial assets at fair value through other comprehensive income

The Company's business model for managing such financial assets is to collect both contractual cash flows and disposals, and the contractual cash flow characteristics of such financial assets are consistent with the underlying lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive income, but impairment losses or gains, foreign exchange gains and losses and interest income calculated according to the effective interest rate method are recognized in profit or loss for the current period.

In addition, the Company designates certain investments in non-trading equity instruments as financial assets measured at fair value through other comprehensive income. The Company includes the relevant dividend income of such financial assets in profit or loss for the current period, and changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③Financial assets at fair value through profit or loss

The Company classifies the above-mentioned financial assets measured at amortized cost and financial assets other than those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. In addition, at the time of initial recognition, in order to

eliminate or significantly reduce the accounting mismatch, the Company designated some financial assets as financial assets measured at fair value through profit or loss. For such financial assets, the Company uses fair value for subsequent measurement, and the change in fair value is recognized in profit or loss for the current period.

9.2 Classification, recognition and measurement of financial liabilities

Financial liabilities are classified at the time of initial recognition as financial liabilities and other financial liabilities measured at fair value through profit or loss. For financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly recognized in the profit or loss for the current period, and the transaction costs related to other financial liabilities are included in their initial recognition amount.

①Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss at the time of initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value are included in profit or loss for the current period, except for hedge accounting.

A financial liability designated as measured at fair value through profit or loss, the change in fair value caused by the change in the Company's own credit risk is included in other comprehensive income, and when the liability is derecognized, the cumulative change in fair value caused by the change in its own credit risk included in other comprehensive income is transferred to retained earnings. The other fair value changes are recognized in profit or loss for the period. If the impact of changes in the credit risk of such financial liabilities is treated in the above manner, which will cause or expand the accounting mismatch in profit or loss, the Company will include all the gains or losses of such financial liabilities (including the amount of the impact of changes in the company's own credit risk) in profit or loss for the current period.

②Other financial liabilities

Except for the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization

are included in the profit or loss for the current period.

9.3 Recognition basis and measurement method for the transfer of financial assets

A financial asset that satisfies one of the following conditions shall be derecognized: (1) the contractual right to receive the cash flow of the financial asset is terminated; (2) the financial asset has been transferred, and almost all of the risks and rewards of ownership of the financial asset have been transferred to the transferee; (3) The financial asset has been transferred, and although the enterprise has neither transferred nor retained almost all of the risks and rewards of ownership of the financial asset, it has relinquished control of the financial asset.

If the enterprise neither transfers nor retains substantially all of the risks and rewards of the ownership of the financial assets, and does not relinquish control of the financial assets, the relevant financial assets shall be recognized to the extent that it continues to be involved 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 level of risk to which the enterprise is exposed by changes in the value of the financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets and the consideration received as a result of the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income shall be included in profit or loss for the current period.

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets shall be apportioned between the derecognized and non-derecognized parts according to their relative fair value, and the difference between the consideration received as a result of the transfer and the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognized part and the aforesaid carrying amount shall be included in profit or loss for the current period.

For financial assets sold by way of recourse or endorsed by the Company for the transfer of financial assets held, it is necessary to determine whether substantially all of the risks and rewards of ownership of such financial assets have been transferred. If almost all of the risks and rewards in the ownership of financial assets have been transferred to the transferee, the recognition of the financial assets shall be terminated; if almost all of the risks and rewards in the ownership of financial assets are retained, the recognition of such

financial assets shall not be terminated; if there is neither transfer nor retention of substantially all of the risks and rewards of ownership of a financial asset, it continues to determine whether the enterprise retains control of the asset and accounts for it in accordance with the principles set out in the preceding paragraphs.

9.4 Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. If the Company makes substantial changes to the contract terms of the original financial liabilities (or part thereof), the original financial liabilities shall be terminated and a new financial liability shall be recognized in accordance with the amended terms.

If a financial liability (or part thereof) is derecognized, the Company shall include the difference between its carrying amount and the consideration paid (including the non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

9.5 Set-off of financial assets and financial liabilities

When the Company has a statutory right to set off the recognized amount of financial assets and financial liabilities that are currently enforceable, and the Company intends to settle the financial assets on a net basis or liquidate the financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet on a net basis after offsetting each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

9.6 Methods for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant would have to pay for the sale of an asset or the transfer of a liability in an orderly transaction that occurred on the measurement date. Where there is an active market for a financial instrument, the Company uses the quotations in the active market to determine its fair value. A quote in an active market is a price that is easily 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 an arm's length transaction. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include, for example, reference to prices used in recent market transactions by parties who are familiar with the situation and are willing to

trade, reference to the current fair value of other financial instruments that are substantially identical, discounted cash flow methods and option pricing models. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the relevant assets or liabilities, and gives preference to the relevant observable inputs whenever possible. Use non-alterable values in cases where the relevant observable input value is not available or practicable to obtain.

9.7 Equity instruments

An equity instrument is a contract that demonstrates the ownership of a residual interest in the company's assets after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments shall be treated as changes in equity, and the transaction costs related to equity transactions shall be deducted from the equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including "interest" generated by instruments classified as equity instruments) distributed by the Company's equity instruments during their existence shall be treated as profit distribution.

10. Impairment of financial assets

On the basis of expected credit losses, the Company conducts impairment accounting treatment for the following items and confirms the loss provision:

Financial assets measured at amortized cost;

Receivables and creditor's rights investments measured at fair value and accounted for in other comprehensive income;

Contract assets as defined in the Accounting Standards for Business Enterprises No.14-Revenue;

Lease receivables;

Financial guarantee contract (measured at fair value and its changes included in the current profit and loss, except the financial asset transfer does not meet the conditions for termination of recognition or continues to involve the transferred financial asset).

Measurement of expected credit losses

The term "expected credit loss"refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Company discounted at the

original effective interest rate. that is. the present value of all cash shortages.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received. weighting the risk of default. taking into account reasonable and evidence-based information such as past events. current conditions. and forecasts of future economic conditions.

The Company measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since the initial recognition. the Company shall measure the loss provision in accordance with the expected credit loss in the next 12 months in the first stage; if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred. it is in the second stage. and the Company measures the loss provision according to the expected credit loss of the entire life period of the instrument; if credit impairment has occurred to a financial instrument since its initial recognition. it is in the third stage. and the Company shall measure the loss provision according to the expected credit loss of the entire life period of the instrument.

For financial instruments with low credit risk at the balance sheet date. the Company assumes that the credit risk has not increased significantly since the initial recognition. and measures the loss provision in accordance with the expected credit loss for the next 12 months.

The term "expected credit loss over the entire expected life of a financial instrument" refers to the expected credit loss resulting from all possible events of default during the entire expected life of a financial instrument. The expected credit loss within the next 12 months refers to the expected credit loss caused by the default event of the financial instrument that may occur within 12 months after the date of the balance sheet (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months) and is part of the expected credit loss over the entire maturity period.

When measuring expected credit losses. the Company shall take into account the longest contract period (including the option to renew the contract)for which the enterprise is exposed to credit risk.

The Company calculates interest income on the basis of the book balance before impairment provisions and the effective interest rate for financial instruments in stage I and stage II and with lower credit risk. For financial instruments in the third stage. the interest income is calculated on the basis of the amortized cost of the book balance less the impairment provision and the effective interest rate.

Notes receivable, accounts receivable and contract assets

For notes receivable, accounts receivable and contract assets, regardless of whether there is a material financing component, the Company always measures its loss provision in accordance with the amount equivalent to the expected credit loss within the whole duration period.

When the credit risk characteristics are significantly different and the expected credit loss information can be evaluated at a reasonable cost, it is necessary to evaluate whether the credit risk of the relevant financial instrument has increased significantly since the initial confirmation by a single financial instrument and measure the expected credit loss. The Company shall reserve for impairment of bills or sums involved in litigation or deteriorating financial condition.

When a single financial asset cannot assess the information of expected credit loss at a reasonable cost, the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the portfolios, and determines the portfolios based on the following:

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bills

Notes receivable portfolio 2: commercial acceptance bills

B. Receivables

Accounts receivable portfolio 1: Receivables from related parties

Accounts receivable portfolio 2: Other receivables

For the notes receivable and contract assets divided into portfolios, the Company calculates the expected credit loss through default risk exposure and the expected credit loss rate over the entire duration by referring to the historical credit loss experience, combining the current situation and the forecast of the future economic situation.

The Company divides other receivables into several portfolios based on the credit risk characteristics, calculates the expected credit loss on the basis of the portfolio, and determines the portfolio on the basis of the following:

Other receivables

The Company divides other receivables into several portfolios according to the credit risk characteristics, and calculates the expected credit loss on the basis of the portfolio. The basis for determining the portfolio is as follows:

Other Receivables Portfolio 1: Receivables from related parties

Other receivables portfolio 2: Other receivables

For other receivables divided into portfolios, the Company calculates the expected credit loss by default risk exposure and the expected credit loss rate over the next 12 months or the entire duration.

Long-term receivables

The Company's long-term receivables include receivables for finance lease, receivables for sale of goods, and other long-term receivables.

According to the credit risk characteristics, the Company divides the receivables of finance lease, receivables of commodity sales, and other long-term receivables into several Companions. The expected credit loss is calculated on the basis of the combination, and the basis for determining the combination is as follows:

A. Receivable finance lease funds

B. Receivable commodity sales

For accounts receivable instalment payment by selling goods, the Company references credit losses historic experience, combined with the current situation and forecast for the future economic situation, by default risk exposure and the duration is expected credit loss rate, calculate the expected credit losses.

In addition to the financing lease accounts receivable, accounts receivable instalment payment from selling goods outside of the divided into portfolio and long-term receivables, other receivables by default risk exposure and the next 12 months or the whole duration expected credit loss rate, calculate the expected credit losses.

Debt investment and other debt investment

For debt investment and other debt investment, the Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration according to the nature of the investment and the various types of counter-parties and risk exposures.

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date, the Company determines the relative change of default risk within the expected duration of financial instruments, so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and informed information, including forward-looking information that can be obtained without unnecessary additional cost or effort. Information considered by the Company includes:

The debtor fails to pay the principal and interest as due under the contract;

A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected;

A serious deterioration of the debtor's business results occurred or is expected; a change in the existing or anticipated technological, market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Company.

According to the nature of financial instruments, the Company evaluates whether credit risk increases significantly on the basis of individual financial instruments or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly.

The Company believes that the financial assets are in default under the following circumstances:

The Borrower is unlikely to pay its arrears to the Company in full and this assessment does not take into account any recourse actions taken by the Company, such as liquidating the collateral (if held).

A financial asset whose credit has been impaired

On the balance sheet date, the Company evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value and whose changes are included in other comprehensive income. When one or more events which have an adverse effect on 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:

Major financial difficulties occur to the issuer or the debtor;

A breach of contract by the debtor, such as a default or late payment of interest or principal;

The Company, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;

The debtor is likely to go bankrupt or undergo other financial restructuring; and

The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.

Presentation of expected credit loss provisions

In order to reflect the change of the credit risk of financial instruments since initial recognition, the Company re-measures the expected credit loss on each balance sheet date, and the increase or rollback amount of the loss provision thus formed shall be recorded into the current profit and loss as an impairment loss or profit. For a financial asset measured at amortized cost, the loss provision shall offset the carrying value of the financial asset as stated in the balance sheet; for the debt investment measured at fair value and its changes included in other comprehensive income, the Company recognizes its loss provision in other comprehensive income and does not deduct the book value of the financial asset.

Written-off. If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part, the carrying balance of the financial asset shall be directly written down. Such write-downs constitute termination recognition of the relevant financial assets. This usually occurs when the Company determines that the debtor does not have assets or sources of income that generate sufficient cash flow to repay the amount to be written down. However, in accordance with the Company's procedures for recovering amounts due, the financial assets that have been written down may still be affected by the execution activities.

If a financial asset that has been written down is recovered later, it shall be carried back as an impairment loss and recorded in the profit and loss of the current period.

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of the financial assets (transferee).

If the Company has transferred almost all of the risks and rewards in the ownership of financial assets to the transferee, the recognition of such financial assets shall be terminated; if almost all of the risks and rewards

in the ownership of financial assets are retained, the recognition of the financial assets shall not be terminated.

If the Company neither transfers nor retains almost all of the risks and rewards in the ownership of financial assets, it shall be dealt with in the following cases: if control of the financial asset is relinquished, the financial asset shall be terminated and the resulting assets and liabilities shall be recognized; if the financial asset is not relinquished, the relevant financial asset shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

Set-off of financial assets and financial liabilities. When the Company has a statutory right to set off recognized financial assets and financial liabilities and is currently enforceable and the Company intends to net or liquidate the financial assets and liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet in the amount of mutual set-off. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

11. inventories

11.1 Categories of inventories

Inventories include raw materials, finished goods, development costs, and product developments.

11.2 Measurement method of cost of inventories

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials and finished goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortized in installment when they are used.

11.3 Method for provision for obsolete inventories

Any excess of the cost over the net realizable value of of inventories is recognized as a provision for obsolete inventories. The Company usually recognizes provision for decline in value of inventories by a single inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

11.4 Basis for determining the net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value

is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

12. Contract assets

Contract assets refer to the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time, that are listed as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not offset.

For the method of determining and accounting for expected credit losses on contract assets, see Note IV. 10. Impairment of Financial Assets.

13. Long-term equity investments

Long-term equity investments in this part refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee.

Long-term equity investments that the Company does not control, jointly control or have significant influence on the investee are accounted for as financial assets measured at fair value and their changes are accounted for in current profit or loss. If they are non-tradable, the Company may choose to designate them as financial assets measured at fair value and their changes are accounted for in other comprehensive income at the initial recognition. Its accounting policies are detailed in note IV.9 "Financial Instruments".

Joint control refers to the Company's shared control over an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties sharing control. Significant influence means that the Company has the power to participate in the decision-making of the financial and operational policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

13.1 Determination of investment costs

For a long-term equity investment obtained by a business combination under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the merged party's shareholders' equity in the book value of the consolidated financial statements of the ultimate controlling party on the merger date. The capital reserve is adjusted for the difference between the initial investment



cost of long-term equity investment and the cash paid, the transferred non-cash assets, and the carrying value of the debt undertaken; if the capital reserve is insufficient to be deducted, the retained earnings shall be adjusted. Where equity securities are issued as consolidation consideration, the capital reserve is adjusted on the consolidation date according to the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party as the initial investment cost of the long-term equity investment, the total par value of the issued shares as the share capital, and 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 be deducted, the retained earnings shall be adjusted.

For the long-term equity investment obtained by the merger of enterprises not under the same control, the initial investment cost of the long-term equity investment on the purchase date is based on the merger cost, which includes the sum of the fair value of the assets paid by the buyer, liabilities incurred or assumed, and equity securities issued by the buyer. Where the equity of the purchaser is obtained step by step through multiple transactions, and the business combination is eventually formed under different control, it shall be treated separately whether it is a "package transaction": If it is a "package transaction", each transaction shall be accounted for as a transaction that has acquired control. If it is not a "package transaction", the sum of the book value of the equity investment held by the purchaser plus the cost of the new investment shall be taken as the initial investment cost of the long-term equity investment accounted for by the cost method. If the equity originally held is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily.

Intermediary fees, such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred by the merging party or the purchaser for the business merger are included in the current profit or loss when incurred.

Equity investments other than long-term equity investments formed by business mergers are initially measured at cost, which depends on the manner in which long-term equity investments are acquired. It is determined in accordance with the actual cash purchase price 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 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 investments are also included in the cost of investment.

13.2 Subsequent measurement and profit and loss recognition methods

Long-term equity investments that have common control (except for constituting joint operators) or significant influence on the investee shall be accounted for by the equity method. In addition, the Company's financial statements use the cost method to account for long-term equity investments that can exercise control over the investee.

① Long-term equity investment accounted for using the cost method

When the cost method is used, the long-term equity investment is priced at the cost of the initial investment, and the cost of the additional or withdrawn investment is adjusted for the long-term equity investment. In addition to the cash dividends or profits that have been declared but not yet paid in the price or consideration actually paid at the time of acquisition of the investment, the current investment income is recognized according to the cash dividends or profits declared and paid by the invested entity.

② Long-term equity investment accounted for using the equity method

If the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets when the investment is made, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference is included in the current profit or loss, and the cost of long-term equity investment is adjusted at the same time.

When the equity method is adopted, 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 investee, 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 in accordance with the profit or cash dividend declared by the investee; for changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment is adjusted and included in the capital reserve. When recognizing the share of the investee's net profit and loss, the net profit of the investee is recognized after adjustment based on the fair value of the identifiable assets of the investee at the time of acquisition of the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and investment income and other comprehensive income shall be recognized according to them. In the case of transactions between the Company and associates and joint ventures, where the assets invested or sold do not constitute business, the unrealized profit or loss from internal transactions shall be offset in accordance with the proportion of the profit or loss attributable to the Company, and the

investment profit or loss shall be recognized on this basis. However, the unrealized internal transaction loss between the Company and the investee, which belongs to the impairment loss of the transferred assets, shall not be offset.

When the net loss incurred by the investee is recognized, the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the investee are reduced to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities are recognized according to the expected obligation and are included in the current investment losses. If the investee achieves net profit in the subsequent period, the Company shall resume the recognition of the income sharing amount after the income sharing amount makes up the unrecognized loss sharing amount.

③ Minority stake acquisition

In the preparation of the consolidated financial statements, the capital reserve is adjusted for the difference between the new long-term equity investment from the purchase of minority shares and the share of net assets that the subsidiary shall be entitled to continuously calculate from the purchase date (or merger date) based on the proportion of the new shares. If the capital reserve is insufficient, the retained earnings are adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, the parent company partially discards the long-term equity investment in the subsidiary without losing control, and the difference between the disposal price and the disposal of the long-term equity investment and the net assets of the subsidiary is included in the shareholders' equity; where the parent company partially disposes of its long-term equity investment in the subsidiary, resulting in the loss of control over the subsidiary, it shall be treated in accordance with the relevant accounting policies described in Note IV. 5.2 " Preparation method of consolidated financial statements".

For the disposal of long-term equity investments under other circumstances, the difference between the carrying value of the disposed equity and the actual purchase price shall be included in the profit or loss of the current period.

If the long-term equity investment accounted for by the equity method and the remaining equity after disposal are still accounted for by the equity method, the other comprehensive income originally included

in the shareholders' equity at the time of disposal shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity in the corresponding proportion. Owners' equity recognized due to changes in owners' equity other than net profit and loss, other comprehensive income, and profit distribution of the investee is transferred to profit and loss in proportion to the current period.

If a long-term equity investment is accounted for by the cost method and the remaining equity is still accounted for by the cost method after disposal, the other comprehensive income recognized by the equity method or financial instrument recognition and measurement criteria before the acquisition of control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and carry forward the current profit and loss pro rata; changes in owners' equity other than net profit and loss, other comprehensive income, and profit distribution in the net assets of investee units recognized as a result of the equity method of accounting are carried forward to current profit and loss in proportion.

If the Company loses control of the investee due to the disposal of part of its equity investment, and if the remaining equity after disposal can exercise common control or exert significant influence on the investee when preparing individual financial statements, the accounting shall be changed to the equity method, and the remaining equity shall be adjusted when the remaining equity is regarded as self-acquired; if the remaining equity after disposal cannot jointly control or exert significant influence on the invested unit, it shall be accounted for in accordance with the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between the fair value and the carrying value on the date of loss of control shall be included in the current profit or loss. Other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before the Company acquired control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when it loses control of the investee. Changes in owner's equity other than net profit and loss, other comprehensive income, and profit distribution in the net assets of the investee recognized by the equity method are transferred to current profit and loss when control over the investee is lost. Among them, if the remaining equity after disposal is accounted for by the equity method, other comprehensive income and other owners' equity are 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, other comprehensive income and other owners' equity are all carried forward.

If the Company loses common control or significant influence on the investor due to the disposal of part of the equity investment, the remaining equity after disposal is accounted for according to the recognition and measurement standards of financial instruments, and the difference between the fair value and the carrying value on the date of the loss of common control or significant influence is included in the current profit or loss. Other comprehensive income recognized as a result of the original equity investment accounting using the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity upon termination of the accounting using the equity method. All owner's equity recognized as a result of changes in the owner's equity other than net profit and loss, other comprehensive income, and profit distribution of the investor is transferred to current investment income upon termination of the equity method.

The Company disposes of the equity investment in the subsidiary step by step through multiple transactions until it loses control. If the above transactions are package transactions, each transaction shall be accounted for as one transaction disposing of the equity investment of subsidiaries and losing control. The difference between the disposal price of each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity disposed of shall first be recognized as other comprehensive income, and then transferred to the profit or loss for the current period when the control is lost.

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use rights held and provided for transfer after appreciation, and leased buildings and construction.

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 associated with the asset are likely to flow in and their costs can be reliably measured. Other subsequent expenses shall be included in profit or loss for the current period when incurred.

The Company adopts the cost model for subsequent measurement of investment property. For the purpose of depreciation or amortization method, the same amortization policy adopted for buildings as fixed assets and land use rights as intangible assets is used.

The impairment test method and the provision for impairment of investment property are detailed in Notes

IV. 21. " Long-term Assets Impairment".

When self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is taken as the recorded value after conversion.

When the use of an investment property is changed to self-use, the investment property is converted from an investment property to a fixed asset or an intangible asset from the date of the change. When the use of self-occupied property is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of the change. At the time of conversion, if the conversion is made into investment property measured using the cost model, the carrying amount before conversion shall be used as the recorded value after conversion; if conversion to investment property measured at fair value, the fair value on the date of conversion shall be used as the recorded value after conversion.

When an investment property is disposed of, or permanently withdrawn from use, and it is not expected that economic benefits can be derived from its disposal, the recognition of the investment property will be terminated. Disposal income from the sale, transfer, scrapping, or damage of investment property is recognized in profit or loss for the current period after deducting its carrying amount and relevant taxes.

15. Fixed Assets

15.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost, taking into account the impact of anticipated disposal cost factors.

15.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate, and annual depreciation rate of each category of fixed assets are as follows:

Item	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	40 years	5	2.375
Machinery and equipment	10 years	5	9.5
Electronic equipment	5 years	5	19
Transportation vehicles	5 years	5	19
Office equipment	5 years	5	19
Furniture appliance	5 years	5	19

The estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

15.3 Impairment test method for fixed assets and impairment reserve calculation method

The impairment test method for fixed assets and the provision for impairment are detailed in Note IV. 21. " Long-term Assets Impairment".

15.4 Other explanations

Subsequent expenditures related to a fixed asset are included in the cost of the fixed asset if the economic benefits related to the fixed asset are likely to flow in and their cost can be reliably measured, and the carrying value of the replaced portion is terminated. Other subsequent expenses other than these are included in current profit or loss when incurred.

When the fixed asset is in the state of disposal or is not expected to generate economic benefits from the use or disposal, the recognition of the fixed asset shall be terminated. The difference between the disposal income from the sale, transfer, retirement, or damage of fixed assets after deducting their carrying value and related taxes and fees is included in the current profit or loss.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

16. Construction in Process

Construction in progress is measured at its actual costs. The actual costs include various construction

expenditures during the construction period, borrowing costs capitalized before it is ready for intended use, and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The impairment test method for construction in progress and the provision for impairment are detailed in Notes IV. 21. " Long-term Assets Impairment".

17. Borrowing Costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that are directly attributable to the acquisition, construction, or production of assets eligible for capitalization are capitalized when the expenditure on the assets has been incurred, the borrowing costs have been incurred, and the acquisition, construction, or production activities necessary to bring the assets to their intended usable or saleable state have begun. Capitalization ceases when an asset constructed or produced that meets the conditions for capitalization reaches its intended usable or saleable state. The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

The amount of interest expenses actually incurred in the current period of special borrowings shall be capitalized after deducting the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from temporary investment. The capitalization amount of general borrowings is determined by multiplying the weighted average of asset expenditures exceeding the portion of special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences of foreign currency special borrowings are capitalized, and the exchange differences of foreign currency general borrowings are recognized in profit or loss for the current period.

Assets eligible for capitalization refer to assets such as fixed assets, investment property, and inventories that require a considerable period of time to reach a predetermined usable or saleable state after acquisition, construction, or production activities.

If an asset eligible for capitalization is abnormally interrupted during the acquisition, construction, or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of



borrowing costs shall be suspended until the acquisition, construction, or production of the asset is resumed.

18. Right-of-use assets

18.1 Conditions for recognition of right-of-use assets

The Company's right-of-use assets refer to the rights of the Company, as a lessee, to use the leased assets during the lease period.

On the beginning date of the lease period, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement amount of the lease liability; for the amount of lease payment paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; initial direct expenses incurred by the Company as the lessee; the costs which the Company, as the lessee, expects to incur in dismantling and removing the leased assets, restoring the premises on which the leased assets are located, or restoring the leased assets to the state agreed in the lease terms. The Company, as the lessee, shall confirm and measure the costs of demolition and restoration in accordance with Accounting Standards for Business Enterprises No. 13 - Contingencies. Subsequent adjustments are made for any re-measurement of lease liabilities.

18.2 The depreciation method for the right-of-use asset

The Company uses the straight line method of depreciation. Where the Company, as the lessee, can reasonably determine that it obtains ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining service life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

18.3 See Note IV. 21 for the impairment test method of the right-of-use assets and the provision for impairment.

19. Intangible assets

19.1 Intangible assets

Intangible assets refer to identifiable non-monetary assets owned or controlled by the Company that do not have a physical form.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost

of intangible assets if the relevant economic benefits are likely to flow to the Company and their costs can be reliably measured. Expenses for other items are included in profit or loss for the current period when incurred.

Acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings such as factories, the relevant land use right expenditure and building construction cost are accounted for as intangible assets and fixed assets respectively. In the case of purchased houses and buildings, the relevant price shall be distributed between the land use right and the building, and if it is difficult to distribute reasonably, all shall be treated as fixed assets.

The original value of an intangible asset with a finite useful life is amortized in equal installments using the straight-line method over its expected useful life from the time it becomes available. Intangible assets with an indefinite useful life are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, and if there is a change, it is treated as a change in accounting estimates. In addition, the useful life of an intangible asset with an indefinite useful life is reviewed and, if there is evidence that the term for which the intangible asset will bring economic benefits to the enterprise is foreseeable, its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with a limited useful life.

19.2 Research and development expenditures

The Company's internal R&D expenditures are divided into research phase expenditures and development phase expenditures.

Expenses incurred during the research phase are included in profit or loss for the current period when incurred.

If the expenditure in the development phase meets the following conditions at the same time, it shall be recognized as an intangible asset, and the expenditure in the development phase that cannot meet the following conditions shall be included in the profit or loss for the current period:

① it is technically feasible to complete the intangible asset so that it can be used or sold;

② has the intent to complete the intangible asset and use or sell it;

③the manner in which the intangible asset generates economic benefits, including the usefulness of the

intangible asset if it can be proved that there is a market for the products produced using the intangible asset or that there is a market for the intangible asset itself, and that the intangible asset will be used internally;
④ have sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible asset;
⑤Expenditures attributable to the development phase of the intangible asset can be reliably measured.

If it is not possible to distinguish between the expenditure in the research phase and the expenditure in the development phase, all the R&D expenditure incurred shall be included in the profit or loss for the current period.

19.3 Impairment test method for intangible assets and provision for impairment
For details of the impairment test method and the impairment provision method for intangible assets, please refer to Note IV. 21 " Long-term Assets Impairment".

20. Long-term deferred expenses

Long-term prepaid expenses refer to various expenses that the Company has paid and whose period of amortization is more than one year. The Company's long-term amortized expenses mainly include renovation costs. Long-term prepaid expenses are amortized on a straight-line basis within the beneficial period of the expense items.

21. Long-term Assets Impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful life, right-of-use assets, investment real estate measured on a cost basis, and long-term equity investments in subsidiaries, joint ventures and associates, the Company determines whether there are any signs of impairment at the balance sheet date. If there is an indication of impairment, the recoverable amount is estimated and the impairment test is conducted. Goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet reached a usable state are tested for impairment on an annual basis, regardless of whether there is an indication of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. The fair value of an asset is determined based on the agreed sale price in an arm's length transaction; if there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the buyer's bid price for the asset; if there is no sales agreement and



an active market for the asset, the fair value of the asset is estimated on the basis of the best information available. Disposal costs include legal fees associated with the disposal of the asset, related taxes, removal costs, and direct costs incurred to bring the asset to a saleable state. The present value of the projected future cash flows of an asset is determined by selecting the appropriate discount rate for the estimated future cash flows generated by the asset in the course of its continued use and at the time of final disposal. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

For goodwill presented separately in the financial statements, the carrying amount of the goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination, subject to impairment testing. If the test results show that the recoverable amount of the asset group or asset group combination containing the apportioned goodwill is lower than its carrying amount, the corresponding impairment loss shall be recognized. The amount of impairment loss is first offset against the carrying amount of the goodwill allocated to the asset group or combination of asset groups, and then the carrying amount of other assets is offset against the carrying amount of other assets in the asset group or portfolio other than goodwill.

Once the impairment loss of the above-mentioned assets is recognized, the part of the value that can be recovered will not be reversed in subsequent periods.

22. Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods or services to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained an unconditional right to receive the goods before the Company transfers the goods to the customer, the Company will show such amount received or receivable as a contractual liability at the earlier of the actual payment by the customer and the amount due and payable. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not set off.

23. Employee Benefits

The Company's employee remuneration mainly includes short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits, including:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident fund, trade union funds and employee education funds, non-monetary benefits, etc. The Company recognizes the actual short-term employee remuneration as a liability during the accounting period in which the employee provides services to the Company, and includes it in the profit or loss for the current period or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuity. Post-employment benefit plans include defined contribution plans and defined benefit plans. If a defined deposit plan is adopted, the corresponding amount due is included in the relevant asset cost or current profit or loss at the time of occurrence. For defined benefit plans, the Company employs an independent actuary to estimate the relevant demographic variables and financial variables using unbiased and mutually consistent actuarial assumptions based on the expected cumulative benefit unit method, to measure the obligations arising from the defined benefit plan, and to determine the vesting period of the related obligations. At the balance sheet date, the Company presents the obligations arising from the defined benefit plan at present value and recognizes the cost of services for the period in profit or loss.

If the employee terminates the employment relationship with the employee before the expiration of the employment contract, or proposes compensation to encourage the employee to voluntarily accept the layoff, when the Company cannot unilaterally withdraw the severance benefits provided by the termination of the labor relationship plan or the layoff proposal, and the Company recognizes the costs related to the restructuring involving the payment of the severance benefits, whichever is earlier, the employee remuneration liabilities arising from the dismissal benefits shall be recognized and included in the profit or loss for the current period. However, if the dismissal benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

Employee internal retirement schemes are governed by the same principles as the severance benefits described above. The wages and social insurance premiums to be paid by the employee during the period from the cessation of service to the normal retirement date of the employee shall be included in the profit or loss (dismissal benefits) for the current period when the conditions for recognition of the estimated liability are met.

Other long-term employee benefits provided by the Company to employees that are in line with the defined

deposit and withdrawal plan shall be accounted for in accordance with the defined deposit and withdrawal plan, and otherwise accounted for in accordance with the defined benefit plan.

24. Bonds payable

The bonds issued by the Company are initially measured at fair value after deducting transaction costs, and are subsequently measured at amortized cost using the effective interest rate method during the life of the bonds.

Interest expense is directly included in profit or loss for the current period, except that it is capitalized when the conditions for capitalization of borrowing costs are met.

25. Estimated liabilities

Obligations related to contingencies are recognized as estimated liabilities when they meet the following conditions: (1) the obligation is a current obligation assumed by the Company; (2) the performance of the obligation is likely to result in an outflow of economic benefits; and (3) the amount of the obligation can be reliably measured.

At the balance sheet date, estimated liabilities are measured against the best estimate of the expenditure required to meet the relevant current obligations, taking into account factors such as the risks, uncertainties and time value of money associated with contingencies.

If all or part of the expenses required to settle the estimated liability are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is substantially certain that it will be received, and the amount of compensation recognized shall not exceed the carrying amount of the estimated liability.

26. Revenue

26.1 General principles

Revenue is recognized when the customer acquires control of the relevant goods when the contract between the Company and the customer meets both of the following conditions: the parties to the contract have ratified the contract and undertake to fulfill their respective obligations; the contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or the services provided; The contract has clear terms of payment in relation to the goods transferred; the contract has commercial substance, i.e., the performance of the contract will change the risk, timing distribution or amount of the

Company's future cash flows: the consideration to which the Company is entitled as a result of the transfer of the goods to the Customer is likely to be recovered.

On the commencement date of the contract, the Company identifies the existence of each individual performance obligation in the contract and allocates the transaction price to each individual performance obligation in proportion to the relative proportion of the individual selling price of the goods promised by each individual performance obligation. The impact of factors such as variable consideration, significant financing elements present in the contract, non-cash consideration, and consideration payable to customers is taken into account when determining the transaction price.

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 revenue according to the performance progress during the relevant performance period: the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; the customer has control over the merchandise under construction during the Company's fulfillment; the goods produced by the Company in the course of performance have irreplaceable uses, and the Company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period. The performance progress is determined by the input method or output method according to the nature of the transferred goods, and when the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognized according to the amount of the costs incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company will recognize revenue at the transaction price allocated to the individual performance obligation at the time when the customer obtains control of the relevant goods. In determining whether a customer has acquired control of the goods, the Company considers the following indications: the company has a current right to receive payment for the goods, i.e. the customer has a current payment obligation for the goods; the company has transferred the legal title of the goods to the customer, that is, the customer already has the legal ownership of the goods; the company has physically transferred the commodity to the customer, that is, the customer has taken physical possession of the commodity; the company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; the customer has accepted the goods; and other indications that the customer has taken control of the goods.

26.2 Specific revenue recognition method

After the Company fulfills the performance obligations in the contract, it recognizes revenue and carries forward costs.

27. Contract costs

Contract costs include incremental costs incurred to obtain contracts and contract performance costs.

The incremental costs incurred to obtain the contract are the costs that the Company would not have incurred without obtaining the contract (e.g., sales commission, etc.). If the cost is expected to be recovered, the Company recognizes it as an asset as the cost of acquiring the contract. Expenses incurred by the Company in obtaining the contract, other than the incremental costs that are expected to be recovered, are recognized in profit or loss for the current period when incurred.

If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises such as inventory and meets the following conditions at the same time, the Company recognizes it as the cost of contract performance as an asset:

(1) The cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the customer, and other costs incurred solely as a result of the contract;

(2)The cost increased the Company's resources to meet its performance obligations in the future; and

③the cost is expected to be recovered.

The assets recognized at the cost of contract acquisition and the assets recognized at the cost of contract performance (hereinafter referred to as the "assets related to the contract cost") are amortized on the same basis as the revenue recognition of goods or services related to the asset, and are included in profit or loss for the current period.

When the carrying amount of the assets related to the contract cost is higher than the difference between the following items, the Company makes an impairment provision for the excess and recognizes it as an asset impairment loss:

(1) the residual consideration that the Company expects to receive from the transfer of goods or services related to the asset;

②an estimate of the costs to be incurred for the transfer of the relevant goods or services.

Contract performance costs recognized as assets with an amortization period of no more than one year or one normal business cycle at the time of initial recognition are shown in the item "Inventory", and amortization period of more than one year or one normal business cycle at the time of initial recognition is shown in the item "Other non-current assets".

The cost of contract acquisition recognized as an asset is shown in the item "Other current assets" with an amortization period of no more than one year or one normal business cycle at the time of initial recognition, and the amortization period of more than one year or one normal business cycle at the time of initial recognition is shown in the item "Other non-current assets".

28. Government Grants

Government grants refer to monetary grants and non-monetary grants the Company receives from the government for free, which does not include capital invested by the government as an investor with the corresponding ownership interest. Government grants involve grants related to assets and grants related to income. The Company defines government grants obtained for the acquisition, construction, or other formation of long-term assets as asset-related government grants; the remaining government grants are defined as revenue-related government grants . If the government document does not specify the recipients of the grant, the grant is divided into revenue-related government grants and asset-related government grants in the following way: ①If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the expenditure amount forming assets and the expenditure amount included in the expenses in the budget of the specific project, and the division proportion shall be reviewed at each balance sheet date and changed if necessary; ②If the purpose of the government document is only a general expression and no specific project is specified, it shall be regarded as a government subsidy 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 grant is a non-monetary asset, it shall be measured at fair value; If fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government grants measured in nominal amounts are directly credited to current profit or loss.

The Company usually recognizes and measures government grants according to the amount actually received when they are actually received. However, if there is conclusive evidence at the end of the period to show that it can meet the relevant conditions stipulated in the financial support policy, it is expected to be able to receive financial support funds, which shall be measured according to the amount receivable. Government grants measured according to the amount receivable shall meet the following conditions at the



same time: (1) the amount of the grant receivable has been confirmed by the competent government department, or it can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the amount is expected to be without significant uncertainty; (2) it is based on the financial support projects and their financial fund management measures officially issued by the local finance department and actively disclosed in accordance with the provisions of the "Open Government Information Regulations", 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 relevant grant approval document has clearly committed to the period of disbursement, and the disbursement of the grant is guaranteed by the corresponding financial budget, so there is reasonable assurance that it will be received within the prescribed period; and (4) other relevant conditions (if any) that should be met according to the specific circumstances of the Company and the grant.

The government grant related to the asset is recognized as deferred income, and is recorded in the current profit or loss or written off by the carrying amount of the relevant asset in installments in a reasonable and systematic manner during the useful life of the relevant asset. If the government grant related to income is used to compensate for the relevant costs, expenses, or losses in subsequent periods, it shall be recognized as deferred income, and shall be included in the profit or loss for the current period or offset the relevant costs and expenses in the period in which the relevant costs or losses are recognized; if it is used to compensate for the relevant costs or losses that have been incurred, it shall be directly included in the profit or loss for the current period or offset the relevant costs and expenses.

At the same time, it includes government grants related to assets and income-related parts, and distinguishes different parts for accounting treatment; if it is difficult to distinguish, it is classified as a whole, as a government grant related to income.

Government grants related to the daily activities of the Company shall be included in other income or deducted from related costs according to the essence of economic business; Government grants unrelated to daily activities are included in non-operating income and expenditure.

When the recognized government grants need to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income will be written off, and the excess part will be included in the current profit or loss or (for the asset-related government grants that are written down the book value of the relevant assets at the initial recognition) the book value of the assets will be adjusted; under other circumstances, it is directly included in the current profit and loss.

29. Deferred Tax Assets / Deferred Tax Liabilities

29.1 Current Income Tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities are recognized using the balance sheet debt method for the difference between the carrying amount of certain assets and liabilities and their tax bases, as well as temporary differences arising from the difference between the carrying amount and the tax basis of items that are not recognized as assets and liabilities but whose tax basis can be determined in accordance with the provisions of the tax law.

Deferred tax liabilities are not recognized for taxable temporary differences relating to the initial recognition of goodwill, as well as to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses). In addition, the relevant deferred tax liability will not be recognized for taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, if the Company is able to control the timing of the reversal of the temporary differences, and the temporary differences are not likely to be reversed in the foreseeable future. Subject to the above exceptions, the Company recognizes all other deferred tax liabilities arising from taxable temporary differences.

Deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of occurrence are not recognized as deferred tax assets. In addition, deferred tax assets are not recognized for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely that the taxable income used to offset the deductible temporary differences will be obtained in the future. Except for the above exceptions, the Company recognizes deferred tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income that can be used to offset deductible temporary differences.

For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to

offset the deductible losses and tax credits will be obtained.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax rate during the period in which the relevant assets are expected to be recovered or the relevant liabilities are liquidated, in accordance with the provisions of the tax law.

At the balance sheet date, the carrying amount of the deferred tax assets is reviewed, and the carrying amount of the deferred tax assets is written down if there is a high likelihood that sufficient taxable income will not be available in the future to offset the benefits of the deferred tax assets. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

29.3 Income tax expense

Income tax expense includes 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, which are included in other comprehensive income or shareholders' equity, and the carrying amount of goodwill adjusted by deferred income tax arising from business combinations, the remaining current income tax and deferred tax expense or income are recognized in profit or loss for the current period.

29.4 Offset of Income Tax

When the Company has the legal right to settle on a net basis, and intends to settle on a net basis or acquire assets and settle liabilities at the same time, the Company's current income tax assets and current income tax liabilities are presented on a net basis.

When there is a legal right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different tax subjects, but in the future, during the period when the deferred tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time, The Company's deferred tax assets and deferred tax liabilities are presented on a net basis after offset.

30. Lease

30.1 Identification of leases

On the commencement date of the contract, the Company, as lessee or lessor, assesses whether the customer under the contract is entitled to receive virtually all economic benefits arising from the use of the identified assets during the use period and has the right to direct the use of the identified assets during the use period. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the Company recognizes the contract as a lease or includes a lease.

30.2 The Company as the lessee

The Company recognizes the right-of-use assets and the lease liability on the commencement date, except for short-term leases and leases of low-value assets with simplified treatment.

Refer to Note IV. 18 for the accounting policies of the right-of-use assets.

The Company initially measures the lease liability on the commencement date at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. The Company uses its incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. Lease payments include: fixed payments, including in-substance fixed payments, less any lease incentives receivable; variable lease payments depending on the index or ratio; the exercise price of a purchase option, if the Company is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease; amounts expected to be payable by the Company under residual value guarantees.

Short-term lease refers to a lease with a term no more than 12 months from the commencement date of the lease term and without a purchase option.

The Company recognizes lease payments under short-term leases as current loss or profit or the relevant asset costs on a straight-line basis over each period during the lease term.

For short-term leases, the Company shall adopt the above simplified treatment method for selecting the items in the following asset types according to the category of leased assets.

Lease of low-value assets refers to lease for a single lease asset with value less than 40 thousand RMB when it is new.

For lease of low-value assets, the Company chooses to adopt the above simplified treatment method according to the specific situation of each lease.

The Company recognizes lease payments under leases of low-value assets as current loss and profit or the relevant asset costs on a straight-line basis over each period during the lease term.

In case of lease modification, the Company makes accounting treatment of such lease change as a separate lease if all of the following conditions are met: ① Such lease modification increases the scope of the lease by adding the right to use one or more lease assets; ② The increased consideration is commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to reflect the circumstances of the particular contract.

Where accounting treatment is not made for lease modification as a separate lease, at the effective date of lease modification, the Company reallocates the contract consideration after the modification, redetermines the lease term, and remeasures the lease liability based on the present value calculated according to the modified lease payments and the revised discount rate.

In the event that the lease scope is decreased or the lease term is shortened as a result of the lease modification, the Company reduces the carrying amount of the right-of-use assets, and recognizes the relevant gains or losses relating to the partial or full termination of the lease in the income statement.

For the lease liabilities remeasured due to other lease modifications, the Company adjusts the carrying amount of the right-of-use assets accordingly.

30.3 The Company as the lessor

When the Company, as the lessor, recognizes the lease which substantially transfers all risks and remuneration related to the ownership of assets as financial lease, and other leases besides financial leases as operating leases.

On the commencement date of the lease term, the Company uses the net lease investment as the carrying value of the finance lease receivables. Net lease investment is the sum of present value of unguaranteed residual value and lease payments receivable discounted at the interest rate implicit in the lease on the commencement date of the lease term. The Company as the lessor calculates and recognizes the interest income in each period of the lease term according to the fixed periodic interest rate. The variable lease



payment obtained by the Company as the lessor and not included in the net lease investment shall be recorded in the current profit and loss upon actual occurrence.

The termination recognition and impairment of financial lease receivable shall be treated in accordance with the provisions of Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No.23 -Transfer of Financial Assets.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis for all periods over the lease term. The Company's initial direct costs incurred in connection with operating leases is capitalized as incurred, recognized in the income statement into current profit and loss over the lease term on the same basis as the lease income. The variable lease payment amount obtained related to the operating lease that is not included in the lease receipts shall be included in the current profit and loss upon the actual occurrence.

In case of modification of the operating lease, the Company accounts for it as a new lease as of the effective date of the modification, any prepaid or accrued lease payments relating to the original lease are considered as payments for the new lease.

In case of modification of the finance lease, the Company accounts for the modification of a finance lease as a separate lease if all of the following conditions are met: ①the modification increases the scope of the lease by adding the right to use one or more lease assets; ②the consideration for the lease increases by an amount that is commensurate with the stand-alone price for the increase in scope, and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a modification of finance lease is not accounted for as a separate lease, the Company accounts for the changed lease under the following circumstances: ①If the modification becomes effective on the commencement date of the lease and the lease is classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease modification and measures as the net lease investment prior to the effective date of the lease modification as the carrying value of the leased asset. ② If the modification becomes effective on the commencement date of the lease and the lease is classified as a finance lease, the Company accounts for it in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments regarding the modification or renegotiation of contracts.

31. Fair value measurement

Fair value refers to the price that market participants can receive or transfer a liability by selling an asset in the orderly transaction occurring on the measurement day.

The Company measures relevant assets or liabilities at fair value, including: financial assets measured at fair value and their changes booked into current profit and loss, investment real estate, biological assets, financial liabilities measured at fair value and their changes booked into current profit and loss. Assume that orderly transactions to sell assets or transfer liabilities take place in the primary market of the underlying asset or liability; where there is no major market, the Company assumes that the transaction takes place in the most favorable market for the underlying assets or liabilities. The primary market (or most favorable market) is the trading market that the Company has access to on the measurement day. The Company adopts the assumptions used by market participants in pricing such assets or liabilities in order to maximize their economic benefits.

For financial assets or financial liabilities in active markets, the Company shall use quotations in active markets to determine their fair value. If there is no active market for financial instruments, the Company shall use valuation techniques to determine their fair value. The valuation models used mainly include discounted cash flow model and market comparable company model. The input value of valuation technology mainly include risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, illiquidity discount, etc.

Where a non-financial asset is measured at fair value, it takes into account the ability of a market participant to generate economic benefits by putting the asset to the best use, or to generate economic benefits by selling the asset to other market participants who can put the asset to the best use.

The Company uses valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, giving preference to relevant observable input values, and using unobtainable input values only when observable input values are not available or are not practicable to obtain.

For assets and liabilities measured or disclosed at fair value in financial statements, the level of fair value to which they belong is determined according to the lowest level input value of great significance to the measurement of fair value as a whole. The input value of the first level is the unadjusted quotation of the

same assets or liabilities that can be obtained on the measurement date in the active market: the input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level; the third level input value is the unobservable input value of the related asset or liability.

At each balance sheet date, the Company reevaluates the assets and liabilities recognized in the financial statements that have been consistently measured at fair value to determine whether there has been a conversion between levels of fair value measurement.

32. Significant alternation in accounting policy, accounting estimations, and major errors in previous period

32.1 Significant alternation in accounting policy

Content and reasons for changes in accounting policies	Impact on the financial statements
On December 5, 2025, the Ministry of Finance issued Interpretation of Accounting Standards No. 19, which stipulates that the following provisions shall come into force on January 1, 2026: Accounting treatment of compensatory assets in business combinations not under common control; Accounting treatment of relevant capital reserves upon disposal of subsidiaries originally obtained through business combinations under common control; Derecognition of financial liabilities settled via electronic payment systems; Evaluation of the contractual cash flow characteristics of financial assets and related disclosures; and Disclosures of equity instruments designated as measured at fair value through other comprehensive income.	None

32.2 Significant alternation in accounting estimations

None.

32.3 Significant alternation in major errors in previous period

None.

V. Taxation

1. Main types of taxes and corresponding tax rates

Tax type	Tax rate
VAT	Calculated at the rate of 6% and 13% on taxable income, and VAT is calculated on the difference after deducting the input tax allowed to be deducted in the current period.
City maintenance and construction tax	Calculated and paid at 7% of the actual turnover tax paid.
Corporate income tax	Calculated and paid at 25% of the taxable income.

2. Tax preferential treatments and approval documents

The corporate income tax rate of the subsidiary Shandong Finance Group (HK) Co., Ltd is 16.5%.

VI. Business Combination and Consolidated Financial Statements

1. The basic situation of the second-tier subsidiaries included in the consolidated financial statements in the current period

Currency Unit: ten thousand yuan RMB

No	Name of subsidiary	Principal place of business	Registered address	Business nature	Paid-in capital	Direct shareholding ratio	Indirect shareholding ratio
1	Shandong Finance Asset Management Co., Ltd.	Jinan	Jinan	Asset management, investment management, investment consulting	1,000,000.00	100.00%	
2	Shandong Finance Venture Capital Co., Ltd.	Jinan	Jinan	Venture capital business, fund management	12,500.00	100.00%	
3	Shandong Finance Rural Revitalization Co., Ltd.	Jinan	Jinan	Operation of state-owned assets within the scope of shanty towns authorized by the government	1,000,000.00	100.00%	
4	Shandong Financial Capital Management Co., Ltd.	Jinan	Jinan	Foreign investment, investment management, and fund management	699,419.76	99.13%	0.87%

No	Name of subsidiary	Principal place of business	Registered address	Business nature	Paid-in capital	Direct shareholding ratio	Indirect shareholding ratio
5	Shandong Finance and Financial Leasing Co., Ltd.	Jinan	Jinan	Finance lease	200,000.00	90.53%	7.47%
6	Taihe Asset Management Co., Ltd.	Jinan	Jinan	Investment with self-owned funds, as well as asset management and investment management for investment projects	400,000.00	50.00%	
7	Jinan Caiyuan Jiurushan Investment Partnership (limited partnership)	Jinan	Jinan	Engaged in investment activities with its own funds	1,300.00	99.23%	0.77%
8	Shanghai Shancai Enterprise Development Co., Ltd.	Jinan	Shanghai	Business management and consulting, business information consulting, financial consulting	76,833.33	95.66%	
9	Shandong Caijin New Energy Industry Co., Ltd.	Jinan	Jinan	Foreign investment with own funds; investment management and consulting	100,000.00	100.00%	
10	Jinan Chuangying New Energy Industry Partnership (Limited Partnership)	Jinan	Jinan	Equity investments in unlisted companies	88,481.44	100.00%	
11	Shandong Financial Stable Equity Investment Fund Center (Limited partnership)	Jinan	Jinan	Equity investments in unlisted companies		46.67%	3.33%
12	Shandong New Growth Drivers Fund Management Co., Ltd.	Jinan	Jinan	Fund management and investment management	2,000,000.00	90.20%	
13	Jinan Chuangxin Equity Investment Partnership (Limited partnership)	Jinan	Weihai	Equity investments in unlisted companies	150,000.00	99.75%	0.25%
14	Shandong Finance and Research Institute Co., Ltd.	Jinan	Jinan	Management Consulting	47,377.80	100.00%	
15	Debang Securities Co., Ltd.	Jinan		Securities brokerage, securities investment consulting, securities trading consulting, securities underwriting and sponsorship	420,681.00	35.00%	

No	Name of subsidiary	Principal place of business	Registered address	Business nature	Paid-in capital	Direct shareholding ratio	Indirect shareholding ratio
16	Shandong Financial Technology Innovation Equity Investment Fund Partnership (limited partnership)	Jinan	Jinan	Equity investment management and related consulting services	129,379.06	98.56%	0.74%
17	Shandong Caijin Xinrong Investment Holding Co., Ltd.	Jinan	Jinan	Enterprise management consulting, supply chain management services, financing consulting services, etc	252,000.00	100.00%	
18	Shandong Finance and Health Industry Investment Holding Co., Ltd.	Jinan	Jinan	Engaged in investment activities with own funds	205,800.00	100.00%	
19	Shandong Financial Ecological Resources Development and Operation Co., Ltd.	Jinan	Jinan	Land consolidation services and investment	3,800.00	92.10%	
20	Shandong Financial Group (Hong Kong) Limited	Hong Kong	Hong Kong	Engaged in investment activities with its own funds		100.00%	

2. Significant non-wholly owned subsidiaries

Currency Unit: ten thousand yuan RMB

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shancai Enterprise Development Co., Ltd.	57,719.87	23,819.53	81,539.40	13,226.08		13,226.08
Shandong New Growth Drivers Fund	2,837,613.81	2,257,529.81	5,095,143.62	387,900.81	1,000,043.28	1,387,944.09

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Management Co., Ltd. Shandong Finance and Financial Leasing Co., Ltd.	505,122.19	499,510.96	1,004,633.15	170,268.50	449,223.40	619,491.90
Taihe Asset Management Co., Ltd.	602,043.28	49,518.98	651,562.26	61,965.21	198,248.22	260,213.43
Debang Securities Co., Ltd.	2,440,751.74	355,524.97	2,796,276.71	1,841,601.57	194,095.65	2,035,697.22

(continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shanghai Shancai Enterprise Development Co., Ltd.	54,057.68	11,582.37	65,640.05	7,075.41		7,075.41
Shandong New Growth Drivers Fund Management Co., Ltd.	2,507,054.05	2,593,360.25	5,100,414.30	780,434.37	1,012,989.74	1,793,424.11
Shandong Finance and Financial Leasing Co., Ltd.	312,518.20	342,594.20	655,112.40	212,252.55	176,415.87	388,668.42
Taihe Asset Management Co., Ltd.	347,814.27	44,080.05	391,894.32	27,002.02	0.08	27,002.10

(continued)

Name of subsidiary	Operating revenue	Closing balance		Cash flows from operating activities
		Net profit	Total comprehensive income	
Shanghai Shancai Enterprise Development Co., Ltd.	28,843.36	-10,251.31	-10,251.31	-35,817.68
Shandong New Growth Drivers Fund Management Co., Ltd.	6,541.97	102,551.75	85,911.32	-113,664.82
Shandong Finance and Financial Leasing Co., Ltd.	57,435.51	27,277.86	27,277.86	-159,766.61
Taihe Asset Management Co., Ltd.	16,613.73	26,456.61	26,456.61	-238,799.52
Debang Securities Co., Ltd.	74,247.73	6,788.22	3,821.20	46,254.95

(continued)

Name of subsidiary	Operating revenue	Opening balance		Cash flows from operating activities
		Net profit	Total comprehensive income	
Shanghai Shancai Enterprise Development Co., Ltd.	125.25	148.59	148.59	-5,020.57
Shandong New Growth Drivers Fund Management Co., Ltd.	6,166.91	106,780.29	106,780.29	610.31
Shandong Finance and Financial Leasing Co., Ltd.	53,800.55	26,745.31	26,745.31	-101,537.56
Taihe Asset Management Co., Ltd.		22,626.02	22,626.02	-2,239.64

3. If the accounting period of the subsidiary is inconsistent with that of the parent company, the treatment method for the preparation of consolidated financial statements by the parent company

There was no inconsistency between the accounting period of the subsidiary and the parent company in the current period.

4. The original second-level entities that are no longer included in the scope of consolidation in this period

(1) As of March 2025, all equity interests held by the Company in Jinan Caitong Investment Partnership (Limited Partnership) have been fully recovered.

(2) In November 2025, the Company lost control over Shandong Finance Health Industry Group Co., Ltd., which is therefore no longer included in the scope of consolidation.

5. The second-level entities newly included in the scope of consolidation in this period

5.1 Business Combinations Not Under Common Control

① Business combinations not under common control occurred during the period

Name of the Acquiree	Time of Equity Acquisition	Cost of Equity Acquisition	Proportion of Equity Acquired (%)	Method of Equity Acquisition	Acquisition Date	Basis for Determining the Acquisition Date
Debang Securities Co., Ltd.	29 May 2025	4,298,630,479.00	35	Acquisition	29 May 2025	In the 2025 resolution of the First Extraordinary General Meeting of Debang Securities Co., Ltd. for the reorganization of the Board of Directors

(continued)

Name of the Acquiree	Revenue of the acquiree from the acquisition date to the end of the period	Net profit of the acquiree from the acquisition date to the end of the period	Cash flows of the acquiree from the acquisition date to the end of the period
Debang Securities Co., Ltd.	742,477,302.66	67,882,170.64	1,077,386,333.77

②Combination costs and goodwill

Item	Debang Securities Co., Ltd.
Combination costs	4,298,630,479.00
—Cash	4,298,630,479.00
Total combination costs	4,298,630,479.00
Less: Share of the fair value of identifiable net assets obtained	2,639,540 ,757.89
Goodwill	1,659,089,721.11

③Main Reasons for the Formation of Material Goodwill

The Company recognized goodwill of RMB 1,659,089,721.11 from the business combination of Debang Securities Co., Ltd. Such goodwill reflects the Company's expectation of the future profitability and synergy effect of Debang Securities Co., Ltd. The business combination enables the Company to further expand its business scope and achieve favorable synergy effects.

④Identifiable Assets and Liabilities of the Acquiree on the Acquisition Date

Item	Debang Securities Co., Ltd.	
	Fair Value on Acquisition Date	Carrying Amount on Acquisition Date
Assets:		
Cash and cash equivalents	6,210,174,468.01	6,210,174,398.70
Deposit Reservation for Balance	951,781,137.22	951,786,684.29
Financial assets held for trading	10,342,026,041.61	10,338,197,990.71
Derivative financial assets	4,090,875.34	4,090,875.34
Accounts receivable	93,951,857.22	94,439,656.56
Prepayments	15,449,613.64	15,449,613.64
Other receivables	17,825,385.42	17,825,385.42
Financial Assets Purchased Under Resale Agreements	206,531,425.99	206,520,868.84
Non-current assets due within one year	174,177,315.35	174,177,315.35
Other current assets	4,072,437,531.32	4,073,062,690.52
Other debt investments	2,289,892,122.39	2,289,892,122.39
Other equity instrument investments	437,219,020.43	437,356,361.23
Other non-current financial assets	577,576,583.99	577,576,583.99
Fixed assets	148,320,639.17	60,847,020.98
Construction in progress	3,543,997.99	3,843,737.57
Right-of-use assets	88,772,519.31	88,772,519.31
Intangible assets	102,462,496.21	78,749,542.06
Development costs	5,132,462.58	5,132,462.58
Goodwill	27,292,809.95	27,292,809.95
Long-term deferred expenses	30,313,384.43	30,313,384.43
Deferred tax assets	526,828,947.40	526,828,947.40
Other non-current assets	837,640.00	837,640.00
Liabilities:		
Loans from other banks and other financial institutions	1,738,506,066.67	1,738,473,955.54
Financial liabilities held for trading	34,483,854.91	34,483,854.91
Accounts payable	3,281,097,844.90	3,281,097,806.15
Financial Assets Sold Under Repurchase Agreements	4,794,468,845.04	4,794,352,386.65

Item	Debang Securities Co., Ltd.	
	Fair Value on Acquisition Date	Carrying Amount on Acquisition Date
Funds Payable to Customers for Securities Trading	3,788,671,518.74	3,788,671,518.74
Funds Payable to Clients for Underwriting Securities	853,056.33	853,056.33
Contract liabilities	10,041,279.77	10,041,279.77
Employee benefits payable	241,855,648.62	241,855,648.62
Tax and surcharge payable	6,459,437.74	6,459,437.74
Other payables	87,285,072.89	87,285,072.89
Non-current liabilities due within one year	1,645,663,241.90	1,645,663,241.90
Other current liabilities	915,746,368.13	915,746,368.13
Bonds payable	1,920,638,885.47	1,920,663,543.00
Lease liabilities	58,288,853.13	58,288,853.13
Provisions	30,854,040.90	30,854,040.90
Deferred tax liabilities	28,336,428.25	
Other non-current liabilities	1,313,844.83	1,313,844.83
Net Assets:		
Share capital	4,206,810,000.00	4,206,810,000.00
Capital reserve	1,865,951,022.95	1,806,014,708.19
Other comprehensive income	51,960,040.50	51,960,040.50
Surplus reserve	281,012,793.20	281,012,793.20
General risk reserve	1,027,010,174.64	1,027,010,174.64
Undistributed profits	108,800,991.26	108,800,991.26
Non-controlling interests	200,528,964.20	175,455,994.24
Less:Non-controlling interests	200,528,964.20	175,455,994.24
The net assets obtained	7,541,545,022.55	7,481,608,707.79

Note: The Company determined the fair value of identifiable assets and liabilities based on the 'Asset Appraisal Report on the Fair Value of Identifiable Net Assets Involved in the Consideration Transfer for the Business Combination of Debang Securities Co., Ltd. for Financial Reporting Purposes by Shandong Caojin Investment Group Co., Ltd.'. (JinZheng PingBao Zi [2026] No. 0036) issued by JinZheng (Shanghai) Asset Appraisal Co., Ltd.

6.Information on Second-tier Business Combinations Under Common Control during the Period

No business combination under common control occurred in the Company during the current

period.

VII. Notes to the consolidated financial statements

Unless otherwise specified, the following notes (including notes to major items in the Company's financial statements): the "closing balance" as at the year ending 31 December 2025, the "opening balance" as at 31 December 2024, the term "current period" as of the year as at 2025 and the "prior period" as of 2024.

1. Monetary funds

Item	Closing balance	Opening balance
Cash in hand	156,826.41	198,692.12
Deposits with banks	29,816,107,572.39	17,143,175,749.48
Other monetary funds	5,552,597,601.17	5,567,640,485.15
Total	**35,368,861,999.97**	**22,711,014,926.75**
Including: Total overseas deposits	101,831,768.29	30,533,220.90

Details of the restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Property deposit		27,321,780.54
Equity conversion agreement deposit	5,000,000,000.00	5,000,000,000.00
Bill acceptance margin	230,075,000.00	405,180,351.99
Guarantee deposit	33,318,438.00	1,686,261.14
Risk Reserve	290,580,509.04	
Earmarked funds	5,000,000.00	
Court-Frozen Funds	19,680,873.87	
Total	**5,578,654,820.91**	**5,434,188,393.67**

2. Deposit Reservation for Balance

Item	Closing balance	Opening balance
Customer Deposit	1,275,635,559.44	
Petty Cash	142,431,603.63	
Total	**1,418,067,163.07**	

3. Trading financial assets

Item	Closing balance	Opening balance
Classified as at fair value through profit or loss	18,575,326,452.92	5,867,452,190.13
Including: Debt instrument investments	7,436,157,578.34	2,293,474,232.38

Item	Closing balance	Opening balance
Equity instrument investments	956,475,709.21	1,237,046,020.32
Structured Deposit	655,000,000.00	704,000,000.00
Publicly Offered Fund	2,560,397,468.36	
Bank Wealth Management Products	249,526,655.78	
Asset management products	402,678,430.33	
Asset-Backed Securities	3,262,713,248.72	
Investment in hybrid instruments	3,052,377,362.18	1,632,931,937.43
Designated as at fair value through profit or loss		
Including: Debt instrument investments		
Total	**18,575,326,452.92**	**5,867,452,190.13**

4. Derivative financial assets

Item	Closing balance		
	Nominal amount	Fair value	
		Asset	Liability
Interest Rate Swap	5,129,120,995.55		
Stock Index Futures	120,110,820.00		
Treasury Bond Futures			
Return Swap	62,073,616.21	4,637,630.87	
Option Trading	112,527,362.80	16,404,598.68	
Total	**5,423,832,794.56**	**21,042,229.55**	

(continued)

Item	Opening balance		
	Nominal amount	Fair value	
		Asset	Liability
Interest Rate Swap			
Stock Index Futures			
Treasury Bond Futures			
Return Swap			
Option Trading			
Total			

5. Notes receivable

Item	Closing balance	Opening balance

Bank acceptance notes	3,379,406.14	2,796,107.25
Trade acceptance notes	34,951,364.33	163,161,797.20
Subtotal	**38,330,770.47**	**165,957,904.45**
Less: Bad Debt Provision		
Total	**38,330,770.47**	**165,957,904.45**

6. Accounts receivable

6.1 Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year	3,026,277,306.48	3,872,725,550.99
1 to 2 years	736,645,502.31	431,488,459.60
2 to 3 years	68,160,149.96	264,441,902.36
3 to 4 years	202,152,583.43	78,489,432.37
4 to 5 years	83,216,329.81	4,237,650.00
More than 5 years	25,397,818.60	18,583,951.64
Subtotal	**4,141,849,690.59**	**4,669,966,946.96**
Less: Bad Debt Provision	292,882,862.37	112,056,197.16
Total	**3,848,966,828.22**	**4,557,910,749.80**

6.2 Classification and listed according to the bad debt provision method

Types	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	229,838,225.30	5.55	229,067,418.92	99.66	770,806.38
Accounts receivable for bad debt provision by portfolio	3,912,011,465.29	94.45	63,815,443.45	1.63	3,848,196,021.84
Total	**4,141,849,690.59**	**100.00**	**292,882,862.37**	**7.07**	**3,848,966,828.22**

(continued)

Types	Opening balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	213,618,589.96	4.57	66,810,528.01	31.28	146,808,061.95
Accounts receivable for bad debt provision by portfolio	4,456,348,357.00	95.43	45,245,669.15	1.02	4,411,102,687.85
Total	**4,669,966,946.96**	**100.00**	**112,056,197.16**	**2.40**	**4,557,910,749.80**

①At the end of the period, the accounts receivable set aside for bad debts by single item:

Accounts receivable (by company)	Closing balance			
	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
The Jinan Municipal People's Procuratorate	300,000.00	300,000.00	100.00	Expected unrecoverable
Special Police Detachment Of Jinan Public Security Bureau	300,000.00	300,000.00	100.00	Expected unrecoverable
Singapore Tianyuan Group Company Limited	4,500,000.00	4,500,000.00	100.00	Expected unrecoverable
Receivable Shunyu Garden Owner Viewing Fee	511.00	511.00	100.00	Expected unrecoverable
Water Fee Receivable For The Owner Of Shunyu Garden	728,709.16	728,709.16	100.00	Expected unrecoverable
Jinan Southern Suburb Hotel	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Huang Bin	140,000.00	140,000.00	100.00	Expected unrecoverable
Hou Chongjun	20,000.00	20,000.00	100.00	Expected unrecoverable
Yu Xinwei	15,437.80	15,437.80	100.00	Expected unrecoverable
Dong Chao	11,744.20	11,744.20	100.00	Expected unrecoverable

Accounts receivable (by company)	Closing balance			Reason for provision
	Carrying amount	Bad debt provision	Provision ratio	
Chengdu Dingding Cat Butler Technology Co., Ltd.	158,653,616.00	158,653,616.00	100.00	Expected unrecoverable
Shandong Shang Clothing Co., Ltd.	44,452,151.36	44,452,151.36	100.00	Expected unrecoverable
Receivables for management fees from collective asset management plans	15,586,136.67	14,815,330.29	95.05	Expected unrecoverable
Receivables for management fees from special asset management plans	1,079,117.67	1,079,117.67	100.00	Expected unrecoverable
Financial consulting fees for projects	1,050,801.44	1,050,801.44	100.00	Expected unrecoverable
Total	**229,838,225.30**	**229,067,418.92**		

②Details of Bad Debt Provisions Recovered or Reversed

Debtor Name	Amount Reversed or Recovered	Accumulated Provision for Bad Debts before Reversal or Recovery	Reasons and Methods of Reversal or Recovery
Shandong Shang Clothing Co., Ltd.	547,848.64	45,000,000.00	Debtor's financial condition has improved, bank transfer
Total	**547,848.64**	**45,000,000.00**	

6.3 The top five units with the ending balance of accounts receivable collected by the debtor

Company name	Nature of money	Closing balance	Aging	Closing balance of bad debt provision	Proportion to total closing balance (%)
Rizhao Lanshan District Housing and Urban-Rural Development Bureau	Operation and Maintenance Revenue	202,524,348.87	Within 1 year, 1-2 years, 2-3 years, 3-4 years		4.89
Chengdu Dingding Cat Butler Technology Co., Ltd.	Receivables from	158,653,616.00	3-4 years	158,653,616.00	3.83

Company name	Nature of money	Closing balance	Aging	Closing balance of bad debt provision	Proportion to total closing balance (%)
Shandong Wanzefeng Ocean Development Group Co., Ltd.	Factoring Business Payment for goods	106,819,743.58	Within 1 year, 1-2 years		2.58
Changyi Weishui Cultural Tourism Development Group Co., Ltd.	Receivables from Factoring Business	80,000,000.00	Within 1 year		1.93
Jiangsu Hengchu International Trade Co., Ltd.	Payment for goods	60,413,648.47	Within 1 year		1.46
Total		**608,411,356.92**		**158,653,616.00**	**14.69**

7. Prepayments

7.1 Prepayments are listed by age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	1,167,323,181.80	85.02	977,595,153.98	45.78
1-2 years	113,167,024.48	8.24	1,053,456,016.13	49.34
2-3 years	15,849,107.25	1.15	103,485,552.42	4.85
Over 3 years	76,696,694.25	5.59	605,311.65	0.03
Total	**1,373,036,007.78**	**100.00**	**2,135,142,034.18**	**100.00**

7.2 Large prepayments that are more than 1 year at the end of the period

Creditor	Debtor	Closing balance	Aging	Reasons for unsettled accounts
Shandong Caijin Wanzefeng Marine Technology Co., Ltd.	Rizhao Port Da Shipbuilding Heavy Industry Co., Ltd.	76,250,129.15	3-4 years	Settlement not yet due

Creditor	Debtor	Closing balance	Aging	Reasons for unsettled accounts
Shandong Caijin Wanzefeng Marine Technology Co., Ltd.	Zhongyu (Shandong) Fisheries Co., Ltd.	46,368,350.05	Within 1 year, 1-2 years	Settlement not yet due
Mengyin Fengjin Energy Co., Ltd.	Information Industry Electronic Design & Research Institute No.11 Co., Ltd.	23,600,563.36	1-2 years	Settlement not yet due
Total		**146,219,042.56**		

7.3 The top five units of the closing balance of prepayments

Name of debtor	Nature of money	Closing balance	Aging	Proportion to total closing balance (%)
Shandong Jingbo Petrochemical Co., Ltd.	Payment for materials	564,000,600.00	Within 1 year	41.08
Lanling Dawei Construction Engineering Co., Ltd.	project payment	170,300,028.10	Within 1 year	12.40
PowerChina Huadong Engineering Corporation Limited	project payment	118,541,267.28	Within 1 year	8.63
Shandong Jintaiyuan Construction and Installation Co., Ltd.	project payment	114,219,501.26	Within 1 year	8.32
Rizhao Port Da Shipbuilding Heavy Industry Co., Ltd.	project payment	76,250,129.15	3-4 years	5.55
Total		**1,043,311,525.79**		**75.99**

8. Other receivables

Item	Closing balance	Opening balance
Interest receivable	129,714,608.80	76,569,341.94
Dividends receivable	5,235,475.38	60,000.00
Other receivables	12,626,903,534.70	8,201,885,635.16
Total	**12,761,853,618.88**	**8,278,514,977.10**

8.1 Interest receivable

Item	Closing balance	Opening balance
Grant loans	31,816,748.93	24,113,633.81
Bond investment		55,241,620.00
Debt investments	99,798,271.74	
Fund occupation fee for capital allocation	885,500.00	
Subtotal	**132,500,520.67**	**79,355,253.81**
Less: Provision for Bad Debts	2,785,911.87	2,785,911.87
Total	**129,714,608.80**	**76,569,341.94**

8.2 Dividends receivable

Item (or investee)	Closing balance	Opening balance
Shandong Caijin Xinye International Information Service Co., Ltd.		60,000.00
Shandong Xinxinlian Petrochemical Co., Ltd.	5,226,107.66	
Caijin Cultural Tourism Industry Investment (Linyi) Co., Ltd.	9,367.72	
Total	**5,235,475.38**	**60,000.00**

8.3 Other receivables

①Other receivables are disclosed by the method of provision for impairment

Item	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	1,683,382,034.59	12.37	965,147,271.46	57.33	718,234,763.13
Provision for credit loss by portfolios	11,924,696,949.45	87.63	16,028,177.88	0.13	11,908,668,771.57
Total	**13,608,078,984.04**	**100.00**	**981,175,449.34**	**7.21**	**12,626,903,534.70**

(continued)

Item	Opening balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	632,882,369.92	7.22	557,589,728.10	88.10	75,292,641.82
Provision for credit loss by portfolios	8,132,461,087.71	92.78	5,868,094.37	0.07	8,126,592,993.34
Total	**8,765,343,457.63**	**100.00**	**563,457,822.47**	**6.43**	**8,201,885,635.16**

②Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year	10,501,666,571.71	4,403,246,893.57
1 - 2 years	1,089,111,119.16	1,154,374,551.59
2 - 3 years	1,151,077,373.98	2,008,242,698.08
Over 3 years	866,223,919.19	1,199,479,314.39
Subtotal	**13,608,078,984.04**	**8,765,343,457.63**
Less: Provision for Bad Debts	981,175,449.34	563,457,822.47
Total	**12,626,903,534.70**	**8,201,885,635.16**

③Classification according to the nature of the payment

Nature of payment	Closing book balance	Opening book balance
Current account funds	4,377,454,246.79	4,055,159,376.49
Emergency loan rollover funds	8,213,000,000.00	4,245,000,000.00
Collect and pay on behalf of others	71,551,122.01	41,841,711.85
Deposit, guarantee	10,477,521.48	
Discountable bills	500,000,000.00	
Proceeds receivable from disposal of creditor's rights	375,180,789.00	
Others	60,415,304.76	423,342,369.29
Subtotal	**13,608,078,984.04**	**8,765,343,457.63**
Less: Provision for Bad Debts	981,175,449.34	563,457,822.47
Total	**12,626,903,534.70**	**8,201,885,635.16**

④Other receivables for which provision for bad debts is made separately

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Jinan Qunxiang Business Service Co., Ltd.	1,137,894.38	1,137,894.38	100.00	Expected unrecoverable
Law Enforcement Supervision Bureau of Shandong Energy Bureau	54,320.00	54,320.00	100.00	Expected unrecoverable
Zhang Guoxue	43,000.00	43,000.00	100.00	Expected unrecoverable
China United Network Communications Co., Ltd. Jinan Branch	400.00	400.00	100.00	Expected unrecoverable
Advances for litigation expenses of Zhongzhou Xingsheng Jurong No.1 & No.2 Asset Management Plans	1,581,649.00	1,581,649.00	100.00	Expected unrecoverable
Project receivables	463,463.89	463,463.89	100.00	Expected unrecoverable
Zhangqiu Xintengda Construction and Development Co., Ltd.	340,200,000.00	266,167,358.18	78.24	Expected unrecoverable
Others	108,013,600.00	108,013,600.00	100.00	Expected unrecoverable
Hong Kong Baofeng Company Limited	31,333,278.29	31,333,278.29	100.00	Expected unrecoverable
Baofeng Seafood	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building	70,000,000.00	70,000,000.00	100.00	Expected unrecoverable
Qilu Building, Shanghai	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building Preparation Office	7,000,000.00	7,000,000.00	100.00	Expected unrecoverable
The China Confucius Foundation	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Shandong Acrobatic Troupe	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Shandong Brilliant Century Film And Television Culture Co., Ltd.	5,000,000.00	5,000,000.00	100.00	Expected unrecoverable
Shandong Qilu Animation Base Co., Ltd.	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Film & Television Media Group Co., Ltd.	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Shandong Performing Arts Group Co., Ltd.	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Yantai Zhifu District Information Industry Bureau	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Finance Health Industry Group Co., Ltd.	929,702,492.24	400,001,909.61	43.02	Expected unrecoverable
Elegant Show Garden Water And Electricity Charges	134,511.83	134,511.83	100.00	Expected unrecoverable
Jinan Yuanhao Real Estate Co., Ltd.	9,500,000.00	9,500,000.00	100.00	Expected unrecoverable
Jinan Xinye Real Estate Co., Ltd.	11,260,000.00	10,000,000.00	88.81	Expected unrecoverable
The Shandong Provincial Association Of Certified Public Accountants	21,621.80	21,621.80	100.00	Expected unrecoverable
Caijin Health Industry (Tai'an) Co., Ltd.	89,743,173.37	3,929,317.33	4.38	Expected unrecoverable
Financial Care And Health Industry (Tai'An) Co., Ltd.	7,346,437.87	734,643.79	10.00	Expected unrecoverable
Caijin Pension & Health Development (Tai'an) Co., Ltd.	20,846,191.92	30,303.36	0.15	Expected unrecoverable
Total	**1,683,382,034.59**	**965,147,271.46**		

⑤Provision for bad debts

Bad debts provision	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit loss for the entire duration (credit impairment has not incurred)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance	1,642,490.65		561,815,331.82	563,457,822.47
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 1				
Provision in the current reporting period	5,011,006.98		401,712,182.77	406,723,189.75
Reverse in the current reporting period	71,757.69		321,638.00	393,395.69
Transfer out in the current period				
Write off in the current period				
Other changes	9,917,008.31		1,470,824.50	11,387,832.81
Closing balance	**16,498,748.25**		**964,676,701.09**	**981,175,449.34**

⑥Top five debtors based on corresponding closing balance of other receivables

Entities	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
Shandong Finance Health Industry Group Co., Ltd.	Current funds	929,702,492.24	Within 1 year, 1-2 years, 2-3 years	6.83	400,001,909.61

Entities	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
Taian Huigu Real Estate Co., Ltd.	Current funds and income	520,263,786.63	1-2 years, 2-3 years, 3-4 years	3.82	
China Zheshang Bank Co., Ltd. Jinan Branch	Bills to be discounted	500,000,000.00	Within 1 year	3.67	
Jining Renxin Leasing Co., Ltd.	Emergency bridge fund	410,000,000.00	Within 1 year	3.01	
Shandong Haizhi Port Affairs Co., Ltd.	Emergency bridge fund	400,000,000.00	Within 1 year	2.94	
Total		**2,759,966,278.87**		**20.28**	**400,001,909.61**

9. Financial Assets Purchased Under Resale Agreements

9.1 Presented by category of underlying assets

Category of Underlying Assets	Closing balance	Opening balance
Bonds	57,685,128.64	
Stocks	13,053,485.61	
Subtotal	**70,738,614.25**	
Less: Provision for impairment	13,053,485.61	
Total	**57,685,128.64**	

9.2 Classified by business category

Category of Underlying Assets	Closing balance	Opening balance
Exchange-based pledged repo	6,079,505.20	
Bond outright repo	51,605,623.44	
Total	**57,685,128.64**	

10. Inventories

10.1 Categories of inventories

Item	Closing balance		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	633.618.27		633.618.27
Homemade semi-finished products and products in process	691.908.380.99		691.908.380.99
Including development cost	669.678.192.29		669.678.192.29
Finished goods	130.580.078.49		130.580.078.49
Contract performance cost	140.467.866.18		140.467.866.18
Develop products	348.743.129.80		348.743.129.80
Consumable biological assets	13.254.000.00		13.254.000.00
Total	**1,325,587,073.73**		**1,325,587,073.73**

(continued)

Item	Opening balance		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	3.565.078.05		3.565.078.05
Homemade semi-finished products and products in process	3.437.838.570.10		3.437.838.570.10
Including development cost	3.419.243.641.89		3.419.243.641.89
Turnover materials	304.894.79		304.894.79
Merchandise inventory	175.937.562.85		175.937.562.85
Contract performance cost	105.910.427.16		105.910.427.16
Develop products	744.760.402.65		744.760.402.65
Goods shipped in transit	97.266.146.29		97.266.146.29
Consumable biological assets	47.817.614.33		47.817.614.33
Total	**4,613,400,696.22**		**4,613,400,696.22**

11. Contract assets

Item	Closing balance		
	Carrying amount	Provision	Book value
Lanshan District Sponge Engineering Project	1,018,609,812.91		1,018,609,812.91

Item	Closing balance		
	Carrying amount	Provision	Book value
Ecotourism PPP Phase II Project	765,060,298.64		765,060,298.64
Sewage Treatment PPP Phase II Project	45,270,406.92		45,270,406.92
Weifang City National Fitness Service Center	36,621,237.37		36,621,237.37
Weifang Stock Assets Transformation PPP Project	312,984,240.78		312,984,240.78
Total	**2,178,545,996.62**		**2,178,545,996.62**

(continued)

Item	Opening balance		
	Carrying amount	Provision	Book value
Lanshan District Sponge Engineering Project	1,017,826,561.82		1,017,826,561.82
Ecotourism PPP Phase II Project	563,443,196.32		563,443,196.32
Sewage Treatment PPP Phase II Project	47,689,779.84		47,689,779.84
Weifang City National Fitness Service Center	37,522,992.85		37,522,992.85
Weifang Stock Assets Transformation PPP Project	286,785,474.19		286,785,474.19
Total	**1,953,268,005.02**		**1,953,268,005.02**

12. Non-current assets due within one year

Item	Closing balance	Opening balance	Notes
Non-current financial assets due within 1 year	9,236,725,922.10	7,327,784,204.37	
Debt investments due within 1 year	1,909,127,522.22	1,409,230,069.71	
Other debt investments due within one year	226,109,746.58		
Long-term receivables due within one year	3,387,309,157.88		
Total	**14,759,272,348.78**	**8,737,014,274.08**	

13. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted	359,514,180.29	210,523,640.95
Advance tax payment	93,551,411.27	119,737,809.39
Entrusted loan	16,538,555,693.53	12,270,000,000.00
Deposit of margin	3,398,615,521.39	
Debt investments with original maturity (or remaining maturity from acquisition date) within one year (inclusive)	6,787,898,553.21	5,490,312,245.42
Inclusive Guarantee Fund business	49,445,141,444.44	

Item	Closing balance	Opening balance
Others	858,988,873.96	1,014,144,303.99
Total	**79,836,765,823.85**	**19,104,717,999.75**

14. Loans Granted and Advances

14.1 Listed by item

Item	Closing balance	Opening balance
Measured at amortized cost	741,648,447.79	2,331,604,663.64
Provision for loan impairment	86,910,878.37	102,252,801.05
Total	**654,737,569.42**	**2,229,351,862.59**

14.2 Provision for credit losses

Bad debts provision	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit loss for the entire duration (credit impairment has not incurred)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance	35,684,392.75	51,469,786.67	15,098,621.63	102,252,801.05
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 1				
Provision in the current reporting period	4,012,167.11	10,133,300.00	47,629,972.26	61,775,439.37
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes	-32,280,075.38	-44,837,286.67		-77,117,362.05
Closing balance	**7,416,484.48**	**16,765,800.00**	**62,728,593.89**	**86,910,878.37**

15. Debt investments

15.1 Debt investment situation

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Debt investments	6,324,077,878.19	6,114,672.70	6,317,963,205.49	7,235,763,943.45	53,321,606.01	7,182,442,337.44
Trust plan	723,658,772.21	723,658,772.21		833,224,000.00	833,224,000.00	
Less: Debt investment due within one year	1,911,763,739.29	2,636,217.07	1,909,127,522.22	1,409,230,069.71		1,409,230,069.71
Total	**5,135,972,911.11**	**727,137,227.84**	**4,408,835,683.27**	**6,659,757,873.74**	**886,545,606.01**	**5,773,212,267.73**

15.2 Significant debt investment at the end of the period

Item	Closing balance			
	Face value	Coupon rate	Real interest rate	Maturity date
Zibo Qihui Investment Management Partnership (Limited Partnership)	250,000,000.00	6.90%	6.90%	25 December 2026
Zibo Qihui Investment Management Partnership (Limited Partnership)	400,000,000.00	6.90%	6.90%	27 March 2026
Shandong Rongxin Investment Development Partnership (Limited Partnership)	150,000,000.00	6.90%	6.90%	15 September 2026
Shandong Rongxin Investment Development Partnership (Limited Partnership)	300,000,000.00	6.90%	6.90%	23 October 2026
Zibo High-Tech International Investment Co., Limited (No. 1)	140,576,000.00	9.00%	9.00%	30 May 2026
Zibo High-tech International Investment Co., Ltd. (No. 2)	210,864,000.00	9.00%	9.00%	30 March 2026
Qingdao Pingdu Holdings Group Co., Ltd.	351,440,000.00	6.90%	6.90%	11 March 2028
Fuyuan International Co., Ltd.	351,440,000.00	9.00%	9.00%	30 March 2026

Laizhou Caijin Investment Co., Ltd.	316,296,000.00	6.00%	6.00%	9 April 2026
Binzhou Smart City Operation Co., Ltd.	351,440,000.00	6.80%	6.80%	8 August 2028
Shandong Yihe Holding Group Co., Ltd.	281,152,000.00	5.99%	5.99%	25 June 2028
Fusheng Group Creditor's Rights Investment Collective Fund Trust Plan	723,658,772.21			10 July 2020
Weifang City Construction And Development Investment Group Co., Ltd.	520,000,000.00			21 April 2027
Total	**4,346,866,772.21**			

16. Other debt investments

16.1 Other debt investments

Item	Closing balance	Opening balance
Corporate bonds	859,298,756.41	
Non-targeted Public Offering Instruments	301,084,554.10	
Local government bonds	160,532,168.28	
Enterprise bonds	31,474,995.62	
Medium-term notes	482,820,135.88	
Asset-backed securities	261,000,000.00	
US dollar bonds	461,440,720.00	586,949,847.20
Total	**2,557,651,330.29**	**586,949,847.20**

16.2 Other important debt investments at the end of the period

Item	Face value	Book value	Provision for impairment made
Minmetals - Debang - Shancai Lease Phase 1 Asset-backed Special Plan	50,000,000.00	50,000,000.00	
Minmetals - Debang - Shancai Lease Phase 2 Asset-backed Special Plan (Revolutionary Base Areas)	50,000,000.00	50,000,000.00	
Minmetals - Debang - Shancai Lease Phase 4 Asset-backed Special Plan	55,000,000.00	55,000,000.00	
Shangao International Asset Management Co., Ltd.	260,065,600.00	182,748,800.00	77,316,800.00
Dacheng International Asset Management Co., Ltd.	351,440,000.00	131,087,120.00	220,352,880.00

Item	Face value	Book value	Provision for impairment made
Huizhi International Financial Holdings Co., Ltd.	351,440,000.00	147,604,800.00	203,835,200.00
Changjiang Pension - Juxin No.1 Asset-backed Plan	50,000,000.00	50,000,000.00	
Total	**1,167,945,600.00**	**666,440,720.00**	**501,504,880.00**

16.3 Provision for impairment

Item	Carrying amount	Expected credit loss rate (%)	Impairment provisions	Book value
Dacheng International Asset Management Co., Ltd.	351,440,000.00	62.70	220,352,880.00	131,087,120.00
Shangao International Asset Management Co., Ltd.	260,065,600.00	29.73	77,316,800.00	182,748,800.00
Huizhi International Holdings Co., Ltd.	351,440,000.00	58.00	203,835,200.00	147,604,800.00
Total	**962,945,600.00**		**501,504,880.00**	**461,440,720.00**

16.4 Provisions for, reversals of, and recoveries of bad debt provisions made during the period

Bad debt provision	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit loss for the entire duration (credit impairment has not incurred)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance			471,860,952.80	471,860,952.80
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 1				
Provision in the current reporting period	-1,013,365.89		29,643,927.20	28,630,561.31

Bad debt provision	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit loss for the entire duration (credit impairment has not incurred)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes	6,357,974.60			6,357,974.60
Closing balance	**5,344,608.71**		**501,504,880.00**	**506,849,488.71**

17. Long-term receivables

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Finance lease payment	3,616,895,646.38	101,451,221.63	3,515,444,424.75	5,729,939,547.22	150,106,329.83	5,579,833,217.39
Including unrealized financing income	145,760,385.76		145,760,385.76	442,843,164.83		442,843,164.83
Others	148,645,173,025.94		148,645,173,025.94	165,870,571,140.27		165,870,571,140.27
Total	**152,262,068,672.32**	**101,451,221.63**	**152,160,617,450.69**	**171,600,510,687.49**	**150,106,329.83**	**171,450,404,357.66**

18. Long-term equity investments

18.1 Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Investment in associates and joint ventures	4,235,281,766.74		4,235,281,766.74	5,796,327,120.57		5,796,327,120.57

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Other investments	16,718,650,000.00		16,718,650,000.00	16,718,650,000.00		16,718,650,000.00
Total	**20,953,931,766.74**		**20,953,931,766.74**	**22,514,977,120.57**		**22,514,977,120.57**

18.2 Details of long-term equity investment

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
1. Associates											
Shandong Caijin Lvjian Supply Chain Management Co., Ltd.				731,428.63					91,281,717.25	92,013,145.88	
Shandong Guosheng Microcredit Co., Ltd.				-4,626,551.48					634,063,130.05	629,436,578.57	
Shandong Green Energy New Infrastructure Industry Service Co., Ltd.	3,297,644.03		3,613,433.77	315,789.74							
Shandong Rongsheng Supply Chain Management Co., Ltd.	10,117,837.99			37,401.28						10,155,239.27	
Qingdao Yunqing Ecological Environment Engineering Co., Ltd.	26,223,624.63			-1,250,639.80						24,972,984.83	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Shandong Caixin Junge (Beijing) Technology Development Co., Ltd.		2,700,000.00		35,100.00						2,735,100.00	
Junge Puhui (Anyi) Investment Partnership (Limited Partnership)		45,000,000.00		1,761,930.09						46,761,930.09	
Shandong Caijin Jinyu Investment Co., Ltd.	1,000,000.00									1,000,000.00	
Jining Jinze Huinong Green Energy Co., Ltd.	29,973,067.25			-65,916.57						29,907,150.68	
Shandong Caijin Enterprise Development Co., Ltd.	385,373.28			-28,264.92			357,108.36				
Beijing Shangao Juntai Holdings Co., Ltd.	4,246,094.51									4,246,094.51	
Shandong Cai Jintai Wei New Energy Co., Ltd.	9,019,911.21									9,019,911.21	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Cai Jintaiwei (Jinan Zhong) Photovoltaic Technology Co., Ltd.	21,272,468.86									21,272,468.86	
Shandong Runtai Ecological Resources Development and Operation Co., Ltd.	1,188,620.22									1,188,620.22	
Zhongzhe Marine Food (Shandong) Co., Ltd.	43,921,671.11			-7,009,443.37						36,912,227.74	
Shandong Yaowang Traditional Chinese Medicine Technology Co., Ltd.	100,861,227.22									100,861,227.22	
Shandong Xinqiao Urban And Rural Integration Development Co., Ltd.	11,318,364.23									11,318,364.23	
Blue Granary (Changdao)	25,000,000.00									25,000,000.00	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Marine Investment Co., Ltd.											
Jining Jinxing Land Development Co., Ltd.	18,200,410.35			14,489,315.24						32,689,725.59	
Shandong Caiyitong Agricultural Science and Technology Development Co., Ltd.	3,469,294.86			1,451,343.49						4,920,638.35	
Changdao Yanghang Marine Products Co., Ltd.		49,900,000.00								49,900,000.00	
Shandong Shengjin Hengtai Industrial Co., Ltd.	6,261,789.37			-663.58						6,261,125.79	
Shandong Provincial Financial And Government Bond Service Center	75,910,198.49									75,910,198.49	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Yantai Yuanhe Equity Investment Fund Management Co., Ltd.	8,041,746.49			277,781.75						8,319,528.24	
Hainan Tengzhu Investment Partnership (Limited Partnership)	1,935,520.89			434,793.87						2,370,314.76	
Weihai Caijin New Material Co., Ltd.	72,723,905.09			-1,865,919.95						70,857,985.14	
Jinan Minyun Jiahua Equity Investment Fund Partnership (Limited Partnership)	43,124,659.54		42,333,351.85	1,472,723.30			2,264,030.99				
Taian Huigu Real Estate Co., Ltd.	43,485,884.59								-43,485,884.59		
Taian Jindong Concrete Co., Ltd.	4,269,993.89								-4,269,993.89		
Shandong Caikangyang Education	844,957.38								-844,957.38		

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Technology Co., Ltd.											
Shandong Yijian Yikang Health Management Co., Ltd.	968,031.88								-968,031.88		
Nolai Biomedical Technology Co., Ltd.	25,152,120.02								-25,152,120.02		
Shandong Caixin Information Industry Co., Ltd.	1,263,230.03								-1,263,230.03		
Yantai Blue Pharmaceutical Valley Kinetic Energy New City Construction And Investment Co., Ltd.	500,000,000.00		500,000,000.00	29,137,023.05			29,137,023.05				
Wanjia Fund Management Co., Ltd.	1,433,175,673.27			154,834,713.73						1,588,010,387.00	
Shandong New Kinetic Energy Angel Venture Capital Fund Partnership	14,000,000.00			-251,967.12						13,748,032.88	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
(Limited Partnership) Shandong New Momentum Inclusive Financial Services Co., Ltd.	6,489,649.47			44,011.26					-6,533,660.73		
Shandong New Kinetic Energy Kejin Equity Investment Fund Partnership (Limited Partnership)	29,255,054.27			-5,327.99						29,249,726.28	
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	20,022,585.73		6,664,445.18	2,583,079.98			2,582,685.36			13,358,535.17	
Investment Projects of Shandong New Kinetic Energy Huitong	1,983,000,000.00								-1,983,000,000.00		

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Investment Co., Ltd.											
Shandong New Kinetic Energy Support Industry Investment Development Partnership (Limited Partnership)		49,825,048.00		-182,677.47						49,642,370.53	
Shandong Puhui Wanjia Investment Partnership (Limited Partnership)	576,293,878.88			70,096,425.76						646,390,304.64	
Shandong Puhui Wanjia Investment Management Co., Ltd.	4,847,507.33			2,390,641.93						7,238,149.26	
Shandong Qilu Cultural Tourism Group Co., Ltd.	9,496,369.00		15,500,000.00	6,003,631.00							
Shandong Qilu Huixin Culture	41,365,794.88			905,748.81			784,272.38			41,487,271.31	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Development Co., Ltd.											
Shandong Lushang Intelligent Technology Co., Ltd.	72,981,226.70			3,038,210.76						76,019,437.46	
Shandong Longtai Investment and Construction Co., Ltd.	304,291,666.67								-304,291,666.67		
Shandong Kinetic Jiahe Venture Capital Fund Partnership (Limited Partnership)	177,630,066.96			23,874,207.65			192,544.01			201,311,730.60	
Jinan Green & Intelligent Investment Partnership (Limited Partnership)		200,000,000.00								200,000,000.00	
Kinetic Energy Jiayue (Jinan) Venture Capital Partnership	30,000,000.00	30,000,000.00		7,816,540.39						67,816,540.39	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
(Limited Partnership) Chaoyang Hydrogen Energy Investment Consulting Management (Shandong) Co., Ltd.		2,500,000.00		478,721.55						2,978,721.55	
Subtotal	5,796,327,120.57	379,925,048.00	568,111,230.80	306,923,191.01			35,317,664.15		-1,644,464,697.89	4,235,281,766.74	
2. Joint venture											
Shandong Finance Health Industry Group Co., Ltd.				-452,832,177.68					452,832,177.68		
3.Other investments											
Special project of shanty reform	16,674,550,000.00									16,674,550,000.00	
Shandong Cairun Zhiyuan Education Culture Technology Co., Ltd.	44,100,000.00									44,100,000.00	
Subtotal	16,718,650,000.00									16,718,650,000.00	
Total	**22,514,977,120.57**	**379,925,048.00**	**568,111,230.80**	**-145,908,986.67**			**35,317,664.15**		**-1,191,632,520.21**	**20,953,931,766.74**	

19. Other equity instrument investments

Item	Closing balance	Opening balance
Partnership equity investment project	28,690,922,873.90	5,355,018,893.15
Direct equity investment project	26,961,103,534.59	24,893,766,046.94
Non-tradable equity instruments	231,119,295.65	
Investment in futures membership	1,400,000.00	
Total	**55,884,545,704.14**	**30,248,784,940.09**

20. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets classified measured at fair value and changes included in the current profit and loss	28,683,869,089.81	27,545,315,230.41
Including: Debt instrument investment		
Equity tool investment	13,648,519,233.75	9,742,761,719.76
Equity investment fund	15,035,349,856.06	17,802,553,510.65
Financial assets designated as measured at fair value and changes included in the current profit and losses		
Total	**28,683,869,089.81**	**27,545,315,230.41**

21. Investment properties

Item	Closing balance	Opening balance
Investment Properties under the Fair Value Measurement Model		
Investment properties under the cost measurement model	1,548,703,416.56	2,438,307,874.09
Total	**1,548,703,416.56**	**2,438,307,874.09**

21.1 Investment properties under the cost measurement model

Item	Houses and buildings	Total
I. Gross amount:		
1. Opening balance	2,596,694,258.00	2,596,694,258.00
2. Increase	50,676,212.45	50,676,212.45
Purchased		
Transfers from owner-occupied property or inventories	50,676,212.45	50,676,212.45

Item	Houses and buildings	Total
Increase from business combinations		
3. Decrease	923,932,548.01	923,932,548.01
Disposition	13,907,193.56	13,907,193.56
Transfers to owner-occupied property and inventories	848,112,962.35	848,112,962.35
Other transfer-outs	61,912,392.10	61,912,392.10
4. Closing balance	1,723,437,922.44	1,723,437,922.44
II. Accumulated depreciation (amortization)		
1. Opening balance	158,386,383.91	158,386,383.91
2. Increase	49,281,172.97	49,281,172.97
Provision or amortization	49,281,172.97	49,281,172.97
3. Decrease in current year	32,933,051.00	32,933,051.00
Disposition	6,583,280.97	6,583,280.97
Transfers to owner-occupied property and inventories	24,389,210.96	24,389,210.96
Other transfer-outs	1,960,559.07	1,960,559.07
4. Closing balance	174,734,505.88	174,734,505.88
III. Impairment provisions		
3. Opening balance		
4. Increase		
5. Decrease		
6. Closing balance		
IV. Book value		
1. Closing balance	1,548,703,416.56	1,548,703,416.56
2. Opening balance	**2,438,307,874.09**	**2,438,307,874.09**

22. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	4,551,074,093.23	1,269,626,661.40
Disposal of fixed assets		99,764.35
Total	**4,551,074,093.23**	**1,269,726,425.75**

22.1 Fixed Assets

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
1. Total original carrying amount								
1. Opening balance	1,180,189,059.27	111,370,889.08	30,687,856.43	39,722,130.29	3,941,564.67	18,676,587.54	7,889,738.26	1,392,477,825.54
2. Increase in the current reporting period	2,983,105,047.12	308,582,310.91	10,185,580.04	274,938,439.66	6,980,887.65	33,211,164.62	4,761,132.68	3,621,764,562.68
(1) purchase	2,007,421,771.27	3,245,281.44	2,416,934.28	40,227,670.51	455,361.47	29,435,205.92	46,751.45	2,083,248,976.34
(2) transferred from construction in progress	204,626,780.01	305,324,319.95		1,154,867.24				511,105,967.20
(3) Increase in business combinations	85,789,689.61		7,454,671.94	233,555,901.91	6,184,332.37	429,709.74	4,587,500.92	338,001,806.49
(4) others	685,266,806.23	12,709.52	313,973.82		341,193.81	3,346,248.96	126,880.31	689,407,812.65
3. Decrease in the current reporting period	2,891,030.49	35,552,363.15	4,129,125.44	3,395,703.95	4,166,010.90	354,978.49	989,069.96	51,478,282.38
(1) disposal or write-off			1,787,311.07	1,800,675.80	224,321.94		27,419.47	3,839,728.28
(2) disposal of subsidiaries	964,988.51	35,211,293.63	1,682,362.67	720,799.16	35,163.89	342,268.97		38,956,876.83

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
(3) others	1,926,041.98	341,069.52	659,451.70	874,228.99	3,906,525.07	12,709.52	961,650.49	8,681,677.27
4. Closing balance	4,160,403,075.90	384,400,836.84	36,744,311.03	311,264,866.00	6,756,441.42	51,532,773.67	11,661,800.98	4,962,764,105.84
II. Accumulated depreciation								
1. Opening balance	50,945,116.39	20,864,087.04	19,351,349.40	20,122,944.64	3,275,670.63	7,111,909.67	1,180,086.37	122,851,164.14
2. Increase in the current reporting period	98,957,645.68	8,893,371.29	9,250,043.24	175,227,902.77	5,197,295.05	6,002,968.93	4,444,663.68	307,973,890.64
(1) accrual	56,822,464.80	8,892,767.60	4,392,497.34	21,194,142.54	564,119.53	3,031,443.34	387,214.32	95,284,649.47
(2) increase in business combinations	20,852,762.90		4,604,625.73	154,033,760.23	4,440,670.04	1,943.72	3,955,241.51	187,889,004.13
(3) others	21,282,417.98	603.69	252,920.17		192,505.48	2,969,581.87	102,207.85	24,800,237.04
3. Decrease in the current reporting period	279,432.16	9,672,606.98	2,976,958.87	2,527,758.62	3,464,263.93	187,681.07	26,340.54	19,135,042.17
(1) disposal or write-off			1,429,277.13	1,378,901.24	183,128.04		26,340.54	3,017,646.95
(2) disposal of subsidiaries	140,227.38	9,480,101.50	1,202,770.06	600,567.91	18,978.67	168,652.96		11,611,298.48
(3) others	139,204.78	192,505.48	344,911.68	548,289.47	3,262,157.22	19,028.11		4,506,096.74
4、Closing balance	149,623,329.91	20,084,851.35	25,624,433.77	192,823,088.79	5,008,701.75	12,927,197.53	5,598,409.51	411,690,012.61

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
III. Impairment provisions								
1. Opening balance								
2. Increase in the current reporting period								
3. Decrease in the current reporting period								
4、Closing balance								
IV. Book value								
1. Closing balance	**4,010,779,745.99**	**364,315,985.49**	**11,119,877.26**	**118,441,777.21**	**1,747,739.67**	**38,605,576.14**	**6,063,391.47**	**4,551,074,093.23**
2. Opening balance	**1,129,243,942.88**	**90,506,802.04**	**11,336,507.03**	**19,599,185.65**	**665,894.04**	**11,564,677.87**	**6,709,651.89**	**1,269,626,661.40**

23. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	2,283,229,423.30	628,348,816.56
Construction materials		
Total	**2,283,229,423.30**	**628,348,816.56**

23.1 Construction in progress

①Details of construction in progress

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Financial and Human Resources Digital Platform Construction Project				2,339,501.58		2,339,501.58
Treasury System Construction Project	788,495.58		788,495.58	788,495.58		788,495.58
Master Data Center Network and Security Construction Project	4,044,039.96		4,044,039.96			
Risk Control Digital Platform Project	509,400.00		509,400.00			
Mile Mine Project	52,904,494.86		52,904,494.86	52,904,494.86		52,904,494.86
Green And Smart Park Project	17,527,773.90		17,527,773.90	17,527,773.90		17,527,773.90
Urban And Rural Environmental Sanitation Integration Phase i	134,397,386.91		134,397,386.91	80,477,334.63		80,477,334.63
Salmon Industry Science And Technology Innovation Base	94,855,785.50		94,855,785.50	71,196,488.06		71,196,488.06

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Mobile Polygon Column Stable Sitting Breeding Cage	43,203,127.56		43,203,127.56	11,945,637.13		11,945,637.13
Kuishan Salmon Domestication Base				23,425.00		23,425.00
Phase I of Huangjiayu Seedling Breeding Base				97,309.92		97,309.92
New Energy Projects	57,393.58		57,393.58	53,279.22		53,279.22
Yutai Project	876,966,682.63		876,966,682.63	23,277,718.54		23,277,718.54
Jiaxiang Project	466,374,145.10		466,374,145.10	12,988,036.43		12,988,036.43
240MW Photovoltaic Power Generation Project of Mohe						
Carbon Neutrality Circular Agriculture Industrial Park	98,770,950.28		98,770,950.28	189,500,756.57		189,500,756.57
Zhucheng Wind Power Project	13,762,600.12		13,762,600.12			
New Office Building Decoration Project	23,540,404.13		23,540,404.13	60,905,079.27		60,905,079.27
Linyi Dongyi Cultural Infrastructure Comprehensive Construction Project - Intangible Cultural Heritage Inheritance Center	239,247,796.05		239,247,796.05			

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Dongyi Cultural Infrastructure Comprehensive Construction Project Phase II Expansion and Upgrading Project	89,071,290.81		89,071,290.81			
Langya Ancient City Scenic Area Supporting Project	71,519,258.94		71,519,258.94			
Southern Area of Dongyi Cultural Infrastructure Comprehensive Construction Project Phase II Expansion and Upgrading Project	52,513,824.45		52,513,824.45			
Collection System				721,698.12		721,698.12
CoralSoft Internet Credit System				1,048,672.56		1,048,672.56
Risk Control Decision Engine System				230,088.49		230,088.49
Computer Software	3,174,572.94		3,174,572.94	1,415,404.92		1,415,404.92
Qingdao Laoshan District Office Building				100,907,621.78		100,907,621.78
Total	**2,283,229,423.30**		**2,283,229,423.30**	**628,348,816.56**		**628,348,816.56**

② Changes in significant construction in progress during the current reporting period

Item	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Mile Mine Project	52,904,494.86				52,904,494.86
Urban And Rural Environmental Sanitation Integration Phase i	80,477,334.63	53,920,052.28			134,397,386.91
Salmon Industry Science And Technology Innovation Base	71,196,488.06	23,659,297.44			94,855,785.50
Yutai Project	23,277,718.54	853,688,964.09			876,966,682.63
Jiaxiang Project	12,988,036.43	453,386,108.67			466,374,145.10
240MW Photovoltaic Power Generation Project of Mohe Carbon Neutrality Circular Agriculture Industrial Park	189,500,756.57	303,188,523.70	305,324,319.95	88,594,010.04	98,770,950.28
New Office Building Decoration Project	60,905,079.27	64,904,907.20	100,602,559.01	1,667,023.33	23,540,404.13
Linyi Dongyi Cultural Infrastructure Comprehensive Construction Project - Intangible Cultural Heritage Inheritance Center		239,247,796.05			239,247,796.05
Dongyi Cultural Infrastructure Comprehensive Construction Project Phase II		89,071,290.81			89,071,290.81

Item	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Expansion and Upgrading Project Core Area Homestay Project		50,676,212.45		50,676,212.45	
Langya Ancient City Scenic Area Supporting Project		71,519,258.94			71,519,258.94
Southern Area of Dongyi Cultural Infrastructure Comprehensive Construction Project Phase II Expansion and Upgrading Project		52,513,824.45			52,513,824.45
Total	**491,249,908.36**	**2,255,776,236.08**	**405,926,878.96**	**140,937,245.82**	**2,200,162,019.66**

24. Right-of-use assets

Item	Plant and buildings	Machinery and Transportation Equipment	Others	Total
1. Total original carrying amount				
1. Opening balance	7,372,050.69			7,372,050.69
2. Increase in the current reporting period	186,607,061.99	553,083.78	17,442,880.00	204,603,025.77
(1) Including: newly increase	36,656,438.49	318,156.80	17,442,880.00	54,417,475.29
(2) Increases from business combinations	149,950,623.50	234,926.98		150,185,550.48
(3) Other increases				

Item	Plant and buildings	Machinery and Transportation Equipment	Others	Total
3. Amounts Decreased During the Year	14,099,185.16			14,099,185.16
Including:				
(1) Decreases from disposal	14,099,185.16			14,099,185.16
(2) Other decreases				
4. Closing balance	179,879,927.52	553,083.78	17,442,880.00	197,875,891.30
II. Accumulated depreciation				
1. Opening balance	4,123,671.08			4,123,671.08
2. Increase in the current reporting period	87,587,400.78	95,030.52	6,961,307.50	94,643,738.80
(1) accrual	26,199,767.12	69,633.01	6,961,307.50	33,230,707.63
(2) Increases from business combinations	61,387,633.66	25,397.51		61,413,031.17
3. Decrease in the current reporting period	13,231,075.03			13,231,075.03
(1) disposal	13,231,075.03			13,231,075.03
(2) others				
3. Closing balance	78,479,996.83	95,030.52	6,961,307.50	85,536,334.85
III. Impairment provisions				
IV. Book value				
1. Closing balance	**101,399,930.69**	**458,053.26**	**10,481,572.50**	**112,339,556.45**
2. Opening balance	**3,248,379.61**			**3,248,379.61**

25. Intangible assets

Item	Software	Land use right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Trading Seat Fee	Others	Total
I. Total gross carrying amount									
1. Opening balance	100.655.008.25	236.826.677.85	72.155.125.56	46.796.99	5.260.000.000.00	3.491.347.27		56.686.697.74	5.729.861.653.66
2. Increase in the current reporting period	359.259.507.79	3.074.220.80	14.863.92				6.647.990.83	5.373.771.82	374.370.355.16
(1) purchase	22.880.219.07	3.023.515.00							25.903.734.07
(2) Internal research and development	15.219.586.88								15.219.586.88
(3) Increase in business combinations	318.465.328.81	50.705.80	14.863.92				6.647.990.83	5.373.771.82	330.552.661.18
(4) Other increases	2.694.373.03								2.694.373.03
3. Decrease in the current reporting period	66.090.406.79			29.702.98					66.120.109.77
(1) Invalidation and derecognition	1.226.213.69								1.226.213.69

Item	Software	Land use right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Trading Seat Fee	Others	Total
(2) Decreases from disposal of subsidiaries	64,864,193.10			29,702.98					64,893,896.08
4. Closing balance	393,824,109.25	239,900,898.65	72,169,989.48	17,094.01	5,260,000,000.00	3,491,347.27	6,647,990.83	62,060,469.56	6,038,111,899.05
II. Accumulated amortization									
1. Opening balance	30,118,294.58	16,168,484.89	26,427,582.31	17,581.91	688,933,333.24	873,007.42		240,000.00	762,778,284.35
2. Increase in the current reporting period	254,017,474.89	5,843,014.14	7,217,246.71	3,719.87	210,399,999.96	534,566.15	6,647,990.83	986,940.02	485,650,952.57
(1) Provision	33,575,362.32	5,792,308.34	7,217,246.71	3,719.87	210,399,999.96	534,566.15		986,940.02	258,510,143.37
(2) Increases from business combinations	220,442,112.57	50,705.80					6,647,990.83		227,140,809.20
3. Decrease in the current reporting period	13,133,939.47			4,207.84					13,138,147.31
(1) Invalidation and derecognition	1,226,213.69								1,226,213.69

Item	Software	Land use right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Trading Seat Fee	Others	Total
(2) Decreases from disposal of subsidiaries	11,907,725.78			4,207.84					11,911,933.62
4. Closing balance	271,001,830.00	22,011,499.03	33,644,829.02	17,093.94	899,333,333.20	1,407,573.57	6,647,990.83	1,226,940.02	1,235,291,089.61
III. Impairment provisions									
1. Opening balance	43,683,911.94								43,683,911.94
2. Increase in the current reporting period	13,467.88								13,467.88
(1) Increases from business combinations	13,467.88								13,467.88
3. Decrease in the current reporting period	43,683,911.94								43,683,911.94
(1) Decreases from disposal of subsidiaries	43,683,911.94								43,683,911.94
4. Closing balance	13,467.88								13,467.88
IV. Book value									

Item	Software	Land use right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Trading Seat Fee	Others	Total
1. Closing balance	122,808,811.37	217,889,399.62	38,525,160.46	0.07	4,360,666,666.80	2,083,773.70		60,833,529.54	4,802,807,341.56
2. Opening balance	26,852,801.73	220,658,192.96	45,727,543.25	29,215.08	4,571,066,666.76	2,618,339.85		56,446,697.74	4,923,399,457.37

26. Development costs

Item	Opening balance	Increase		Decrease			Closing balance
		Combination increases	Internal research and development	Recognized as intangible assets	Recognized in profit or loss	Others	
Open big data research and development display management platform			2,795,222.21		2,795,222.21		
Smart asset management cloud platform upgrade and construction project			4,398,000.80		4,398,000.80		
Panoramic AI tracking software system upgrade construction project	7,487,405.69		73,496.00		7,560,901.69		
Big data management system	2,841,154.92		4,907,918.29	3,664,126.35	4,084,946.86		
Visual computing system	11,022,092.51		6,429,315.59		613,313.12		16,838,094.98
Research and development of energy-saving equipment	5,437,727.69		825,358.09			6,263,085.78	

technology for prefabricated building concrete components							
Deppon APP v6.25		3,063,565.37	4,726,904.10	7,790,469.47			
Deppon C-side Customer Support System v2.25		180,000.00				180,000.00	
Zhongzhou Futures		1,888,897.21	1,876,093.85	3,764,991.06			
Total	**26,788,380.81**	**5,132,462.58**	**26,032,308.93**	**15,219,586.88**	**19,452,384.68**	**6,443,085.78**	**16,838,094.98**

27. Goodwill

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Shandong Finance Red Earth Equity Investment Fund Management Company	901.13			901.13
Beijing Huacheng Zhiyun Software Co., Ltd.	22,071,027.07			22,071,027.07
Taihe Asset Management Co., Ltd.	282,107,206.27			282,107,206.27
Debang Securities Co., Ltd.		1,659,089,721.11		1,659,089,721.11
Zhongzhou Futures Co., Ltd.		16,748,339.45		16,748,339.45
Topsperity Fund Management Co., Ltd.		10,544,470.50		10,544,470.50
Total	**304,179,134.47**	**1,686,382,531.06**		**1,990,561,665.53**

28. Long-term deferred expenses

Item	Opening balance	Increase in current year		Amortization amount during the period	Other decrease amount	Closing balance
		Combination increases	Increase in current year			
Decoration cost	5,871,352.64	30,027,993.94	54,282,412.73	9,647,989.09	3,350,382.37	77,183,387.85
Rental fee	68,807.34		2,654,867.26	1,838,718.85		884,955.75

Item	Opening balance	Increase in current year		Amortization amount during the period	Other decrease amount	Closing balance
		Combination increases	Increase in current year			
Service charge		285,390.49	50,943.40	94,613.68		241,720.21
Others	303,925.49		599,258.23	270,346.62		632,837.10
Total	**6,244,085.47**	**30,313,384.43**	**57,587,481.62**	**11,851,668.24**	**3,350,382.37**	**78,942,900.91**

29. Deferred tax assets/Deferred tax liabilities

29.1 details of deferred tax assets

Item	Closing balance		Opening balance	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provision for impairment of assets	2,525,621,797.23	625,144,354.03	1,598,981,357.41	395,174,509.10
Deductible losses	1,179,950,897.17	294,987,724.29	113,354,291.68	28,338,572.92
Employee benefits payable	386,118,395.64	96,529,598.91		
Lease liabilities	114,318,977.44	28,579,744.36		
Financial instruments held for trading	646,563,597.74	161,640,899.44	99,225,890.91	24,806,472.73
Provisions	23,641,554.46	5,910,388.62		
Advance payment for properties	5,051,906.42	1,262,976.61	8,717,644.95	2,179,411.24
Government subsidy			6,000,000.00	1,500,000.00
Others	758,322,050.24	189,580,512.56	3,484,198.72	871,049.68
Total	**5,639,589,176.34**	**1,403,636,198.82**	**1,829,763,383.67**	**452,870,015.67**

29.2 details of deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable Temporary Differences	Deferred tax liabilities	Taxable Temporary Differences	Deferred tax liabilities
Valuation of financial instruments held for	1,472,697,415.13	368,174,165.72	1,290,116,767.96	322,529,191.99

Item	Closing balance		Opening balance	
	Taxable Temporary Differences	Deferred tax liabilities	Taxable Temporary Differences	Deferred tax liabilities
trading				
Depreciation and amortization	126,920,006.54	31,730,001.64	1,486,765.28	371,691.32
Valuation of other non-current financial assets	633,724,980.80	158,431,245.21	381,699,746.04	99,877,476.18
Valuation of Deppon in M&A and Net Amortization	102,989,172.28	25,747,293.07		
Others	99,807,277.32	24,951,819.33		-
Total	**2,436,138,852.07**	**609,034,524.97**	**1,673,303,279.28**	**422,778,359.49**

30. Other non-current assets

Item	Closing balance	Opening balance
Prepaid technology development service fee and other long-term assets	10,658,006.51	10,658,006.51
Advance payment for housing and equipment	52,845,211.57	50,774,287.47
Equity Investment Payment		4,298,630,479.00
Assets received in debt settlement	33,190,528.71	32,082,103.00
Agent for Cashing Securities	837,640.00	
Total	**97,531,386.79**	**4,392,144,875.98**

31. Short-term loans

Item	Closing balance	Opening balance
Pledge loan		27,480,000.00
Mortgage loan	9,000,000.00	
Guaranteed loan	138,111,083.15	120,249,805.46
Borrowing on credit	40,603,194,680.50	27,394,788,476.33
Total	**40,750,305,763.65**	**27,542,518,281.79**

32. Loans from other banks and other financial institutions

Item	Closing balance	Opening balance
Funds borrowed from refinancing	1,805,895,858.35	
Funds borrowed from banks		
Total	**1,805,895,858.35**	

33. Financial liabilities held for trading

Item	Opening balance	Increase	Decrease	Closing balance
1.Trading Financial Liabilities				
2.Financial Liabilities Designated at Fair Value Through Profit or Loss		37,130,900.86		37,130,900.86
Including: Interests of Third Parties in Consolidated Structured Entities		37,130,900.86		37,130,900.86
Total		**37,130,900.86**		**37,130,900.86**

34. Notes payable

Item	Closing balance	Opening balance
Commercial acceptance bill	1,100,000,000.00	171,651,194.06
Bank acceptance bill	480,100,000.00	731,253,367.82
Total	**1,580,100,000.00**	**902,904,561.88**

35. Accounts Payable

35.1 Accounts payable are listed according to aging

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	6,060,505,494.64	1,595,543,626.06
1-2 years (inclusive)	209,427,545.71	42,405,700.63
2-3 years (inclusive)	5,520,729.78	15,088,612.20
Over 3 years	10,088,077.21	4,316,828.13
Total	**6,285,541,847.34**	**1,657,354,767.02**

35.2 List according to the nature of the funds

Item	Closing balance	Opening balance
Project funds	1,401,176,071.92	439,034,567.24
Software funds	1,154,444.44	444,444.44
Funds for materials	513,341,116.72	1,163,047,552.32
Service charge	110,080,975.28	30,350,877.61
Margin Payable of Futures Company	4,160,698,727.77	
Payables for Fund Subscription and Redemption	22,446,197.94	
Fees and Commissions Payable	41,805,470.62	
Payables for Securities Clearing	9,063,180.05	
Operating Costs	20,741,763.59	
Others	5,033,899.01	24,477,325.41

Item	Closing balance	Opening balance
Total	**6,285,541,847.34**	**1,657,354,767.02**

35.3 Accounts payable with an aging of more than 1 year

Item	Closing balance	Reasons for being unpaid or carried forward
China Railway Construction Engineering Group Co., Ltd.	16,445,351.60	not yet settled
The Second Construction Co., Ltd. of China Construction Eighth Engineering Division	21,260,212.40	not yet settled
Rizhao Lanshan District Municipal Engineering Co., Ltd.	18,835,786.96	not yet settled
Linyi Hedong City Development and Investment Group Co., Ltd.	18,556,595.00	not yet settled
Total	**75,097,945.96**	

36. Advance payments

36.1 details of advance payments

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	308,691,646.21	238,773,908.17
1-2 years (inclusive)	8,190,051.39	21,582,769.19
2-3 years (inclusive)	20,003,793.91	29,926,340.18
Over 3 years	127,681,127.81	97,754,787.63
Total	**464,566,619.32**	**388,037,805.17**

36.2 Important advance payments more than 1 year

Item	Closing balance	Reasons for being unpaid or carried forward
Rizhao Lanshan District Housing and Urban-Rural Development Bureau	139,316,600.00	not yet settled
Jishi (Zhaoyuan) Construction and Development Co., Ltd.	14,404,340.18	not yet settled
合 计	**153,720,940.18**	

37. Financial Assets Sold Under Repurchase Agreements

Item	Closing balance	Opening balance
Bonds	3,937,499,302.44	
Right to Receivable Returns from Credit Business		
Total	**3,937,499,302.44**	

38. Funds Payable to Customers for Securities Trading

Item	Closing balance	Opening balance
General brokerage business		
Individual	3,664,647,838.64	
Institutional	900,589,485.97	
Subtotal	**4,565,237,324.61**	
Credit Business		
Individual	300,249,671.30	
Institutional	53,520,841.47	
Subtotal	**353,770,512.77**	
Total	**4,919,007,837.38**	

39. Funds Payable to Clients for Underwriting Securities

Item	Closing balance	Opening balance
General brokerage business		
Institutional	853,056.33	
Subtotal	**853,056.33**	
Credit Business		
Subtotal		
Total	**853,056.33**	

40. Contract liabilities

Item	Closing balance	Opening balance
Project funds	99,599,347.46	487,658,821.52
Emergency loan service fee	118,930,566.04	39,463,490.57
Payment for goods	9,381,796.95	4,471,665.49
Capital occupation fee	6,663,871.44	18,116,031.31
Fund Management Fee	86,881.10	
Total	**234,662,462.99**	**549,710,008.89**

41. Employee benefits payable

41.1 Details of employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	259,174,664.21	1,329,555,168.26	817,195,997.63	771,533,834.84
Post-employment benefits - defined contribution plans	10,863,651.52	102,427,340.63	100,726,029.12	12,564,963.03

Item	Opening balance	Increase	Decrease	Closing balance
Termination benefits		3,292,653.99	3,292,653.99	
Other benefits due within one year				
Others				
Total	**270,038,315.73**	**1,435,275,162.88**	**921,214,680.74**	**784,098,797.87**

40.2 Details of Short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salaries, bonuses, allowances	250,713,238.52	1,132,097,169.04	641,797,157.79	741,013,249.77
2. Staff welfare	-501.24	22,107,014.43	21,796,125.63	310,387.56
3. Social insurances	4,732,136.38	57,102,701.61	56,920,088.38	4,914,749.61
Including: Medical insurance	82,297.90	36,524,230.99	36,220,557.68	385,971.21
Work-related injury insurance	2,661.92	1,030,754.80	1,022,394.82	11,021.90
Maternity insurance		191,994.28	184,339.62	7,654.66
Supplementary medical insurance	4,647,176.56	16,448,641.90	16,587,269.88	4,508,548.58
Others		2,907,079.64	2,905,526.38	1,553.26
4. Housing Fund	700.00	54,160,456.27	53,185,161.37	975,994.90
5. Labor union fees, staff and workers' education fees	1,400,112.92	25,257,774.62	13,773,284.96	12,884,602.58
6. Short-term paid absences				
7. Short-term profit sharing plan				
8. Other short-term employee benefits	2,328,977.63	38,830,052.29	29,724,179.50	11,434,850.42
Total	**259,174,664.21**	**1,329,555,168.26**	817,195,997.63	**771,533,834.84**

41.3 Details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	114,180.63	72,752,391.21	72,247,795.70	618,776.14
Unemployment	3,644.82	2,406,293.83	2,375,764.36	34,174.29
Annuity	10,745,826.07	27,268,655.59	26,102,469.06	11,912,012.60
Total	**10,863,651.52**	**102,427,340.63**	**100,726,029.12**	**12,564,963.03**

42. Tax and surcharge payable

Item	Closing balance	Opening balance
VAT	250,962,415.83	231,193,564.86
Corporate income tax	375,485,810.05	329,684,334.02
Individual income tax	10,884,672.04	2,833,844.43
Urban maintenance and construction tax	6,105,203.97	7,896,055.57
Education fee surcharge	2,691,285.51	3,385,247.42
Local Education fee surcharge	1,710,657.25	2,257,356.99
Local water conservancy construction fund	2,088.84	
Property tax	8,306,288.42	4,948,047.59
Urban land use tax	1,910,862.83	2,583,356.67
Stamp duty	9,590,564.01	10,654,598.56
Deed Tax	616,722.44	458,169.48
VAT and Surcharges on Asset Management Business	4,644,572.46	
Others	561.00	4,500.00
Total	**672,911,704.65**	**595,899,075.59**

43. Other payables

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	580,039,909.02	101,351,248.34
Others	3,113,583,336.17	2,457,632,151.51
Total	**3,693,623,245.19**	**2,558,983,399.85**

43.1 Dividends payable

Item	Closing balance	Opening balance
Common Stock Dividend	580,039,909.02	101,351,248.34
Total	**580,039,909.02**	**101,351,248.34**

43.2 Other payables

(1)according to the nature of the payment

Item	Closing balance	Opening balance
Current payments	1,821,839,054.95	1,938,398,882.96
Project payment, material payment, quality assurance fund	87,384,967.97	43,882.85
Employees follow the investment	3,332,598.14	1,342,242.61
Security Deposit and Deposit	613,620,805.90	465,395,997.78

Item	Closing balance	Opening balance
Subscription money	5,520,000.00	13,938,000.00
Risk compensation and interest	1,288,792.60	
Refund of government subsidies	35,000,000.00	
Commission channel fee	7,552,776.38	
Special bond funds	450,000,000.00	
Credit Insurance Fund	50,970,000.00	
Others	37,074,340.23	38,513,145.31
Total	**3,113,583,336.17**	**2,457,632,151.51**

②Significant other payables aging over 1 year

Item	Closing balance	Reasons for non-repayment
Linyi Hedong City Development and Investment Group Co., Ltd.	297,298,251.00	Advance receipt of asset repurchase funds
Linyi Century Credit Investment Real Estate Co., Ltd.	100,000,000.00	Not yet due
Department of Science and Technology of Shandong Province	83,500,000.00	Not yet due
Linyi Chengfa New Media Co., Ltd.	70,000,000.00	Not yet due
Shandong Lehua Tourism Development Group Co., Ltd.	40,000,000.00	Not yet due
Total	**590,798,251.00**	

44. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,088,815,884.96	
Bonds payable due within one year	1,773,595,298.26	
Lease liabilities due within one year	52,007,979.82	1,012,505.18
Total	**2,914,419,163.04**	**1,012,505.18**

45. Other non-current liabilities

Item	Closing balance	Opening balance
Deferred Output VAT	12,508,144.03	47,833,941.39
Futures risk reserve fund	47,309,547.58	
Investor Protection Fund Payable	3,301,818.03	
Short-term Financing Payable	1,896,215,171.29	
Other liabilities of consolidated structured entity products	279,935.47	

Item	Closing balance	Opening balance
Accrued Expenses	11,216,357.32	
Total	**1,970,830,973.72**	**47,833,941.39**

46. Long-term loans

Item	Closing balance	Opening balance
Pledge loan	133,895,713,938.10	151,390,450,825.50
Guaranteed loan	2,857,271,137.58	2,790,093,402.10
Credit loan	35,571,426,668.10	1,484,935,208.75
Loan with Pledge and Guarantee	3,669,478,687.59	4,115,625,351.16
Mortgage loan	267,081,899.78	1,121,020,056.91
Loan with Mortgage and Pledge	620,427,260.12	
Subtotal	**176,881,399,591.27**	**160,902,124,844.42**
The portion due within one year	1,088,815,884.96	
Total	**175,792,583,706.31**	**160,902,124,844.42**

47. Bonds payable

47.1 Bonds payable

Item	Closing balance	Opening balance
24 Xinrong 01	515,287,309.55	515,100,708.76
Minmetals-Rongshihua Financial Leasing ABS (Phase I)		55,264,400.03
Minmetals-Rongshihua Financial Leasing ABS (Phase II)		441,439,799.09
24 Shancai Leasing MTN001	503,462,840.69	499,713,490.57
25 Shancai Leasing MTN001	515,189,098.58	
Minmetals-Tebon-Shancai Leasing ABS Phase 1	335,482,279.15	
Minmetals-Tebon-Shancai Leasing ABS Phase 2 (Revolutionary Old Base Areas)	798,698,007.64	
Minmetals-Tebon-Shancai Leasing ABS Phase 3	653,313,947.35	
Minmetals-Tebon-Shancai Leasing ABS Phase 4	966,680,487.01	
16 Investment Corporate Bonds	1,788,527,989.02	1,784,990,972.46
20 Cai Jin01	2,036,497,486.92	2,065,580,817.63
20 Cai Jin MTN001		823,677,987.47
21 Cai Jin01	721,700,000.00	721,700,000.00

Item	Closing balance	Opening balance
21 Cai Jin02	1,531,500,000.00	1,531,500,000.00
21 Cai Jin04	1,800,717,098.11	1,803,225,000.00
22 Cai Jin01	1,502,437,500.00	1,503,654,481.15
23 Cai Jin01	518,000,000.00	517,575,471.74
23 Cai Jin02	2,053,125,471.69	2,051,427,358.49
23 Cai Jin MTN001	615,397,641.50	614,888,207.54
23Cai Jin03	3,013,627,358.46	3,011,080,188.66
23Cai Jin04	2,004,767,295.57	2,004,201,257.85
24 Cai Jin01	1,543,429,245.31	1,542,155,660.39
24 Cai Jin04	2,035,881,132.06	2,034,183,018.86
24 Cai Jin05	3,026,334,905.65	3,023,787,735.85
24 Cai Jin06	1,506,321,226.44	1,505,047,641.52
25Cai JinMTN001	407,029,559.74	
25Cai JinMTN002	855,466,037.72	
25Cai Jin01	2,017,165,094.36	
25 Cai Jin02	2,011,556,603.78	
SFG INTL N2606	3,521,428,800.00	3,601,388,400.00
24 Cai Xing 01	303,713,632.08	303,713,632.08
23 Cai Fa 01	1,503,219,156.03	1,502,095,592.93
24 Cai Fa 01	1,545,231,499.18	1,544,104,773.58
24 Debang C2	1,016,032,876.71	
25 Debang C1	307,088,219.18	
Debang Long-Term Income Certificate	491,448,856.77	
22 Kinetic energy 01		1,006,571,698.18
22 kinetic energy K1		1,008,308,176.17
23 kinetic energy 01	1,030,227,987.36	1,029,095,911.92
23 kinetic energy 02	1,025,216,981.01	1,024,084,905.57
23 kinetic energy 03	2,014,801,886.92	2,012,537,735.92
24 new kinetic energy 001	504,933,962.27	504,556,603.79
25 kinetic energy 01	1,513,374,999.98	
25 kinetic energy 03	1,001,550,314.45	
25 kinetic energy 04	499,811,320.74	

Item	Closing balance	Opening balance
22 kinetic energy 01 (Converted)	498,331,425.59	
Total	**52,054,007,534.57**	**41,586,651,628.20**

47.2 Increase or decrease in bonds payable

Bond name	Par value	Issue date	Bond term (year)	Amount issued	Opening balance	Issued in current year	Interest at par value	Amortization Of Premium discount	Repayment in current year	Closing balance	Bond name
24 Xinrong 01	500,000,000.00	2024-1-17	3	500,000,000.00	515,100,708.76			16,355,068.50	231,532.29	16,400,000.00	515,287,309.55
Minmetals-Rongshihua Financial Leasing ABS (Phase I)	487,000,000.00	2023-6-15	0.76-2.52	487,000,000.00	55,264,400.03			261,532.70	423,599.97	55,949,532.70	
Minmetals-Rongshihua Financial Leasing ABS (Phase II)	922,000,000.00	2024-1-30	0.94-2.89	922,000,000.00	441,439,799.09			8,703,659.63	2,115,200.91	452,258,659.63	
24 Shancai Leasing MTN001	500,000,000.00	2024-10-14	3	500,000,000.00	499,713,490.57			19,644,444.44	104,905.68	16,000,000.00	503,462,840.69
25 Shancai Leasing MTN001	500,000,000.00	2025-1-17	5	500,000,000.00			500,000,000.00	15,377,777.77	-188,679.19		515,189,098.58
Minmetals-Tebon-Shancai Leasing ABS Phase 1	950,000,000.00	2025-2-27	0.81-2.56	950,000,000.00			950,000,000.00	17,120,465.89	-1,455,220.85	630,182,965.89	335,482,279.15
Minmetals-Tebon-Shancai Leasing ABS Phase 2 (Revolutionary Old Base Areas)	1,000,000,000.00	2025-5-13	0.94-2.94	1,000,000,000.00			1,000,000,000.00	13,053,174.09	-1,792,992.36	212,562,174.09	798,698,007.64
Minmetals-Tebon-Shancai Leasing ABS Phase 3	800,000,000.00	2025-8-8	0.4-2.7	800,000,000.00			800,000,000.00	7,600,176.39	-1,533,498.32	152,752,730.72	653,313,947.35
Minmetals-Tebon-Shancai Leasing ABS Phase 4	1,100,000,000.00	2025-10-17	0.55-5.6	1,100,000,000.00			1,100,000,000.00	5,947,381.53	-793,512.99	138,473,381.53	966,680,487.01
16 Investment Corporate Bonds	1,770,000,000.00	2016-9-8	5+5	1,770,000,000.00	1,784,990,972.46			62,658,000.00	3,537,016.56	62,658,000.00	1,788,527,989.02

Bond name	Par value	Issue date	Bond term (year)	Amount issued	Opening balance	Issued in current year	Interest at par value	Amortization Of Premium discount	Repayment in current year	Closing balance	Bond name
20 Cai Jm01	2,000,000,000.00	2020-2-25	5+2	2,000,000,000.00	2,065,580,817.63		512,373,000.00	42,650,000.00	66,669.29	584,173,000.00	2,036,497,486.92
20 Cai Jin MTN001	800,000,000.00	2020-3-23	5	800,000,000.00	823,677,987.47			4,773,333.33	188,679.20	828,640,000.00	
21 Cai Jm01	2,000,000,000.00	2021-1-14	3+2	2,000,000,000.00	721,700,000.00			21,700,000.00		21,700,000.00	721,700,000.00
21 Cai Jm02	2,000,000,000.00	2021-4-16	3+2	2,000,000,000.00	1,531,500,000.00			42,000,000.00		42,000,000.00	1,531,500,000.00
21 Cai Jm04	2,000,000,000.00	2021-12-9	3+2	2,000,000,000.00	1,803,225,000.00			38,700,000.00	-2,507,901.89	38,700,000.00	1,800,717,098.11
22 Cai Jm01	1,500,000,000.00	2022-12-5	3+2	1,500,000,000.00	1,503,654,481.15		393,000,000.00	52,625,000.00	908,018.85	447,750,000.00	1,502,437,500.00
23Cai Jm01	500,000,000.00	2023-1-13	3+2	500,000,000.00	517,575,471.74			18,000,000.00	424,528.26	18,000,000.00	518,000,000.00
23 Cai Jm02	2,000,000,000.00	2023-4-10	3	2,000,000,000.00	2,051,427,358.49			71,400,000.00	1,698,113.20	71,400,000.00	2,053,125,471.69
23 Cai Jm MTN001	600,000,000.00	2023-4-17	3	600,000,000.00	614,888,207.54			20,700,000.00	509,433.96	20,700,000.00	615,397,641.50
23Cai Jm03	3,000,000,000.00	2023-11-20	3+2	3,000,000,000.00	3,011,080,188.66			94,500,000.00	2,547,169.80	94,500,000.00	3,013,627,358.46
23Cai Jm04	2,000,000,000.00	2023-12-7	3+2	2,000,000,000.00	2,004,201,257.85			64,000,000.00	566,037.72	64,000,000.00	2,004,767,295.57
24 Cai Jm01	1,500,000,000.00	2024-1-8	5	1,500,000,000.00	1,542,155,660.39			47,250,000.00	1,273,584.92	47,250,000.00	1,543,429,245.31
24 Cai Jm04	2,000,000,000.00	2024-4-11	5	2,000,000,000.00	2,034,183,018.86			55,200,000.00	1,698,113.20	55,200,000.00	2,035,881,132.06
24 Cai Jm05	3,000,000,000.00	2024-7-11	5+2	3,000,000,000.00	3,023,787,735.85			70,500,000.00	2,547,169.80	70,500,000.00	3,026,334,905.65
24 Cai Jm06	1,500,000,000.00	2024-10-24	5	1,500,000,000.00	1,505,047,641.52			34,200,000.00	1,273,584.92	34,200,000.00	1,506,321,226.44
25Cai JmMTN001	400,000,000.00	2025-1-22	5	400,000,000.00			400,000,000.00	7,800,000.00	-770,440.26		407,029,559.74
25Cai JmMTN002	840,000,000.00	2025-3-12	5	840,000,000.00			840,000,000.00	17,150,000.00	-1,683,962.28		855,466,037.72
25Cai Jm01	2,000,000,000.00	2025-7-28	5	2,000,000,000.00			2,000,000,000.00	19,500,000.00	-2,334,905.64		2,017,165,094.36
25Cai Jm02	2,000,000,000.00	2025-9-18	3+2	2,000,000,000.00			2,000,000,000.00	13,000,000.00	-1,443,396.22		2,011,556,603.78
SFG INTL N2606	3,514,400,000.00	2021-6-1	5	3,514,400,000.00	3,601,388,400.00			85,703,600.00		165,663,200.00	3,521,428,800.00

Bond name	Par value	Issue date	Bond term (year)	Amount issued	Opening balance	Issued in current year	Interest at par value	Amortization Of Premium discount	Repayment in current year	Closing balance	Bond name
24 Cai Xing 01	600,000,000.00	2024-5-23	3	600,000,000.00	303,713,632.08			7,350,000.00		7,350,000.00	303,713,632.08
23 Cai Fa 01	1,500,000,000.00	2023-12-14	3+2	1,500,000,000.00	1,502,095,592.93			50,700,000.00	1,126,098.10	50,702,535.00	1,503,219,156.03
24 Cai Fa 01	1,500,000,000.00	2024-1-19	3+2	1,500,000,000.00	1,544,104,773.58			46,500,000.00	1,126,725.60	46,500,000.00	1,545,231,499.18
24 Debang C2	1,000,000,000.00	2024-6-6	3	1,000,000,000.00		1,027,616,438.36			16,416,438.35	28,000,000.00	1,016,032,876.71
25 Debang C1	300,000,000.00	2025-2-27	3	300,000,000.00		302,163,287.67			4,924,931.51		307,088,219.18
Debang Long-Term Income Certificate	468,455,000.00	Feb 2022 - Dec 2025	1-5	468,455,000.00		590,883,816.97		217,250,000.00	22,993,856.77	339,678,816.97	491,448,856.77
22 Kinetic energy 01	1,000,000,000.00	2022-10-26	3+2	1,000,000,000.00	1,006,571,698.18			22,050,000.00	778,301.82	1,029,400,000.00	
22 kinetic energy K1	1,000,000,000.00	2022-10-11	3+2	1,000,000,000.00	1,008,308,176.17			18,000,000.00	691,823.83	1,027,000,000.00	
23 kinetic energy 01	1,000,000,000.00	2023-3-22	3+2	1,000,000,000.00	1,029,095,911.92			36,500,000.00	1,132,075.44	36,500,000.00	1,030,227,987.36
23 kinetic energy 02	1,000,000,000.00	2023-4-27	3+2	1,000,000,000.00	1,024,084,905.57			34,000,000.00	1,132,075.44	34,000,000.00	1,025,216,981.01
23 kinetic energy 03	2,000,000,000.00	2023-11-2	3+2	2,000,000,000.00	2,012,537,735.92			66,000,000.00	2,264,151.00	66,000,000.00	2,014,801,886.92
24 new kinetic energy 001	500,000,000.00	2024-7-5	5	500,000,000.00	504,556,603.79			11,000,000.00	377,358.48	11,000,000.00	504,933,962.27
25 kinetic energy 01	1,500,000,000.00	2025-6-19	5	1,500,000,000.00			1,500,000,000.00	18,375,000.00	660,377.34	5,660,377.36	1,513,374,999.98
25 kinetic energy 03	1,000,000,000.00	2025-9-10	5	1,000,000,000.00			1,000,000,000.00	6,833,333.32	377,358.48	5,660,377.35	1,001,550,314.45
25 kinetic energy 04	500,000,000.00	2025-10-16	5	500,000,000.00			500,000,000.00	2,499,999.99	141,509.43	2,830,188.68	499,811,320.74
22 kinetic energy 01 (Converted)	500,000,000.00	2025-10-28	2	500,000,000.00			500,000,000.00	2,441,666.66	587,177.31	4,697,418.38	498,331,425.59
Total	**59,051,855,000.00**			**59,051,855,000.00**	**41,586,651,628.20**	**1,920,663,543.00**	**13,995,373,000.00**	**1,527,573,614.24**	**60,339,107.43**	**7,036,593,358.30**	**52,054,807,534.57**

48. Lease liabilities

Item	Closing balance	Opening balance
Lease payment	129,927,817.65	3,977,083.36
Minus: unrecognized financing expenses	20,233,051.36	926,352.24
Lease liabilities due within one year	52,007,979.82	1,012,505.18
Total	**57,686,786.47**	**2,038,225.94**

49. Long-term payables

Item	Closing balance	Opening balance
Long-term payables		90,000,000.00
Special payables	130,000.00	130,000.00
Total	**130,000.00**	**90,130,000.00**

49.1 Long-term payables

Item	Closing balance	Opening balance
Transfer of fund shares		90,000,000.00
Total		**90,000,000.00**

49.2 Special payables

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
The second phase of eco-tourism	130,000.00			130,000.00
Total	**130,000.00**			**130,000.00**

50. Provisions

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Pending Litigation		30,854,040.90		30,854,040.90
Total		**30,854,040.90**		**30,854,040.90**

51. Deferred income

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Settlement subsidies in Laoshan District, Qingdao City	6,000,000.00		6,000,000.00	
Total	**6,000,000.00**		**6,000,000.00**	

52. Other non-current liabilities

Item	Closing balance	Opening balance
Guide the fund matching funds	1,429,909,414.13	1,027,034,350.64
Funds and investment funds	29,690,090.96	509,832,014.01
Entrusted funds	100,000,000.00	100,000,000.00
Agent Payment for Securities	1,313,844.83	
Total	**1,560,913,349.92**	**1,636,866,364.65**

53. Share capital

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Shandong Provincial Finance Department	27,609,000,000.00			27,609,000,000.00
Shandong Caijin Asset Operation Co., Ltd.	2,391,000,000.00			2,391,000,000.00
Total	**30,000,000,000.00**			**30,000,000,000.00**

54. Capital reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Capital premiums	27,333,097,083.47			27,333,097,083.47
Other capital reserve	42,489,831,973.20	4,205,505,814.15		46,695,337,787.35
Total	**69,822,929,056.67**	**4,205,505,814.15**		**74,028,434,870.82**

Note: (1) According to the "Notice of Shandong Provincial Finance Department on Allocating the 2025 Provincial Science and Technology Innovation Development Fund (for Key Project Construction of the Semiconductor Industry Chain)" (Lu Cai Jiao Zhi [2025] No. 33), we have received the budget allocation indicators issued by the provincial finance department amounting to 516,000,000.00 yuan, which increases the capital reserve by 516,000,000.00 yuan.

(2) According to the "Notice of Shandong Provincial Finance Department on Allocating Budget Indicators to Shandong Finance and Investment Group Co., Ltd." (Lu Caijin Jian Zhi [2025] No. 6), upon receiving the budget indicators allocated by the provincial finance department amounting to 300,000,000.00 yuan, the capital reserve has been increased by 300,000,000.00 yuan.

(3) According to the "Notice on Allocating Relevant Budget Indicators" issued by the Finance Department of Shandong Province (Lu Caijin Jijian [2025] No. 1), we received a budget allocation of

2,000,000,000.00 yuan from the provincial finance department, which increased the capital reserve by 2,000,000,000.00 yuan.

(4) "Notice of the Shandong Provincial Finance Department on Confirming the Registered Capital of Shandong Finance Investment Group Co., Ltd." (Lu Cai Jian [2025] No. 25), received the budget allocation from the provincial finance department of 235,000,000.00 yuan, increasing the capital reserve by 235,000,000.00 yuan;

(5) According to the "Notice of Shandong Provincial Finance Department on Allocating the Budget Indicators for Provincial Industrial Transformation and Development Funds for 2025" (Lu Cai Gong Zhi [2025] No. 58), we received a budget indicator of 50,000,000.00 yuan from the provincial finance department, which increased the capital reserve by 50,000,000.00 yuan.

(6) According to the "Notice of Shandong Provincial Finance Department on Allocating the Budget Indicators for High-Quality Airport Development in 2025" (Lu Cai Jian Zhi [2025] No. 78), we received a budget indicator from the provincial finance department of 100,000,000.00 yuan, which increased the capital reserve by 100,000,000.00 yuan.

(7) According to the "Notice of Shandong Provincial Finance Department on Allocating the Expenditure Budget Indicators for Provincial Science and Technology Innovation Development Funds (Technology Equity Investment)" (Lu Cai Ke Zhui Zhi [2025] No. 62), we received a budget indicator from the provincial finance department of 900,000,000.00 yuan, which increased the capital reserve by 900,000,000.00 yuan;

(8) According to the "Notice of Shandong Provincial Finance Department on Allocating the Expenditure Budget Indicators for Provincial Science and Technology Innovation Development Funds (Investment in Entrepreneurial Talent Projects)" (Lu Cai Jiao Zhi [2025] No. 61), we received a budget indicator from the provincial finance department of 100,000,000.00 yuan, which increased the capital reserve by 100,000,000.00 yuan;

(9) Acquired the equity held by the former minority shareholder, Shandong Hongshengda Investment Co., Ltd., in the subsidiary Shandong Finance and Leasing Co., Ltd., thereby increasing the capital reserve by 5,007,486.75 yuan.

(10) The acquisition of the equity held by the original minority shareholders, namely Shenzhen Tongchuang

Weiye Asset Management Co., Ltd. and Jinan Longshan Carbon Co., Ltd., of Shandong Finance Innovation Investment Co., Ltd., reduced the capital reserve by 3,337,871.02 yuan.

(11) Acquired the equity held by Shandong New Momentum Fund Management Co., Ltd. in Tahe Asset Management Co., Ltd., increasing the capital reserve by 1,787,091.20 yuan.

55. Surplus reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserve	309,894,516.36			309,894,516.36
Discretionary Surplus Reserve				
Total	**309,894,516.36**			**309,894,516.36**

56. General risk reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
General risk reserve	134,786,737.79	79,144,607.46	19,044,393.49	194,886,951.76
Trading Risk Reserve		7,650,571.03		7,650,571.03
Total	**134,786,737.79**	**86,795,178.49**	**19,044,393.49**	**202,537,522.79**

57. Retained earnings

Item	Current year	Prior year
Undistributed profit at the end of the prior year before adjustment	5,995,884,106.75	5,216,760,384.04
Adjustment of the total undistributed profit at the end of the prior year (increase +, decrease -)		
Adjusted undistributed profit at the end of the prior year	5,995,884,106.75	5,216,760,384.04
Add: Net profit attributable to shareholders of the parent company for the period	1,921,150,412.38	1,932,982,868.54
Less: Withdrawal of statutory surplus reserve		
Withdraw arbitrary surplus reserve		
Extract the general risk reserve	85,689,442.33	76,044,014.55
Cash dividends distributed for this period	1,250,156,600.00	701,775,300.00
Dividends on common shares converted to share capital		600,000,000.00

Item	Current year	Prior year
Plus: Other adjustments	32,168,364.39	223,960,168.72
Closing balance	**6,613,356,841.19**	**5,995,884,106.75**

58. Operating revenue and operating costs

Item	Current year		Prior year	
	Revenue	Costs	Revenue	Costs
Principal operating activities	11,957,378,634.07	7,167,637,096.41	9,321,440,412.25	7,147,537,123.79
Other operating activities	627,269,274.86	33,505,705.30	954,314,019.68	32,105,609.75
Total	**12,584,647,908.93**	**7,201,142,801.71**	**10,275,754,431.93**	**7,179,642,733.54**

59. Net Interest Income

Item	Current year	Prior year
Interest Income	222,116,214.64	148,108,390.34
Interest Expense	145,071,150.99	2,605,304.17
Net Interest Income	**77,045,063.65**	**145,503,086.17**

60. Net Income from Fee and Commission

Item	Current year	Prior year
Fee and Commission Income	657,038,758.39	14,094,954.73
Fee and Commission Expense	113,745,661.77	81,303.15
Net Income from Fee and Commission	**543,293,096.62**	**14,013,651.58**

61. Taxes and surcharges

Item	Current year	Prior year
Urban maintenance and construction tax	37,676,509.49	25,349,554.07
Education fee surcharge	16,230,490.29	10,876,026.44
Local education surcharge	10,890,793.09	7,252,007.85
Resource tax	12,137.40	46,866.00
Land appreciation tax	22,441,255.51	27,140,871.54
Property tax	24,713,472.80	20,386,228.95
Land use tax	8,508,248.56	10,730,206.44
Vehicle and vessel use tax	35,147.94	39,739.33
Stamp duty	17,448,555.33	14,365,567.35

Item	Current year	Prior year
Water conservancy fund	4,472.44	1,789.04
Others	65,591.12	96,822.40
Total	**138,026,673.97**	**116,285,679.41**

62. Selling expenses

Item	Current year	Prior year
Employee compensation	11,320,121.90	10,157,610.05
Advertising expenses	38,104,543.98	3,738,921.73
Rental fee	1,700.00	2,900.00
Office expenses	4,529.00	16,971.86
Travel expense	708,081.49	835,575.01
Business entertainment expenses	48,381.60	82,031.47
Housing provident fund	469,146.04	407,181.72
Intermediary agency fee	2,678,965.98	188,679.24
Social insurance	1,287,309.84	1,496,094.58
Communication expense	23,415.02	25,622.72
Sales service fee		134,952.83
Warehousing fee		813,286.66
Transportation and logistics fee	2,138,114.47	1,994,583.97
Packaging fee	-2,771.20	1,936,188.94
Loading and unloading fee	167,652.56	374,619.59
Sales agency fees	36,395,963.96	8,175,541.78
Property management fee	1,722,786.34	2,362,336.89
Labor dispatch personnel expenses	396,944.23	
Research and development cooperation enhancement fee	11,477,347.55	
Labor outsourcing personnel	8,013,450.70	
Others	5,033,119.28	6,578,258.43
Total	**119,988,802.74**	**39,321,357.47**

63. Administrative expenses

Item	Current year	Prior year
Salary and bonus	854,307,089.28	380,287,738.88
Various allowances and subsidies	1,685,717.24	259,966.39
Pension fund	148,318.72	363,963.08

Item	Current year	Prior year
Internal retirees salaries	524,108.28	345,992.24
Employee benefits	20,764,295.26	13,918,019.31
Social insurance	106,792,565.92	43,527,703.99
Housing Provident Fund	52,475,444.07	23,364,392.94
Staff education funds	5,520,922.32	2,709,966.08
Union funds	14,898,722.54	6,381,765.67
Enterprise annuity	26,056,077.94	23,827,294.16
Supplementary health insurance	15,272,968.39	14,833,132.42
Business entertainment expenses	9,686,897.76	3,556,841.22
Depreciation and amortization	129,297,899.19	29,799,895.53
Office expenses	13,857,037.70	13,056,735.72
Travel expenses	18,567,090.56	9,598,731.97
Vehicle fees	4,226,528.11	2,644,739.28
Meeting expenses	3,317,333.13	612,746.06
Advertising expenses	64,525,422.79	4,839,366.32
Agency fees	70,372,882.59	49,168,787.70
Service fees	26,807,173.11	18,510,357.73
Party building expenses	1,454,430.77	1,582,048.91
Renovation costs	2,233,891.48	1,732,700.98
Rental expenses	6,292,937.96	9,723,309.06
Information system maintenance fee	14,738,718.37	11,208,995.15
Financial equity management fee	-2,591,996.48	10,519,901.79
Investor Protection Fund	4,975,181.43	
Member Seat Fee	12,263,813.26	
Electronic Equipment Operation Fee	53,726,308.42	
Exchange Facility Usage Fee	11,112,881.66	
Accrual of futures risk reserve	2,365,325.63	
Others	86,245,457.66	47,529,836.54
Total	**1,631,921,445.06**	**723,904,929.12**

64. Research and development expenses

Item	Current year	Prior year
Travel expenses	136,762.04	17,081.27

Item	Current year	Prior year
Technology Development Expenses	6,269,406.10	
Salaries	2,297,174.00	832,254.78
Depreciation and amortization		7,031,780.99
Material costs	8,734,282.93	
Others	2,108,972.12	46,784.91
Total	**19,546,597.19**	**7,927,901.95**

65. Financial expense

Item	Current year	Prior year
Interest expense	3,228,823,725.77	2,381,145,379.87
Less: Interest income	408,169,957.80	629,956,993.25
Financial service commission	7,911,084.24	7,406,724.55
Others	20,714,221.75	3,720,501.05
Total	**2,849,279,073.96**	**1,762,315,612.22**

66. Other income

Item	Current year	Prior year
Withholding individual income tax service fee refund	463,225.94	485,218.99
Tax incentives	-1,363,713.01	4,721,638.60
Steady post subsidies	598,149.49	691,336.22
Financial support fund	15,920,000.00	5,764,900.00
Government grants	-32,300,368.55	49,760,583.64
Others	1,700.00	1,763,662.29
Total	**-16,681,006.13**	**63,187,339.74**

67. Investment income

Item	Current year	Prior year
Investment income from long-term equity investments	-145,908,986,670	259,589,418.79
Income from disposal of long-term equity investments	33,104,430,820	154,273,596.77
Dividend income earned while holding tradable financial assets and other non-current financial assets	1,003,822,441,440	646,681,617.27
Investment income from debt investments during the holding period	884,772,474,399	762,678,475.75
Investment Income from Disposal of Trading Financial Assets and Other Non-current Financial Assets	285,124,037,465	119,252,974.67

Item	Current year	Prior year
Investment Income from Disposal of Debt Investments	165,246,525,890	6,997,467.19
Income on Disposal of Derivative Financial Instruments	19,953,887,510	1,426,378.79
Interest Income from Other Debt Investments During the Holding Period	59,021,674,800	
Income on Derecognition of Other Debt Investments	8,918,576,590	
Dividend income obtained during the investment period of holding other equity instruments	816,800,688,500	534,035,372.50
Others	11,786,631,390	
Total	**3,142,642,382.13**	**2,484,935,301.73**

68. Gains from changes in fair value

The sources of gains from fair value changes	Current year	Prior year
Trading Financial Assets	62,301,540.60	-149,593,151.72
Including: Derivative Financial Instruments	55,280,013.34	
Trading Financial Liabilities	-8,382,288.44	
Other Non-current Financial Assets	175,190,518.38	193,892,801.58
Total	**229,109,770.54**	**44,299,649.86**

69. Credit impairment losses

Item	Current year	Prior year
Bad Debt Loss of Accounts Receivable	-189,684,594.47	-15,474,178.76
Bad debt loss of other receivables	-405,866,330.17	11,308,821.13
Impairment loss of debt investment	1,765,003.21	23,546,751.69
Impairment loss on other debt investment	-39,936,376.92	-123,078,750.00
Bad debt loss of long-term receivables	48,655,108.20	
Impairment of Funds Lent	2,476,639.36	
Loan impairment loss	-61,775,439.37	-67,007,315.37
Total	**-644,365,990.16**	**-170,704,671.31**

70. Gains on disposal of assets

Item	Current year	Prior year	Amount recognized in non-recurring profit or loss
Gain or loss on disposal of assets held for sale		-78,772.40	

Item	Current year	Prior year	Amount recognized in non-recurring profit or loss
Gain or loss on disposal of fixed assets	109,679.79	41,287.17	109,679.79
Gain or loss on disposal of assets held for sale	19,384.17	-30,213.19	19,384.17
Total	**129,063.96**	**-67,698.42**	**129,063.96**

71. Non-operating income

Item	Current year	Prior year	Amount recognized in non-recurring profit or loss
Gain on non-current asset destruction and retirement	83,633.58		83,633.58
Including: fixed assets	83,633.58		83,633.58
Unpayable Payables	65,437.89	352,342.46	65,437.89
Government grants not related to the daily operations of the enterprise	40,624.02	50,000.00	40,624.02
Default penalty fee	1,345,881.41	1,629,455.10	1,345,881.41
Business Combination Not Under Common Control		28,917,496.11	
Indemnity and Recovery Amounts	66,592,798.30		66,592,798.30
Others	1,047,217.36	165,246.96	1,047,217.36
Total	**69,175,592.56**	**31,114,540.63**	**69,175,592.56**

72. Non-operating expenses

Item	Current year	Prior year	Amount recognized in non- recurring profit or loss
Losses from the impairment and write-off of non-current assets	50,860.76	5,199.11	50,860.76
Including: Fixed assets	50,860.76	5,199.11	50,860.76
Expenditure on external donations	2,724,000.00	4,000,000.00	2,724,000.00
Abnormal losses			
Fine fine, late fine expenditure	667,653.50	2,323,192.80	667,653.50
Others	209,697.81	1,422,739.80	209,697.81
Total	**3,652,212.07**	**7,751,131.71**	**3,652,212.07**

73. Income tax expenses

Item	Current year	Prior year
Current income taxexpense	1,347,346,480.28	863,802,061.65
Deferred income tax expense	-287,198,652.59	-46,501,910.31
Total	**1,060,147,827.69**	**817,300,151.34**

74. Other comprehensive income

Other comprehensive income items and the impact of income tax and the transfer of profit and loss

Item	Current year			Prior year		
	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax	Net after tax
I. Other comprehensive income that cannot be reclassified into profit or loss in the future	-209,457,897.98		-209,457,897.98	4,165,039.65		4,165,039.65
1. The share of other comprehensive income that cannot be reclassified into profit or loss by the investee under the equity method						
2. Changes in the fair value of investments in other equity instruments	-209,457,897.98		-209,457,897.98	4,165,039.65		4,165,039.65
II. Other comprehensive income that will be reclassified into profit or loss in the future	-3,495,644.35		-3,495,644.35	1,068,169.98		1,068,169.98

Item	Current year			Prior year		
	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax	Net after tax
1. Other comprehensive income transferable to profit and loss under the equity method				-5,249.90		-5,249.90
2. Difference in translation of foreign currency financial statements	-1,045,814.81		-1,045,814.81	1,073,419.88		1,073,419.88
3. Changes in fair value of investments in other debt instruments	-2,183,815.74		-2,183,815.74			
2. 4. Allowance for credit losses on investments in other debt instruments	-266,013.80		-266,013.80			
III. Total other comprehensive income	**-212,953,542.33**		**-212,953,542.33**	**5,233,209.63**		**5,233,209.63**

75. Notes for items in the statement of cash flows

75.1 Receipt of other cash related to business activities

Item	Current year	Prior year
Current payments	7,875,941,348.70	1,293,169,458.99
Interest income	272,094,887.08	283,209,273.18
Allocation of emergency bridge loans, wealth management funds, etc.	61,017,511,963.87	12,755,730,000.00
Funds for shantytown renovation and construction, guiding funds and earnings	24,663,586,036.46	25,953,677,296.03
Government grants	17,363,093.32	41,454,119.48
Others	450,349,857.74	368,626,803.22

Name of joint ventures and associates	Principal place of business	Place of registration	Nature of business	Shareholding Ratio (%)	
				Direct	Indirect
Weihai Caijin New Material Co., Ltd.	Weihai	Weihai	Manufacturing and sales of chemical products		30.00
Kinetic Energy Jiayue (Jinan) Venture Capital Partnership (Limited Partnership)	Jinan Shandong	Jinan Shandong	Capital market services		59.67

3.2 Other associates

Name of associates	Relationship with the Company
Shandong Shengjin Hengtai Industrial Co., Ltd.	Associated enterprise
Shandong Rongsheng Supply Chain Management Co., Ltd.	Associated enterprise
Shandong Xinqiao Urban And Rural Integration Development Co., Ltd.	Associated enterprise
Shandong Puhui Wanjia Investment Management Co., Ltd.	Associated enterprise
Shandong Qilu Huixin Culture Development Co., Ltd.	Associated enterprise
Hainan Tengzhu Investment Partnership (Limited Partnership)	Associated enterprise
Shandong Cai Jintai Wei New Energy Co., Ltd.	Associated enterprise
Cai Jintaiwei (Jinan Zhong) Photovoltaic Technology Co., Ltd.	Associated enterprise
Shandong Runtai Ecological Resources Development and Operation Co., Ltd.	Associated enterprise
Shandong Caiyitong Agricultural Science and Technology Development Co., Ltd.	Associated enterprise
Shandong New Kinetic Energy Kejin Equity Investment Fund Partnership (Limited Partnership)	Associated enterprise
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	Associated enterprise
Blue Granary (Changdao) Marine Investment Co., Ltd.	Associated enterprise
Yantai Yuanhe Equity Investment Fund Management Co., Ltd.	Associated enterprise
Hainan Tengzhu Investment Partnership (Limited Partnership)	Associated enterprise
Shandong Caixin Junge (Beijing) Technology Development Co., Ltd.	Associated enterprise
Yantai Blue Pharmaceutical Valley Kinetic Energy New City Construction And Investment Co., Ltd.	Associated enterprise
Beijing Shan Gaojuntai Holding Co., Ltd.	Associated enterprise

Name of associates	Relationship with the Company
Zhongzhe Marine Food (Shandong) Co., Ltd.	Associated enterprise
Changdao Yanghang Marine Products Co., Ltd.	Associated enterprise
Jining Jinxing Land Development Co., Ltd.	Associated enterprise
Qingdao Yunqing Ecological Environment Engineering Co., Ltd.	Associated enterprise
Junge Puhui (Anyi) Investment Partnership (Limited Partnership)	Associated enterprise
Shandong New Kinetic Energy Support Industry Investment Development Partnership (Limited Partnership)	Associated enterprise
Shandong Cairun Zhiyuan Education Culture Technology Co., Ltd.	Associated enterprise
Jining Jinze Huinong Green Energy Co., Ltd.	Associated enterprise
Shandong New Kinetic Energy Angel Venture Capital Fund Partnership (Limited Partnership)	Associated enterprise
Chaoyang Hydrogen Energy Investment Consulting Management (Shandong) Co., Ltd.	Associated enterprise
Shandong Caijin Jinyu Investment Co., Ltd.	Associated enterprise

4. Transactions with related parties

4.1 Purchase and sale of goods, provision and acceptance of services

Related parties	Related party transaction	Current year	Prior year
Shandong Rongsheng Supply Chain Management Co., Ltd.	Service income	303,913.99	
Shandong Caijin Jinyu Investment Co., Ltd.	Agency service income	635,849.06	
Shandong Caijin Jinyu Investment Co., Ltd.	Agency service cost	633,732.58	
Shandong Caixing Industrial Investment Co., Ltd.	Electricity fee	180,898.32	
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.	Net income from investment banking business	1,472,264.15	
Shanghai Fosun High Technology (Group) Co., Ltd.	Net income from investment banking business	1,285,377.36	
Fosun International Capital Limited	Net income from investment banking business	737,013.21	
Zhejiang Dongyang China Woodcarving Culture Expo City Co., Ltd.	Net income from investment banking business	84,905.66	

Related parties	Related party transaction	Current year	Prior year
Shanghai Fosun Decent Equity Investment Management Co., Ltd.	Fee and commission income	80,842.83	
Shanghai Classical Restaurant	operation and administrative expense	200,748.53	
Shanghai Yilian Enterprise Management Co., Ltd.	operation and administrative expense	115,094.34	
Shanghai Xingkuang Commercial Management Co., Ltd. Beijing Branch	operation and administrative expense	93,800.63	
Shanghai Gaodi Property Management Co., Ltd.	operation and administrative expense	352,014.04	
Hainan Fosun International Business Travel Co., Ltd.	operation and administrative expense	4,538,106.27	
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch	Depreciation of leased assets	601,888.42	
Shanghai Bocheng Market Consulting Service Co., Ltd.	Depreciation of leased assets	5,748.84	
Total		**11,322,198.23**	

4.2 Related interest settlement

Related parties	Related party transaction	Current year	Prior year
Zhongzhe Marine Food (Shandong) Co., Ltd.	Interest income	-8,453,055.76	9,802,201.41
Shandong Rongsheng Supply Chain Management Co., Ltd.	Interest income	1,245,283.02	10,522,012.54
Shangang Capital Holding (Shenzhen) Co., Ltd.	Interest expense		3,235,166.68
Shandong Jinmaoyuan Economic and Trade Co., Ltd.	Interest expense		136,000.01
Shandong Weiwei Information Technology Co., Ltd.	Interest expense		1,036,249.99
Shandong Caixing Industrial Investment Co., Ltd.	Interest income	2,960,377.36	3,950,314.46
Taian Huigu Real Estate Co., Ltd.	Interest income		41,628,983.18
Nolai Biomedical Technology Co., Ltd.	Interest expense		1,854,166.67
Nolai Biomedical Technology Co., Ltd.	Interest income		158,411.94
Shandong Caixin Information Industry Co., Ltd.	Interest income		9,722.23

Related parties	Related party transaction	Current year	Prior year
Shandong New Momentum Inclusive Financial Services Co., Ltd.	Interest income	10,526,218.84	50,464,158.69
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch	Interest expense	44,622.87	
Shanghai Bocheng Market Consulting Service Co., Ltd.	Interest expense	728.23	
Total		**6,324,174.56**	**122,797,387.80**

5. Receivables and payables of related parties

5.1 Receivable

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:				
Shandong New Momentum Inclusive Financial Services Co., Ltd.			203,001,796.86	
Total			**203,001,796.86**	
Other receivables:				
Shandong Rongsheng Supply Chain Management Co., Ltd.	5,791,111.09		151,993,333.29	
Shanghai Bocheng Market Consulting Service Co., Ltd.	200.00			
Shandong Guosheng Microcredit Co., Ltd.	5,943.51			
Shandong Caixing Industrial Investment Co., Ltd.	49,000,000.00		64,000,000.00	
Shandong Cairun Zhiyuan Education, Culture & Technology Co., Ltd.	3,415,500.00		6,915,500.00	
Zhongzhe Marine Food (Shandong) Co., Ltd.	102,200,000.00		110,653,055.76	
Taian Huigu Real Estate Co., Ltd.	520,263,786.63		572,248,168.46	
Shandong Finance Health Industry Group Co., Ltd.	929,702,492.24	400,001,909.61		

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Shandong New Momentum Inclusive Financial Services Co., Ltd.			195,000,000.00	
Caijin Pension & Health Development (Tai'an) Co., Ltd.	20,846,191.92	30,303.36		
Caijin Health Industry (Tai'an) Co., Ltd.	89,743,173.37	3,929,317.33		
Nolai Biomedical Technology Co., Ltd.			3,018,958.33	
Zhangqiu Xintengda Construction and Development Co., Ltd.			340,200,000.00	266,167,358.18
Tengqiang Urban-Rural Construction (Suzhou) Co., Ltd.			136,240,243.51	
Shanghai Xingkuang Commercial Management Co., Ltd. Beijing Branch	42,612.30	213.06		
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch	341,298.40	2,104.49		
Shanghai Fosun Bund Commercial Co., Ltd.	2,123,829.18	1,061,914.59		
Shanghai Gaodi Property Management Co., Ltd.	320,529.85	1,949.15		
Total	**1,723,796,668.49**	**405,027,711.59**	**1,580,269,259.35**	**266,167,358.18**

5.2 Payables

Item	Closing balance	Opening balance
Accounts payable:		
Nolai Biomedical Technology Co., Ltd.		2,686,529.88
Jiangsu Fosun International Trade Co., Ltd.	300,226.24	
Rugao Changhuajiang Mining Co., Ltd.	3,393,044.12	
Hainan Mining International Trading Co., Ltd.	10,000.00	
Hainan Mining Co., Ltd.	48,509.44	

Item	Closing balance	Opening balance
Shanghai Gangyin E-Commerce Holdings Co., Ltd.	2,000.00	
Total	**3,753,779.80**	**2,686,529.88**
Other payables:		
Zhongzhe Marine Food (Shandong) Co., Ltd.		15,200,000.00
Nolai Biomedical Technology Co., Ltd.		62,727,270.00
Nolai Biomedical Technology Co., Ltd.	4,100,000.00	
Shandong Caixing Industrial Investment Co., Ltd.	168,398.29	
Shandong Puhui Wanjia Investment Partnership (Limited Partnership)	486,000,000.00	
Total	**490,268,398.29**	**77,927,270.00**
Lease liabilities:		
Shanghai Xinshihua Investment Management Co., Ltd. Beijing Branch	1,101,538.08	
Funds for Securities Trading on Behalf of Customers:		
Shanghai Fujing Investment Management Co., Ltd.	8,818,838.06	
Hainan Mining Co., Ltd.	6,387,922.03	
Shanghai Yuyuan Tourist Mart (Group) Co., Ltd.	2,810,050.99	
Total	**18,016,811.08**	

6. Related Party Commitments

None.

IX. Commitments and contingencies

1. Major commitments

None.

2. Contingencies

As of 31 December 2025, the Company's guarantees for the companies outside the consolidated statement are as follows:

Unit: ten thousand yuan RMB

Name of the guaranteed entity	Guarantee matters	Amount	Guarantee expiration date
Shandong Caijin Agricultural Science and Technology Co., Ltd.	bank borrowing	10,340.00	15 July 2032
Shandong Caijin Agricultural Science and Technology Co., Ltd.	bank borrowing	21,280.00	21 November 2032
Shandong CAI Jintai Wei New Energy Co., Ltd.	bank borrowing	23,188.84	25 December 2026
Financial Care And Health Industry (Tai'An) Co., Ltd.		**54,808.84**	

As of 31 December 2025, the Company has no other contingencies to be disclosed.

X. Matters after the balance sheet date

None.

XI. Notes of major items in the company's financial statements

1. Accounts receivable

1.1 Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year		
1 to 2 years		
2 to 3 years		
3 to 4 years		
4 to 5 years		
More than 5 years	5,100,000.00	5,100,000.00
Subtotal	**5,100,000.00**	**5,100,000.00**
Less: Bad Debt Provision	5,100,000.00	5,100,000.00
Total		

1.2 Classification and listed according to the bad debt provision method

Types	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	5,100,000.00	100.00	5,100,000.00	100.00	
Accounts receivable for bad debt provision by portfolio					
Total	**5,100,000.00**	**100.00**	**5,100,000.00**	**100.00**	

(continued)

Types	Opening balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	5,100,000.00	100.00	5,100,000.00	100.00	
Accounts receivable for bad debt provision by portfolio					
Total	**5,100,000.00**	**100.00**	**5,100,000.00**	**100.00**	

①Accounts receivable with bad debt provisions calculated on an individual basis at the end of the period

Accounts receivable (by entity)	Closing balance			
	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
The Jinan Municipal People's Procuratorate	300,000.00	300,000.00	100.00	Expected unrecoverable
Special Police detachment of Jinan Public Security Bureau	300,000.00	300,000.00	100.00	Expected unrecoverable
Singapore Tianyuan Group Company Limited	4,500,000.00	4,500,000.00	100.00	Expected unrecoverable
Total	**5,100,000.00**	**5,100,000.00**		

1.3 The provision for bad debts

Item	Opening balance	Change in the current period			Closing balance
		Provision	Receive or reverse	Resale or write-off	
Provision for bad debts made individually	5,100,000.00				5,100,000.00
Total	**5,100,000.00**				**5,100,000.00**

1.4 The top five with the ending balance of accounts receivable collected by the debtor

The total amount of the top five accounts receivable by the closing balance collected by the debtor party is RMB 5,100,000.00, accounting for 100.00% of the total closing balance of the accounts receivable, and the total amount of the closing balance of the corresponding bad debt provision is RMB 5,100,000.00.

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable	1,429,964,222.13	
Other receivables	23,568,772,297.69	20,554,768,103.38
Total	**24,998,736,519.82**	**20,554,768,103.38**

2.1 Dividends receivable

Invested entity	Closing balance	Opening balance
Shandong Finance Rural Revitalization Co., Ltd.	381,880,388.11	
Shandong Finance And Financial Leasing Co., Ltd.	83,323,480.21	
Shandong Caijin Xinrong Investment Holding Co., Ltd.	519,888,339.42	
Shandong Caijin Rural Industry Development Co., Ltd.	115,187,042.91	
Shandong Caijin New Energy Industry Co., Ltd.	24,875,234.80	
Shandong Finance Venture Capital Co., Ltd.	12,615,412.99	
Shandong Financial Capital Management Co., Ltd.	57,847,939.35	
Shandong Finance Asset Management Co., Ltd.	233,820,135.12	
Shandong Finance And Research Institute Co., Ltd.	526,249.22	
Subtotal	**1,429,964,222.13**	
Less: Bad debt provision		
Total	**1,429,964,222.13**	

2. Other receivables

①Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year	21,443,266,615.59	16,061,570,847.96
1 to 2 years	389,160,176.81	2,808,435,684.76
2 to 3 years	1,719,433,934.63	1,130,326,331.52
3 to 4 years	416,879,659.02	554,513,577.14
4 to 5 years	110,249.64	
More than 5 years	271,346,775.89	271,346,775.89
Subtotal	**24,240,197,411.58**	**20,826,193,217.27**
Less: Bad Debt Provision	671,425,113.89	271,425,113.89
Total	**23,568,772,297.69**	**20,554,768,103.38**

② Classification disclosure of other receivables by bad debt provision methods

Item	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	1,192,043,874.28	4.92	671,346,878.29	56.32	520,696,995.99
Provision for credit loss by portfolios	23,048,153,537.30	95.08	78,235.60	0.00	23,048,075,301.70
Total	**24,240,197,411.58**	**100.00**	**671,425,113.89**	**2.77**	**23,568,772,297.69**

续

Item	Opening balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	271,346,878.29	1.30	271,346,878.29	100.00	

Provision for credit loss by portfolios	20,554,846,338.98	98.70	78,235.60		20,554,768,103.38
Total	**20,826,193,217.27**	**100.00**	**271,425,113.89**	**1.30**	**20,554,768,103.38**

③Other receivables for which provision for bad debts is made separately

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Others	108,013,600.00	108,013,600.00	100.00	Expected unrecoverable
Hong Kong Baofeng Company Limited	31,333,278.29	31,333,278.29	100.00	Expected unrecoverable
Baofeng Seafood	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building	70,000,000.00	70,000,000.00	100.00	Expected unrecoverable
Qilu Building, Shanghai	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building Preparation Office	7,000,000.00	7,000,000.00	100.00	Expected unrecoverable
The China Confucius Foundation	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Shandong Acrobatic Troupe	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Brilliant Century Film And Television Culture Co., Ltd.	5,000,000.00	5,000,000.00	100.00	Expected unrecoverable
Shandong Qilu Animation Base Co., Ltd.	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Film & Television Media Group Co., Ltd.	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Shandong Performing Arts Group Co., Ltd.	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Yantai Zhifu District Information Industry Bureau	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Shandong Finance Health Industry Group Co., Ltd.	920,696,995.99	400,000,000.00	43.45	Expected unrecoverable
Total	**1,192,043,874.28**	**671,346,878.29**		

④Provision for bad debts

Bad debts allowance	Stage 1 Expected credit losses in the next 12 months	Stage 2 Expected credit loss for the entire duration (credit impairment has not incurred)	Stage 3 Expected credit loss for the entire duration (credit impairment has occurred)	Total
Opening balance			271,425,113.89	271,425,113.89
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 1				
Provision in the current reporting period			400,000,000.00	400,000,000.00
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes				
Closing balance			**671,425,113.89**	**671,425,113.89**

⑤Classification by nature

Nature of Receivables	Closing balance	Opening balance
Related party transactions	22,833,967,840.78	20,411,177,717.53

Current account	1,405,851,354.85	414,884,358.86
Funds received and paid on behalf of others	303,335.95	6,260.88
Others	74,880.00	124,880.00
Subtotal	**24,240,197,411.58**	**20,826,193,217.27**
Less: Bad Debt Provision	671,425,113.89	271,425,113.89
Total	**23,568,772,297.69**	**20,554,768,103.38**

⑥Top five debtors based on corresponding closing balance of other receivables

Entities	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
Shandong Finance Asset Management Co., Ltd.	Related party transaction	10,990,000,000.00	Within 1 year	45.34	
Shandong Finance Small And Medium Enterprise Service Co., Ltd.	Related party transaction	5,200,000,000.00	Within 1 year	21.45	
Shandong Puhui Qilu Investment Co., Ltd.	Related party transaction	3,310,000,000.00	Within 1 year	13.66	
Shandong Finance Health Industry Group Co., Ltd.	Current accounts	920,696,995.99	1-3 years	3.80	400,000,000.00
Shandong Finance Rural Revitalization Co., Ltd.	Related party transaction	775,038,949.00	Within 1 year	3.20	
Total		**21,195,735,944.99**		**87.44**	

3. Long-term equity investments

3.1 Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Investment in subsidiaries	90,571,455,923.42		90,571,455,923.42	65,863,620,025.38		65,863,620,025.38
Investment in associates and joint ventures	82,171,324.28		82,171,324.28	399,141,503.53		399,141,503.53
Total	**90,653,627,247.70**		**90,653,627,247.70**	**66,262,761,528.91**		**66,262,761,528.91**

3.2 Investment in subsidiaries

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Debang Securities Co., Ltd.		4,298,630,479.00		4,298,630,479.00		
Jinan Caitong Investment Partnership (Limited Partnership)	500,000,000.00		500,000,000.00			
Jinan Caiyuan Jiurushan Investment Partnership (Limited Partnership)	14,900,000.00		2,000,000.00	12,900,000.00		
Jinan Chuangxin Equity	1,995,000,000.00		498,750,000.00	1,496,250,000.00		

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Investment Partnership (Limited Partnership) Jinan Chuangying New Energy Industry Partnership (Limited Partnership)		884,814,400.00		884,814,400.00		
Shandong Financial Technology Innovation Equity Investment Fund Partnership (Limited Partnership)	1,164,837,103.69	200,461,100.00	84,490,000.00	1,280,808,203.69		
Shandong Finance Small And Medium Enterprise Service Co., Ltd.	126,283,546.87	857,500,000.00	854,778,000.00	129,005,546.87		
Shandong Finance City Development And	24,079,531.00			24,079,531.00		

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Investment Co., Ltd.						
Shandong Finance Venture Capital Co., Ltd.	197,701,666.80	48,250,000.00		245,951,666.80		
Shandong Finance Health Industry Group Co., Ltd.	480,753,319.60		480,753,319.60			
Shandong Finance And Health Industry Investment Holding Co., Ltd.	2,737,136,361.68	218,000,000.00		2,955,136,361.68		
Shandong Finance And Financial Leasing Co., Ltd.	2,053,234,560.00	1,058,717,100.00		3,111,951,660.00		
Shandong Finance Commercial Management Co., Ltd.		531,000,000.00		531,000,000.00		
Shandong Financial	35,000,000.00			35,000,000.00		

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Ecological Resources Development And Operation Co., Ltd.						
Shandong Caijin Rural Industry Development Co., Ltd.	2,000,000,000.00	-2,000,000,000.00				
Shandong Finance Rural Revitalization Co., Ltd.	17,339,855,435.05	2,000,000,000.00		19,339,855,435.05		
Shandong Caijin New Energy Industry Co., Ltd.	981,136,218.63			981,136,218.63		
Shandong Caijin Xinrong Investment Holding Co., Ltd.	2,542,827,030.28	892,500,000.00		3,435,327,030.28		
Shandong Finance And Research Institute Co., Ltd.	3,000,000.00	470,778,000.00		473,778,000.00		

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Shandong Financial Capital Management Co., Ltd.	5,557,159,536.48	1,385,000,000.00		6,942,159,536.48		
Shandong Finance Asset Management Co., Ltd.	1,133,652,755.58	8,900,000,000.00		10,033,652,755.58		
Shandong New Growth Drivers Fund Management Co., Ltd.	26,442,062,959.72	5,046,000,000.00		31,488,062,959.72		
Shanghai Shancai Enterprise Development Co., Ltd.	535,000,000.00	200,000,000.00		735,000,000.00		
Taihe Asset Management Co., Ltd.		2,136,956,138.64		2,136,956,138.64		
Total	**65,863,620,025.38**	**27,128,607,217.64**	**2,420,771,319.60**	**90,571,455,923.42**		

3.3 Investment in associates and joint ventures

Investee	Opening balance	Increase/decrease in current year				
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity
I. Associated enterprises						
Shandong Shengjin Hengtai Industrial Co., Ltd.	6,261,789.37			-663.58		
Shandong Provincial Financial And Government Bond Service Center	75,910,198.49					
Taihe Asset Management Co., Ltd.	316,969,515.67					
Subtotal	**399,141,503.53**			-663.58		
II. Joint ventures						
Shandong Finance Health Industry Group Co., Ltd.				-452,832,177.68		
Subtotal				**-452,832,177.68**		
Total	**399,141,503.53**			**-452,832,841.26**		

(continued)

Investee	Increase/decrease in current year			Closing balance	Closing balance of the impairment provision
	Declaration of cash dividends or profit distribution	Impairment provision	Others		
I. Associated enterprises					

Investee	Increase/decrease in current year			Closing balance	Closing balance of the impairment provision
	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Shandong Shengjin Hengtai Industrial Co., Ltd.				6,261,125.79	
Shandong Provincial Financial And Government Bond Service Center				75,910,198.49	
Taihe Asset Management Co., Ltd.			-316,969,515.67		
Subtotal			**-316,969,515.67**	**82,171,324.28**	
II. Joint ventures					
Shandong Finance Health Industry Group Co., Ltd.			452,832,177.68		
Subtotal			**452,832,177.68**		
Total			**135,862,662.01**	**82,171,324.28**	

4. Operating revenue and operating cost

Item	Current year		Prior year	
	Revenue	Costs	Revenue	Costs
Principal operating activities				
Other operating activities	19,344,622.64	9,995,905.09	13,754,716.97	15,974,206.98
Total	**19,344,622.64**	**9,995,905.09**	**13,754,716.97**	**15,974,206.98**

5. Investment income

Item	Current year	Prior year
Investment income from long-term equity investments accounted for using the cost method	1,964,414,491.50	813,504,208.16

Item	Current year	Prior year
Investment income from long-term equity investments accounted for using the equity method	-452,832,841.26	16,803,449.06
Investment income from the disposal of long-term equity investments	27,112,852.81	11,801,019.49
Investment income obtained during the holding period of trading financial assets	4,359,508.33	6,205,905.94
Dividend income obtained during the holding period of other equity instrument investments		2,906,917.96
Investment income from disposal of trading financial assets and other non-current financial assets	82,865,185.02	30,450,006.81
Investment income obtained from the disposal of debt investments		468,396.12
Others	-327,459.47	1,560,698.07
Total	**1,625,591,736.93**	**883,700,601.61**

XII. Approval of the financial statements

The financial statements and notes to the financial statements were approved by the Company on 12 April 2026.

Shandong Finance Investment Group Co., Ltd.

12 April 2026

Auditor's Report

Shandong Finance Investment Group Co. Ltd

(Consolidated and Parent Company)

For The Financial Year 2024

Xin Lian Yi Certified Public Accountants（Limited Liability Partnership）

此码用于证明该审计报告是否由具有执业许可的会计师事务所出具，
您可使用手机“扫一扫”或进入“注册会计师行业统一监管平台（http://acc.mof.gov.cn）”进行查验。
报告编码：鲁25EYSMZQBJ

Contents

I. Auditor's Report

II. Audited Financial Statements

1. Statements of Financial Position of Consolidated and Parent Company

2. Statements of Comprehensive Income of Consolidated and Parent Company

3. Statements of Cash Flows of Consolidated and Parent Company

4. Consolidated Statement of Changes in Equity

5. Parent Company Statement of Changes in Equity

6. Notes to the Financial Statements

III. Appendix

1. Copy of Business License of Xin Lian Yi Certified Public Accountants (Limited Liability Partnership)

2. Copy of Practising Certificate of Xin Lian Yi Certified Public Accountants (Limited Liability Partnership)

3. Copies of Certified Public Accountant Practice Certificate

Auditor's report

Xin Lian Yi Shen Zi (2025) No. 100089

To the Shareholders of Shandong Finance Investment Group Co. Ltd,

I. Opinion

We have audited the accompanying financial statements of Shandong Finance Investment Group Co. Ltd (the Company), which comprise the consolidated and the parent company's statements of financial position as at 31 December 2024, the consolidated and the parent company's statements of comprehensive income, the consolidated and the parent company's statements of cash flows and the consolidated and the parent company's statements of changes in equity for the year then ended and the notes to the financial statements.

In our opinion, the accompanying financial statements of the Company have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises and presented fairly, in all material respects, the consolidated and the parent company's financial positions as at 31 December 2024, and the consolidated and the parent company's financial performance and the consolidated and the parent company's cash flows for the year then ended.

II. Basis for Opinion

We conducted our audit in accordance with the auditing standards for Certified Public Accountants of China. The section "Auditors' Responsibility for the Financial Statements" in the audit report further describes our responsibilities in accordance with these standards. According to the Code of Ethics for Chinese Certified Public Accountants, we are independent of the Company and have fulfilled other responsibilities of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management of the Company (hereafter, the management) is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control to ensure the financial statements are free from material misstatements, whether due to fraud or error.



During the preparation of the financial statements, the management is responsible for assessing the Company's going-concern capability, disclosing matters in relation to the going-concern status (if applicable), and applying the going-concern assumption, unless the management plans to liquidate the Company, terminates operation of the Company or has no other practical alternative choice.

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

IV. Auditor's Responsibility for the Audit of Financial Statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to frauds or errors, and issue an audit report with audit opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements may be caused by fraud or error. Misstatements are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users based on the financial statements.

During the performance of our audit in accordance with the auditing standards, we use professional judgment and maintain professional skepticism. We also perform the following procedures:

A. Identify and assess the risks of material misstatement of the financial statements due to fraud and error, design and implement audit procedures to address these risks, and obtain sufficient and appropriate audit evidence as a basis for forming the audit opinion. As fraud may involve collusion, forgery, intentional omission, misrepresentation or override of internal control, the risk of not discovering a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement resulting from a mistake.

B. Understand the internal controls related to auditing in order to design appropriate audit procedures. But the purpose is not to express an opinion on the effectiveness of internal controls.

C. Evaluate the appropriateness of accounting policies adopted by the management and the reasonableness of accounting estimates and relevant disclosures made by management.

D. Conclude on the appropriateness of management's application of the going concern assumption, and based on the audit evidence obtained, conclude whether there is material uncertainty about the Company's ability to continue as a going-concern. If we



conclude that there is a material uncertainty, auditing standards require us to bring the relevant disclosures in the financial statements to the attention of statement users in our audit reports. If the disclosure is inadequate, we shall express a qualified opinion. Our conclusion is based on information available as of the date of the audit report. However, future events or circumstances may cause the Company not being able to continue as a going-concern.

E. Evaluate the overall presentation, structure and content of financial statements and evaluate whether the financial statements present fairly the relevant transactions and events.

F. Obtain sufficient and appropriate audit evidence regarding to the Company's financial information of the entities or business activities in order to express audit opinion on the financial statements. We are responsible for the guidance, supervision and execution of the group audit, and take full responsibility for the audit opinion.

We communicate with those charged with governance on the scope and time schedule of the audit, and significant audit findings, etc., including deficiency of internal control that we identified during the audit which we identify during our audit.

Xin Lian Yi Certified Public Accountants
(Limited Liability Partnership)

Jinan, China

Chinese CPA:

Chinese CPA:

26 March 2025

Consolidated Statement of Financial Position

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Closing Balance	Opening Balance
Current assets:			
Cash and cash equivalents	VII. 1	22,711,014,926.75	16,670,332,297.95
Financial assets held for trading	VII. 2	5,867,452,190.13	4,119,338,436.14
Derivative financial assets			
Notes receivable	VII. 3	165,957,904.45	198,763,823.24
Accounts receivable	VII. 4	4,557,910,749.80	3,086,216,776.61
Financing receivables			
Prepayments	VII. 5	2,135,142,034.18	5,070,668,991.67
Other receivables	VII. 6	8,278,514,977.10	4,235,739,870.27
Inventories	VII. 7	4,613,400,696.22	6,955,321,107.93
Contract assets	VII. 8	1,953,268,005.02	1,694,413,255.53
Assets held for sale			
Non-current assets due within one year	VII. 9	8,737,014,274.08	4,997,032,601.92
Other current assets	VII. 10	19,104,717,999.75	9,199,180,332.80
Total current assets		78,124,393,757.48	56,227,007,494.06
Non-current assets:			
Loans Granted and Advances	VII. 11	2,229,351,862.59	
Debt investments	VII. 12	5,773,212,267.73	5,462,598,797.56
Other debt investments	VII. 13	586,949,847.20	653,691,461.40
Long-term receivables	VII. 14	171,450,404,357.66	181,131,153,206.32
Long-term equity investments	VII. 15	22,514,977,120.57	19,922,978,170.63
Other equity instrument investments	VII. 16	30,248,784,940.09	30,998,984,759.84
Other non-current financial assets	VII. 17	27,545,315,230.41	26,220,753,621.63
Investment properties	VII. 18	2,438,307,874.09	371,791,446.53
Fixed assets	VII. 19	1,269,726,425.75	555,868,351.70
Construction in progress	VII. 20	628,348,816.56	842,825,089.45
Right-of-use assets	VII. 21	3,248,379.61	5,292,405.94
Intangible assets	VII. 22	4,923,399,457.37	5,073,903,819.44
Development costs	VII. 23	26,788,380.81	28,942,225.57
Goodwill	VII. 24	304,179,134.47	22,071,928.20
Long-term deferred expenses	VII. 25	6,244,085.47	17,448,626.16
Deferred tax assets	VII. 26	363,738,737.19	42,021,709.81
Other non-current assets	VII. 27	4,392,144,875.98	65,936,615.82
Total non-current assets		**274,705,121,793.55**	**271,416,262,236.00**
Total assets		**352,829,515,551.03**	**327,643,269,730.06**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

(Continued from the previous page)

Consolidated Statement of Financial Position (Continued)

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans	VII. 28	27,542,518,281.79	13,656,118,909.94
Financial liabilities held for trading			
Derivative financial liabilitie			
Notes payable	VII. 29	902,904,561.88	229,379,029.61
Accounts payable	VII. 30	1,657,354,767.02	1,639,156,180.60
Advance payments	VII. 31	388,037,805.17	457,492,513.53
Contract liabilities	VII. 32	549,710,008.89	592,473,060.58
Employee benefits payable	VII. 33	270,038,315.73	167,271,072.16
Tax and surcharge payable	VII. 34	595,899,075.59	551,011,558.92
Other payables	VII. 35	2,558,983,399.85	1,579,959,957.63
Liabilities held for sale			
Non-current liabilities due within one year	VII. 36	1,012,505.18	1,465,747.22
Other current liabilities	VII. 37	47,833,941.39	53,455,677.91
Total current liabilities		**34,514,292,662.49**	**18,927,783,708.10**
Non-current liabilities:			
Long-term loans	VII. 38	160,902,124,844.42	168,944,242,249.07
Bonds payable	VII. 39	41,586,651,628.20	35,533,445,561.96
Including: Preference shares			
Perpetual bonds			
Lease liabilities	VII. 40	2,038,225.94	3,731,151.19
Long-term payables	VII. 41	90,130,000.00	158,640,000.00
Long-term employee benefits payable			
Projected liabilities			
Deferred income	VII. 42	6,000,000.00	4,750,000.00
Deferred tax liabilities	VII. 26	333,647,081.01	394,365,637.32
Other non-current liabilities	VII. 43	1,636,866,364.65	1,535,033,579.74
Total non-current liabilities		**204,557,458,144.22**	**206,574,208,179.28**
Total liabilities		**239,071,750,806.71**	**225,501,991,887.38**
Shareholders' equity			
Share capital	VII. 44	30,000,000,000.00	10,000,000,000.00
Other equity instruments			
Capital reserve	VII. 45	69,822,929,056.67	82,039,617,799.35
Less: Treasury shares			
Other comprehensive income		-1,046,930,862.63	-1,052,144,322.66
Special reserves			
Surplus reserve	VII. 46	309,894,516.36	309,894,516.36
General risk reserve	VII. 47	134,786,737.79	58,742,723.24
Undistributed profits	VII. 48	5,995,884,106.75	5,216,760,384.04
Total owners' equity attributable to the parent		105,216,563,554.94	96,572,871,100.33
Non-controlling interests		8,541,201,189.38	5,568,406,742.35
Total shareholders' equity		**113,757,764,744.32**	**102,141,277,842.68**
Total liabilities and shareholders' equity		**352,829,515,551.03**	**327,643,269,730.06**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting** **Head of Accounting Department:**

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Current Year	Prior Year
I. Total operating revenue		**10,437,957,777.00**	**8,383,346,183.42**
Including: Operating revenue	VII. 49	10,275,754,431.93	8,383,346,183.42
Interest Income	VII. 50	148,108,390.34	
Fee and Commission Income	VII. 51	14,094,954.73	
II. Total operating costs		**9,832,084,821.03**	**8,129,370,368.61**
Including: Operating costs	VII. 49	7,179,642,733.54	5,903,179,448.72
Interest Expense	VII. 50	2,605,304.17	
Fee and Commission Expenses	VII. 51	81,303.15	
Taxes and surcharges	VII. 52	116,285,679.41	71,464,956.98
Selling expenses	VII. 53	39,321,357.47	38,943,209.76
Administrative expenses	VII. 54	723,904,929.12	604,848,531.96
Research and development expenses	VII. 55	7,927,901.95	30,166,698.68
Financial expenses	VII. 56	1,762,315,612.22	1,480,767,522.51
Including: Interest expenses		2,381,145,379.87	1,885,732,586.80
Interest income		629,956,993.25	416,762,948.94
Add: Other income	VII. 57	63,187,339.74	102,151,816.43
Investment income (losses expressed with "-")	VII. 58	2,484,935,301.73	2,203,771,496.78
Exchange gains (losses expressed with "-")			
Gains from changes in fair value (losses expressed with "-")	VII. 59	44,299,649.86	304,363,275.89
Credit impairment losses (lossed expressed with "-")	VII. 60	-170,704,671.31	-198,159,698.87
Assets impairment losses (losses expressed with "-")			
Gains on disposal of assets (losses expressed with "-")	VII. 61	-67,698.42	220,710.20
III. Operating profit (loss expressed with "-")		**3,027,522,877.57**	**2,666,323,415.24**
Add: Non-operating income	VII. 62	31,114,540.63	14,100,551.48
Less: Non-operating expenses	VII. 63	7,751,131.71	2,954,015.92
IV. Total profit (loss expressed with "-")		**3,050,886,286.49**	**2,677,469,950.80**
Less: Income tax expenses	VII. 64	817,300,151.34	652,493,131.36
V. Net profit (net loss expressed with "-")		**2,233,586,135.15**	**2,024,976,819.44**
A. Classified according to operation continuity			
Net profit from continuing operations		2,233,586,135.15	2,024,976,819.44
Net profit from discontinued operations			
B. Attributable to			
Owners of the Company		1,932,982,868.54	1,764,366,142.16
Non-controlling interests		300,603,266.61	260,610,677.28
VI. Other comprehensive income, net of income tax		**5,233,209.63**	**-126,406,380.61**
Attributable to shareholders of the parent		**5,233,209.63**	**-126,406,380.61**
A. Items that will not be reclassified to profit or loss		**4,165,039.65**	**-126,956,146.98**
1. Equity instrument designated at fair value through other comprehensive income - Changes in fair value	VII. 65	4,165,039.65	-126,956,146.98
B. Items that may be reclassified subsequently to profit or loss		**1,068,169.98**	**549,766.37**
1. Other comprehensive income can be transferred to profit or loss under the equity method	VII. 65	-5,249.90	
2. Exchange differences on translation of foreign currency financial statements	VII. 65	1,073,419.88	549,766.37
Attributable to non-controlling interests			
VII. Total comprehensive income		**2,238,819,344.78**	**1,898,570,438.83**
Attributable to owners of the Company		**1,938,216,078.17**	**1,637,959,761.55**
Attributable to non-controlling interests		**300,603,266.61**	**260,610,677.28**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		13,140,248,898.58	9,032,942,889.44
Cash received for interest, fees and commissions		147,669,656.05	
Refunds of taxes and surcharges		14,916,097.66	46,441,796.30
Cash received relating to other operating activities	VII. 66	40,695,866,950.90	34,029,638,012.65
Sub-total of cash inflows from operating activities		**53,998,701,603.19**	**43,109,022,698.39**
Cash paid for goods and services		12,702,875,363.55	8,470,255,753.90
Net increase in loans and advances to customers		773,672,866.06	
Cash paid for interest, fees and commissions		15,539.37	
Cash paid to and on behalf of employees		500,078,392.28	427,923,473.99
Cash paid for taxes and surcharges		1,386,055,607.50	796,292,902.64
Cash paid relating to other operating activities	VII. 66	26,362,461,540.81	23,865,101,729.74
Sub-total of cash outflows from operating activities		**41,725,159,309.57**	**33,559,573,860.27**
Net cash flows from operating activities		**12,273,542,293.62**	**9,549,448,838.12**
II. Cash flows from investing activities:			
Cash received from disposal of investments		62,296,527,374.37	15,489,526,362.93
Cash received from investment income		2,214,164,378.15	1,972,538,048.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		61,550,683.74	23,946,519.24
Net proceeds from disposal of subsidiaries and other business units			13,035,815.05
Cash received relating to other investing activities	VII. 66	1,488,428,380.11	71,910,498.14
Sub-total of cash inflows from investing activities		**66,060,670,816.37**	**17,570,957,243.83**
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		861,464,888.79	1,783,449,154.34
Cash paid for acquisition of investments		80,795,358,011.18	23,859,553,070.90
Cash paid for obtaining subsidiaries and other business units		88,292,436.35	-224,313,772.78
Cash paid relating to other investing activities	VII. 66	1,067,913,650.73	5,009,176,056.30
Sub-total of cash outflows from investing activities		**82,813,028,987.05**	**30,427,864,508.76**
Net cash flows from investing activities		**-16,752,358,170.68**	**-12,856,907,264.93**
III. Cash flows from financing activities:			
Cash received from capital contributions		7,049,070,837.59	13,506,700,000.00
Cash received from borrowings		53,566,137,900.87	35,594,861,843.05
Proceeds from issue of debt securities		14,109,705,550.41	12,569,204,600.00
Cash received relating to other financing activities	VII. 66	300,247,313.89	
Sub-total of cash inflows from financing activities		**75,025,161,602.76**	**61,670,766,443.05**
Cash repayments of borrowings		54,351,315,640.73	40,554,307,326.89
Cash payments for distribution of dividends, profits, or for interest expenses		9,677,228,066.34	9,536,128,684.33
Cash paid relating to other financing activities	VII. 66	744,142,277.47	453,019,691.14
Sub-total of cash outflows from financing activities		**64,772,685,984.54**	**50,543,455,702.36**
Net cash flows from financing activities		**10,252,475,618.22**	**11,127,310,740.69**
IV. Effect of foreign exchange rate changes on cash and cash equivalents		10,490,773.68	-7,678,081.47
V. Net increase/ (decrease) in cash and cash equivalents		5,784,150,514.84	7,812,174,232.41
Add: Opening balance of cash and cash equivalents		11,492,676,018.24	3,680,501,785.83
VI. Closing balance of cash and cash equivalents		**17,276,826,533.08**	**11,492,676,018.24**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: 梁雷田 3701037685400 **The person in charge of accounting:** 周苹 **Head of Accounting Department:** 梁华印秀

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co, Ltd

Currency: RMB

Items	Current Year												
	Shareholders' equity attributable to the parent												
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
		Preference shares	Perpetual debts	Others										
I. Closing balance of prior year	10,000,000,000.00				82,039,617,799.35		-1,052,144,322.66		309,894,516.36	58,742,723.24	5,216,760,384.04	96,572,871,100.33	5,568,406,742.35	102,141,277,842.68
Add: changes in accounting policies														
Corrections of prior period errors														
Others														
II. Opening balance of current year	10,000,000,000.00				82,039,617,799.35		-1,052,144,322.66		309,894,516.36	58,742,723.24	5,216,760,384.04	96,572,871,100.33	5,568,406,742.35	102,141,277,842.68
III. Changes in current year (decrease expressed with "-")	20,000,000,000.00				-12,216,688,742.68		5,233,460.03			76,044,014.55	779,123,722.71	8,643,692,454.61	2,972,794,447.03	11,616,486,901.64
(I) Total comprehensive income for the year							5,233,209.63				1,932,982,868.54	1,938,216,078.17	300,603,266.61	2,238,819,344.78
(II) Contributions by and distributions to owners					7,198,000,000.00							7,198,000,000.00	3,027,564,154.16	10,225,564,154.16
1. Capital contributions from owners					7,198,000,000.00							7,198,000,000.00	3,027,564,154.16	10,225,564,154.16
2. Capital contributions from other equity instruments holders														
3. Share-based payments recognized in shareholders' equity														
4. Others														
(III) Profit distribution										76,044,014.55	-777,859,314.55	-701,775,300.00	-172,634,665.14	-874,409,965.14
1. Appropriation to surplus reserve														
2. Appropriation to general risk reserve										76,044,014.55	-76,044,014.55			
3. Distributions to shareholders											-701,775,300.00	-701,775,300.00	-172,634,665.14	-874,409,965.14
4. Others														
(IV) Internal transfer of shareholders' equity	20,000,000,000.00				-19,400,000,000.00						-600,000,000.00			
1. Capitalization of capital reserve	19,400,000,000.00				-19,400,000,000.00									
2. Capitalization of surplus reserve														
3. Making up losses from surplus reserve														
4. Transfer of changes in defined benefit plans to retained earnings														
5. Transfer of other comprehensive income to retained earnings														
6. Others	600,000,000.00										-600,000,000.00			
(V) Special reserves														
1. Extraction during the year														
2. Utilisation during the year														
(VI) Others					-14,688,742.68		-19,749.60				223,960,168.72	209,251,676.44	-182,738,308.60	26,513,367.84
IV. Closing balance of current year	30,000,000,000.00				69,822,929,056.67		-1,046,910,862.63		309,894,516.36	134,786,737.79	5,995,884,106.75	105,216,563,554.94	8,541,281,189.38	113,757,764,744.32

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative:

The person in charge of accounting:

Head of Accounting Department:

Consolidated Statement of Changes in Equity (Continued)

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd

Currency: RMB

Items	Prior Year												
	Shareholders' equity attributable to the parent											Non-controlling interests	Total shareholders' equity
	Share capital	Other equity instruments: Preference shares	Other equity instruments: Perpetual debts	Other equity instruments: Others	Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	General risk reserve	Retained earnings	Sub-total	
I. Closing balance of prior year	10,000,000,000.00				66,606,961,873.36		-913,286,278.50		259,737,701.35	3,501,519.59	3,981,244,058.79	79,938,158,874.59	4,425,341,592.55	84,363,500,467.14
Add: changes in accounting policies													
Corrections of prior period errors													
Others													
II. Opening balance of current year	10,000,000,000.00				66,606,961,873.36		-913,286,278.50		259,737,701.35	3,501,519.59	3,981,244,058.79	79,938,158,874.59	4,425,341,592.55	84,363,500,467.14
III. Changes in current year (decrease expressed with "-")					15,432,655,925.99		-138,858,046.16		50,156,815.01	55,241,203.65	1,235,516,325.25	16,634,712,225.74	1,143,065,149.80	17,777,777,375.54
(i) Total comprehensive income for the year							-126,406,380.61				1,764,366,142.16	1,637,959,761.55	260,610,677.28	1,898,570,438.83
(ii) Contributions by and distributions to owners					15,444,197,616.55							15,444,197,616.55	1,092,021,839.03	16,536,219,455.58
1. Capital contributions from owners					15,444,197,616.55							15,444,197,616.55	1,092,021,839.03	16,536,219,455.58
2. Capital contributions from other equity instruments holders														
3. Share-based payments recognized in shareholders' equity														
4. Others														
(iii) Profit distribution									45,558,148.33	55,241,203.65	-629,213,251.98	-528,413,900.00	-209,567,366.51	-737,981,266.51
1. Appropriation to surplus reserve									45,558,148.33		-45,558,148.33			
2. Appropriation to general risk reserve										55,241,203.65	-55,241,203.65			
3. Distributions to shareholders											-528,413,900.00	-528,413,900.00	-209,567,366.51	-737,981,266.51
4. Others														
(iv) Internal transfer of shareholders' equity							-12,451,663.55		1,245,166.36		11,206,497.19			
1. Capitalization of capital reserve														
2. Capitalization of surplus reserve														
3. Making up losses from surplus reserve														
4. Transfer of changes in defined benefit plans to retained earnings														
5. Transfer of other comprehensive income to retained earnings							-12,451,663.55		1,245,166.36		11,206,497.19			
6. Others														
(v) Special reserves														
1. Extraction during the year														
2. Utilisation during the year														
(vi) Others					-11,541,690.56				3,353,500.32		89,156,937.85	80,968,747.64		80,968,747.64
IV. Closing balance of current year	10,000,000,000.00				82,039,617,799.35		-1,052,144,372.66		309,894,516.36	58,742,723.24	5,216,760,384.04	96,572,871,100.33	5,568,406,741.35	102,141,277,841.68

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative:

The person in charge of accounting:

Head of Accounting Department:

Statement of Financial Position

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Closing Balance	Opening Balance
Current assets:			
Cash and cash equivalents		12,418,564,504.75	9,382,562,602.97
Financial assets held for trading		707,613,335.44	1,271,252,611.42
Derivative financial assets			
Notes receivable			
Accounts receivable			
Financing receivables			
Prepayments		900,710,203.36	2,986,419,090.36
Other receivables	XII. 2	20,554,768,103.38	13,905,403,511.08
Inventories			
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets		500,000,000.00	700,000,000.00
Total current assets		**35,081,656,146.93**	**28,245,637,815.83**
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	XII. 3	66,262,761,528.91	59,610,067,387.53
Other equity instrument investments		4,968,593,389.18	4,785,502,973.32
Other non-current financial assets		2,386,643,808.22	2,535,722,093.23
Investment properties		252,187,088.16	259,865,135.88
Fixed assets		42,514,087.03	43,432,654.27
Construction in progress		4,543,402.08	
Right-of-use assets			
Intangible assets		25,798,475.14	28,750,804.94
Development costs			
Goodwill			
Long-term deferred expenses			221,238.92
Other non-current assets		4,298,630,479.00	
Total non-current assets		**78,241,672,257.72**	**67,263,562,288.09**
Total assets		**113,323,328,404.65**	**95,509,200,103.92**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: 梁雷 3701037685400 **The person in charge of accounting:** 周苹 **Head of Accounting Department:** 梁华印秀

(Continued from the previous page)

Statement of Financial Position (Continued)

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Closing Balance	Opening Balance
Current liabilities:			
Short-term loans		20,016,000,000.00	9,797,000,000.00
Financial liabilities held for trading			
Derivative financial liabilitie			
Notes payable			
Accounts payable		165,487.66	
Advance payments			
Contract liabilities			
Employee benefits payable		79,600,100.87	45,000,000.00
Tax and surcharge payable		23,161,039.41	40,342,099.15
Other payables		1,916,449,823.83	3,358,088,487.76
Liabilities held for sale			
Non-current liabilities due within one year			
Other current liabilities			
Total current liabilities		**22,035,376,451.77**	**13,240,430,586.91**
Non-current liabilities:			
Long-term loans			
Bonds payable		26,538,675,799.61	24,142,584,878.97
Including: Preference shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Projected liabilities			
Deferred income			
Deferred tax liabilities		2,589,584.38	132,946,366.39
Other non-current liabilities			
Total non-current liabilities		**26,541,265,383.99**	**24,275,531,245.36**
Total liabilities		**48,576,641,835.76**	**37,515,961,832.27**
Shareholders' equity			
Share capital		30,000,000,000.00	10,000,000,000.00
Other equity instruments			
Capital reserve		35,578,309,107.28	47,780,309,107.28
Less: Treasury shares			
Other comprehensive income		-744,902,194.85	-749,061,984.60
Special reserves			
Surplus reserve		278,387,303.40	278,387,303.40
Undistributed profits		-365,107,646.94	683,603,845.57
Total shareholders' equity		**64,746,686,568.89**	**57,993,238,271.65**
Total liabilities and shareholders' equity		**113,323,328,404.65**	**95,509,200,103.92**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

Statement of Comprehensive Income

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Current Year	Prior Year
I. Operating revenue	XII. 4	**13,754,716.97**	**110,695,639.02**
Less:operating cost	XII. 4	15,974,206.98	21,902,616.33
Taxes and surcharges		11,625,782.58	16,175,410.50
Selling expenses			
Administrative expenses		152,155,753.65	127,177,779.70
Research and development expenses			
Financial expenses		73,872,254.69	257,542,345.06
Including: Interest expense		1,271,867,365.57	1,159,539,373.27
Interest income		1,199,397,397.97	903,999,986.90
Add: Other income		346,226.76	203,706.68
Investment income (losses expressed with "-")	XII. 5	883,700,601.61	965,597,053.17
Gains from changes in fair value (losses expressed with "-")		-484,234,833.87	-218,176,379.29
Credit impairment losses (lossed expressed with "-")			
Assets impairment losses (losses expressed with "-")			
Gains on disposal of assets (losses expressed with "-")			54,277.35
II. Operating profit (loss expressed with "-")		**159,938,713.57**	**435,576,145.34**
Add: Non-operating income		0.33	819.81
Less: Non-operating expenses		2,000,000.00	958,382.61
III. Total profit (loss expressed with "-")		**157,938,713.90**	**434,618,582.54**
Less: Income tax expenses		-95,125,093.59	-20,962,901.76
III. Total profit (loss expressed with "-")		**253,063,807.49**	**455,581,484.30**
Net profit from continuing operations		**253,063,807.49**	**455,581,484.30**
Net profit from discontinued operations			
V. Other comprehensive income, net of income tax		**4,159,789.75**	**-126,956,146.98**
A. Items that will not be reclassified subsequently to profit or loss		**4,165,039.65**	**-126,956,146.98**
1. Equity instrument designated at fair value through other comprehensive income - Changes in fair value		4,165,039.65	-126,956,146.98
B. Items that may be reclassified subsequently to profit or loss		**-5,249.90**	
1.Other comprehensive income that can be reclassified to profit or loss under the equity method		-5,249.90	
VI. Total comprehensive income		**257,223,597.24**	**328,625,337.32**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: 梁雷 3701037685400 **The person in charge of accounting:** 周苹 **Head of Accounting Department:** 梁华秀

Statement of Cash Flows

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd **Currency: RMB**

Items	Notes	Current Year	Prior Year
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services			
Refunds of taxes and surcharges			
Cash received relating to other operating activities		37,830,100,961.61	29,135,915,978.30
Sub-total of cash inflows from operating activities		**37,830,100,961.61**	**29,135,915,978.30**
Cash paid for goods and services			
Cash paid to and on behalf of employees		85,830,321.09	75,190,612.59
Cash paid for taxes and surcharges		119,402,499.86	128,351,232.95
Cash paid relating to other operating activities		44,835,204,187.03	31,399,189,256.84
Sub-total of cash outflows from operating activities		**45,040,437,007.98**	**31,602,731,102.38**
Net cash flows from operating activities		**-7,210,336,046.37**	**-2,466,815,124.08**
II. Cash flows from investing activities:			
Cash received from disposal of investments		773,116,565.88	4,871,657,170.48
Cash received from investment income		903,202,302.74	1,089,695,263.64
Net cash received from disposal of fixed assets, intangible assets and other long-term assets			82,400.00
Cash received relating to other investing activities		1,167,194.22	72,450,096.92
Sub-total of cash inflows from investing activities		**1,677,486,062.84**	**6,033,884,931.04**
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets		610,889.64	
Cash paid for acquisition of investments		7,855,520,322.41	12,909,730,801.21
Cash paid relating to other investing activities			5,000,000,000.00
Sub-total of cash outflows from investing activities		**7,856,131,212.05**	**17,909,730,801.21**
Net cash flows from investing activities		**-6,178,645,149.21**	**-11,875,845,870.17**
III. Cash flows from financing activities:			
Cash received from capital contributions		5,748,000,000.00	11,220,000,000.00
Cash received from borrowings		38,674,974,778.96	22,581,601,353.00
Proceeds from issue of debt securities		9,893,255,550.41	8,098,650,000.00
Cash received relating to other financing activities			
Sub-total of cash inflows from financing activities		**54,316,230,329.37**	**41,900,251,353.00**
Cash repayments of borrowings		35,948,550,903.96	23,314,601,353.00
Cash payments for distribution of dividends, profits, or for interest expenses		1,924,809,128.05	1,582,825,715.92
Cash paid relating to other financing activities		17,887,200.00	15,120,000.00
Sub-total of cash outflows from financing activities		**37,891,247,232.01**	**24,912,547,068.92**
Net cash flows from financing activities		**16,424,983,097.36**	**16,987,704,284.08**
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase/ (decrease) in cash and cash equivalents		3,036,001,901.78	2,645,043,289.83
Add: Opening balance of cash and cash equivalents		4,382,562,602.97	1,737,519,313.14
VI. Closing balance of cash and cash equivalents		**7,418,564,504.75**	**4,382,562,602.97**

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: **The person in charge of accounting:** **Head of Accounting Department:**

Statement of Changes in Equity

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd.

Currency: RMB

Items	Current Year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owner's equity
		Preference shares	Perpetual debts	Others							
I. Closing balance of prior year	10,000,000,000.00				47,780,309,107.28		-749,051,984.60		278,387,303.40	683,603,845.57	57,993,238,271.65
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of current year	10,000,000,000.00				47,780,309,107.28		-749,051,984.60		278,387,303.40	683,603,845.57	57,993,238,271.65
III. Changes in current year (decrease expressed with "-")	20,000,000,000.00				-12,202,000,000.00		4,159,789.75			-1,048,711,492.51	6,753,448,297.24
(i) Total comprehensive income for the year							4,159,789.75			253,083,807.49	257,223,597.24
(ii) Contributions by and distributions to owners					7,198,000,000.00						7,198,000,000.00
1. Capital contributions from owners					7,198,000,000.00						7,198,000,000.00
2. Capital contributions from other equity instruments holders											
3. Share-based payments recognized in shareholders' equity											
4. Others											
(iii) Profit distribution										-701,775,300.00	-701,775,300.00
1. Appropriation to surplus reserve											
2. Appropriation to general risk reserve											
3. Distributions to shareholders										-701,775,300.00	-701,775,300.00
4. Others											
(iv) Internal transfer of shareholders' equity	20,000,000,000.00				-19,400,000,000.00					-600,000,000.00	
1. Capitalization of capital reserve	19,400,000,000.00				-19,400,000,000.00						
2. Capitalization of surplus reserve											
3. Making up losses from surplus reserve											
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings											
6. Others	600,000,000.00									-600,000,000.00	
(v) Special reserves											
1. Extraction during the year											
2. Utilisation during the year											
(vi) Others											
IV. Closing balance of current year	30,000,000,000.00				35,578,309,107.28		-744,892,194.85		278,387,303.40	-385,107,646.94	64,746,686,568.89

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative:

The person in charge of accounting:

Head of Accounting Department:

Statement of Changes in Equity (Continued)

For the year ended 31 December 2024

Prepared by: Shandong Finance Investment Group Co. Ltd

Currency: RMB

Items	Prior Year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owner's equity
		Preference shares	Perpetual debts	Others							
I. Closing balance of prior year	10,000,000,000.00				32,306,111,490.73		-924,731,553.60		259,737,701.35	1,044,171,326.16	42,685,288,964.64
Add: changes in accounting policies											
Corrections of prior period errors											
Others											
II. Opening balance of current year	10,000,000,000.00				32,306,111,490.73		-924,731,553.60		259,737,701.35	1,044,171,326.16	42,685,288,964.64
III. Changes in current year (decrease expressed with "-")					15,474,197,616.55		175,669,569.00		18,649,602.05	-360,567,480.59	15,307,949,307.01
(i) Total comprehensive income for the year							-126,956,146.98			455,581,484.30	328,625,337.32
(ii) Contributions by and distributions to owners					15,444,197,616.55						15,444,197,616.55
1. Capital contributions from owners					15,444,197,616.55						15,444,197,616.55
2. Capital contributions from other equity instruments holders											
3. Share-based payments recognized in shareholders' equity											
4. Others											
(iii) Profit distribution									45,558,148.33	-573,972,048.33	-528,413,900.00
1. Appropriation to surplus reserve									45,558,148.33	-45,558,148.33	
2. Appropriation to general risk reserve											
3. Distributions to shareholders										-528,413,900.00	-528,413,900.00
4. Others											
(iv) Internal transfer of shareholders' equity							302,620,466.08		-30,262,046.60	-272,358,419.48	
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Making up losses from surplus reserve											
4. Transfer of changes in defined benefit plans to retained earnings											
5. Transfer of other comprehensive income to retained earnings							302,620,466.08		-30,262,046.60	-272,358,419.48	
6. Others											
(v) Special reserves											
1. Extraction during the year											
2. Utilisation during the year											
(vi) Others					30,000,000.00		5,249.90		3,353,500.32	30,181,502.92	63,540,253.14
IV. Closing balance of current year	10,000,000,000.00				47,780,309,107.28		-749,061,984.60		278,387,303.40	683,603,845.57	57,993,238,271.65

(Notes to Financial Statements are an integral part of these financial statements.)

Legal Representative: 梁雷

The person in charge of accounting: 周苹

Head of Accounting Department: 梁印秀

Shandong Finance Investment Group Co.Ltd
Notes to the Consolidated Financial Statements
For the year ended 31 December 2024
(All amounts in RMB unless otherwise stated)

I. Company's Information

Shandong Finance Investment Company Co. Ltd (the "Company") was formerly known as Shandong Economic Development and Investment Company, which was established by Shandong Provincial Department of Finance on 10 April 1992. It is a public institution and implements enterprise management.

On 2 September 2015, Shandong Province Government issued Reply to the Plan for the Transformation Shandong Economic Development and Investment Company into An Enterprise (Lu Zheng Zi [2015] No.189), which approved the contents of Plan of Transforming Shandong Economic Development and Investment Company into An Enterprise.Thereby on 26 December 2016, the Company obtained the business license after the transform.

The general information of the Company is as follows:

The unified social credit code of the Company is 91370000495571787K.

The registered address of the Company is No 1851, Shan Zuo Road, Lixia District, Jinan City, Shandong Province.

The legal representative of the Company is Liang Lei.

The organization form of the Company is limited liability company (state owned).

The registered capital of the Company is 30 billion RMB.

The principle activities of the Company are to invest, operate, manage and consult; entrusted to manage provincial equity guiding funds and other financial funds; equity investment; real estate development and sales; and the property management. (Business activities of projects subject to approval according to law can only be carried out after approval by relevant departments.)

The final controlling party of the Company is Shandong Provincial Department of Finance.

II. Basis of Preparation of Financial Statements

1. Basis of Preparation of Financial Statements

The Company's financial statements are based on the basis of going concern assumption, according to the

actual transactions and matters occurred, and according to the Accounting Standards for Business Enterprises - Basic Standards issued by the Ministry of Finance (promulgated by Decree No. 33 of the Ministry of Finance and amended by Decree No. 76 of the Ministry of Finance), 42 specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other relevant provisions issued and revised on or after 15 February 2006 (hereinafter collectively referred to as "Accounting Standards for Business Enterprises").

In accordance with the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are measured on a historical cost basis. If the asset is impaired, the corresponding impairment provision shall be made in accordance with the relevant provisions.

2. Going concern basis

These financial statements are presented on going concern basis. The Company has evaluated its going concern for 12 months going forward starting from 31 December 2024, and there is no factor that may cast significant doubt on the entity's ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

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

The financial statements have been prepared in compliance with the Accounting Standards for Business Enterprises to truly and completely present the Company's (and the parent company's) financial position as at 31 December 2024 and the Company's (and the parent company's) operating results and cash flows for the year ended 31 December 2024.

IV. Significant accounting policies and accounting estimates

1. Accounting period

The accounting period is divided into year and interim, which is the reporting period shorter than a full fiscal year. The fiscal year of the Company adopts the Gregorian calendar year, that is, from 1 January to 31 December of each year.

2. Business cycle

Normal business cycle refers to the period from the time the Company purchases the assets used 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 criterion of assets and liabilities.

3. Functional Currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries operate. The Company and domestic subsidiaries use Renminbi ("RMB") as their functional currency. The currency used by the Company to prepare this financial statement is RMB.

4. Accounting treatments for business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

4.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

For a business combination under the same control, the party acquiring control over the other enterprises participating in the merger on the merger date shall be the acquirer, and the other enterprises participating in the merger shall be the acquiree. The acquisition date refers to the date on which the acquirer actually obtains the control right of the incorporated party.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

4.2 Business combination not under common control

The transaction costs of equity securities or debt securities issued by the purchaser as consideration for the merger are included in the initial recognition amount of equity securities or debt securities. The contingent consideration involved is included in the cost of the consolidation at its fair value at the date of acquisition,

and the consolidated goodwill shall be adjusted accordingly if new or further evidence of circumstances existing at the date of acquisition arises within 12 months after the date of acquisition and the contingent consideration needs to be adjusted. The costs incurred by the purchaser in the merger and the identifiable net assets acquired in the merger are measured at fair value at the date of acquisition. The difference between the cost of the merger and the fair value share of the acquiree's identifiable net assets acquired in the merger at the date of acquisition shall be recognized as goodwill. If the cost of the merger is less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree obtained and the measurement of the cost of the merger shall be reviewed first, and if the cost of the merger is still less than the fair value share of the identifiable net assets of the acquiree obtained in the merger, the difference shall be included in the profit or loss for the current period.

If the purchaser obtains the deductible temporary difference of the acquiree and does not recognize it on the date of acquisition because it does not meet the conditions for recognition of deferred tax assets, within 12 months after the date of purchase, if new or further information is obtained to show that the relevant circumstances on the date of purchase already exist, and it is expected that the economic benefits brought by the deductible temporary difference of the acquiree on the date of purchase can be realized, the relevant deferred tax assets shall be recognized, and the goodwill shall be reduced, and if the goodwill is insufficient to be offset, the difference shall be recognized as profit or loss for the current period. In addition to the above, deferred tax assets related to business combinations are recognized in profit or loss for the current period.

In the case of a business combination that is not under common control through multiple transactions, the initial investment cost of the investment is the sum of the carrying amount of the equity investment of the acquiree held before the acquisition date and the cost of the new investment on the acquisition date in the individual financial statements; if the equity interests of the acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to the investment shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree at the disposal of the investment (i.e., except for the corresponding share of the change in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree in accordance with the equity method, the rest shall be transferred to the current investment income).

In the consolidated financial statements, the equity of the acquiree held before the acquisition date is remeasured according to the fair value of the equity at the acquisition date, and the difference between the fair value and its carrying amount is included in the current investment income; if the equity interests of the

acquiree held before the acquisition date involve other comprehensive income, the other comprehensive income related to it shall be accounted for on the same basis as the acquiree's direct disposal of the relevant assets or liabilities (i.e., except for the corresponding share of the change in the net liabilities or net assets of the defined benefit plan remeasured by the acquiree according to the equity method, the rest shall be converted to investment income for the current period to which the acquisition date belongs).

5. Preparation Method of Consolidated Financial Statements

5.1 Principles for determining the scope of the consolidated financial statements

The scope of consolidated financial statements shall be confirmed based on the control. Control right means that an investor may control an investee; the investor may participate in relevant activities of the investee to obtain variable rewards and also be able to use the control rights for the investee to influence its amount of returns. The scope includes the Company and all of its subsidiaries. Subsidiary, refers to the subject controlled by the Company.

The Company will re-evaluate, if the change of the relevant facts and circumstances leading to the change of the relevant elements involved in the above definition of control.

5.2 Preparation method of consolidated financial statements

From the date of obtaining the net assets of the subsidiary and the actual control of the production and operation decisions, the Company began to include it in the scope of consolidation; From the date of loss of effective control, it shall cease to be included in the scope of consolidation. For disposed subsidiaries, the operating results and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows; the opening number of the consolidated balance sheet is not adjusted for the subsidiaries disposed of in the current period. The operating results and cash flows of subsidiaries not added by business combination under common control after the purchase date have been appropriately included in the consolidated income statement and consolidated cash flow statement, and the opening and comparative figures of the consolidated financial statements have not been adjusted. The operating results and cash flows of subsidiaries added by the business combination under the same control from the beginning of the current period to the date of consolidation shall be appropriately included in the consolidated income statement and the consolidated cash flow statement, and the comparative figures of the consolidated financial statements shall be adjusted at the same time.

In the event that the accounting policies or accounting periods adopted by the Company are inconsistent with those adopted by the Company in the preparation of the consolidated financial statements, necessary

adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies and accounting periods of the Company. For subsidiaries acquired by business combination not under common control, the financial statements are adjusted on the basis of the fair value of identifiable net assets at the date of acquisition.

All significant balances, transactions and unrealized profits within the Company are offset at the time of preparation of the consolidated financial statements.

The shareholders' equity and the net profit or loss of the subsidiaries that are not owned by the Company for the period are presented separately as minority interests and minority shareholders' gains and losses under the consolidated financial statements. The share of the subsidiary's net profit or loss for the current period belonging to minority shareholders' interests is shown as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement. The minority shareholder's share of the subsidiary's losses exceeded the minority shareholder's share of the subsidiary's opening shareholders' equity, and the minority shareholder's equity was still reduced.

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 will be remeasured according to its fair value on the date of loss of control. The difference between the consideration obtained from the disposal of the equity and the fair value of the remaining equity less the share of the net assets of the original subsidiary that should be continuously calculated from the date of acquisition based on the proportion of the original shareholding shall be included in the investment income for the period of loss of control. Other comprehensive income related to the equity investment of the original subsidiary shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the acquiree upon loss of control (i.e., except for the changes caused by the re-measurement of the net liabilities or net assets of the defined benefit plan in the original subsidiary, the rest shall be converted into investment income for the current period). Subsequently, the remaining equity of this part shall be subsequently measured in accordance with the relevant provisions of Accounting Standard for Business Enterprises No. 2 - Long-term Equity Investment or Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, as detailed in Note IV. 13 "Long-term Equity Investment" or Note IV. 9 "Financial Instruments".

If the Company disposes of its equity investment in a subsidiary in a step-by-step manner through multiple transactions until it loses control, it is necessary to distinguish whether the transactions in which the disposal of the equity investment in the subsidiary until the loss of control is a package transaction. The terms,

conditions and economic impact of each transaction to dispose of an equity investment in a subsidiary that meet one or more of the following conditions generally indicate that multiple transactions should be accounted for as a package transaction: ①these transactions were entered into at the same time or with consideration to each other's influences; ②these transactions as a whole can lead to a complete commercial outcome; ③the occurrence of one transaction depends on the occurrence of at least one other transaction; ④A transaction is uneconomical in isolation, but it is economical when considered in conjunction with other transactions. If it is not a package transaction, each of these transactions shall be accounted for in accordance with the principles applicable to "partial disposal of long-term equity investment in a subsidiary without loss of control" and "loss of control of the original subsidiary due to disposal of part of the equity investment or other reasons" (see the previous paragraph for details). If the disposal of the equity investment in the subsidiary until the loss of control is a package transaction, the transaction shall be accounted for as a transaction in which the subsidiary is disposed of and the control is lost; however, the difference between the disposal price before the loss of control and the share of the subsidiary's net assets corresponding to the disposal investment is recognized as other comprehensive income in the consolidated financial statements, and is transferred to the profit or loss for the period of loss of control when the control is lost.

6. Joint Arrangement Classification and Joint Operation Accounting

A joint arrangement is an arrangement of which two or more parties have joint control. Based on the rights and obligations of the joint parties in the joint arrangement, joint arrangements include joint operation and joint ventures. Joint operation refers to a joint arrangement where the joint venture is entitled to assets related to this arrangement and bear liabilities related to this arrangement. Joint ventures mean that joint venture parties are merely entitled to joint venture arrangements of net assets of such arrangements.

The Company's investment in any joint venture is accounted by the equity method. See the details in Note (IV) "13.3.2 Long-term equity investment accounted under the equity method".

The Company confirms its assets held separately according to the arrangement of joint operation and those held jointly in proportion to the Company's share; confirms its liabilities held separately and those held jointly in proportion to the Company's share ; confirms its revenue from the sale of its share of the output arising from the joint operation; confirms its share of the revenue from the sale of the output by the joint operation; confirms the expenses incurred by the Company alone and the expenses incurred by the joint operation corresponding to the share of the Company therein.

When the Company invests or sells assets as the joint venture (the assets do not constitute business, the same

below) or purchases assets from the joint venture, the Company recognizes only that the gains and losses arising from the joint operation are sold to a third party. For the impairment loss in accordance with the Accounting Standards for Business Enterprises No.8 - Asset Impairment, the Company shall recognize the loss; for the purchase of the Company, the Company shall recognize the loss according to the share borne.

7. Recognition Criteria of Cash and Cash Equivalents

The Company's cash and cash equivalents include cash on hand, deposits that can be readily withdrawn on demand and investments held by the Company with a short term (generally due within three months from the purchase date), with strong liquidity, easy to convert into a known amount of cash, and little risk of change in value.

8. Foreign currency transactions and conversion of foreign currency statements

8.1 Translation method of foreign currency transactions

A foreign currency transaction is recorded, on initial recognition, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction. However, the foreign currency exchange business or the transactions involving foreign currency exchange shall be converted into the accounting standard currency amount according to the actual exchange rate adopted.

8.2 Translation method for foreign monetary currency items and foreign currency non-monetary items

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for

Foreign currency non-monetary items measured at historical cost are converted to the amounts in functional currency at the spot exchange rates on the dates of the transactions. Foreign currency non-monetary items measured at fair value are re-converted at the spot exchange rate on the date the fair value is determined. Difference between the re-converted functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

8.3 Conversion of financial statements denominated in foreign currency

Financial statements of a foreign operation are converted from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate

prevailing at the balance sheet date; shareholders' equity items are converted at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions. The undistributed profit at the end of the previous year shall be the undistributed profit at the end of the previous year; the undistributed profit at the end of the financial year shall be calculated and listed according to the profit distributed after conversion; the difference between the converted assets and the aggregate of liabilities and shareholders' equity items is recognized into other comprehensive income and shareholders' equity. When disposing the overseas operation and losing the control over a foreign operation, the difference in the conversion of the foreign currency statement related to the shareholders' equity items in the balance sheet shall be transferred to the current profit and loss in all or in proportion to the disposal of the overseas operation.

The foreign currency cash flows adopt the exchange rate at the spot rate at the date of cash flows for conversion. The affected amount of cash and cash equivalents due to the change of exchange rate, as an adjustment item, shall be separately listed in the cash flow statement.

On disposal of the Company's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Company transfers the accumulated exchange differences arising on conversion of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under shareholders' equity, to profit or loss in the period in which the disposal occurs.

9. Financial Instruments

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

9.1 Classification, recognition and measurement of financial assets

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, the Company divides financial assets into: financial assets measured at amortized cost; financial assets at fair value through other comprehensive income; Financial assets at fair value through profit or loss.

Financial assets are measured at fair vale at the time of initial recognition. For financial assets measured at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for

other types of financial assets, the relevant transaction fees are included in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of products or the provision of services, which do not include or do not consider material financing components, the amount of consideration that the Company is expected to be entitled to receive shall be the initial recognition amount.

①Financial assets measured at amortized cost

The Company's business model for managing financial assets measured at amortized cost is to collect contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic borrowing arrangement, i.e., the cash flows generated on a specific date are only payments of principal and interest on the basis of outstanding principal amounts. For such financial assets, the Company adopts the effective interest rate method and carries out subsequent measurement according to the amortized cost, and the gains or losses arising from the amortization or impairment are included in the profit or loss for the current period.

②Financial assets at fair value through other comprehensive income

The Company's business model for managing such financial assets is to collect both contractual cash flows and disposals, and the contractual cash flow characteristics of such financial assets are consistent with the underlying lending arrangements. The Company measures such financial assets at fair value and their changes are included in other comprehensive income, but impairment losses or gains, foreign exchange gains and losses and interest income calculated according to the effective interest rate method are recognized in profit or loss for the current period.

In addition, the Company designates certain investments in non-trading equity instruments as financial assets measured at fair value through other comprehensive income. The Company includes the relevant dividend income of such financial assets in profit or loss for the current period, and changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income will be transferred from other comprehensive income to retained earnings and will not be included in the current profit or loss.

③Financial assets at fair value through profit or loss

The Company classifies the above-mentioned financial assets measured at amortized cost and financial assets other than those measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. In addition, at the time of initial recognition, in order to eliminate or significantly reduce the accounting mismatch, the Company designated some financial assets

as financial assets measured at fair value through profit or loss. For such financial assets, the Company uses fair value for subsequent measurement, and the change in fair value is recognized in profit or loss for the current period.

9.2 Classification, recognition and measurement of financial liabilities

Financial liabilities are classified at the time of initial recognition as financial liabilities and other financial liabilities measured at fair value through profit or loss. For financial liabilities measured at fair value through profit or loss, the relevant transaction costs are directly recognized in the profit or loss for the current period, and the transaction costs related to other financial liabilities are included in their initial recognition amount.

①Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss at the time of initial recognition.

Trading financial liabilities (including derivatives that are financial liabilities) are subsequently measured at fair value, and changes in fair value are included in profit or loss for the current period, except for hedge accounting.

A financial liability designated as measured at fair value through profit or loss, the change in fair value caused by the change in the Company's own credit risk is included in other comprehensive income, and when the liability is derecognized, the cumulative change in fair value caused by the change in its own credit risk included in other comprehensive income is transferred to retained earnings. The other fair value changes are recognized in profit or loss for the period. If the impact of changes in the credit risk of such financial liabilities is treated in the above manner, which will cause or expand the accounting mismatch in profit or loss, the Company will include all the gains or losses of such financial liabilities (including the amount of the impact of changes in the company's own credit risk) in profit or loss for the current period.

②Other financial liabilities

Except for the financial liabilities and financial guarantee contracts formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets, other financial liabilities are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization are included in the profit or loss for the current period.

9.3 Recognition basis and measurement method for the transfer of financial assets

A financial asset that satisfies one of the following conditions shall be derecognized: (1) the contractual right to receive the cash flow of the financial asset is terminated; (2) the financial asset has been transferred, and almost all of the risks and rewards of the ownership of the financial asset have been transferred to the transferee; (3) The financial asset has been transferred, and although the enterprise has neither transferred nor retained almost all of the risks and rewards of the ownership of the financial asset, it has relinquished control of the financial asset.

If the enterprise neither transfers nor retains substantially all of the risks and rewards of the ownership of the financial assets, and does not relinquish control of the financial assets, the relevant financial assets shall be recognized to the extent that it continues to be involved 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 level of risk to which the enterprise is exposed by changes in the value of the financial assets.

If the overall transfer of financial assets satisfies the conditions for derecognition, the difference between the carrying amount of the transferred financial assets and the consideration received as a result of the transfer and the cumulative amount of changes in fair value originally included in other comprehensive income shall be included in profit or loss for the current period.

If the partial transfer of financial assets satisfies the conditions for derecognition, the carrying amount of the transferred financial assets shall be apportioned between the derecognized and non-derecognized parts according to their relative fair value, and the difference between the consideration received as a result of the transfer and the accumulated amount of fair value changes originally included in other comprehensive income that should be allocated to the derecognized part and the aforesaid carrying amount shall be included in profit or loss for the current period.

For financial assets sold by way of recourse or endorsed by the Company for the transfer of financial assets held, it is necessary to determine whether substantially all of the risks and rewards of ownership of such financial assets have been transferred. If almost all of the risks and rewards in the ownership of the financial assets have been transferred to the transferee, the recognition of the financial assets shall be terminated; if almost all of the risks and rewards in the ownership of financial assets are retained, the recognition of such financial assets shall not be terminated; if there is neither transfer nor retention of substantially all of the

risks and rewards of ownership of a financial asset, it continues to determine whether the enterprise retains control of the asset and accounts for it in accordance with the principles set out in the preceding paragraphs.

9.4 Derecognition of financial liabilities

If the current obligation of the financial liability (or part thereof) has been discharged, the Company shall terminate the recognition of the financial liability (or part thereof). If the Company (the borrower) enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from the original financial liability, the original financial liability shall be terminated and a new financial liability shall be recognized at the same time. If the Company makes substantial changes to the contract terms of the original financial liabilities (or part thereof), the original financial liabilities shall be terminated and a new financial liability shall be recognized in accordance with the amended terms.

If a financial liability (or part thereof) is derecognized, the Company shall include the difference between its carrying amount and the consideration paid (including the non-cash assets transferred or liabilities assumed) in profit or loss for the current period.

9.5 Set-off of financial assets and financial liabilities

When the Company has a statutory right to set off the recognized amount of financial assets and financial liabilities that are currently enforceable, and the Company intends to settle the financial assets on a net basis or liquidate the financial liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet on a net basis after offsetting each other. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

9.6 Methods for determining the fair value of financial assets and financial liabilities

Fair value refers to the price that a market participant would have to pay for the sale of an asset or the transfer of a liability in an orderly transaction that occurred on the measurement date. Where there is an active market for a financial instrument, the Company uses the quotations in the active market to determine its fair value. A quote in an active market is a price that is easily 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 an arm's length transaction. If there is no active market for a financial instrument, the Company uses valuation techniques to determine its fair value. Valuation techniques include, for example, reference to prices used in recent market transactions by parties who are familiar with the situation and are willing to trade, reference to the current fair value of other financial instruments that are substantially identical,

discounted cash flow methods and option pricing models. In valuation, the Company uses valuation techniques that are applicable in the current circumstances and supported by sufficient available data and other information, selects inputs that are consistent with the characteristics of the assets or liabilities considered by market participants in the transaction of the relevant assets or liabilities, and gives preference to the relevant observable inputs whenever possible. Use non-alterable values in cases where the relevant observable input value is not available or practicable to obtain.

9.7 Equity instruments

An equity instrument is a contract that demonstrates the ownership of a residual interest in the company's assets after deducting all liabilities. The Company's issuance (including refinancing), repurchase, sale or cancellation of equity instruments shall be treated as changes in equity, and the transaction costs related to equity transactions shall be deducted from the equity. The Company does not recognize changes in the fair value of equity instruments.

Dividends (including "interest" generated by instruments classified as equity instruments) distributed by the Company's equity instruments during their existence shall be treated as profit distribution.

10. Impairment of financial assets

On the basis of expected credit losses,the Company conducts impairment accounting treatment for the following items and confirms the loss provision:

Financial assets measured at amortized cost;

Receivables and creditor's rights investments measured at fair value and accounted for in other comprehensive income;

Contract assets as defined in the Accounting Standards for Business Enterprises No.14- Revenue;

Lease receivables;

Financial guarantee contract (measured at fair value and its changes included in the current profit and loss,except the financial asset transfer does not meet the conditions for termination of recognition or continues to involve the transferred financial asset).

Measurement of expected credit losses

The term "expected credit loss"refers to the weighted average of the credit loss of a financial instrument weighted by the risk of default.Credit loss refers to the difference between all contractual cash flows receivable under the contract and all cash flows expected to be collected by the Company discounted at the original effective interest rate,that is,the present value of all cash shortages.

The Company recognizes expected credit losses by calculating the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, weighting the risk of default, taking into account reasonable and evidence-based information such as past events, current conditions, and forecasts of future economic conditions.

The Company measures the expected credit losses of financial instruments at different stages. If the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company shall measure the loss provision in accordance with the expected credit loss in the next 12 months in the first stage; if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, and the Company measures the loss provision according to the expected credit loss of the entire life period of the instrument; if credit impairment has occurred to a financial instrument since its initial recognition,it is in the third stage, and the Company shall measure the loss provision according to the expected credit loss of the entire life period of the instrument.

For financial instruments with low credit risk at the balance sheet date,the Company assumes that the credit risk has not increased significantly since the initial recognition,and measures the loss provision in accordance with the expected credit loss for the next 12 months.

The term "expected credit loss over the entire expected life of a financial instrument" refers to the expected credit loss resulting from all possible events of default during the entire expected life of a financial instrument. The expected credit loss within the next 12 months refers to the expected credit loss caused by the default event of the financial instrument that may occur within 12 months after the date of the balance sheet (or the expected duration of the financial instrument if the expected duration of the financial instrument is less than 12 months) and is part of the expected credit loss over the entire maturity period.

When measuring expected credit losses,the Company shall take into account the longest contract period (including the option to renew the contract)for which the enterprise is exposed to credit risk.

The Company calculates interest income on the basis of the book balance before impairment provisions and the effective interest rate for financial instruments in stage I and stage II and with lower credit risk. For financial instruments in the third stage, the interest income is calculated on the basis of the amortized cost of the book balance less the impairment provision and the effective interest rate.

Notes receivable, accounts receivable and contract assets

For notes receivable, accounts receivable and contract assets,regardless of whether there is a material financing component, the Company always measures its loss provision in accordance with the amount equivalent to the expected credit loss within the whole duration period.

When the credit risk characteristics are significantly different and the expected credit loss information can be evaluated at a reasonable cost, it is necessary to evaluate whether the credit risk of the relevant financial instrument has increased significantly since the initial confirmation by a single financial instrument and measure the expected credit loss. The Company shall reserve for impairment of bills or sums involved in litigation or deteriorating financial condition.

When a single financial asset cannot assess the information of expected credit loss at a reasonable cost,the Company divides the notes receivable and accounts receivable into portfolios according to the credit risk characteristics, calculates the expected credit loss on the basis of the portfolios, and determines the portfolios based on the following:

A. Notes receivable

Notes receivable portfolio 1: bank acceptance bills

Notes receivable portfolio 2: commercial acceptance bills

B. Receivables

Accounts receivable portfolio 1: Receivables from related parties

Accounts receivable portfolio 2: Other receivables

For the notes receivable and contract assets divided into portfolios, the Company calculates the expected credit loss through default risk exposure and the expected credit loss rate over the entire duration by referring to the historical credit loss experience,combining the current situation and the forecast of the future economic situation.

The Company divides other receivables into several portfolios based on the credit risk characteristics, calculates the expected credit loss on the basis of the portfolio, and determines the portfolio on the basis of the following:

Other receivables

The Company divides other receivables into several portfolios according to the credit risk characteristics,and calculates the expected credit loss on the basis of the portfolio. The basis for determining the portfolio is as follows:

Other Receivables Portfolio1: Receivables from related partics

Other receivables portfolio 2: Other receivables

For other receivables divided into portfolios, the Company calculates the expected credit loss by default risk exposure and the expected credit loss rate over the next 12 months or the entire duration.

Long-term receivables

The Company's long-term receivables include receivables for finance lease, receivables for sale of goods and other long-term receivables.

According to the credit risk characteristics,the Company divides the receivables of finance lease, receivables of commodity sales and other long-term receivables into several Companions. The expected credit loss is calculated on the basis of the combination, and the basis for determining the combination is as follows:

A. Receivable finance lease funds

B. Receivable commodity sales

For accounts receivable instalment payment by selling goods, the Company reference credit losses historic experience, combined with the current situation and forecast for the future economic situation,by default risk exposure and the duration is expected credit loss rate,calculate the expected credit losses.

In addition to the financing lease accounts receivable,accounts receivable instalment payment from selling goods outside of the divided into portfolio and long-term receivables, other receivables by default risk exposure and the next 12 months or the whole duration expected credit loss rate, calculate the expected credit losses.

Debt investment and other debt investment

For debt investment and other debt investment,the Company calculates the expected credit loss based on the default risk exposure and the expected credit loss rate within the next 12 months or the entire duration according to the nature of the investment and the various types of counter-parties and risk exposures.

An assessment of a significant increase in credit risk

By comparing the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date,the Company determines the relative change of default risk within the expected duration of financial instruments,so as to evaluate whether the credit risk of financial instruments has significantly increased since the initial recognition.

In determining whether credit risk has increased significantly since the initial recognition,the Company considers reasonable and informed information,including forward-looking information that can be obtained without unnecessary additional cost or effort.Information considered by the Company includes:
The debtor fails to pay the principal and interest as due under the contract;
A material deterioration, if any, of the external or internal credit rating of the financial instrument that has occurred or is expected;
A serious deterioration of the debtor's business results occurred or is expected; a change in the existing or anticipated technological,market, economic or legal environment which will have a material adverse effect on the debtor's ability to repay the Company.

According to the nature of financial instruments,the Company evaluates whether credit risk increases significantly on the basis of individual financial instruments or a combination of financial instruments. When assessing on the basis of a portfolio of financial instruments, the Company may classify financial instruments based on common credit risk characteristics, such as overdue information and credit risk rating

If overdue for more than 30 days, the Company determines that the credit risk of the financial instrument has increased significantly.

The Company believes that the financial assets are in default under the following circumstances:
The Borrower is unlikely to pay its arrears to the Company in full and this assessment does not take into account any recourse actions taken by the Company, such as liquidating the collateral (if held).

A financial asset whose credit has been impaired
On the balance sheet date, the Company evaluates whether credit impairment has occurred in financial assets measured at amortized cost and debt investments measured at fair value and whose changes are included in other comprehensive income. When one or more events which have an adverse effect on 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:
Major financial difficulties occur to the issuer or the debtor;

A breach of contract by the debtor,such as a default or late payment of interest or principal;

The Company, for economic or contractual considerations relating to the debtor's financial difficulties, gives concessions that the debtor would not have made under any other circumstances;

The debtor is likely to go bankrupt or undergo other financial restructuring; and

The financial difficulties of the issuer or debtor result in the disappearance of an active market for the financial asset.

Presentation of expected credit loss provisions

In order to reflect the change of the credit risk of financial instruments since the initial recognition, the Company re-measures the expected credit loss on each balance sheet date,and the increase or rollback amount of the loss provision thus formed shall be recorded into the current profit and loss as an impairment loss or profit. For a financial asset measured at amortized cost, the loss provision shall offset the carrying value of the financial asset as stated in the balance sheet; for the debt investment measured at fair value and its changes included in other comprehensive income, the Company recognizes its loss provision in other comprehensive income and does not deduct the book value of the financial asset.

Written-off. If the Company no longer reasonably expects that the contractual cash flow of a financial asset can be recovered in whole or in part,the carrying balance of the financial asset shall be directly written down. Such write-downs constitute termination recognition of the relevant financial assets. This usually occurs when the Company determines that the debtor does not have assets or sources of income that generate sufficient cash flow to repay the amount to be written down.However, in accordance with the Company's procedures for recovering amounts due, the financial assets that have been written down may still be affected by the execution activities.

If a financial asset that has been written down is recovered later, it shall be carried back as an impairment loss and recorded in the profit and loss of the current period.

Transfer of financial assets refers to the transfer or delivery of financial assets to another party other than the issuer of the financial assets (transferee).

If the Company has transferred almost all of the risks and rewards in the ownership of financial assets to the transferee, the recognition of such financial assets shall be terminated; if almost all of the risks and rewards in the ownership of financial assets are retained, the recognition of the financial assets shall not be terminated.

If the Company neither transfers nor retains almost all of the risks and rewards in the ownership of financial assets, it shall be dealt with in the following cases: if control of the financial asset is relinquished, the financial asset shall be terminated and the resulting assets and liabilities shall be recognized; if the financial asset is not relinquished, the relevant financial asset shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

Set-off of financial assets and financial liabilities. When the Company has a statutory right to set off recognized financial assets and financial liabilities and is currently enforceable and the Company intends to net or liquidate the financial assets and liabilities at the same time, the financial assets and financial liabilities are presented in the balance sheet in the amount of mutual set-off. In addition, financial assets and financial liabilities are presented separately in the balance sheet and are not offset against each other.

11. inventories

11.1 Categories of inventories

Inventories include raw materials, finished goods, development costs, and product developments.

11.2 Measurement method of cost of inventories

The Company maintains a perpetual inventory system. Inventories are initially measured at cost. Raw materials and finished goods are calculated using weighted average method. Low-value consumables are charged to profit or loss when they are used. Packaging materials are amortized in installment when they are used.

11.3 Method for provision for obsolete inventories

Any excess of the cost over the net realizable value of of inventories is recognized as a provision for obsolete inventories. The Company usually recognizes provision for decline in value of inventories by a single inventory item. If the factors caused the value of inventory previously written-down have disappeared, the provision for decline in value of inventories previously made is reversed.

11.4 Basis for determining the net realizable value

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value is measured based on the verified evidences and considerations for the purpose of holding inventories and the effect of post balance sheet events.

12. Contract assets

Contract assets refer to the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time, that are listed as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not offset.

For the method of determining and accounting for expected credit losses on contract assets, see Note IV. 10, Impairment of Financial Assets.

13. Long-term equity investments

Long-term equity investments in this part refer to long-term equity investments in which the Company has control, joint control or significant influence over the investee.

Long-term equity investments that the Company does not control, jointly control or have significant influence on the investee are accounted for as financial assets measured at fair value and their changes are accounted for in current profit or loss. If they are non-tradable, the Company may choose to designate them as financial assets measured at fair value and their changes are accounted for in other comprehensive income at the initial recognition. Its accounting policies are detailed in notes IV. 9 "Financial Instruments".

Joint control refers to the Company's shared control over an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties sharing control. Significant influence means that the Company has the power to participate in the decision-making of the financial and operational policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

13.1 Determination of investment costs

For a long-term equity investment obtained by a business combination under the same control, the initial investment cost of the long-term equity investment shall be based on the share of the merged party's shareholders' equity in the book value of the consolidated financial statements of the ultimate controlling party on the merger date. The capital reserve is adjusted for the difference between the initial investment cost of long-term equity investment and the cash paid, the transferred non-cash assets and the carrying value of the debt undertaken; if the capital reserve is insufficient to be deducted, the retained earnings shall be

adjusted. Where equity securities are issued as consolidation consideration, the capital reserve is adjusted on the consolidation date according to the share of the book value of the owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party as the initial investment cost of the long-term equity investment, the total par value of the issued shares as the share capital, and 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 be deducted, the retained earnings shall be adjusted.

For the long-term equity investment obtained by the merger of enterprises not under the same control, the initial investment cost of the long-term equity investment on the purchase date is based on the merger cost, which includes the sum of the fair value of the assets paid by the buyer, liabilities incurred or assumed, and equity securities issued by the buyer. Where the equity of the purchaser is obtained step by step through multiple transactions, and the business combination is eventually formed under different control, it shall be treated separately whether it is a "package transaction": If it is a "package transaction", each transaction shall be accounted for as a transaction that has acquired control. If it is not a "package transaction", the sum of the book value of the equity investment held by the purchaser plus the cost of the new investment shall be taken as the initial investment cost of the long-term equity investment accounted for by the cost method. If the equity originally held is accounted for by the equity method, the relevant other comprehensive income will not be accounted for temporarily.

Intermediary fees, such as auditing, legal services, evaluation and consulting, and other related administrative expenses incurred by the merging party or the purchaser for the business merger are included in the current profit or loss when incurred.

Equity investments other than long-term equity investments formed by business mergers are initially measured at cost, which depends on the manner in which long-term equity investments are acquired. It is determined in accordance with the actual cash purchase price 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 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 investments are also included in the cost of investment.

13.2 Subsequent measurement and profit and loss recognition methods

Long-term equity investments that have common control (except for constituting joint operators) or significant influence on the investee shall be accounted for by the equity method. In addition, the Company's

financial statements use the cost method to account for long-term equity investments that can exercise control over the investee.

① Long-term equity investment accounted for using the cost method

When the cost method is used, the long-term equity investment is priced at the cost of the initial investment, and the cost of the additional or withdrawn investment is adjusted for the long-term equity investment. In addition to the cash dividends or profits that have been declared but not yet paid in the price or consideration actually paid at the time of acquisition of investment, the current investment income is recognized according to the cash dividends or profits declared and paid by the invested entity.

② Long-term equity investment accounted for using the equity method

If the initial investment cost of a long-term equity investment is greater than the fair value share of the investee's identifiable net assets when the investment is made, the initial investment cost of the long-term equity investment is not adjusted; if the initial investment cost is less than the fair value share of the identifiable net assets of the investee, the difference is included in the current profit or loss, and the cost of long-term equity investment is adjusted at the same time.

When the equity method is adopted, 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 investee, 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 in accordance with the profit or cash dividend declared by the investee; for changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investee, the carrying value of long-term equity investment is adjusted and included in the capital reserve. When recognizing the share of the investee's net profit and loss, the net profit of the investee is recognized after adjustment based on the fair value of the identifiable assets of the investee at the time of acquisition of the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee shall be adjusted in accordance with the accounting policies and accounting periods of the Company, and investment income and other comprehensive income shall be recognized according to them. In the case of transactions between the Company and associates and joint ventures, where the assets invested or sold do not constitute business, the unrealized profit or loss from internal transactions shall be offset in accordance with the proportion of the profit or loss attributable to the Company, and the investment profit or loss shall be recognized on this basis. However, the unrealized internal transaction loss between the Company and the investee, which belongs to the impairment loss of the transferred assets, shall

not be offset.

When the net loss incurred by the investee is recognized, the carrying value of the long-term equity investment and other long-term interests that substantially constitute the net investment of the investee are reduced to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities are recognized according to the expected obligation and are included in the current investment losses. If the investee achieves net profit in the subsequent period, the Company shall resume the recognition of the income sharing amount after the income sharing amount makes up the unrecognized loss sharing amount.

③ Minority stake acquisition

In the preparation of the consolidated financial statements, the capital reserve is adjusted for the difference between the new long-term equity investment from the purchase of minority shares and the share of net assets that the subsidiary shall be entitled to continuously calculate from the purchase date (or merger date) based on the proportion of the new shares. If the capital reserve is insufficient, the retained earnings are adjusted.

④ Disposal of long-term equity investments

In the consolidated financial statements, the parent company partially discards the long-term equity investment in the subsidiary without losing control, and the difference between the disposal price and the disposal of the long-term equity investment and the net assets of the subsidiary is included in the shareholders' equity; where the parent company partially dispositions its long-term equity investment in the subsidiary, resulting in the loss of control over the subsidiary, it shall be treated in accordance with the relevant accounting policies described in Notes IV. 5. 2 "Method of Preparation of Consolidated Financial Statements".

For the disposal of long-term equity investments under other circumstances, the difference between the carrying value of the disposed equity and the actual purchase price shall be included in the profit or loss of the current period.

If the long-term equity investment accounted for by the equity method and the remaining equity after disposal are still accounted for by the equity method, the other comprehensive income originally included in the shareholders' equity at the time of disposal shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity in the corresponding proportion. Owners'

equity recognized due to changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution of the investee is transferred to profit and loss in proportion to the current period.

If a long-term equity investment is accounted for by the cost method and the remaining equity is still accounted for by the cost method after disposal, the other comprehensive income recognized by the equity method or financial instrument recognition and measurement criteria before the acquisition of control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee, and carry forward the current profit and loss pro rata; changes in owners' equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of investee units recognized as a result of the equity method of accounting are carried forward to current profit and loss in proportion.

If the Company loses control of the investee due to the disposal of part of its equity investment, and if the remaining equity after disposal can exercise common control or exert significant influence on the investee when preparing individual financial statements, the accounting shall be changed to the equity method, and the remaining equity shall be adjusted when the remaining equity is regarded as self-acquired; if the remaining equity after disposal cannot jointly control or exert significant influence on the invested unit, it shall be accounted for in accordance with the relevant provisions of the standards for the recognition and measurement of financial instruments, and the difference between the fair value and the carrying value on the date of loss of control shall be included in the current profit or loss. Other comprehensive income recognized by the equity method or financial instrument recognition and measurement standards before the Company acquired control of the investee shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the investee when it loses control of the investee. Changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution in the net assets of the investee recognized by the equity method are transferred to current profit and loss when the control over the investee 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 are 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, other comprehensive income and other owners' equity are all carried forward.

If the Company loses common control or significant influence on the investor due to the disposal of part of the equity investment, the remaining equity after disposal is accounted for according to the recognition and

measurement standards of financial instruments, and the difference between the fair value and the carrying value on the date of the loss of common control or significant influence is included in the current profit or loss. Other comprehensive income recognized as a result of the original equity investment accounting using the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity upon termination of the accounting using the equity method. All owner's equity recognized as a result of changes in the owner's equity other than net profit and loss, other comprehensive income and profit distribution of the investor is transferred to the current investment income upon termination of the equity method.

The Company disposes of the equity investment in the subsidiary step by step through multiple transactions until it lost control. If the above transactions are package transactions, each transaction shall be accounted for as one transaction disposing of the equity investment of subsidiaries and losing control. The difference between the disposal price of each disposal before the loss of control and the carrying amount of the long-term equity investment corresponding to the equity disposed of shall first be recognized as other comprehensive income, and then transferred to the profit or loss for the current period when the control is lost.

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. The Company's investment properties include leased land use rights, land use right held and provided for to transfer after appreciation and leased building and construction.

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 associated with the asset are likely to flow in and their costs can be reliably measured. Other subsequent expenses shall be included in profit or loss for the current period when incurred.

The Company adopts the cost model for subsequent measurement of investment property. For the purpose of depreciation or amortization method, the same amortization policy adopted for buildings as fixed assets and land use rights as intangible assets are used.

The impairment test method and the provision for impairment of investment property are detailed in Notes IV. 21. "Impairment of Long-term Assets".

When self-use property or inventory is converted into investment property or investment property is converted into self-use property, the book value before conversion is taken as the recorded value after conversion.

When the use of investment property is changed to self-use, the investment property is converted into a fixed asset or intangible asset from the date of the change. When the use of self-occupied property is changed to earn rent or capital appreciation, the fixed assets or intangible assets are converted into investment property from the date of the change. At the time of conversion, if the conversion is made into investment property measured using the cost model, the carrying amount before conversion shall be used as the recorded value after conversion; if conversion to investment property measured at fair value, the fair value on the date of conversion shall be used as the recorded value after conversion.

When an investment property is disposed of, or permanently withdrawn from use, and it is not expected that economic benefits can be derived from its disposal, the recognition of the investment property will be terminated. Disposal income from the sale, transfer, scrapping or damage of investment property is recognized in profit or loss for the current period after deducting its carrying amount and relevant taxes.

15. Fixed Assets

15.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost, taking into account the impact of anticipated disposal cost factors.

15.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Item	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Plant and buildings	40 years	5	2.375
Machinery and equipment	10 years	5	9.5
Electronic equipment	5 years	5	19

Item	Depreciation period	Residual value rate (%)	Annual depreciation rate (%)
Transportation vehicles	5 years	5	19
Office equipment	5 years	5	19
Furniture appliance	5 years	5	19

Estimated net residual value of a fixed asset is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

15.3 Impairment test method for fixed assets and impairment reserve calculation method

The impairment test method for fixed assets and the provision for impairment are detailed in Note IV. 21. "Impairment of Long-term Assets".

15.4 Other explanations

Subsequent expenditures related to a fixed asset are included in the cost of the fixed asset if the economic benefits related to the fixed asset are likely to flow in and their cost can be reliably measured, and the carrying value of the replaced portion is terminated. Other subsequent expenses other than these are included in current profit or loss when incurred.

When the fixed asset is in the state of disposal or is not expected to generate economic benefits from the use or disposal, the recognition of the fixed asset shall be terminated. The difference between the disposal income from the sale, transfer, retirement or damage of fixed assets after deducting their carrying value and related taxes and fees is included in the current profit or loss.

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

16. Construction in Process

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The impairment test method for construction in progress and the provision for impairment are detailed in Notes IV. 21. "Impairment of Long-term Assets".

17. Borrowing Costs

Borrowing costs include interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings. Borrowing costs that are directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized when the expenditure on the assets has been incurred, the borrowing costs have been incurred, and the acquisition, construction or production activities necessary to bring the assets to their intended usable or saleable state have begun. Capitalization ceases when an asset constructed or produced that meets the conditions for capitalization reaches its intended usable or saleable state. The remaining borrowing costs are recognized as expenses in the period in which they are incurred.

The amount of interest expenses actually incurred in the current period of special borrowings shall be capitalized after deducting the interest income obtained from depositing the unused borrowed funds in the bank or the investment income obtained from temporary investment. The capitalization amount of general borrowings is determined by multiplying the weighted average of asset expenditures exceeding the portion of special borrowings by the capitalization rate of the general borrowings occupied. The capitalization rate is calculated based on the weighted average interest rate of general borrowings.

During the capitalization period, all exchange differences of foreign currency special borrowings are capitalized, and the exchange differences of foreign currency general borrowings are recognized in profit or loss for the current period.

Assets eligible for capitalization refer to assets such as fixed assets, investment property, and inventories that require a considerable period of time to reach a predetermined usable or saleable state after acquisition, construction or production activities.

If an asset eligible for capitalization is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 consecutive months, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of the asset is resumed.

18. Right-of-use assets

18.1 Conditions for recognition of right-of-use assets

The Company's right-of-use assets refer to the rights of the Company, as a lessee, to use the leased assets during the lease period.

On the beginning date of the lease period, the right-of-use assets shall be initially measured at cost. The cost includes: the initial measurement amount of the lease liability; for the amount of lease payment paid on or before the commencement date of the lease term, if there is a lease incentive, the relevant amount of lease incentive already enjoyed will be deducted; initial direct expenses incurred by the Company as the lessee; the costs which the Company, as the lessee, expects to incur in dismantling and removing the leased assets, restoring the premises on which the leased assets are located or restoring the leased assets to the state agreed in the lease terms. The Company, as the lessee, shall confirm and measure the costs of demolition and restoration in accordance with the Accounting Standards for Business Enterprises No.13 - Contingencies. Subsequent adjustments are made for any re-measurement of lease liabilities.

18.2 The depreciation method for the right-of-use asset

The Company uses the straight line method of depreciation. Where the Company, as the lessee, can reasonably determine that it obtains the ownership of the leased assets upon expiration of the lease term, depreciation shall be accrued over the remaining service life of the leased assets. Where it is impossible to reasonably determine that the ownership of the leased asset can be acquired at the expiration of the lease term, depreciation shall be accrued in the shorter period between the lease term and the remaining useful life of the leased asset.

18.3 See Note IV. 21 for the impairment test method of the right-of-use assets and the provision for impairment.

19. Intangible assets

19.1 Intangible assets

Intangible assets refer to identifiable non-monetary assets owned or controlled by the Company that do not have a physical form.

Intangible assets are initially measured at cost. Expenses related to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow to the Company and their costs can be reliably measured. Expenses for other items are included in profit or loss for the current period when incurred.

Acquired land use rights are usually accounted for as intangible assets. For the self-development and construction of buildings such as factories, the relevant land use right expenditure and building construction cost are accounted for as intangible assets and fixed assets respectively. In the case of purchased houses and buildings, the relevant price shall be distributed between the land use right and the building, and if it is difficult to distribute reasonably, all shall be treated as fixed assets.

The original value of an intangible asset with a finite useful life is amortized in equal installments using the straight-line method over its expected useful life from the time it becomes available. Intangible assets with an indefinite useful life are not amortized.

At the end of the period, the useful life and amortization method of intangible assets with limited useful life are reviewed, and if there is a change, it is treated as a change in accounting estimates. In addition, the useful life of an intangible asset with an indefinite useful life is reviewed and, if there is evidence that the term for which the intangible asset will bring economic benefits to the enterprise is foreseeable, its useful life is estimated and amortized in accordance with the amortization policy for intangible assets with a limited useful life.

19.2 Research and development expenditures

The Company's internal R&D expenditures are divided into research phase expenditures and development phase expenditures.

Expenses incurred during the research phase are included in profit or loss for the current period when incurred.

If the expenditure in the development phase meets the following conditions at the same time, it shall be recognized as an intangible asset, and the expenditure in the development phase that cannot meet the following conditions shall be included in the profit or loss for the current period:

① it is technically feasible to complete the intangible asset so that it can be used or sold;

② has the intent to complete the intangible asset and use or sell it;

③the manner in which the intangible asset generates economic benefits, including the usefulness of the intangible asset if it can be proved that there is a market for the products produced using the intangible asset or that there is a market for the intangible asset itself, and that the intangible asset will be used internally;

④ have sufficient technical, financial and other resources to complete the development of the intangible

asset and have the ability to use or sell the intangible asset;

⑤Expenditures attributable to the development phase of the intangible asset can be reliably measured.

If it is not possible to distinguish between the expenditure in the research phase and the expenditure in the development phase, all the R&D expenditure incurred shall be included in the profit or loss for the current period.

19.3 Impairment test method for intangible assets and provision for impairment

For details of the impairment test method and the impairment provision method for intangible assets, please refer to Note IV. 21 "Impairment of Long-term Assets".

20. Long-term deferred expenses

Long-term prepaid expenses refer to various expenses that the Company has paid and whose period of amortization is more than one year. The Company's long-term amortized expenses mainly include renovation costs. Long-term prepaid expenses are amortized on a straight-line basis within the beneficial period of the expense items.

21. Long-term Assets Impairment

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful life, right-of-use assets, investment real estate measured on a cost basis, and long-term equity investments in subsidiaries, joint ventures and associates, the Company determines whether there are any signs of impairment at the balance sheet date. If there is an indication of impairment, the recoverable amount is estimated and the impairment test is conducted. Goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet reached a usable state are tested for impairment on an annual basis, regardless of whether there is an indication of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its carrying amount, an impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset less disposal costs and the present value of the asset's expected future cash flows. The fair value of an asset is determined based on the agreed sale price in an arm's length transaction; if there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the buyer's bid price for the asset; if there is no sales agreement and an active market for the asset, the fair value of the asset is estimated on the basis of the best information available. Disposal costs include legal fees associated with the disposal of the asset, related taxes, removal costs, and direct costs incurred to bring the asset to a saleable state. The present value of the projected future

cash flows of an asset is determined by selecting the appropriate discount rate for the estimated future cash flows generated by the asset in the course of its continued use and at the time of final disposal. If it is difficult to estimate the recoverable amount of a single asset, the recoverable amount of the asset group shall be determined by the asset group to which the asset belongs. An asset group is the smallest portfolio of assets that can generate cash inflows independently.

For goodwill presented separately in the financial statements, the carrying amount of the goodwill is allocated to the asset group or combination of asset groups that are expected to benefit from the synergies of the business combination, subject to impairment testing. If the test results show that the recoverable amount of the asset group or asset group combination containing the apportioned goodwill is lower than its carrying amount, the corresponding impairment loss shall be recognized. The amount of impairment loss is first offset against the carrying amount of the goodwill allocated to the asset group or combination of asset groups, and then the carrying amount of other assets is offset against the carrying amount of other assets in the asset group or portfolio other than goodwill.

Once the impairment loss of the above-mentioned assets is recognized, the part of the value that can be recovered will not be reversed in subsequent periods.

22. Contract liabilities

Contract liabilities refer to the obligation of the Company to transfer goods or services to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained an unconditional right to receive the goods before the Company transfers the goods to the customer, the Company will show such amount received or receivable as a contractual liability at the earlier of the actual payment by the customer and the amount due and payable. Contract assets and contract liabilities under the same contract are shown on a net basis, and contract assets and contract liabilities under different contracts are not set off.

23. Employee Benefits

The Company's employee remuneration mainly includes short-term employee compensation, post-employment benefits, termination benefits and other long-term employee benefits, including:

Short-term remuneration mainly includes wages, bonuses, allowances and subsidies, employee welfare expenses, medical insurance premiums, maternity insurance premiums, work-related injury insurance premiums, housing provident fund, trade union funds and employee education funds, non-monetary benefits,

etc. The Company recognizes the actual short-term employee remuneration as a liability during the accounting period in which the employee provides services to the Company, and includes it in the profit or loss for the current period or the cost of related assets. Among them, non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuity. Post-employment benefit plans include defined contribution plans and defined benefit plans. If a defined deposit plan is adopted, the corresponding amount due is included in the relevant asset cost or current profit or loss at the time of occurrence. For defined benefit plans, the Company employs an independent actuary to estimate the relevant demographic variables and financial variables using unbiased and mutually consistent actuarial assumptions based on the expected cumulative benefit unit method, to measure the obligations arising from the defined benefit plan, and to determine the vesting period of the related obligations. At the balance sheet date, the Company presents the obligations arising from the defined benefit plan at present value and recognizes the cost of services for the period in profit or loss.

If the employee terminates the employment relationship with the employee before the expiration of the employment contract, or proposes compensation to encourage the employee to voluntarily accept the layoff, when the Company cannot unilaterally withdraw the severance benefits provided by the termination of the labor relationship plan or the layoff proposal, and the Company recognizes the costs related to the restructuring involving the payment of the severance benefits, whichever is earlier, the employee remuneration liabilities arising from the dismissal benefits shall be recognized and included in the profit or loss for the current period. However, if the dismissal benefits cannot be fully paid within 12 months after the end of the annual reporting period, they shall be treated as other long-term employee salaries.

Employee internal retirement schemes are governed by the same principles as the severance benefits described above. The wages and social insurance premiums to be paid by the employee during the period from the cessation of service to the normal retirement date of the employee shall be included in the profit or loss (dismissal benefits) for the current period when the conditions for recognition of the estimated liability are met.

Other long-term employee benefits provided by the Company to employees that are in line with the defined deposit and withdrawal plan shall be accounted for in accordance with the defined deposit and withdrawal plan, and otherwise accounted for in accordance with the defined benefit plan.

24. Bonds payable

The bonds issued by the Company are initially measured at fair value after deducting transaction costs, and are subsequently measured at amortized cost using the effective interest rate method during the life of the bonds.

Interest expense is directly included in profit or loss for the current period, except that it is capitalized when the conditions for capitalization of borrowing costs are met.

25. Estimated liabilities

Obligations related to contingencies are recognized as estimated liabilities when they meet the following conditions: (1) the obligation is a current obligation assumed by the Company; (2) the performance of the obligation is likely to result in an outflow of economic benefits; and (3) the amount of the obligation can be reliably measured.

At the balance sheet date, estimated liabilities are measured against the best estimate of the expenditure required to meet the relevant current obligations, taking into account factors such as the risks, uncertainties and time value of money associated with contingencies.

If all or part of the expenses required to settle the estimated liability are expected to be compensated by a third party, the amount of compensation shall be recognized separately as an asset when it is substantially certain that it will be received, and the amount of compensation recognized shall not exceed the carrying amount of the estimated liability.

26. Revenue

26.1 General principles

Revenue is recognized when the customer acquires control of the relevant goods when the contract between the Company and the customer meets both of the following conditions: the parties to the contract have ratified the contract and undertake to fulfill their respective obligations; the contract specifies the rights and obligations of the parties to the contract in relation to the goods transferred or the services provided; The contract has clear terms of payment in relation to the goods transferred; the contract has commercial substance, i.e., the performance of the contract will change the risk, timing distribution or amount of the Company's future cash flows; the consideration to which the Company is entitled as a result of the transfer of the goods to the Customer is likely to be recovered.

On the commencement date of the contract, the Company identifies the existence of each individual performance obligation in the contract and allocates the transaction price to each individual performance obligation in proportion to the relative proportion of the individual selling price of the goods promised by each individual performance obligation. The impact of factors such as variable consideration, significant financing elements present in the contract, non-cash consideration, and consideration payable to customers is taken into account when determining the transaction price.

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 revenue according to the performance progress during the relevant performance period: the customer obtains and consumes the economic benefits brought by the company's performance at the same time as the company's performance; the customer has control over the merchandise under construction during the Company's fulfillment; the goods produced by the Company in the course of performance have irreplaceable uses, and the Company has the right to receive payment for the part of the performance that has been completed so far during the entire contract period. The performance progress is determined by the input method or output method according to the nature of the transferred goods, and when the performance progress cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognized according to the amount of the costs incurred until the performance progress can be reasonably determined.

If one of the above conditions is not met, the Company will recognize revenue at the transaction price allocated to the individual performance obligation at the time when the customer obtains control of the relevant goods. In determining whether a customer has acquired control of the goods, the Company considers the following indications: the company has a current right to receive payment for the goods, i.e. the customer has a current payment obligation for the goods; the company has transferred the legal title of the goods to the customer, that is, the customer already has the legal ownership of the goods; the company has physically transferred the commodity to the customer, that is, the customer has taken physical possession of the commodity; the company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods; the customer has accepted the goods; and other indications that the customer has taken control of the goods.

26.2 Specific revenue recognition method

After the Company fulfills the performance obligations in the contract, it recognizes revenue and carries forward costs.

27. Contract costs

Contract costs include incremental costs incurred to obtain contracts and contract performance costs.

The incremental costs incurred to obtain the contract are the costs that the Company would not have incurred without obtaining the contract (e.g., sales commission, etc.). If the cost is expected to be recovered, the Company recognizes it as an asset as the cost of acquiring the contract. Expenses incurred by the Company in obtaining the contract, other than the incremental costs that are expected to be recovered, are recognized in profit or loss for the current period when incurred.

If the cost incurred for the performance of the contract does not fall within the scope of other accounting standards for business enterprises such as inventory and meets the following conditions at the same time, the Company recognizes it as the cost of contract performance as an asset:

①the cost is directly related to a current or anticipated contract, including direct labor, direct materials, manufacturing expenses (or similar expenses), costs expressly borne by the customer, and other costs incurred solely as a result of the contract;

②the cost increased the Company's resources to meet its performance obligations in the future; and

③the cost is expected to be recovered.

The assets recognized at the cost of contract acquisition and the assets recognized at the cost of contract performance (hereinafter referred to as the "assets related to the contract cost") are amortized on the same basis as the revenue recognition of goods or services related to the asset, and are included in profit or loss for the current period.

When the carrying amount of the assets related to the contract cost is higher than the difference between the following items, the Company makes an impairment provision for the excess and recognizes it as an asset impairment loss:

①the residual consideration that the Company expects to receive from the transfer of goods or services related to the asset;

②an estimate of the costs to be incurred for the transfer of the relevant goods or services.

Contract performance costs recognized as assets with an amortization period of no more than one year or one normal business cycle at the time of initial recognition are shown in the item "Inventory", and amortization period of more than one year or one normal business cycle at the time of initial recognition is

shown in the item "Other non-current assets".

The cost of contract acquisition recognized as an asset is shown in the item "Other current assets" with an amortization period of no more than one year or one normal business cycle at the time of initial recognition, and the amortization period of more than one year or one normal business cycle at the time of initial recognition is shown in the item "Other non-current assets".

28. Government Grants

Government grants refer to monetary grants and non-monetary grants the Company receives from the government for free, which does not include capital invested by the government as an investor with the corresponding ownership interest. Government grants involve grants related to assets and grants related to income. The Company defines government grants obtained for the acquisition, construction or other formation of long-term assets as asset-related government grants; the remaining government grants are defined as revenue-related government grants . If the government document does not specify the recipients of the grant, the grant is divided into revenue-related government grants and asset-related government grants in the following way: ①If the government documents specify the specific project for which the subsidy is targeted, the division shall be made according to the relative proportion of the expenditure amount forming assets and the expenditure amount included in the expenses in the budget of the specific project, and the division proportion shall be reviewed at each balance sheet date and changed if necessary; ②If the purpose of the government document is only a general expression and no specific project is specified, it shall be regarded as a government subsidy related to the income. If the government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If the government grants is a non-monetary asset, it shall be measured at fair value; If fair value cannot be reliably obtained, it shall be measured according to the nominal amount. Government grants measured in nominal amounts are directly credited to current profit or loss.

The Company usually recognizes and measures government grants according to the amount actually received when they are actually received. However, if there is conclusive evidence at the end of the period to show that it can meet the relevant conditions stipulated in the financial support policy, it is expected to be able to receive financial support funds, which shall be measured according to the amount receivable. Government grants measured according to the amount receivable shall meet the following conditions at the same time: (1) the amount of the grant receivable has been confirmed by the competent government department, or it can be reasonably calculated according to the relevant provisions of the officially issued financial fund management measures, and the amount is expected to be without significant uncertainty; (2)

it is based on the financial support projects and their financial fund management measures officially issued by the local finance department and actively disclosed in accordance with the provisions of the "Open Government Information Regulations", 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 relevant grant approval document has clearly committed to the period of disbursement, and the disbursement of the grant is guaranteed by the corresponding financial budget, so there is reasonable assurance that it will be received within the prescribed period; and (4) other relevant conditions (if any) that should be met according to the specific circumstances of the Company and the grant。

The government grant related to the asset is recognized as deferred income, and is recorded in the current profit or loss or written off by the carrying amount of the relevant asset in installments in a reasonable and systematic manner during the useful life of the relevant asset. If the government grant related to the income is used to compensate for the relevant costs, expenses or losses in subsequent periods, it shall be recognized as deferred income, and shall be included in the profit or loss for the current period or offset the relevant costs and expenses in the period in which the relevant costs or losses are recognized; if it is used to compensate for the relevant costs or losses that have been incurred, it shall be directly included in the profit or loss for the current period or offset the relevant costs and expenses.

At the same time, it includes the government grants related to assets and income-related parts, and distinguishes different parts for accounting treatment; if it is difficult to distinguish, it is classified as a whole, as a government grant related to the income.

Government grants related to the daily activities of the Company shall be included in other income or deducted from related costs according to the essence of economic business; Government grants unrelated to daily activities are included in non-operating income and expenditure.

When the recognized government grants need to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income will be written off, and the excess part will be included in the current profit or loss or (for the asset-related government grants that are written down the book value of the relevant assets at the initial recognition) the book value of the assets will be adjusted; under other circumstances, it is directly included in the current profit and loss.

29. Deferred Tax Assets / Deferred Tax Liabilities

29.1 Current Income Tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

28.2 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities are recognized using the balance sheet debt method for the difference between the carrying amount of certain assets and liabilities and their tax bases, as well as temporary differences arising from the difference between the carrying amount and the tax basis of items that are not recognized as assets and liabilities but whose tax basis can be determined in accordance with the provisions of the tax law.

Deferred tax liabilities are not recognized for taxable temporary differences relating to the initial recognition of goodwill, as well as to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses). In addition, the relevant deferred tax liability will not be recognized for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Company is able to control the timing of the reversal of the temporary differences, and the temporary differences are likely not to be reversed in the foreseeable future. Subject to the above exceptions, the Company recognizes all other deferred tax liabilities arising from taxable temporary differences.

Deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor affect accounting profits and taxable income (or deductible losses) at the time of occurrence are not recognized as deferred tax assets. In addition, deferred tax assets are not recognized for deductible temporary differences related to investments in subsidiaries, associates and joint ventures if the temporary differences are not likely to be reversed in the foreseeable future, or if it is not likely that the taxable income used to offset the deductible temporary differences will be obtained in the future. Except for the above exceptions, the Company recognizes deferred tax assets arising from other deductible temporary differences to the extent that it is likely to obtain taxable income that can be used to offset deductible temporary differences.

For deductible losses and tax credits that can be carried forward to subsequent years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that is likely to be used to offset the deductible losses and tax credits will be obtained.

At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the applicable tax

rate during the period in which the relevant assets are expected to be recovered or the relevant liabilities are liquidated, in accordance with the provisions of the tax law.

At the balance sheet date, the carrying amount of the deferred tax assets is reviewed and the carrying amount of the deferred tax assets is written down if there is a high likelihood that sufficient taxable income will not be available in the future to offset the benefits of the deferred tax assets. The write-down amount is reversed when it is likely that sufficient taxable income will be obtained.

29.3 Income tax expense

Income tax expense includes 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, which are included in other comprehensive income or shareholders' equity, and the carrying amount of goodwill adjusted by deferred income tax arising from business combinations, the remaining current income tax and deferred tax expense or income are recognized in profit or loss for the current period.

29.4 Offset of Income Tax

When the Company has the legal right to settle on a net basis, and intends to settle on a net basis or acquire assets and settle liabilities at the same time, the Company's current income tax assets and current income tax liabilities are presented on a net basis.

When there is a legal right to settle the current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same taxpayer or to different tax subjects, but in the future during the period when the deferred tax assets and liabilities are reversed, the taxpayer involved intends to settle the current income tax assets and liabilities on a net basis or acquire the assets and settle the liabilities at the same time, The Company's deferred tax assets and deferred tax liabilities are presented on a net basis after offset.

30. Lease

30.1 Identification of leases

On the commencement date of the contract, the Company, as lessee or lessor, assesses whether the customer under the contract is entitled to receive virtually all economic benefits arising from the use of the identified

assets during the use period and has the right to direct the use of the identified assets during the use period. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period in exchange for consideration, the Company recognizes the contract as a lease or includes a lease.

30.2 The Company as the lessee

The Company recognizes the right-of-use assets and the lease liability on the commencement date, except short-term lease and lease of low-value assets with simplified treatment.

Refer to Note IV. 18 for the accounting policies of the right-of-use assets.

The Company initially measures the lease liability on the commencement date at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. The Company uses its incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined. Lease payments include: fixed payments, including in-substance fixed payments, less any lease incentives receivable; variable lease payments depending on the index or ratio; the exercise price of a purchase option, if the Company is reasonably certain to exercise that option; payments for terminating the lease, if the lease term reflects the lessee exercising the option to terminate the lease; amounts expected to be payable by the Company under residual value guarantees.

Short-term lease refers to lease with a term no more than 12 months from the commencement date of lease term and without purchase option.

The Company recognizes lease payments under short-term leases as the current loss and profit or the relevant asset costs on a straight-line basis over each period during the lease term.

For short-term lease, the Company shall adopt the above simplified treatment method for selecting the items in the following asset types according to the category of leased assets.

Lease of low-value assets refers to lease for single lease asset with value less than 40 thousand RMB when it is new.

For lease of low-value assets, the Company chooses to adopt the above simplified treatment method according to the specific situation of each lease.

The Company recognizes lease payments under leases of low-value assets as the current loss and profit or the relevant asset costs on a straight-line basis over each period during the lease term.

In case of lease modification, the Company makes accounting treatment of such lease change as a separate lease if all of the following conditions are met: ① Such lease modification increases the scope of the lease by adding the right to use one or more lease assets; ② The increased consideration is commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to reflect the circumstances of the particular contract.

Where accounting treatment is not made for lease modification as a separate lease, at the effective date of lease modification, the Company reallocates the contract consideration after the modification, redetermines the lease term, and remeasures the lease liability based on the present value calculated according to the modified lease payments and the revised discount rate.

In the event that the lease scope is decreased or the lease term is shortened as a result of the lease modification, the Company reduces the carrying amount of the right-of-use assets, and recognizes the relevant gains or losses relating to the partial or full termination of the lease in the income statement.

For the lease liabilities remeasured due to other lease modifications, the Company adjusts the carrying amount of the right-of-use assets accordingly.

30.3 The Company as the lessor

When the Company, as the lessor, recognizes the lease which substantially transfers all risks and remuneration related to the ownership of assets as financial lease, and other lease besides financial lease as operating lease.

On the commencement date of the lease term, the Company uses the net lease investment as the carrying value of the finance lease receivables. Net lease investment is the sum of present value of unguaranteed residual value and lease payments receivable discounted at the interest rate implicit in lease on the commencement date of the lease term. The Company as the lessor calculates and recognizes the interest income in each period of the lease term according to the fixed periodic interest rate. The variable lease payment obtained by the Company as the lessor and not included in the net lease investment shall be recorded in the current profit and loss upon actual occurrence.

The termination recognition and impairment of financial lease receivable shall be treated in accordance with the provisions of Accounting Standards for Business Enterprises No.22 - Recognition and Measurement of Financial Instruments and Accounting Standards for Business Enterprises No.23 -Transfer of Financial Assets.

The Company recognizes the lease payments from operating leases as rental income on a straight-line basis for all periods over the lease term. The Company's initial direct costs incurred in connection with operating leases is capitalized as incurred, recognized in the income statement into current profit and loss over the lease term on the same basis as the lease income. The variable lease payment amount obtained related to the operating lease that is not included in the lease receipts shall be included in the current profit and loss upon the actual occurrence.

In case of modification of the operating lease, the Company accounts for it as a new lease as of the effective date of the modification, any prepaid or accrued lease payments relating to the original lease are considered as payments for the new lease.

In case of modification of the finance lease, the Company accounts for the modification of a finance lease as a separate lease if all of the following conditions are met: ①the modification increases the scope of the lease by adding the right to use one or more lease assets; ②the consideration for the lease increases by an amount that is commensurate with the stand-alone price for the increase in scope, and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

If a modification of finance lease is not accounted for as a separate lease, the Company accounts for the changed lease under the following circumstances: ①If the modification becomes effective on the commencement date of the lease and the lease is classified as an operating lease, the Company accounts for it as a new lease from the effective date of the lease modification and measures as the net lease investment prior to the effective date of the lease modification as the carrying value of the leased asset. ② If the modification becomes effective on the commencement date of the lease and the lease is classified as a finance lease, the Company accounts for it in accordance with the provisions of Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments regarding the modification or renegotiation of contracts.

31. Fair value measurement

Fair value refers to the price that market participants can receive or transfer a liability by selling an asset in

the orderly transaction occurring on the measurement day.

The Company measures relevant assets or liabilities at fair value, including: financial assets measured at fair value and their changes booked into current profit and loss, investment real estate, biological assets, financial liabilities measured at fair value and their changes booked into current profit and loss. Assume that orderly transactions to sell assets or transfer liabilities take place in the primary market of the underlying asset or liability; where there is no major market, the Company assumes that the transaction takes place in the most favorable market for the underlying assets or liabilities. The primary market (or most favorable market) is the trading market that the Company has access to on the measurement day. The Company adopts the assumptions used by market participants in pricing such assets or liabilities in order to maximize their economic benefits.

For financial assets or financial liabilities in active markets,the Company shall use quotations in active markets to determine their fair value. If there is no active market for financial instruments, the Company shall use valuation techniques to determine their fair value. The valuation models used mainly include discounted cash flow model and market comparable company model. The input value of valuation technology mainly includes risk-free interest rate, benchmark interest rate, exchange rate, credit spread, liquidity premium, illiquidity discount, etc.

Where a non-financial asset is measured at fair value, it takes into account the ability of a market participant to generate economic benefits by putting the asset to the best use, or to generate economic benefits by selling the asset to other market participants who can put the asset to the best use.

The Company uses valuation techniques that are applicable in the current situation and supported by sufficient available data and other information, giving preference to relevant observable input values, and using unobtainable input values only when observable input values are not available or are not practicable to obtain.

For the assets and liabilities measured or disclosed at fair value in financial statements, the level of fair value to which they belong is determined according to the lowest level input value of great significance to the measurement of fair value as a whole. The input value of the first level is the unadjusted quotation of the same assets or liabilities that can be obtained on the measurement date in the active market; the input value of the second level is the directly or indirectly observable input value of related assets or liabilities except the input value of the first level; the third level input value is the unobservable input value of the related

asset or liability.

At each balance sheet date, the Company revaluates the assets and liabilities recognized in the financial statements that have been consistently measured at fair value to determine whether there has been a conversion between levels of fair value measurement.

32. Significant alternation in accounting policy, accounting estimations and major errors in previous period

32.1 Significant alternation in accounting policy

None.

32.2 Significant alternation in accounting estimations

None.

32.3 Significant alternation in major errors in previous period

None.

V. Taxation

1. Main types of taxes and corresponding tax rates

Tax type	Tax rate
VAT	Calculated at the rate of 6% and 13% on taxable income, and VAT is calculated on the difference after deducting the input tax allowed to be deducted in the current period.
City maintenance and construction tax	Calculated and paid at 7% of the actual turnover tax paid.
Corporate income tax	Calculated and paid at 25% of the taxable income.

2. Tax preferential treatments and approval documents

The corporate income tax rate of the subsidiary Shandong Finance Group (HK) Co., Ltd is 16.5%.

VI. Business Combination and Consolidated Financial Statements

1. The basic situation of the second-tier subsidiaries included in the consolidated financial statements in the current period

Currency Unit: ten thousand yuan RMB

No	Name of subsidiary	Principal place of business	Registered address	Business nature	Paid-in capital	Direct shareholding ratio	Indirect shareholding ratio
1	Shandong Finance Asset Management Co., Ltd	Jinan	Jinan	Asset management, investment management, investment consulting	110,394.58	100.00%	
2	Shandong Finance Venture Capital Co., Ltd	Jinan	Jinan	Venture capital business, fund management	12,500.00	80.00%	
3	Shandong Finance Development Co., Ltd	Jinan	Jinan	Operation of state-owned assets and shantytown renovation within the scope authorized by the government	1,000,000.00	100.00%	
4	Shandong Financial Capital Management Co., Ltd	Jinan	Jinan	Foreign investment, investment management and fund management	560,919.76	98.91%	1.09%
5	Shandong Finance and Financial Leasing Co., Ltd	Jinan	Jinan	Finance lease	200,000.00	88.30%	7.48%
6	Jinan Caitong Investment Partnership (Limited partnership)	Jinan	Jinan	Investment with own funds	52,000.00	96.15%	3.85%
7	Jinan Caiyuan Jiurushan Investment Partnership (limited partnership)	Jinan	Jinan	Engaged in investment activities with its own funds	1,500.00	99.33%	0.67%
8	Shanghai Shancai Enterprise Development Co., Ltd	Jinan	Shanghai	Business management and consulting, business information consulting, financial consulting	56,833.33	94.13%	
9	Shandong Caijin New Energy Industry Co., Ltd	Jinan	Jinan	Foreign investment with own funds; investment management and consulting	100,000.00	100.00%	
10	Shandong Finance Rural Revitalization Co., Ltd	Jinan	Jinan	Land consolidation services	2,000,000.00	10.00%	90.00%
11	Shandong Financial Stable Equity Investment Fund Center (Limited partnership)	Jinan	Jinan	Equity investments in unlisted companies		46.67%	3.33%
12	Shandong New Growth Drivers Fund Management Co.,Ltd	Jinan	Jinan	Fund management and investment management	2,000,000.00	90.20%	
13	Jinan Chuangxin Equity Investment Partnership (Limited partnership)	Jinan	Weihai	Equity investments in unlisted companies	200,000.00	99.75%	0.25%

No	Name of subsidiary	Principal place of business	Registered address	Business nature	Paid-in capital	Direct shareholding ratio	Indirect shareholding ratio
14	Shandong Finance and Research Institute Co., Ltd	Jinan	Jinan	Management Consulting	300	100.00%	
15	Shandong Finance Health Industry Group Co.,Ltd	Jinan	Jinan	Health medicine services	98,000.00	50.00%	
16	Shandong Financial Technology Innovation Equity Investment Fund Partnership (limited partnership)	Jinan	Jinan	Equity investment management and related consulting services	117,832.95	98.37%	0.82%
17	Shandong Caijin Xinrong Investment Holding Co., Ltd	Jinan	Jinan	Enterprise management consulting, supply chain management services, financing consulting services, etc	252,000.00	100.00%	
18	Shandong Finance and Health Industry Investment Holding Co., Ltd	Jinan	Jinan	Engaged in investment activities with own funds	184,000.00	100.00%	
19	Shandong Financial Ecological Resources Development and Operation Co., Ltd	Jinan	Jinan	Land consolidation services and investment	3,800.00	92.10%	
20	Shandong Financial Group (Hong Kong) Limited	Hong Kong	Hong Kong	Engaged in investment activities with its own funds		100.00%	

2. Significant non-wholly owned subsidiaries

Currency Unit:ten thousand yuan RMB

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Finance Venture Capital Co., Ltd	76,308.10	123,075.38	199,383.48	156,215.10	1,481.70	157,696.80
Shanghai Shancai Enterprise	54,057.68	11,582.37	65,640.05	7,075.41		7,075.41

Name of subsidiary	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Development Co., Ltd						
Shandong New Growth Drivers Fund Management Co.,Ltd	2,507,054.05	2,593,360.25	5,100,414.30	780,434.38	1,012,989.74	1,793,424.11
Shandong Finance Health Industry Group Co.,Ltd	263,194.53	11,583.02	274,777.55	151,425.92	24,965.00	176,390.92
Shandong Finance and Financial Leasing Co., Ltd	312,518.20	342,594.20	655,112.40	212,252.55	176,415.87	388,668.42

(continued)

Name of subsidiary	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shandong Finance Venture Capital Co., Ltd	78,258.64	144,641.69	222,900.33	185,390.81	1,280.12	186,670.93
Shanghai Shancai Enterprise Development Co., Ltd	47,784.83	17,648.15	65,432.97	30,516.93		30,516.93
Shandong New Growth Drivers Fund Management Co.,Ltd	1,581,493.09	2,282,220.81	3,863,713.90	349,437.34	804,974.33	1,154,411.67
Shandong Finance Health Industry Group Co.,Ltd	344,471.49	12,975.62	357,447.11	181,166.65	71,440.00	252,606.65
Shandong Finance and Financial Leasing Co., Ltd	47,380.73	413,152.66	460,533.39	95,974.14	123,172.29	219,146.42

(continued)

Name of subsidiary	Current period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Finance Venture Capital Co., Ltd	2,847.55	2,781.49	2,781.49	-40,191.99
Shanghai Shancai Enterprise Development Co., Ltd	125.25	148.59	148.59	-5,020.57
Shandong New Growth Drivers Fund Management Co.,Ltd	6,166.91	106,780.29	106,780.29	610.31
Shandong Finance Health Industry Group Co.,Ltd	-4,301.22	-6,354.80	-6,354.80	-2,960.95
Shandong Finance and Financial Leasing Co., Ltd	53,800.55	26,745.31	26,745.31	-101,537.56

(continued)

Name of subsidiary	Previous period			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Shandong Finance Venture Capital Co., Ltd	2,612.49	3,509.80	3,509.80	12,199.63
Shanghai Shancai Enterprise Development Co., Ltd	2,023.06	7,452.07	7,452.07	-35,220.17
Shandong New Growth Drivers Fund Management Co.,Ltd	6,144.54	98,380.88	98,380.88	-42,733.88
Shandong Finance Health Industry Group Co.,Ltd	11,735.81	-2,929.69	-2,929.69	-1,892.70
Shandong Finance and Financial Leasing Co., Ltd	39,952.78	21,745.46	21,745.46	-220,245.96

3. If the accounting period of the subsidiary is inconsistent with that of the parent company, the treatment method for the preparation of consolidated financial statements by the parent company

There was no inconsistency between the accounting period of the subsidiary and the parent company in the current period.

4. The original second-level entities that are no longer included in the scope of consolidation in this period

(1) Shandong Caijin Venture Capital Medical Industry Equity Investment Partnership Enterprise (Limited Partnership) was deregistered on 16 July 2024, and is no longer included in the consolidation scope.

(2) Shandong Financial Integration Equity Investment Partnership (Limited Partnership) was deregistered on 25 October 2024, and is no longer included in the consolidation scope.

(3) As of November 2024, the Company has fully recovered all of its equity interests in Shandong Finance Government-Enterprise Tianyuan Equity Investment Fund Center (Limited Partnership) (referred to as the "Tianyuan Fund").

5. The second-level entities newly included in the scope of consolidation in this period

The Company has no new second-level entities included in the scope of consolidation in this period.

6. Business mergers under the common control that occurred in the current period

The company has not been merged under common control in this period.

7. Business combinations that did not come under common control during the period

The Company did not have any business combinations not under common control during the period.

VII. Notes to the consolidated financial statements

Unless otherwise specified, the following notes (including notes to major items in the Company's financial statements): the "closing balance" as at the year ending 31 December 2024, the "opening balance" as at 31 December 2023, the term "current period" as of the year as at 2024 and the "prior period" as of 2023.

1. Monetary funds

Item	Closing balance	Opening balance
Cash in hand	198,692.12	83,801.65
Deposits with banks	17,143,175,749.48	11,539,437,510.39
Other monetary funds	5,567,640,485.15	5,130,810,985.91
Total	**22,711,014,926.75**	**16,670,332,297.95**
Including: Total overseas deposits	30,533,220.90	2,002,033.59

Details of the restricted monetary funds are as follows:

Item	Closing balance	Opening balance
Property deposit	27,321,780.54	37,673,914.38
Equity conversion agreement deposit	5,000,000,000.00	5,000,000,000.00
Performance guarantee		126,000.00
Bill acceptance margin	405,180,351.99	138,203,028.64
Guarantee deposit	1,686,261.14	1,310,784.42
Others		342,552.27

Item	Closing balance	Opening balance
Total	**5,434,188,393.67**	**5,177,656,279.71**

2. Trading financial assets

Item	Closing balance	Opening balance
Classified as at fair value through profit or loss	5,867,452,190.13	4,119,338,436.14
Including: Debt instrument investments	2,293,474,232.38	
Equity instrument investments	1,286,860,934.40	2,049,868,633.96
Others	2,287,117,023.35	2,069,469,802.18
Designated as at fair value through profit or loss		
Including: Debt instrument investments		
Total	**5,867,452,190.13**	**4,119,338,436.14**

3. Notes receivable

Item	Closing balance	Opening balance
Bank acceptance notes	2,796,107.25	1,510,000.00
Trade acceptance notes	163,161,797.20	197,253,823.24
Subtotal	165,957,904.45	198,763,823.24
Less: Bad Debt Provision		
Total	**165,957,904.45**	**198,763,823.24**

4. Accounts receivable

4.1 Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year	3,872,725,550.99	2,749,498,328.88
1 to 2 years	431,488,459.60	310,921,068.91
2 to 3 years	264,441,902.36	83,969,487.17
3 to 4 years	78,489,432.37	4,237,650.00
4 to 5 years	4,237,650.00	2,857,722.87
More than 5 years	18,583,951.64	15,753,228.77
Subtotal	4,669,966,946.96	3,167,237,486.60
Less: Bad Debt Provision	112,056,197.16	81,020,709.99
Total	**4,557,910,749.80**	**3,086,216,776.61**

4.2 Classification and listed according to the bad debt provision method

Types	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	213,618,589.96	4.57	66,810,528.01	31.28	146,808,061.95
Accounts receivable for bad debt provision by portfolio	4,456,348,357.00	95.43	45,245,669.15	1.02	4,411,102,687.85
Total	**4,669,966,946.96**	**100.00**	**112,056,197.16**	**2.40**	**4,557,910,749.80**

(continued)

Types	Opening balance				
	Carrying amount		Bad debt provision		Book Valuc
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	54,016,402.16	1.71	54,016,402.16	100.00	
Accounts receivable for bad debt provision by portfolio	3,113,221,084.44	98.29	27,004,307.83	0.87	3,086,216,776.61
Total	**3,167,237,486.60**	**100.00**	**81,020,709.99**	**2.56**	**3,086,216,776.61**

①At the end of the period,the accounts receivable set aside for bad debts by single item:

Accounts receivable (by company)	Closing balance			
	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
The Jinan Municipal People's Procuratorate	300,000.00	300,000.00	100.00	Expected unrecoverable
Special Police Detachment Of Jinan Public Security Bureau	300,000.00	300,000.00	100.00	Expected unrecoverable
Singapore Tianyuan Group Company Limited	4,500,000.00	4,500,000.00	100.00	Expected unrecoverable
Shandong Shang Clothing Co., Ltd	45,000,000.00	45,000,000.00	100.00	Expected unrecoverable

Accounts receivable (by company)	Closing balance			
	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Chengdu Dingding Cat Butler Technology Co., Ltd	159,573,616.00	12,765,889.28	8.00	Expected unrecoverable
Taian Taishan District Yaocheng Construction Engineering Co., Ltd	3,793.00	3,793.00	100.00	Expected unrecoverable
Shandong Zhongpu Network Technology Co., Ltd	15,000.00	15,000.00	100.00	Expected unrecoverable
Taian Yishan Construction Labor Service Co., Ltd	21,523.00	21,187.77	100.00	Expected unrecoverable
Receivable Shunyu Garden Owner Viewing Fee	511.00	511.00	100.00	Expected unrecoverable
Water Fee Receivable For The Owner Of Shunyu Garden	728,709.16	728,709.16	100.00	Expected unrecoverable
Jinan Southern Suburb Hotel	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Huang Bin	140,000.00	140,000.00	100.00	Expected unrecoverable
Hou Chongjun	20,000.00	20,000.00	100.00	Expected unrecoverable
Yu Xinwei	15,437.80	15,437.80	100.00	Expected unrecoverable
Total	**213,618,589.96**	**66,810,528.01**		

4.3 The top five units with the ending balance of accounts receivable collected by the debtor

Company name	Nature of money	Closing balance	Aging	Closing balance of bad debt provision	Proportion to total closing balance (%)
Colorful Construction And Development Co., Ltd	Sales of materials	359,670,901.71	Within 1 year (including 1 year)		7.70

Company name	Nature of money	Closing balance	Aging	Closing balance of bad debt provision	Proportion to total closing balance (%)
Shandong New Momentum Inclusive Financial Services Co., Ltd	Entrusted operating income	203,001,796.86	Within 1 year, 1-2 years, 2-3 years		4.35
Shandong Tianhong Chemical Co., Ltd	Payment for goods	200,000,000.00	Within 1 year, 1-2 years		4.28
Chengdu Dingding Cat Butler Technology Co., Ltd	Factoring receivables	159,573,616.00	Within 1 year, 2-3 years	12,765,889.28	3.42
Shandong Century Sunshine Construction Technology Co., Ltd	Material sales	122,392,330.18	Within 1 year (including 1 year)		2.62
Total		**1,044,638,644.75**		**12,765,889.28**	**22.37**

5. Prepayments

5.1 Prepayments are listed by age

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	977,595,153.98	45.78	4,549,894,950.07	89.73
1-2 years	1,053,456,016.13	49.34	447,632,624.73	8.83
2-3 years	103,485,552.42	4.85	73,005,939.93	1.44
Over 3 years	605,311.65	0.03	135,476.94	
Total	**2,135,142,034.18**	**100.00**	**5,070,668,991.67**	**100.00**

5.2 Large prepayments that are more than 1 year at the end of the period

Creditor	Debtor	Closing balance	Aging	Reasons for unsettled accounts
Shandong Finance Commercial Management Co., Ltd	Jinan Zhongkai Real Estate Co., Ltd	973,575,900.00	1-2 years	Property not delivered
Shandong Caijin Wanzefeng Marine Technology Co., Ltd	Rizhao Port Da Shipbuilding Heavy Industry Co., Ltd	102,450,129.15	1-2 years	Project not completed

Creditor	Debtor	Closing balance	Aging	Reasons for unsettled accounts
Financial And Health Industry (Tai'an) Co., Ltd	Shandong Yungu Construction Engineering Co., Ltd	32,951,275.70	1-2 years	Project not settled
Total		**1,108,977,304.85**		

5.3 The top five units of the closing balance of prepayments

Name of debtor	Nature of money	Closing balance	Aging	Proportion to total closing balance (%)
Jinan Zhongkai Real Estate Co., Ltd	house purchase payment	973,575,900.00	1-2 years	45.60
Information Industry Electronic Design & Research Institute No.11 Co., Ltd	project payment	165,272,449.83	Within 1 year	7.74
Zhongyu (Shandong) Fisheries Co., Ltd	project payment	103,494,660.60	Within 1 year	4.85
Rizhao Port Da Shipbuilding Heavy Industry Co., Ltd	project payment	102,450,129.15	1-2 years	4.80
Yutai County Finance Bureau (Yutai County State-owned Assets Supervision and Administration Bureau)	Land and compensation payment	94,068,379.97	Within 1 year	4.41
Total		**1,438,861,519.55**		**67.39**

6. Other receivables

Item	Closing balance	Opening balance
Interest receivable	76,569,341.94	31,852,311.76
Dividends receivable	60,000.00	24,185,102.19
Other receivables	8,201,885,635.16	4,179,702,456.32
Total	**8,278,514,977.10**	**4,235,739,870.27**

6.1 Interest receivable

Item	Closing balance	Opening balance
Grant loans	24,113,633.81	7,014,351.07

Item	Closing balance	Opening balance
Bond investment	55,241,620.00	24,837,960.69
Subtotal	79,355,253.81	31,852,311.76
Less: Provision for Bad Debts	2,785,911.87	
Total	**76,569,341.94**	**31,852,311.76**

6.2 Dividends receivable

Item（or investee）	Closing balance	Opening balance
Shandong Caijin Xinyc International Information Service Co., Ltd	60,000.00	69,800.00
Shandong Caijin Zhiyuan Education And Technology Co., Ltd		2,000,000.00
Shandong Caijin Agricultural Science And Technology Co., Ltd		22,115,302.19
Total	**60,000.00**	**24,185,102.19**

6.3 Other receivables

①Other receivables are disclosed by the method of provision for impairment

Item	Closing balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	632,882,369.92	7.22	557,589,728.10	88.10	75,292,641.82
Provision for credit loss by portfolios	8,132,461,087.71	92.78	5,868,094.37	0.07	8,126,592,993.34
Total	**8,765,343,457.63**	**100.00**	**563,457,822.47**	**6.43**	**8,201,885,635.16**

(continued)

Item	Opening balance				
	Carrying amount		Bad debt provision		Book Value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	292,682,369.92	6.54	291,422,369.92	99.57	1,260,000.00
Provision for credit loss by portfolios	4,184,718,180.23	93.46	6,275,723.91	0.15	4,178,442,456.32
Total	**4,477,400,550.15**	**100.00**	**297,698,093.83**	**6.65**	**4,179,702,456.32**

②listed by age

Aging	Closing balance	Opening balance
Within 1 year	4,403,246,893.57	1,255,546,908.77
1 - 2 years	1,154,374,551.59	2,034,002,893.36
2 - 3 years	2,008,242,698.08	577,097,823.52
Over 3 years	1,199,479,314.39	610,752,924.50
Subtotal	8,765,343,457.63	4,477,400,550.15
Less: Provision for Bad Debts	563,457,822.47	297,698,093.83
Total	**8,201,885,635.16**	**4,179,702,456.32**

③Classification according to the nature of the payment

Nature of payment	Closing book balance	Opening book balance
Current account funds	4,055,159,376.49	3,247,257,348.78
Emergency loan rollover funds	4,245,000,000.00	592,000,000.00
Collect and pay on behalf of others	41,841,711.85	75,356,818.69
Others	423,342,369.29	562,786,382.68
Subtotal	8,765,343,457.63	4,477,400,550.15
Less: Provision for Bad Debts	563,457,822.47	297,698,093.83
Total	**8,201,885,635.16**	**4,179,702,456.32**

④Other receivables for which provision for bad debts is made separately

Name of debtor	Carrying amount	Bad debt provision	Provision ratio (%)	Reason for provision
Hong Kong Baofeng Company Limited	31,333,278.29	31,333,278.29	100.00	Expected unrecoverable
Baofeng Seafood	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building	70,000,000.00	70,000,000.00	100.00	Expected unrecoverable
Shanghai Qilu Building	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building Preparation Office	7,000,000.00	7,000,000.00	100.00	Expected unrecoverable
The China Confucius Foundation	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable

Name of debtor	Carrying amount	Bad debt provision	Provision ratio (%)	Reason for provision
Shandong Acrobatic Troupe	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Brilliant Century Film And Television Culture Co., Ltd	5,000,000.00	5,000,000.00	100.00	Expected unrecoverable
Shandong Qilu Animation Base Co., Ltd	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Film And Television Group Co., Ltd	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Shandong Performing Arts Group Co., Ltd	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Yantai Zhifu District Information Industry Bureau	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Zhangqiu Xintengda Construction and Development Co., Ltd	340,200,000.00	266,167,358.18	78.24	Expected unrecoverable
Elegant Show Garden Water And Electricity Charges	134,511.83	134,511.83	100.00	Expected unrecoverable
Jinan Yuanhao Real Estate Co., Ltd	9,500,000.00	9,500,000.00	100.00	Expected unrecoverable
Jinan Xinye Real Estate Co., Ltd	11,260,000.00	10,000,000.00	88.81	Expected unrecoverable
The Shandong Provincial Association Of Certified Public Accountants	21,621.80	21,621.80	100.00	Expected unrecoverable
Laiwu Xintong Phase Ii Legal Costs	214,310.00	214,310.00	100.00	Expected unrecoverable
Laiwu Letter Tong Phase i Legal Costs	107,328.00	107,328.00	100.00	Expected unrecoverable
Shandong Province Energy Utilization Monitoring Center	54,320.00	54,320.00	100.00	Expected unrecoverable
Zhang Guoxue	43,000.00	43,000.00	100.00	Expected unrecoverable
China Unicom, Shandong Jinan Shunhua Road Business Hall	400.00	400.00	100.00	Expected unrecoverable

Name of debtor	Carrying amount	Bad debt provision	Provision ratio (%)	Reason for provision
Others	108,013,600.00	108,013,600.00	100.00	Expected unrecoverable
Total	**632,882,369.92**	**557,589,728.10**		

⑤Provision for bad debts

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (credit impairment has not incurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance	1,294,677.81	413,442.38	295,989,973.64	**297,698,093.83**
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 3				
Provision in the current reporting period	190,032.20		11,118,788.93	**11,308,821.13**
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes			254,450,907.51	**254,450,907.51**
Closing balance	1,484,710.01	413,442.38	561,559,670.08	**563,457,822.47**

⑥Top five debtors based on corresponding closing balance of other receivables

Entities	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
Taian Huigu Real Estate Co., Ltd	Project principal and proceeds	572,248,168.46	Within 1 year, 1-2 years, 2-3 years	6.53	
Zhangqiu Xintengda Construction and Development Co., Ltd	current account funds	340,200,000.00	More than 5 years	3.88	266,167,358.18
Financial Care And Health Industry (Tai'An) Co., Ltd	advance payment on behalf of others	220,546,289.99	Within 1 year, 1-2 years, 2-3 years	2.52	
Meiyi Investment in Real Estate Co., Ltd	borrowing	200,000,000.00	2-3 years, 3-4 years	2.28	
Shandong New Momentum Inclusive Financial Services Co., Ltd	current account funds	195,000,000.00	Within 1 year	2.22	
Total		**1,527,994,458.45**		**17.43**	**266,167,358.18**

7. Inventories

7.1 Categories of inventories

Item	Closing balance		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	3,565,078.05		3,565,078.05
Homemade semi-finished products and products in process	3,437,838,570.10		3,437,838,570.10
Including development cost	3,419,243,641.89		3,419,243,641.89
Turnover materials	304,894.79		304,894.79

Item	Closing balance		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Merchandise inventory	175,937,562.85		175,937,562.85
Contract performance cost	105,910,427.16		105,910,427.16
Develop products	744,760,402.65		744,760,402.65
Goods shipped in transit	97,266,146.29		97,266,146.29
Consumable biological assets	47,817,614.33		47,817,614.33
Total	**4,613,400,696.22**		**4,613,400,696.22**

(continued)

Item	Opening balance		
	Carrying amount	Provision for decline in value of inventories/ Impairment provision for contract performance cost	Book value
Raw materials	2,868,415.96		2,868,415.96
Homemade semi-finished products and products in process	4,125,778,213.39		4,125,778,213.39
Including development cost	3,934,715,365.99		3,934,715,365.99
Turnover materials	158,972.87		158,972.87
Merchandise inventory	310,361,129.97		310,361,129.97
Contract performance cost	69,004,255.80		69,004,255.80
Develop products	2,427,581,680.58		2,427,581,680.58
Goods shipped in transit	99,639.36		99,639.36
Consumable biological assets	19,468,800.00		19,468,800.00
Total	**6,955,321,107.93**		**6,955,321,107.93**

8. Contract assets

Item	Closing balance		
	Carrying amount	Provision	Book value
Lanshan District Sponge Engineering Project	1,017,826,561.82		1,017,826,561.82
Ecotourism PPP Phase II Project	563,443,196.32		563,443,196.32
Sewage Treatment PPP Phase II Project	47,689,779.84		47,689,779.84
Weifang City National Fitness Service Center	37,522,992.85		37,522,992.85

Item	Closing balance		
	Carrying amount	Provision	Book value
Weifang Stock Assets Transformation PPP Project	286,785,474.19		286,785,474.19
Total	**1,953,268,005.02**		**1,953,268,005.02**

(continued)

Item	Opening balance		
	Carrying amount	Provision	Book value
Lanshan District Sponge Engineering Project	920,769,080.32		920,769,080.32
Ecotourism PPP Phase II Project	474,996,614.49		474,996,614.49
Sewage Treatment PPP Phase II Project	27,851,974.15		27,851,974.15
Energy Management Project Of Qingdao	990,000.00		990,000.00
Weifang City National Fitness Service Center	40,084,095.79		40,084,095.79
Weifang Stock Assets Transformation PPP Project	229,721,490.78		229,721,490.78
Total	**1,694,413,255.53**		**1,694,413,255.53**

9. Non-current assets due within one year

Item	Closing balance	Opening balance	Notes
Non-current financial assets due within 1 year	7,327,784,204.37	4,596,863,525.39	
Debt investments due within 1 year	1,409,230,069.71	400,169,076.53	
Total	**8,737,014,274.08**	**4,997,032,601.92**	

10. Other current assets

Item	Closing balance	Opening balance
Input tax to be deducted	210,523,640.95	185,516,301.45
Advance tax payment	119,737,809.39	123,677,584.55
Entrusted loan	12,270,000,000.00	6,160,000,000.00
Others	6,504,456,549.41	2,729,986,446.80
Total	**19,104,717,999.75**	**9,199,180,332.80**

11. Loans Granted and Advances

11.1 Listed by item

Item	Closing balance	Opening balance
Measured at amortized cost	2,331,604,663.64	
Provision for loan impairment	102,252,801.05	
Total	**2,229,351,862.59**	

11.2 Provision for credit losses

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (credit impairment has not incurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance				
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 3				
Provision in the current reporting period	18,986,737.98	38,538,955.76	9,481,621.63	67,007,315.37
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes	16,697,654.77	12,930,830.91	5,617,000.00	35,245,485.68
Closing balance	**35,684,392.75**	**51,469,786.67**	**15,098,621.63**	**102,252,801.05**

12. Debt investments

12.1 Debt investment situation

Item	Closing balance			Opening balance		
	Carrying amount	Provision	Book value	Carrying amount	Provision	Book value
Debt investments	7,235,763,943.45	53,321,606.01	7,182,442,337.44	5,862,767,874.09		5,862,767,874.09
Less: Debt investment	833,224,000.00	833,224,000.00				

due within one year						
Debt investments	1,409,230,069.71		1,409,230,069.71	400,169,076.53		400,169,076.53
Total	**6,659,757,873.74**	**886,545,606.01**	**5,773,212,267.73**	**5,462,598,797.56**		**5,462,598,797.56**

12.2 Significant debt investment at the end of the period

Item	Closing balance			
	Face value	Coupon rate	Real interest rate	Maturity date
Weifang Hengxin Capital Management Co., Ltd.	300,000,000.00	9.00%	9.00%	24-Jun-26
Weihai Huancui District Urban Development And Investment Co., Ltd	520,000,000.00			
Fuyuan International Co., Ltd	539,130,000.00	9.00%	9.00%	30-Mar-26
Laizhou Caijin Investment Co., Ltd.	323,478,000.00	6.00%	6.00%	9-Apr-26
Zibo High-tech International Investment Co., Ltd. (No. 2)	215,652,000.00	9.00%	9.00%	30-Mar-26
Jinan Urban Investment Group Co., Ltd.	980,000,000.00			27-May-26
Fusheng Group Creditor's Rights Investment Collective Fund Trust Plan	733,224,000.00			10-Jul-20
Weihai Huansheng Cultural and Tourism Development Co., Ltd.	270,000,000.00			6-Nov-26
Shandong Caixin Industrial Investment No.1 Partnership Enterprise (Limited Partnership)	250,000,000.00			11-Jul-26
Total	**4,131,484,000.00**			

13. Other debt investments

13.1 Other debt investment

Item	Closing balance	Opening balance
Dacheng International Asset Management Co., Ltd	152,092,167.20	203,146,001.40
Shangao International Asset Management Co., Ltd	193,224,192.00	209,081,304.00
Huizhi International Financial Holdings Co., Ltd	167,633,488.00	214,464,156.00

Item	Closing balance	Opening balance
Minmetals-Rong Shihua Financial Leasing Asset Support Special Plan (ABS)	74,000,000.00	27,000,000.00
Total	**586,949,847.20**	**653,691,461.40**

13.2 Other important debt investments at the end of the period

Item	Face value	Book value	Provision for impairment made
Shangao International Asset Management Co., Ltd	265,970,800.00	193,224,192.00	72,746,608.00
Dacheng International Asset Management Co., Ltd	359,420,000.00	152,092,167.20	207,327,832.80
Huizhi International Financial Holdings Co., Ltd	359,420,000.00	167,633,488.00	191,786,512.00
Minmetals-Rong Shihua Financial Leasing Asset Support Special Plan (ABS)	74,000,000.00	74,000,000.00	
Total	**1,058,810,800.00**	**586,949,847.20**	**471,860,952.80**

13.3 Provision for impairment

Item	Carrying amount	Expected credit loss rate (%)	Impairment provisions	Book value
Shangao International Asset Management Co., Ltd	265,970,800.00	27.35	72,746,608.00	193,224,192.00
Dacheng International Asset Management Co., Ltd	359,420,000.00	57.68	207,327,832.80	152,092,167.20
Huizhi International Financial Holdings Co., Ltd	359,420,000.00	53.36	191,786,512.00	167,633,488.00
Minmetals-Rong Shihua Financial Leasing Asset Support Special Plan (ABS)	74,000,000.00			74,000,000.00
Total	**1,058,810,800.00**		**471,860,952.80**	**586,949,847.20**

14. Long-term receivables

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Finance lease payment	5,729,939,547.22	150,106,329.83	5,579,833,217.39	4,094,077,225.11	150,106,329.83	3,943,970,895.28
Including unrealized financing income	442,843,164.83		442,843,164.83	443,157,454.86		443,157,454.86
Others	165,870,571,140.27		165,870,571,140.27	177,187,182,311.04		177,187,182,311.04
Total	**171,600,510,687.49**	**150,106,329.83**	**171,450,404,357.66**	**181,281,259,536.15**	**150,106,329.83**	**181,131,153,206.32**

15. Long-term equity investments

15.1 Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Investment in associates and joint ventures	5,796,327,120.57		5,796,327,120.57	3,204,328,170.63		3,204,328,170.63
Other investments	16,718,650,000.00		16,718,650,000.00	16,718,650,000.00		16,718,650,000.00
Total	**22,514,977,120.57**		**22,514,977,120.57**	**19,922,978,170.63**		**19,922,978,170.63**

15.2 Details of long-term equity investment

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
1.Joint venture companies											
Shandong Finance Industrial Co., Ltd	6,427,855.98			-166,066.61						6,261,789.37	
Shandong Provincial Financial And Government Bond Service Center	75,910,198.49									75,910,198.49	
Wisdom Qilu (Shandong) Big Data Technology Co., Ltd	7,451,330.41		8,643,769.60	1,197,689.09	-5,249.90						
Shandong Caijin Jinyu Investment Co., Ltd	1,000,000.00									1,000,000.00	
Shandong Finance Enterprise Development Co., Ltd	339,866.37			45,506.91						385,373.28	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Beijing Shan Gaojuntai Holding Co., Ltd	4,246,094.51									4,246,094.51	
Laiwu Taihe Biochemical Co., Ltd	202,653,630.21								202,653,630.21		
Jining Jinze Huinong Green Energy Co., Ltd		29,973,067.25								29,973,067.25	
Shandong Green Energy New Infrastructure Industry Service Co., Ltd	3,277,768.66			19,875.37						3,297,644.03	
Shandong Rongsheng Supply Chain Management Co., Ltd	10,094,431.32			23,406.67						10,117,837.99	
Qingdao Yunqing Ecological Environment Engineering Co., Ltd	27,400,733.88			-1,177,109.25						26,223,624.63	
Yantai Yuanhe Equity Investment Fund		7,893,792.00		147,954.49						8,041,746.49	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Management Co., Ltd											
Hainan Tengzhu Investment Partnership (Limited Partnership)	1,835,638.98			99,881.91						1,935,520.89	
Shandong Cai Jintai Wei New Energy Co., Ltd	8,280,878.74			739,032.47						9,019,911.21	
Cai Jintaiwei (Jinan Zhong) Photovoltaic Technology Co., Ltd	14,425,773.52	6,680,000.00		166,695.34						21,272,468.86	
Shandong Financial Resources Industry Development Co., Ltd	1,285,166.91			-96,546.69						1,188,620.22	
Zhongzhe Marine Food (Shandong) Co., Ltd	54,273,535.51			-10,351,864.40						43,921,671.11	
Shandong Yaowang Traditional	59,337,689.87	32,421,700.00		9,101,837.35						100,861,227.22	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Chinese Medicine Technology Co., Ltd											
Shandong Xinqiao Urban And Rural Integration Development Co., Ltd		11,130,000.00		188,364.23						11,318,364.23	
Blue Granary (Changdao) Marine Investment Co., Ltd		25,000,000.00								25,000,000.00	
Jining Jinxing Land Development Co., Ltd		18,200,000.00		410.35						18,200,410.35	
Shandong Caiyitong Agricultural Science and Technology Development Co., Ltd		3,400,000.00		69,294.86						3,469,294.86	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Weihai Caijin New Material Co., Ltd	64,065,059.55			8,658,845.54						72,723,905.09	
Taian Huigu Real Estate Co., Ltd	44,230,386.00			-744,501.41						43,485,884.59	
Taian Jindong Concrete Co., Ltd	8,084,606.17			-3,814,612.28						4,269,993.89	
Shandong Caikangyang Education Technology Co., Ltd	712,385.24			132,572.14						844,957.38	
Shandong Yijian Yikang Health Management Co., Ltd	2,360,563.63			-1,392,531.75						968,031.88	
Nolai Biomedical Technology Co., Ltd	27,809,869.17			-2,657,749.15						25,152,120.02	
Shandong Caixin Information Industry Co., Ltd		1,020,000.00		243,230.03						1,263,230.03	
Yantai Blue Pharmaceutical Valley Kinetic Energy New City Construction And	499,936,300.00			63,700.00						500,000,000.00	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Investment Co., Ltd											
Wanjia Fund Management Co., Ltd	1,302,108,873.27			131,066,800.00						1,433,175,673.27	
Tengqiang Urban and Rural Construction (Suzhou) Co., Ltd			150,000,000.00				-8,279,716.65		141,720,283.35		
Shandong New Kinetic Energy Angel Venture Capital Fund Partnership (Limited Partnership)		14,000,000.00								14,000,000.00	
Shandong Xinqiao Urban And Rural Integration Development Co., Ltd	14,398,409.88		8,750,000.00	-818,409.88			4,830,000.00			0.00	
Shandong New Momentum Inclusive Financial Services Co., Ltd	4,621,649.47			1,868,000.00						6,489,649.47	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Shandong New Kinetic Energy Kejin Equity Investment Fund Partnership (Limited Partnership)	28,992,748.63			527,696.65			265,391.01			29,255,054.27	
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	20,022,591.68			-5.95						20,022,585.73	
Shandong Puhui Wanjia Investment Partnership (Limited Partnership)	418,011,200.00	148,500,000.00		90,469,321.26			80,686,642.38			576,293,878.88	
Shandong Puhui Wanjia Investment Management Co., Ltd	4,216,037.13			631,470.20						4,847,507.33	
Shandong Qilu Cultural Tourism Group Co., Ltd	12,947,601.00			-3,451,232.00						9,496,369.00	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Shandong Qilu Huixin Culture Development Co., Ltd	41,021,033.54			344,761.34						41,365,794.88	
Shandong Lushang Intelligent Technology Co., Ltd	69,750,762.91			3,230,463.79						72,981,226.70	
Shandong Longtai Investment and Construction Co., Ltd		300,000,000.00		4,291,666.67						304,291,666.67	
Shandong Kinetic Jiahe Venture Capital Fund Partnership (Limited Partnership)	162,797,500.00	91,110.53		14,741,456.43						177,630,066.96	
Jinan Minyun Jiahua Equity Investment Fund Partnership (Limited Partnership)			7,666,648.15	-12,977,755.84					63,769,063.53	43,124,659.54	
Kinetic Energy Jiayue (Jinan) Venture Capital		30,000,000.00								30,000,000.00	

Investee	Opening balance	Increase/decrease in current year								Closing balance	Impairment provision
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity	Declaration of cash dividends or profit distribution	Impairment provision	Others		
Partnership (Limited Partnership)											
Investment Projects of Shandong New Kinetic Energy Huitong Investment Co., Ltd		1,983,000,000.00								1,983,000,000.00	
Subtotal	3,204,328,170.63	2,611,309,669.78	175,060,417.75	230,421,547.88	-5,249.90		77,502,316.74		2,835,716.67	5,796,327,120.57	
2.Other investments											
Special project of shanty reform	16,674,550,000.00									16,674,550,000.00	
Shandong Cairun Zhiyuan Education Culture Technology Co., Ltd	44,100,000.00									44,100,000.00	
Subtotal	16,718,650,000.00									16,718,650,000.00	
Total	**19,922,978,170.63**	**2,611,309,669.78**	**175,060,417.75**	**230,421,547.88**	**-5,249.90**		**77,502,316.74**		**2,835,716.67**	**22,514,977,120.57**	

16. Other equity instrument investments

Item	Closing balance	Opening balance
Partnership equity investment project	5,355,018,893.15	5,280,041,019.82
Direct equity investment project	24,893,766,046.94	25,718,943,740.02
Total	**30,248,784,940.09**	**30,998,984,759.84**

17. Other non-current financial assets

Item	Closing balance	Opening balance
Financial assets classified measured at fair value and changes included in the current profit and loss	27,545,315,230.41	26,220,753,621.63
Including: Debt instrument investment		
Equity tool investment	9,742,761,719.76	9,015,456,336.32
Equity investment fund	17,802,553,510.65	17,205,297,285.31
Financial assets designated as measured at fair value and changes included in the current profit and losses		
Total	**27,545,315,230.41**	**26,220,753,621.63**

18. Investment properties

18.1 Investment properties measured using the cost model

Item	Houses and buildings	Total
I. Gross amount:		
1. Opening balance	479,895,523.12	479,895,523.12
2. Increase	2,136,622,527.73	2,136,622,527.73
Purchased		
Reclassified from fixed assets	2,136,622,527.73	2,136,622,527.73
Increase from business combinations		
3. Decrease	19,823,792.85	19,823,792.85
Disposition	14,668,866.83	14,668,866.83
Other transfer-outs	5,154,926.02	5,154,926.02
4、Closing balance	2,596,694,258.00	2,596,694,258.00
II. Accumulated depreciation (amortization)		
1. Opening balance	108,104,076.59	108,104,076.59
2. Increase in current year	58,575,898.64	58,575,898.64

Item	Houses and buildings	Total
Accrual or amortization	58,575,898.64	58,575,898.64
3. Decrease in current year	8,293,591.32	8,293,591.32
Disposition	8,201,913.80	8,201,913.80
Converted to self-use real estate	91,677.52	91,677.52
4. Closing balance	158,386,383.91	158,386,383.91
III. Impairment provisions		
1. Opening balance		
2. Increase		
3. Decrease		
4. Closing balance		
IV. Book value		
1. Closing balance	**2,438,307,874.09**	**2,438,307,874.09**
2. Opening balance	**371,791,446.53**	**371,791,446.53**

19. Fixed assets

Item	Closing balance	Opening balance
Fixed assets	1,269,626,661.40	555,868,351.70
Disposal of fixed assets	99,764.35	
Total	**1,269,726,425.75**	**555,868,351.70**

19.1 Fixed Assets

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
I. Total original carrying amount								
1. Opening balance	486,364,281.85	87,439,424.96	26,454,838.76	27,475,195.90	4,342,532.39	3,589,479.91	7,667,830.36	643,333,584.13
2. Increase in the current reporting period	711,276,541.34	24,035,681.66	4,359,407.60	12,695,519.42	735,540.21	7,862,990.71	7,052,865.82	768,018,546.76
(1) purchase		3,574,466.16	3,326,910.15	3,793,206.07	352,889.21	1,171,375.79	1,058,934.68	13,277,782.06
(2) transferred from construction in progress	688,064,177.86	20,461,215.50		7,188,033.54		6,165,819.19	5,032,280.65	726,911,526.74
(3) Increase in business combinations	23,212,363.48		1,032,497.45	1,554,857.67	382,651.00	295,313.18	961,650.49	27,439,333.27
(4) others				159,422.14		230,482.55		389,904.69
3. Decrease in the current reporting period	17,451,763.92	104,217.54	446,735.07	448,585.03	423,003.79			18,874,305.35
(1) disposal or write-off			417,991.71	299,058.25	166,060.00			883,109.96
(2) disposal of subsidiaries				149,526.78				149,526.78

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
(3) others	17,451,763.92	104,217.54	28,743.36		256,943.79			17,841,668.61
4. Closing balance	1,180,189,059.27	111,370,889.08	30,367,511.29	39,722,130.29	4,655,068.81	11,452,470.62	14,720,696.18	1,392,477,825.54
II. Accumulated depreciation								
1. Opening balance	35,407,049.77	13,885,968.70	14,147,262.45	14,947,914.55	3,193,270.96	1,907,268.82	3,976,497.18	87,465,232.43
2. Increase in the current reporting period	18,059,405.51	7,017,774.71	5,504,172.64	5,554,106.59	514,309.58	784,549.69	1,296,667.99	38,730,986.71
(1) accrual	15,439,805.01	7,017,774.71	4,821,575.19	4,458,486.57	353,520.98	627,866.53	1,296,667.99	34,015,696.98
(2) increase in business combinations	2,619,600.50		682,597.45	1,055,788.57	160,788.60	145,748.94		4,664,524.06
(3) others				39,831.45		10,934.22		50,765.67
3. Decrease in the current reporting period	2,521,338.89	39,656.37	300,085.69	379,076.50	104,897.55			3,345,055.00
(1) disposal or write-off			300,085.69	264,486.89	90,043.26			654,615.84
(2) disposal of subsidiaries				114,589.61				114,589.61
(3) others	2,521,338.89	39,656.37			14,854.29			2,575,849.55
4、Closing balance	50,945,116.39	20,864,087.04	19,351,349.40	20,122,944.64	3,602,682.99	2,691,818.51	5,273,165.17	122,851,164.14

Item	Plant and buildings	Machinery and equipment	Transportation vehicles	Electronic equipment	Office equipment	Furniture appliance	Others	Total
III. Impairment provisions								
1. Opening balance								
2. Increase in the current reporting period								
3. Decrease in the current reporting period								
4、Closing balance								
IV. Book value								
1. Closing balance	**1,129,243,942.88**	**90,506,802.04**	**11,016,161.89**	**19,599,185.65**	**1,052,385.82**	**8,760,652.11**	**9,447,531.01**	**1,269,626,661.40**
2. Opening balance	**450,957,232.08**	**73,553,456.26**	**12,307,576.31**	**12,527,281.35**	**1,149,261.43**	**1,682,211.09**	**3,691,333.18**	**555,868,351.70**

20. Construction in progress

Item	Closing balance	Opening balance
Construction in progress	628,348,816.56	842,825,089.45
Construction materials		
Total	**628,348,816.56**	**842,825,089.45**

20.1 Construction in progress

①Details of construction in progress

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Construction Project of Financial and Human Resources Digital Platform	2,339,501.58		2,339,501.58			
Mile Mine Project	52,904,494.86		52,904,494.86	51,267,342.86		51,267,342.86
Green And Smart Park Project	17,527,773.90		17,527,773.90	17,527,773.90		17,527,773.90
Collection System	721,698.12		721,698.12			
CoralSoft Internet Credit System	1,048,672.56		1,048,672.56			
Risk Control Decision Engine System	230,088.49		230,088.49			
Urban And Rural Environmental Sanitation Integration Phase I	80,477,334.63		80,477,334.63	54,292,495.73		54,292,495.73
Salmon Industry Science And Technology Innovation Base	71,196,488.06		71,196,488.06	66,449,790.10		66,449,790.10
Mobile Polygon Column Stable	11,945,637.13		11,945,637.13	9,674,836.59		9,674,836.59

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Sitting Breeding Cage						
Star Agricultural Grain Transit And Storage Project				33,485.43		33,485.43
Kuishan Salmon Domestication Base	23,425.00		23,425.00			
Phase I of Huangjiayu Seedling Breeding Base	97,309.92		97,309.92			
New Energy Projects	53,279.22		53,279.22	10,322,340.14		10,322,340.14
Yutai Project	23,277,718.54		23,277,718.54			
Jiaxiang Project	12,988,036.43		12,988,036.43			
240MW Photovoltaic Power Generation Project of Mohe Carbon Neutrality Circular Agriculture Industrial Park	189,500,756.57		189,500,756.57			
Phoenix Green Energy-Saving (Prefabricated) Building Industrial Park				1,503,371.67		1,503,371.67
Qingdao Laoshan District Office Building	100,907,621.78		100,907,621.78	98,957,327.30		98,957,327.30
Office Building B Of Lixia Business Center				532,796,325.73		532,796,325.73

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Computer Software	1,415,404.92		1,415,404.92			
Decoration Project	60,905,079.27		60,905,079.27			
Treasury System Construction Project	788,495.58		788,495.58			
Total	**628,348,816.56**		**628,348,816.56**	**842,825,089.45**		**842,825,089.45**

② Changes in significant construction in progress during the current reporting period

Item	Opening balance	Increase	Transferred to fixed assets	Other decrease	Closing balance
Mile Mine Project	51,267,342.86	1,640,652.00		3,500.00	52,904,494.86
Urban And Rural Environmental Sanitation Integration Phase I	54,292,495.73	46,175,635.39	19,990,796.49		80,477,334.63
Salmon Industry Science And Technology Innovation Base	66,449,790.10	4,746,697.96			71,196,488.06
Mobile Polygon Column Stable Sitting Breeding Cage	9,674,836.59	89,604,564.54	87,333,764.00		11,945,637.13
Qingdao Laoshan District Office Building	98,957,327.30	1,950,294.48			100,907,621.78
Office Building B Of Lixia Business Center	532,796,325.73	86,074,138.11	618,870,463.84		
Total	**813,438,118.31**	**230,191,982.48**	**726,195,024.33**	**3,500.00**	**317,431,576.46**

21. Right-of-use assets

Item	Plant and buildings	Total
I. Total original carrying amount		
1. Opening balance	7,612,186.48	7,612,186.48
2. Increase in the current	847,573.47	847,573.47

Item	Plant and buildings	Total
reporting period		
Including: newly increase	847,573.47	847,573.47
3. Decrease in the current reporting period	1,087,709.26	1,087,709.26
Including: Decrease from disposal	1,087,709.26	1,087,709.26
Other decrease		
3. Closing balance	7,372,050.69	7,372,050.69
II. Accumulated depreciation		
1. Opening balance	2,319,780.54	2,319,780.54
2. Increase in the current reporting period	1,939,854.19	1,939,854.19
(1) accrual	1,939,854.19	1,939,854.19
3. Decrease in the current reporting period	135,963.65	135,963.65
(1) disposal	135,963.65	135,963.65
(2) others		
4. Closing balance	4,123,671.08	4,123,671.08
III. Impairment provisions		
IV. Book value		
1. Closing balance	**3,248,379.61**	**3,248,379.61**
2. Opening balance	**5,292,405.94**	**5,292,405.94**

22. Intangible assets

Item	Software	Land use right	Mining right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Others	Total
I.Total gross carrying amount									
1. Opening balance	35,813,518.47	236,826,677.85		61,322,250.29	17,094.01	5,260,000,000.00	3,491,347.27		5,597,470,887.89
2. Increase in the current reporting period	64,421,569.10		1,800,000.00	10,832,875.27	29,702.98			54,886,697.74	131,970,845.09
(1) purchase	1,154,338.06		1,800,000.00						2,954,338.06
(2) Internal research and development				10,832,875.27	29,702.98				10,862,578.25
(3) Increase in business combinations	63,267,231.04							54,886,697.74	118,153,928.78
3. Decrease in the current reporting period									
4、Closing balance	100,235,087.57	236,826,677.85	1,800,000.00	72,155,125.56	46,796.99	5,260,000,000.00	3,491,347.27	54,886,697.74	5,729,441,732.98
II. Accumulated amortization									
1. Opening balance	13,763,684.26	10,554,748.69		20,205,083.17	14,387.47	478,533,333.28	495,831.58		523,567,068.45
2. Increase in the current	15,934,689.64	5,613,736.20	240,000.00	6,222,499.14	3,194.44	210,399,999.96	377,175.84		238,791,295.22

Item	Software	Land use right	Mining right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Others	Total
reporting period									
(1) accrual	6,287,499.19	5,613,736.20	240,000.00	6,222,499.14	3,194.44	210,399,999.96	377,175.84		229,144,104.77
(2) increase in business combinations	9,647,190.45								9,647,190.45
3. Decrease in the current reporting period									
4、Closing balance	29,698,373.90	16,168,484.89	240,000.00	26,427,582.31	17,581.91	688,933,333.24	873,007.42		762,358,363.67
III. Impairment provisions									
1. Opening balance									
2. Increase in the current reporting period	43,683,911.94								43,683,911.94
(1) increase in business combinations	43,683,911.94								43,683,911.94
3. Decrease in the current reporting period									
4、Closing balance	43,683,911.94								43,683,911.94

Item	Software	Land use right	Mining right	Software copyright	Non-proprietary technology	PPP project management right	Sea area use right	Others	Total
IV. Book value									
1. Closing balance	**26,852,801.73**	**220,658,192.96**	**1,560,000.00**	**45,727,543.25**	**29,215.08**	**4,571,066,666.76**	**2,618,339.85**	**54,886,697.74**	**4,923,399,457.37**
2. Opening balance	**22,049,834.21**	**226,271,929.16**		**41,117,167.12**	**2,706.54**	**4,781,466,666.72**	**2,995,515.69**		**5,073,903,819.44**

23. Development costs

Item	Opening balance	Increase	Decrease		Closing balance
		Internal research and development	Recognize as intangible assets	Recognized in profit or loss	
Open big data research and development display management platform	7,376,187.50	111,218.19			7,487,405.69
Smart asset management cloud platform upgrade and construction project	9,760,264.99	4,004,039.16	10,832,875.27	90,273.96	2,841,154.92
Panoramic AI tracking software system upgrade construction project	9,844,151.53	1,182,629.66		4,688.68	11,022,092.51
Big Data Management System		4,757,836.19		4,757,836.19	
Visual Computing System		3,039,210.16		3,039,210.16	
Research and development of energy-saving equipment tcchnology for prefabricated building concrete components	1,961,621.55	3,476,106.14			5,437,727.69
Yichang Chemical Park Standardized Management Smart Platform		19,364.69		19,364.69	
State - owned Enterprise Asset Operation Management Platform		12,777.44		12,777.44	
Smart Fiscal Work Assistant System		3,750.83		3,750.83	
Total	**28,942,225.57**	**16,606,932.46**	**10,832,875.27**	**7,927,901.95**	**26,788,380.81**

24. Goodwill

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Shandong Finance Red Earth Equity Investment Fund Management Company	901.13			901.13
Beijing Huacheng Zhiyun Software Co., Ltd	22,071,027.07			22,071,027.07
Taihe Asset Management Co., Ltd		282,107,206.27		282,107,206.27
Total	**22,071,928.20**	**282,107,206.27**		**304,179,134.47**

25. Long-term deferred expenses

Item	Opening balance	Increase	Amortization for the current period	Other decrease	Closing balance
Decoration cost	8,507,873.55	64,391.88	2,680,795.18	207,236.94	5,684,233.31
Rental fee	461,539.53	665,468.72	988,756.35		138,251.90
Office software site authorization fee	228,573.11		228,573.11		
Commercial street renovation	1,711,050.39	7,317,956.44		9,029,006.83	
Service charge	140,781.58	247,991.42	125,846.82		262,926.18
Others	6,398,808.00	115,010.00	394,267.39	5,960,876.53	158,674.08
Total	**17,448,626.16**	**8,410,818.46**	**4,418,238.85**	**15,197,120.30**	**6,244,085.47**

26. Deferred tax assets/Deferred tax liabilities

26.1 details of deferred tax assets

Item	Closing balance		Opening balance	
	Deductible Temporary Differences	Deferred tax assets	Deductible Temporary Differences	Deferred tax assets
Provision for impairment of assets	1,242,456,243.53	306,043,230.62	36,857,124.35	6,550,609.58
Deductible losses	113,354,291.68	28,338,572.92	33,354,291.68	8,338,572.92
Financial instruments held for trading	99,225,890.91	24,806,472.73	100,418,042.65	25,104,510.66
Advance payment for properties	8,717,644.95	2,179,411.24	8,112,066.61	2,028,016.65
Government subsidy	6,000,000.00	1,500,000.00		
Others	3,484,198.72	871,049.68		
Total	**1,473,238,269.79**	**363,738,737.19**	**178,741,525.29**	**42,021,709.81**

26.2 details of deferred tax liabilities

Item	Closing balance		Opening balance	
	Taxable Temporary Differences	Deferred tax liabilities	Taxable Temporary Differences	Deferred tax liabilities
Valuation of financial instruments held for trading	933,591,654.08	233,397,913.52	1,359,009,460.05	339,752,365.01
Depreciation and amortization	1,486,765.28	371,691.32	2,177,932.48	544,483.12
Valuation of other non-current financial assets	381,699,746.04	99,877,476.17	216,275,156.77	54,068,789.19
Total	**1,316,778,165.40**	**333,647,081.01**	**1,577,462,549.30**	**394,365,637.32**

27. Other non-current assets

Item	Closing balance	Opening balance
Sales commission		6,082,769.28
Prepaid technology development service fee and other long-term assets	10,658,006.51	10,269,657.00
Advance payment for housing and equipment	50,774,287.47	49,584,189.54
Equity Investment Payment	4,298,630,479.00	
Assets received in debt settlement	32,082,103.00	
Total	**4,392,144,875.98**	**65,936,615.82**

28.Short-term loans

28.1 Classification of short-term loans

Item	Closing balance	Opening balance
Pledge loan	27,480,000.00	
Mortgage loan		200,000,000.00
Guaranteed loan	120,249,805.46	133,137,054.39
Borrowing on credit	27,394,788,476.33	13,322,981,855.55
Total	**27,542,518,281.79**	**13,656,118,909.94**

29. Notes payable

Item	Closing balance	Opening balance
Commercial acceptance bill	171,651,194.06	16,176,505.92
Bank acceptance bill	731,253,367.82	213,202,523.69
Total	**902,904,561.88**	**229,379,029.61**

30. Accounts Payable

30.1 Accounts payable are listed according to aging

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	1,595,543,626.06	1,609,419,342.33
1-2 years (inclusive)	42,405,700.63	24,333,200.92
2-3 years (inclusive)	15,088,612.20	2,832,991.75
Over 3 years	4,316,828.13	2,570,645.60
Total	**1,657,354,767.02**	**1,639,156,180.60**

30.2 List according to the nature of the funds

Item	Closing balance	Opening balance
Project funds	439,034,567.24	598,813,685.35
Software funds	444,444.44	444,444.44
Funds for materials	1,163,047,552.32	1,003,928,363.86
Service charge	30,350,877.61	31,304,036.06
Others	24,477,325.41	4,665,650.89
Total	**1,657,354,767.02**	**1,639,156,180.60**

30.3 Accounts payable with an aging of more than 1 year

Item	Closing balance	Reasons for being unpaid or carried forward
Jiangxi JDL Environmental Protection Co., Ltd	5,795,963.93	not yet settled
Nolai Biomedical Technology Co., Ltd	2,274,652.76	not yet settled
Total	**8,070,616.69**	

31. Advance payments

31.1 details of advance payments

Item	Closing balance	Opening balance
Within 1 year (including 1 year)	238,773,908.17	329,811,285.72
1-2 years (inclusive)	21,582,769.19	29,926,440.18
2-3 years (inclusive)	29,926,340.18	97,754,787.63
Over 3 years	97,754,787.63	
Total	**388,037,805.17**	**457,492,513.53**

31.2 Important advance payments more than 1 year

Item	Closing balance	Reasons for being unpaid or carried forward
Rizhao City Lanshan District Housing and Urban and rural Planning and Construction Bureau	135,296,600.00	During the contract period
Rizhao City Lanshan District Housing and Urban and rural Planning and Construction Bureau	1,020,000.00	During the contract period
Jishi (Zhaoyuan) Construction and Development Co., Ltd	14,404,340.18	During the contract period
Total	**150,720,940.18**	

32. Contract liabilities

32.1 details of contract liabilities

Item	Closing balance	Opening balance
Project funds	487,658,821.52	538,034,020.99
Emergency loan service fee	39,463,490.57	7,863,396.22
Payment for goods	4,471,665.49	37,829,668.36
Capital occupation fee	18,116,031.31	8,745,975.01
Total	**549,710,008.89**	**592,473,060.58**

33. Employee benefits payable

33.1 Details of employee benefits payable

Item	Opening balance	Increase	Decrease	Closing balance
Short-term employee benefits	161,319,876.75	552,396,816.44	454,542,028.98	259,174,664.21
Post-employment benefits -defined contribution plans	5,951,195.41	57,841,028.39	52,928,572.28	10,863,651.52
Termination benefits		612,869.61	612,869.61	
Other benefits due within one year				
Others				
Total	**167,271,072.16**	**610,850,714.44**	**508,083,470.87**	**270,038,315.73**

33.2 Details of Short-term employee benefits

Item	Opening balance	Increase	Decrease	Closing balance
1. Salaries, bonus, allowances	152,203,239.79	439,837,331.52	341,327,332.79	250,713,238.52
2. Staff welfare	39,882.50	14,608,205.13	14,648,588.87	-501.24
3. Social insurances	4,124,809.00	32,185,751.67	31,578,424.29	4,732,136.38
Including: Medical insurance	91,451.25	15,957,907.33	15,967,060.68	82,297.90

Item	Opening balance	Increase	Decrease	Closing balance
Work-related injury insurance	3,224.83	652,186.04	652,748.95	2,661.92
Maternity insurance		3,075.72	3,075.72	
Supplementary medical insurance	4,030,132.92	15,572,582.58	14,955,538.94	4,647,176.56
Others				
4. Housing Fund	700.00	25,765,220.40	25,765,220.40	700.00
5. Labor union fees, staff and workers' education fee	1,036,125.15	9,378,159.72	9,014,171.95	1,400,112.92
6. Short-term paid absences				
7. Short-term profit sharing plan				
8. Other short-term employee benefits	3,915,120.31	30,622,148.00	32,208,290.68	2,328,977.63
Total	**161,319,876.75**	**552,396,816.44**	**454,542,028.98**	**259,174,664.21**

33.3 Details of defined contribution plans

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	147,614.64	31,410,967.06	31,444,401.07	114,180.63
Unemployment	4,697.89	1,248,107.91	1,249,160.98	3,644.82
Annuity	5,798,882.88	25,181,953.42	20,235,010.23	10,745,826.07
Total	**5,951,195.41**	**57,841,028.39**	**52,928,572.28**	**10,863,651.52**

34. Tax and surcharge payable

Item	Closing balance	Opening balance
VAT	231,193,564.86	179,495,473.63
Corporate income tax	329,684,334.02	332,662,998.79
Individual income tax	2,833,844.43	1,005,019.01
Urban maintenance and construction tax	7,896,055.57	7,642,142.06
Education fee surcharge	3,385,247.42	3,279,898.42
Local water conservancy construction fund	2,257,356.99	2,186,641.68
Property tax	4,948,047.59	2,998,152.86
Urban land use tax	2,583,356.67	2,840,657.59
Stamp duty	10,654,598.56	15,552,722.02
Land appreciation tax		2,889,683.38

Item	Closing balance	Opening balance
Deed tax	458,169.48	458,169.48
Others	4,500.00	
Total	**595,899,075.59**	**551,011,558.92**

35. Other payables

Item	Closing balance	Opening balance
Interest payable		
Dividends payable	101,351,248.34	80,633,192.63
Others	2,457,632,151.51	1,499,326,765.00
Total	**2,558,983,399.85**	**1,579,959,957.63**

35.1 Dividends payable

Item	Closing balance	Opening balance
Common Stock Dividend	101,351,248.34	80,633,192.63
Total	**101,351,248.34**	**80,633,192.63**

35.2 Other payables

①List according to the nature of the payment

Item	Closing balance	Opening balance
Current payments	1,938,398,882.96	1,370,771,094.93
Project payment, material payment, quality assurance fund	43,882.85	1,543,471.23
Management service fee		
Employees follow the investment	1,342,242.61	990,564.44
Security Deposit and Deposit	465,395,997.78	84,575,682.22
Subscription money	13,938,000.00	32,540,000.00
Others	38,513,145.31	8,905,952.18
Total	**2,457,632,151.51**	**1,499,326,765.00**

②Significant other payables aging over 1 year

Item	Closing balance	Reasons for non-repayment
Linyi Hedong City Development and Investment Group Co., Ltd	297,298,251.00	Advance receipt of asset repurchase funds
Shandong Dongfang Jiayuan Construction and Installation Co., Ltd	142,606,315.00	Not yet due
Total	**439,904,566.00**	

36. Non-current liabilities due within one year

Item	Closing balance	Opening balance
Lease liability due within one year	1,012,505.18	1,465,747.22
Total	**1,012,505.18**	**1,465,747.22**

37. Other non-current liabilities

Item	Closing balance	Opening balance
Output tax to be transferred	47,833,941.39	53,455,677.91
Others		
Total	**47,833,941.39**	**53,455,677.91**

38. Long-term loans

Item	Closing balance	Opening balance
Pledge loan	151,390,450,825.50	160,370,247,383.25
Guaranteed loan	2,790,093,402.10	2,690,232,131.51
Credit loan	1,484,935,208.75	145,800,000.00
Loan with Pledge and Guarantee	4,115,625,351.16	4,804,684,884.41
Mortgage loan	1,121,020,056.91	887,444,549.90
Loan with Mortgage and Pledge		45,833,300.00
Total	**160,902,124,844.42**	**168,944,242,249.07**

39. Bonds payable

39.1 Bonds payable

Item	Closing balance	Opening balance
16 Investment Corporate Bonds	1,784,990,972.46	1,781,453,955.90
19 Cai Jin 01(Corporate Bonds)		1,019,042,452.92
19 Cai Jin MTN001		608,954,716.99
19 Cai Jin 02(Corporate Bonds)		1,004,301,205.89
20 Cai Jin 01(Corporate Bonds)	2,065,580,817.63	2,062,750,628.95
20 Cai Jin MTN001	823,677,987.47	822,545,911.99
21 Cai Jin 01 (Corporate Bonds)	721,700,000.00	2,076,000,000.00
21 Cai Jin 02 (Corporate Bonds)	1,531,500,000.00	1,541,762,971.69
21 Cai Jin 03 (Corporate Bonds)		1,524,575,943.39
21 Cai Jin 04(Corporate Bonds)	1,803,225,000.00	2,003,407,861.66
22 Cai Jin 01(Corporate Bonds)	1,503,654,481.15	1,502,663,915.11
23 Cai Jin 01 (corporate bond)	517,575,471.74	517,150,943.42

Item	Closing balance	Opening balance
23 Cai Jin 02 (corporate bond)	2,051,427,358.49	2,049,729,245.29
23 Cai Jin MTN001	614,888,207.54	614,378,773.58
23 Cai Jin 03 (corporate bonds)	3,011,080,188.66	3,008,533,018.86
23 Cai Jin 04 (corporate bonds)	2,004,201,257.85	2,005,333,333.33
24 Cai Jin 01 (corporate bonds)	1,542,155,660.39	
24 Cai Jin 04 (corporate bonds)	2,034,183,018.86	
24 Cai Jin 05 (corporate bonds)	3,023,787,735.85	
24 Cai Jin 06 (corporate bonds)	1,505,047,641.52	
23 Cai Fa 01	1,502,095,592.93	1,500,918,981.13
24 Cai Fa 01	1,544,104,773.58	
24 Xin Rong 01 (corporate bond)	515,100,708.76	
Minmetals-Rong Shihua Financial Leasing Asset Support Special Plan (ABS)	55,264,400.03	267,514,347.74
Phase II of Minmetals-Shancai Financial Leasing Asset-Backed Special Plan (ABS)	441,439,799.09	
24 Shancai Lease MTN001	499,713,490.57	
24 Cai Xing 01	303,713,632.08	
SFG INTL N2606	3,601,388,400.00	3,548,432,700.00
22 Kinetic Energy 01	1,006,571,698.18	1,005,533,962.30
22 kinetic Energy K1	1,008,308,176.17	1,007,270,440.29
23 kinetic Energy 01	1,029,095,911.92	1,027,963,836.48
23 kinetic Energy 02	1,024,084,905.57	1,022,952,830.13
23 kinetic Energy 03	2,012,537,735.92	2,010,273,584.92
24New Kinetic Energy MTN001 (Science and technology Notes)	504,556,603.79	
Total	**41,586,651,628.20**	**35,533,445,561.96**

39.2 Increase or decrease in bonds payable

Bond name	Par value	Issue date	Bond term (year)	Amount issued	Opening balance	Issued in current year	Interest atpar value	Amortization Of Premium /discount	Repayment in current year	Closing balance
16 Investment Corporate Bonds	1,770,000,000.00	1-Sep-16	5+5	1,770,000,000.00	1,781,453,955.90		62,658,000.00	3,537,016.56	62,658,000.00	1,784,990,972.46
19 Cai Jin 01(Corporate Bonds)	1,000,000,000.00	1-Jul-19	5	1,000,000,000.00	1,019,042,452.92		19,750,000.00	707,547.08	1,039,500,000.00	
19 Cai Jin MTN001	600,000,000.00	1-Aug-19	5	600,000,000.00	608,954,716.99		13,230,000.00	495,283.01	622,680,000.00	
19 Cai Jin 02(Corporate Bonds)	1,000,000,000.00	1-Nov-19	3+2	1,000,000,000.00	1,004,301,205.89		25,000,000.00	698,794.11	1,030,000,000.00	
20 Cai Jin 01(Corporate Bonds)	2,000,000,000.00	1-Feb-20	5+2	2,000,000,000.00	2,062,750,628.95		71,800,000.00	2,830,188.68	71,800,000.00	2,065,580,817.63
20 Cai Jin MTN001	800,000,000.00	1-Mar-20	5	800,000,000.00	822,545,911.99			1,132,075.48		823,677,987.47
21 Cai Jin 01 (Corporate Bonds)	2,000,000,000.00	1-Jan-21	3+2	2,000,000,000.00	2,076,000,000.00	92,000,000.00	21,700,000.00		1,468,000,000.00	721,700,000.00
21 Cai Jin 02 (Corporate Bonds)	1,500,000,000.00	1-Apr-21	3+2	1,500,000,000.00	1,541,762,971.69	470,000,000.00	45,562,500.00	424,528.31	526,250,000.00	1,531,500,000.00
21 Cai Jin 03 (Corporate Bonds)	1,500,000,000.00	1-Jul-21	3+2	1,500,000,000.00	1,524,575,943.39		25,425,000.00	849,056.61	1,550,850,000.00	
21 Cai Jin 04(Corporate Bonds)	2,000,000,000.00	1-Dec-21	3+2	2,000,000,000.00	2,003,407,861.66	1,329,188,000.00	63,541,666.67	2,075,471.67	1,594,988,000.00	1,803,225,000.00
22 Cai Jin 01(Corporate Bonds)	1,500,000,000.00	1-Dec-22	3+2	1,500,000,000.00	1,502,663,915.11		54,750,000.00	990,566.04	54,750,000.00	1,503,654,481.15
23 Cai Jin 01 (corporate bond)	500,000,000.00	1-Jan-23	3+2	500,000,000.00	517,150,943.42		54,750,000.00	424,528.32	54,750,000.00	517,575,471.74
23 Cai Jin 02 (corporate bond)	2,000,000,000.00	1-Apr-23	3	2,000,000,000.00	2,049,729,245.29		18,000,000.00	1,698,113.20	18,000,000.00	2,051,427,358.49
23 Cai Jin MTN001	600,000,000.00	1-Apr-23	3	600,000,000.00	614,378,773.58		71,400,000.00	509,433.96	71,400,000.00	614,888,207.54
23 Cai Jin 03 (corporate bonds)	3,000,000,000.00	1-Nov-23	3+2	3,000,000,000.00	3,008,533,018.86		20,700,000.00	2,547,169.80	20,700,000.00	3,011,080,188.66
23 Cai Jin 04 (corporate bonds)	2,000,000,000.00	1-Dec-23	3+2	2,000,000,000.00	2,005,333,333.33		94,500,000.00	-1,132,075.48	94,500,000.00	2,004,201,257.85
24 Cai Jin 01 (corporate bonds)	1,500,000,000.00	1-Jan-24	5	1,500,000,000.00		1,500,000,000.00	47,250,000.00	-5,094,339.61		1,542,155,660.39
24 Cai Jin 04 (corporate bonds)	2,000,000,000.00	1-Apr-24	5	2,000,000,000.00		2,000,000,000.00	41,400,000.00	-7,216,981.14		2,034,183,018.86
24 Cai Jin 05 (corporate bonds)	3,000,000,000.00	1-Jul-24	7	3,000,000,000.00		3,000,000,000.00	35,250,000.00	-11,462,264.15		3,023,787,735.85

Bond name	Par value	Issue date	Bond term (year)	Amount issued	Opening balance	Issued in current year	Interest atpar value	Amortization Of Premium /discount	Repayment in current year	Closing balance
24 Cai Jin 06 (corporate bonds)	1,500,000,000.00	1-Oct-24	5	1,500,000,000.00		1,500,000,000.00	8,550,000.00	-3,502,358.48		1,505,047,641.52
23 Cai Fa 01	1,500,000,000.00	14-Dec-23	3+2	1,500,000,000.00	1,500,918,981.13		50,700,000.00	1,176,611.80	50,700,000.00	1,502,095,592.93
24 Cai Fa 01	1,500,000,000.00	19-Jan-24	3+2	1,500,000,000.00		1,496,603,773.58	46,500,000.00	1,001,000.00		1,544,104,773.58
24 Xin Rong 01 (corporate bond)	500,000,000.00	17-Jan-24	3	500,000,000.00		500,000,000.00	15,636,164.38	-535,455.62		515,100,708.76
Minmetals-Rong Shihua Financial Leasing Asset Support Special Plan (ABS)	487,000,000.00	15-Jun-23	0.76-2.52	487,000,000.00	267,514,347.74		5,282,128.02	432,052.29	217,964,128.02	55,264,400.03
Phase II of Minmetals-Shancai Financial Leasing Asset-Backed Special Plan (ABS)	922,000,000.00	30-Jan-24	0.94-2.89	922,000,000.00		922,000,000.00	17,266,728.83	-2,115,200.91	495,711,728.83	441,439,799.09
24 Shancai Lease MTN001	500,000,000.00	14-Oct-24	3	500,000,000.00		500,000,000.00		-286,509.43		499,713,490.57
24 Cai Xing 01	300,000,000.00	23-May-24	3	300,000,000.00		300,000,000.00	4,532,500.00	-818,867.92		303,713,632.08
SFG INTL N2606	3,482,300,000.00	1-Jun-21	5	3,482,300,000.00	3,548,432,700.00		86,260,800.00		33,305,100.00	3,601,388,400.00
22 Kinetic Energy 01	1,000,000,000.00	2-Nov-22	3+2	1,000,000,000.00	1,005,533,962.30		29,400,000.00	1,037,735.88	29,400,000.00	1,006,571,698.18
22 kinetic Energy K1	1,000,000,000.00	11-Oct-22	3+2	1,000,000,000.00	1,007,270,440.29		27,000,000.00	1,037,735.88	27,000,000.00	1,008,308,176.17
23 kinetic Energy 01	1,000,000,000.00	22-Mar-23	3+2	1,000,000,000.00	1,027,963,836.48		36,500,000.00	1,132,075.44	36,500,000.00	1,029,095,911.92
23 kinetic Energy 02	1,000,000,000.00	27-Apr-23	3+2	1,000,000,000.00	1,022,952,830.13		34,000,000.00	1,132,075.44	34,000,000.00	1,024,084,905.57
23 kinetic Energy 03	2,000,000,000.00	2-Nov-23	3+2	2,000,000,000.00	2,010,273,584.92		66,000,000.00	2,264,151.00	66,000,000.00	2,012,537,735.92
24New Kinetic Energy MTN001	500,000,000.00	5-Jul-24	5	500,000,000.00		500,000,000.00	5,500,000.02	-943,396.23		504,556,603.79
Total	**47,461,300,000.00**			**47,461,300,000.00**	**35,533,445,561.96**	**14,109,791,773.58**	**1,219,795,487.92**	**-4,974,238.41**	**9,271,406,956.85**	**41,586,651,628.20**

40. Lease liabilities

Item	Closing balance	Opening balance
Lease payment	3,977,083.36	6,395,883.94
Minus: unrecognized financing expenses	926,352.24	1,198,985.53
Lease liabilities due within one year	1,012,505.18	1,465,747.22
Total	**2,038,225.94**	**3,731,151.19**

41. Long-term payables

Item	Closing balance	Opening balance
Long-term payables	90,000,000.00	150,000,000.00
Special payables	130,000.00	8,640,000.00
Total	**90,130,000.00**	**158,640,000.00**

41.1 Long-term payables

Item	Closing balance	Opening balance
Transfer of fund shares	90,000,000.00	150,000,000.00
Total	**90,000,000.00**	**150,000,000.00**

41.2 Special payables

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Sewage Treatment PPP Phase II project	8,510,000.00		8,510,000.00	
The second phase of Eco-tourism	130,000.00			130,000.00
Total	**8,640,000.00**		**8,510,000.00**	**130,000.00**

42. Deferred income

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Far-reaching sea truss type deep-water cage construction project special subsidies	4,750,000.00		4,750,000.00	
Settlement subsidies in Laoshan District, Qingdao City		6,000,000.00		6,000,000.00
Total	**4,750,000.00**	**6,000,000.00**	**4,750,000.00**	**6,000,000.00**

43. Other non-current liabilities

Item	Opening balance	Increase in current year
Guide the fund matching funds	1,027,034,350.64	1,507,226,679.74

Item	Opening balance	Increase in current year
Funds and investment funds	509,832,014.01	27,806,900.00
Entrusted funds	100,000,000.00	
Total	**1,636,866,364.65**	**1,535,033,579.74**

44. Share capital

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Shandong Provincial Finance Department	9,000,000,000.00	18,609,000,000.00		27,609,000,000.00
Shandong Caijin Asset Operation Co., Ltd	1,000,000,000.00	1,391,000,000.00		2,391,000,000.00
Total	**10,000,000,000.00**	**20,000,000,000.00**		**30,000,000,000.00**

Note: According to the "Reply of the Shandong Provincial Department of Finan ce on Approving Matters Related to the Increase of Registered Capital of Shandong Caigin Investment Group Co., Ltd." (Lu Cai Jin Jian [2024] No. 6), our company will transfer the capital reserve of 1,940,000,000 yuan and the undistributed profit of 600,000,000 yuan into registered capital, increasing the paid-in capital by 2,000,000,000 yuan.

45. Capital reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Capital premiums	27,333,097,083.47			27,333,097,083.47
Other capital reserve	54,706,520,715.88	7,198,000,000.00	19,414,688,742.68	42,489,831,973.20
Total	**82,039,617,799.35**	**7,198,000,000.00**	**19,414,688,742.68**	**69,822,929,056.67**

Note: (1) According to the "Notice of Shandong Provincial Department of Finance on Allocating the Budget Indicators of Provincial Industrial Transformation and Development Funds in 2024" (Lu Cai Gong Zhi [2024] No. 8), a budget indicator of 265,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 265,000,000.00 yuan.

(2) According to the "Notice of Shandong Provincial Department of Finance on Allocating the Expenditure Budget Indicators of Provincial Science and Technology Innovation and Development Funds (Science and Technology Equity Investment) in 2024" (Lu Cai Nong Zheng Zhi [2024] No. 27), a budget indicator of 700,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 700,000,000.00 yuan.

(3)According to the "Notice of Shandong Provincial Department of Finance on Allocating the Expenditure Budget Indicators of Provincial Science and Technology Innovation and Development Funds (Equity Investment in Entrepreneurship Talent Projects) in 2024" (Lu Cai Nong Zheng Zhi [2024] No. 30), a budget indicator of 100,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 100,000,000.00 yuan.

(4) According to the "Notice of Shandong Provincial Department of Finance on Allocating the Expenditure Budget Indicators of Provincial Science and Technology Innovation and Development Funds (Equity Linkage to Support Local Major Science and Technology Projects) in 2024" (Lu Cai Ke Jiao Zhi [2024] No. 41), a budget indicator of 200,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 200,000,000.00 yuan.

(5) According to the "Notice of Shandong Provincial Department of Finance on Allocating the Budget Indicators of Provincial Science and Technology Innovation and Development Funds (Special for the Development of Integrated Circuit Industry) in 2024" (Lu Cai Ke Jiao Zhi [2024] No. 0047), a budget indicator of 400,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 400,000,000.00 yuan.

(6) According to the "Notice of Shandong Provincial Department of Finance on Allocating the Central Government's Capital Construction Investment Budget Indicators for the Special Development of Integrated Circuit Industry in 2024" (Lu Cai Ke Jiao Zhi [2024] No. 55), a budget indicator of 1,583,000,000.00 yuan was received from the Department of Finance, increasing the capital reserve by 1,583,000,000.00 yuan.

(7) According to the "Notice of Shandong Provincial Department of Finance on Allocating Relevant Budget Indicators" (Lu Cai Ji Jin Zhi [2024] No. 1), a budget indicator of 1,310,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 1,310,000,000.00 yuan.

(8) According to the "Notice of Shandong Provincial Department of Finance on Allocating Relevant Budget Indicators" (Lu Cai Ji Jin [2024] No. 2), a budget indicator of 2,500,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve by 2,500,000,000.00 yuan.

(9) According to the "Notice of Shandong Provincial Department of Finance on Confirming the Registered Capital of Shandong Finance Investment Group Co.Ltd" (Lu Cai Jian [2024] No. 38), a prepaid indicator of 140,000,000.00 yuan was received from the Provincial Department of Finance, increasing the capital reserve

by 140,000,000.00 yuan.

(10) According to the "Approval of Shandong Provincial Department of Finance on Matters Concerning the Increase of Registered Capital of Shandong Finance Investment Group Co.Ltd" (Lu Cai Jin Jian [2024] No. 6), our company transferred 19,400,000,000.00 yuan of capital reserve and 600,000,000.00 yuan of undistributed profit into registered capital, reducing the capital reserve by 19,400,000,000.00 yuan and reducing the undistributed profit by 600,000,000.00 yuan.

(11) Paid the floating equity transfer price to Shandong Fujincheng Co., Ltd, the former minority shareholder of Shandong Caijin New Energy Industry Co., Ltd, a subsidiary company, reducing the capital reserve by 14,537,388.83 yuan.

46. Surplus reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Statutory surplus reserve	309,894,516.36			309,894,516.36
Discretionary Surplus Reserve				
Total	**309,894,516.36**			**309,894,516.36**

47. General risk reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
General risk reserve	58,742,723.24	76,044,014.55		134,786,737.79
Total	**58,742,723.24**	**76,044,014.55**		**134,786,737.79**

48. Retained earnings

Item	Current year	Prior year
Undistributed profit at the end of the prior year before adjustment	5,216,760,384.04	3,981,244,058.79
Adjustment of the total undistributed profit at the end of the prior year (increase +, decrease -)		
Adjusted undistributed profit at the end of the prior year	5,216,760,384.04	3,981,244,058.79
Add: Net profit attributable to shareholders of the parent company for the period	1,932,982,868.54	1,764,366,142.16
Less: Withdrawal of statutory surplus reserve		45,558,148.33
Withdraw arbitrary surplus reserve		

Item	Current year	Prior year
Extract the general risk reserve	76,044,014.55	55,241,203.65
Cash dividends distributed for this period	701,775,300.00	528,413,900.00
Dividends on common shares converted to share capital	600,000,000.00	
Plus: Other adjustments	223,960,168.72	100,363,435.07
Closing balance	**5,995,884,106.75**	**5,216,760,384.04**

49. Operating revenue and operating costs

Item	Current year		Prior year	
	Revenue	Costs	Revenue	Costs
Principal operating activities	9,321,440,412.25	7,147,537,123.79	7,660,522,284.10	5,884,530,406.36
Other operating activities	954,314,019.68	32,105,609.75	722,823,899.32	18,649,042.36
Total	**10,275,754,431.93**	**7,179,642,733.54**	**8,383,346,183.42**	**5,903,179,448.72**

50. Net Interest Income

Item	Current year	Prior year
Interest Income	148,108,390.34	
Interest Expense	2,605,304.17	
Net Interest Income	**145,503,086.17**	

51. Net Income from Fee and Commission

Item	Current year	Prior year
Fee and Commission Income	14,094,954.73	
Fee and Commission Expense	81,303.15	
Net Income from Fee and Commission	**14,013,651.58**	

52. Taxes and surcharges

Item	Current year	Prior year
Urban maintenance and construction tax	25,349,554.07	20,037,491.13
Education fee surcharge	10,876,026.44	8,601,617.98
Local education surcharge	7,252,007.85	5,734,386.74
Resource tax	46,866.00	
Land appreciation tax	27,140,871.54	4,896,596.86
Property tax	20,386,228.95	7,166,956.68
Land use tax	10,730,206.44	4,531,432.57
Vehicle and vessel use tax	39,739.33	33,182.82

Item	Current year	Prior year
Stamp duty	14,365,567.35	20,460,091.71
Water conservancy fund	1,789.04	3,200.49
Others	96,822.40	
Total	**116,285,679.41**	**71,464,956.98**

53. Selling expenses

Item	Current year	Prior year
Employee compensation	10,157,610.05	24,087,883.52
Advertising expenses	3,738,921.73	5,842,076.08
Rental fee	2,900.00	503,583.04
Office expenses	16,971.86	881,977.24
Travel expense	835,575.01	894,369.72
Business entertainment expenses	82,031.47	511,254.47
Housing provident fund	407,181.72	870,125.18
Intermediary agency fee	188,679.24	1,008,960.65
Social insurance	1,496,094.58	2,971,515.34
Communication expense	25,622.72	33,246.49
Conference fee		198,921.60
Sales service fee	134,952.83	
Warehousing fee	813,286.66	
Transportation and logistics fee	1,994,583.97	730,149.02
Packaging fee	1,936,188.94	
Loading and unloading fee	374,619.59	
Sales agency fees	8,175,541.78	
Property management fee	2,362,336.89	
Others	6,578,258.43	409,147.41
Total	**39,321,357.47**	**38,943,209.76**

54. Administrative expenses

Item	Current year	Prior year
Salary and bonus	380,287,738.88	274,959,763.11
Communication allowance	44,556.39	194,176.14
Traffic subsidies	215,410.00	181,480.00
Expatriate subsidies		351,600.00

Item	Current year	Prior year
Pension fund	363,963.08	265,207.40
Internal retirees' salaries	345,992.24	521,260.76
Employee benefits	13,918,019.31	12,495,225.62
Social insurance	43,527,703.99	35,403,317.20
Housing Provident Fund	23,364,392.94	18,510,084.08
Staff education funds	2,709,966.08	2,419,406.73
Union funds	6,381,765.67	6,122,789.83
Enterprise annuity	23,827,294.16	19,036,354.56
Supplementary health insurance	14,833,132.42	13,684,984.39
Business entertainment expenses	3,556,841.22	4,053,853.60
Depreciation and amortization	29,799,895.53	29,926,471.38
Office expenses	13,056,735.72	8,101,994.93
Travel expenses	9,598,731.97	8,314,799.93
Vehicle fees	2,644,739.28	3,052,740.24
Meeting expenses	612,746.06	437,943.82
Advertising expenses	4,839,366.32	5,118,259.99
Agency fees	49,168,787.70	48,246,348.57
Service fees	18,510,357.73	13,623,553.08
Party building expenses	1,582,048.91	1,122,981.51
Renovation costs	1,732,700.98	2,621,744.23
Rental expenses	9,723,309.06	7,855,500.07
Information system maintenance fee	11,208,995.15	12,891,180.05
Financial equity management fee	10,519,901.79	32,194,842.37
Others	47,529,836.54	43,140,668.37
Total	**723,904,929.12**	**604,848,531.96**

55. Research and development expenses

Item	Current year	Prior year
Travel expense	17,081.27	64,201.26
Social insurance		2,763,590.40
Employee benefits		73,892.13
Salaries	832,254.78	14,306,324.77
Housing provident fund		1,079,595.84

Item	Current year	Prior year
Depreciation and amortization	7,031,780.99	8,876,238.68
Material costs		1,856,155.31
Others	46,784.91	1,146,700.29
Total	**7,927,901.95**	**30,166,698.68**

56. Financial expense

Item	Current year	Prior year
Interest expense	2,381,145,379.87	1,885,732,586.80
Less: Interest income	629,956,993.25	416,762,948.94
Financial service commission	7,406,724.55	7,952,918.23
Others	3,720,501.05	3,844,966.42
Total	**1,762,315,612.22**	**1,480,767,522.51**

57. Other income

Item	Current year	Prior year
Withholding individual income tax service fee refund	485,218.99	407,052.32
Tax incentives	4,721,638.60	9,687,028.01
Steady post subsidies	691,336.22	460,153.75
Financial support fund	5,764,900.00	8,621,800.00
Government grants	49,760,583.64	82,974,266.67
Others	1,763,662.29	1,515.68
Total	**63,187,339.74**	**102,151,816.43**

58. Investment income

Item	Current year	Prior year
Investment income from long-term equity investments	259,589,418.79	246,416,932.53
Income from disposal of long-term equity investments	154,273,596.77	58,003,278.76
Dividend income earned while holding tradable financial assets and other non-current financial assets	646,681,617.27	649,908,982.08
Investment income obtained from the disposal of tradable financial assets and other non-current financial assets	119,252,974.67	124,298,777.00
Interest income during the holding period of the debt investment	762,678,475.75	449,778,363.24
Dividend income obtained during the investment period of holding other equity instruments	534,035,372.50	672,563,865.06
Investment income obtained from the disposal of debt investments	6,997,467.19	

Item	Current year	Prior year
Others	1,426,378.79	2,801,298.11
Total	**2,484,935,301.73**	**2,203,771,496.78**

59. Gains from changes in fair value

Total	Total	Total
Changes in the fair value of financial assets measured at fair value	44,299,649.86	304,363,275.89
Total	**44,299,649.86**	**304,363,275.89**

60. Credit impairment losses

Item	Current year	Prior year
Bad Debt Loss of Accounts Receivable	-15,474,178.76	-51,811,885.83
Bad debt loss of other receivables	11,308,821.13	-20,355,424.24
Impairment loss of debt investment	23,546,751.69	
Impairment loss on other debt investment	-123,078,750.00	-126,092,388.80
Bad debt loss of long-term receivables		100,000.00
Loan impairment loss	-67,007,315.37	
Total	**-170,704,671.31**	**-198,159,698.87**

61. Gains on disposal of assets

Item	Current year	Prior year	Amount recognized in non- recurring profit or loss
Gain or loss on disposal of assets held for sale	-78,772.40		-78,772.40
Gain or loss on disposal of fixed assets	41,287.17	220,710.20	41,287.17
Gain or loss on disposal of assets held for sale	-30,213.19		-30,213.19
Total	**-67,698.42**	**220,710.20**	**-67,698.42**

62. Non-operating income

Item	Current year	Prior year	Amount recognized in non-recurring profit or loss
Gain on non-current asset destruction and retirement		5,735.60	
Including: fixed assets		5,735.60	
Gain on inventory profit		1,332.86	
Late fees for breach of contract	352,342.46	13,411.08	352,342.46

Item	Current year	Prior year	Amount recognized in non-recurring profit or loss
Government grants unrelated to the daily activities of the enterprise	50,000.00		50,000.00
Late fees for breach of contract	1,629,455.10	-2,204,684.77	1,629,455.10
Others	165,246.96	8,048,074.93	165,246.96
Business merger is not under the same control	28,917,496.11	8,236,681.78	28,917,496.11
Total	**31,114,540.63**	**14,100,551.48**	**31,114,540.63**

63. Non-operating expenses

Item	Current year	Prior year	Amount recognized in non- recurring profit or loss
Losses from the impairment and write-off of non-current assets	5,199.11		5,199.11
Including: Fixed assets	5,199.11		5,199.11
Expenditure on external donations	4,000,000.00	2,805,000.00	4,000,000.00
Abnormal losses		3,461.58	
Fine fine, late fine expenditure	2,323,192.80	114,009.71	2,323,192.80
Others	1,422,739.80	31,544.63	1,422,739.80
Total	**7,751,131.71**	**2,954,015.92**	**7,751,131.71**

64. Income tax expenses

Item	Current year	Prior year
Current income taxexpense	863,802,061.65	607,082,859.11
Deferred income tax expense	-46,501,910.31	45,410,272.25
Total	**817,300,151.34**	**652,493,131.36**

65. Other comprehensive income

Other comprehensive income items and the impact of income tax and the transfer of profit and loss

Item	Current year			Prior year		
	Pre-tax amount	Income tax	Net after tax	Pre-tax amount	Income tax	Net after tax
I. Other comprehensive income that cannot be reclassified into profit or loss in the future	4,165,039.65		4,165,039.65	-126,956,146.98		-126,956,146.98
1. The share of other comprehensive income that cannot be reclassified into profit or loss by the investee under the equity method						
2. Changes in the fair value of investments in other equity instruments	4,165,039.65		4,165,039.65	-126,956,146.98		-126,956,146.98
II. Other comprehensive income that will be reclassified into profit or loss in the future	1,068,169.98		1,068,169.98	549,766.37		549,766.37
1. Other comprehensive income transferable to profit and loss under the equity method	-5,249.90		-5,249.90			
2. Difference in translation of foreign currency financial statements	1,073,419.88		1,073,419.88	549,766.37		549,766.37
III. Total other comprehensive income	**5,233,209.63**		**5,233,209.63**	**-126,406,380.61**		**-126,406,380.61**

66. Notes for items in the statement of cash flows

66.1 Receipt of other cash related to business activities

Item	Current year	Prior year
Current payments	14,048,899,458.99	13,998,929,079.52

Item	Current year	Prior year
Interest income	283,209,273.18	244,096,357.62
Funds for shantytown renovation and construction, guiding funds and earnings	25,953,677,296.03	19,494,266,475.83
Government grants	41,454,119.48	76,215,615.91
Others	368,626,803.22	216,130,483.77
Total	**40,695,866,950.90**	**34,029,638,012.65**

66.2 Other cash payments related to business activities

Item	Current year	Prior year
Current payments	25,901,581,627.27	23,407,968,800.66
Management expenses and other operating expenses	208,358,518.62	295,504,523.82
Others	252,521,394.92	161,628,405.26
Total	**26,362,461,540.81**	**23,865,101,729.74**

66.3 Receipt of other cash related to investment activities

Item	Current year	Prior year
Principal and income of direct investment enterprises	1,167,194.22	68,454,446.13
Project loan principal and interest recovery	30,000,000.00	
Receive project guarantee deposit	671,776,261.19	
Net cash obtained from acquiring a subsidiary	785,051,481.11	
Others	433,443.59	3,456,052.01
Total	**1,488,428,380.11**	**71,910,498.14**

66.4 Other cash payments related to investment activities

Item	Current year	Prior year
Net cash from the disposal of a subsidiary	77,661,103.78	
Refund project guarantee deposit	983,747,580.65	
Equity conversion agreement deposit		5,000,000,000.00
Others	6,504,966.30	9,176,056.30
Total	**1,067,913,650.73**	**5,009,176,056.30**

66.5 Receipt of other cash in connection with financing activities

Item	Current year	Prior year
Received project transfer payment	300,000,000.00	
Others	247,313.89	
Total	**300,247,313.89**	

66.6 Other cash payments related to financing activities

Item	Current year	Prior year
Return partner capital or fund shares	6,151,206.13	210,000,000.00
Pay the costs for bond underwriting, issuance, etc	18,035,200.00	15,120,000.00
ABS asset support special plan return transfer	717,705,069.35	225,158,295.00
Others	2,250,801.99	2,741,396.14
Total	**744,142,277.47**	**453,019,691.14**

67. Supplementary information of the cash flow statement

67.1 Supplementary information of the cash flow statement.

Supplementary information	Current year	Prior year
1. To reconcile net profit to cash flows from operating activities:		
Net profit	2,233,586,135.15	2,024,976,819.44
Add: Impairment loss		
Credit impairment loss	170,704,671.31	198,159,698.87
Depreciation of fixed assets, depreciation of right-of-use assets, and depreciation of investment property	90,137,804.57	44,764,661.76
Amortization of intangible assets	229,144,104.77	226,905,584.67
Amortization of long-term prepaid expenses	4,418,238.85	5,692,699.46
Losses on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	67,698.42	-220,710.20
Losses on retirement of fixed assets (gain expressed with"-")		-5,735.60
Losses on changes in fair value (gain expressed with"-")	-44,299,649.86	-304,363,275.89
Financial expenses (gain expressed with"-")	1,762,315,612.22	1,885,732,586.80
Investment losses (gain expressed with"-")	-2,484,935,301.73	-2,203,771,496.78
Decrease in deferred tax assets (increase expressed with"-")	-321,717,027.38	-12,137,582.19
Increase in deferred tax liabilities (decrease expressed with"-")	-60,718,556.31	53,311,524.34
Decrease in inventories (increase expressed with "-")	2,319,240,411.71	-4,809,571,468.03
Decrease in receivables in operating activities (increase expressed with"-")	4,555,878,575.95	6,928,369,323.03
Increase in payable in operating activities (decrease	3,819,719,575.95	5,511,606,208.44

Supplementary information	Current year	Prior year
expressed with"-")		
Others		
Net cash flows from operating activities	**12,273,542,293.62**	**9,549,448,838.12**
2. Significant investing and financing activities that do not involve cash receipts or payments		
Debts converted to capital		
Convertible debts due within one year		
Fixed assets leased in under finance leases		
3. Net changes of cash and cash equivalents		
Closing balance of cash	17,276,826,533.08	11,492,676,018.24
Less: Opening balance of cash	11,492,676,018.24	3,680,501,785.83
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	**5,784,150,514.84**	**7,812,174,232.41**

67.2 Composition of cash and cash equivalents

Item	Closing balance	Opening balance
I. Cash	17,276,826,533.08	11,492,676,018.24
Including: Cash on hand	198,692.12	83,801.65
Bank deposits that can be used for payment at any time	17,143,175,749.48	11,399,581,145.06
Other monetary funds that may be paid for at any time	133,452,091.48	93,011,071.53
The central bank deposits that can be used for payment		
Deposit inter-bank money		
Loan of inter-bank funds		
II. Cash equivalents		
Including: Structured deposits mature within three months		
III.Closing balance of cash and cash equivalents	**17,276,826,533.08**	**11,492,676,018.24**

VIII. Related Parties and Related Party Transactions

1. Information about the parent company

The ultimate controlling party of the Company is Shandong Provincial Department of Finance.

2. Information about the subsidiaries of the Company

See VI.1. Basic information of secondary subsidiaries included in the scope of consolidated statements in

this period.

3. The company's joint ventures and associates

3.1 Basic information of important associates

Name of joint ventures and associates	Principal place of business	Place of registration	Nature of business	Shareholding Ratio (%)	
				Direct	Indirect
Shandong Puhui Wanjia Investment Partnership (Limited Partnership)	Jinan Shandong	Jinan Shandong	Investment activity		15.00
Yantai Blue Pharmaceutical Valley Kinetic Energy New City Construction And Investment Co., Ltd	Yantai Shandong	Yantai Shandong	Investment activity		24.50
Shandong Kinetic Jiahe Venture Capital Fund Partnership (Limited Partnership)	Zibo Shandong	Zibo Shandong	Fund management		80.08
Wanjia Fund Management Co., Ltd	Shanghai	Shanghai	Fund management		40.00
Shandong Yaowang Traditional Chinese Medicine Technology Co., Ltd	Weifang Shandong	Weifang Shandong	Science and technology promotion and application services		25.00

3.2 Other associates

Name of associates	Relationship with the Company
Shandong Finance Industrial Co., Ltd	Associated enterprise
Weihai Caijin New Material Co., Ltd	Associated enterprise
Shandong Green Energy New Infrastructure Industry Service Co., Ltd	Associated enterprise
Shandong Rongsheng Supply Chain Management Co., Ltd	Associated enterprise
Taian Huigu Real Estate Co., Ltd	Associated enterprise
Taian Jindong Concrete Co., Ltd	Associated enterprise
Shandong Caikangyang Education Technology Co., Ltd	Associated enterprise
Shandong Yijian Yikang Health Management Co., Ltd	Associated enterprise
Shandong Xinqiao Urban And Rural Integration Development Co., Ltd	Associated enterprise
Shandong Puhui Wanjia Investment Management Co., Ltd	Associated enterprise
Shandong New Momentum Inclusive Financial Services Co., Ltd	Associated enterprise

Name of associates	Relationship with the Company
Wanjia Fund Management Co., Ltd	Associated enterprise
Shandong Qilu Huixin Culture Development Co., Ltd	Associated enterprise
Shandong Qilu Cultural Tourism Group Co., Ltd	Associated enterprise
Shandong Lushang Intelligent Technology Co., Ltd	Associated enterprise
Shandong Finance Enterprise Development Co., Ltd	Associated enterprise
Beijing Shan Gaojuntai Holding Co., Ltd	Associated enterprise
Qingdao Yunqing Ecological Environment Engineering Co., Ltd	Associated enterprise
Hainan Tengzhu Investment Partnership (Limited Partnership)	Associated enterprise
Shandong Cai Jintai Wei New Energy Co., Ltd	Associated enterprise
Cai Jintaiwei (Jinan Zhong) Photovoltaic Technology Co., Ltd	Associated enterprise
Shandong Financial Resources Industry Development Co., Ltd	Associated enterprise
Zhongzhe Marine Food (Shandong) Co., Ltd	Associated enterprise
Shandong Yaowang Traditional Chinese Medicine Technology Co., Ltd	Associated enterprise
Shandong New Kinetic Energy Kejin Equity Investment Fund Partnership (Limited Partnership)	Associated enterprise
Shandong New Kinetic Energy Jiaxin Equity Investment Fund Partnership (Limited Partnership)	Associated enterprise

4. Transactions with related parties

4.1 Purchase and sale of goods, provision and acceptance of services

Related parties	Related party transaction	Current year	Prior year
Shandong New momentum Inclusive Financial Services Co., Ltd	Housing and vehicle rental income		2,654,854.00
Nolai Biomedical Technology Co., Ltd	Health examination expenditure		432,085.86

4.2 Related interest settlement

Related parties	Related party transaction	Current year	Prior year
Shandong Caixing Industrial Investment Co., Ltd	Interest income	3,950,314.46	
Taian Huigu Real Estate Co., Ltd	Interest income	41,628,983.18	44,607,791.72
Nolai Biomedical Technology Co., Ltd	Interest income	158,411.94	33,522.02
Shandong Caixin Information Industry Co., Ltd	Interest income	9,722.23	
Shandong New Momentum Inclusive Financial Services Co., Ltd	Interest income	50,464,158.69	13,293,097.59

Related parties	Related party transaction	Current year	Prior year
Shandong Finance Industrial Co., Ltd	Interest income		6,888,888.88
Shandong Rongsheng Supply Chain Management Co., Ltd	Interest income	10,522,012.54	10,366,876.29
Nolai Biomedical Technology Co., Ltd	Interest expense	1,854,166.67	5,444,182.23
Shangang Capital Holding (Shenzhen) Co., Ltd	Interest expense	3,235,166.68	
Shandong Jinmaoyuan Economic and Trade Co., Ltd	Interest expense	136,000.01	
Shandong Weiwei Information Technology Co., Ltd	Interest expense	1,036,249.99	
Total		**112,995,186.39**	**80,634,358.73**

5. Receivables and payables of related parties

5.1 Receivable

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable:				
Shandong New Momentum Inclusive Financial Services Co., Ltd	203,001,796.86		157,360,494.96	
Total	**203,001,796.86**		**157,360,494.96**	
Other receivables:				
Shandong Caixing Industrial Investment Co., Ltd	64,000,000.00			
Shandong Caijin Zhiyuan Education And Technology Co., Ltd	1,191,700.00		5,940,000.00	
Taian Huigu Real Estate Co., Ltd	572,248,168.46		526,474,087.53	
Nolai Biomedical Technology Co., Ltd	3,018,958.33		3,000,000.00	
Shandong New Momentum Inclusive Financial Services Co., Ltd	195,000,000.00		390,000,000.00	
Shandong Rongsheng Supply Chain Management Co., Ltd	151,993,333.29		140,000,000.00	
Zhangqiu Xintengda Construction and Development Co., Ltd	340,200,000.00	266,167,358.18		
Tengqiang Urban-Rural Construction (Suzhou) Co., Ltd	136,240,243.51			

Item	Closing balance		Opening balance	
	Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Total	**1,463,892,403.59**	**266,167,358.18**	**1,065,414,087.53**	

5.2 Payables

Item	Closing balance	Opening balance
Accounts payable		
Nolai Biomedical Technology Co., Ltd	**2,686,529.88**	**2,698,529.88**
Other payables:		
Nolai Biomedical Technology Co., Ltd	**62,727,270.00**	**183,542,169.33**

6. Related Party Commitments

None.

IX. Commitments and contingencies

1. Major commitments

None.

2. Contingencies

As of 31 December 2024, the Company's guarantees for the companies outside the consolidated statement are as follows:

Unit: ten thousand yuan RMB

Name of the guaranteed entity	**Guarantee matters**	**Amount**	**Guarantee expiration date**
Shandong Caijin Agricultural Science and Technology Co., Ltd	bank borrowing	11,088.82	15 July 2032
Shandong Caijin Agricultural Science and Technology Co., Ltd	bank borrowing	24,320.00	21 November 2032
Shandong CAI Jintai Wei New Energy Co., Ltd	bank borrowing	2,720.00	25 December 2026
Financial Care And Health Industry (Tai'An) Co., Ltd	bank borrowing	42,822.95	30 May 2026
Total		**80,951.77**	

As of 31 December 2024, the Company has no other contingencies to be disclosed.

X. Matters after the balance sheet date

None.

XI. Other important matters

The asset-liability ratio by 31 December 2024 is listed as follows:

Entity names	Total liabilities	Total assets	Asset-liability ratio
Shandong Finance Investment Group Co.Ltd (consolidated)	239,071,750,806.71	352,829,515,551.03	67.76%
Shandong Finance Investment Group Co.Ltd (individual)	48,576,641,835.76	113,323,328,404.65	42.87%
Shandong Finance Development Co., Ltd. (consolidated)	161,870,853,257.15	215,581,306,232.68	75.09%

XII. Notes of major items in the company's financial statements

1. Accounts receivable

1.1 Disclosure by account age

Aging	Closing balance	Opening balance
Within 1 year		
1 to 2 years		
2 to 3 years		
3 to 4 years		
4 to 5 years		
More than 5 years	5,100,000.00	5,100,000.00
Subtotal	**5,100,000.00**	**5,100,000.00**
Less: Bad Debt Provision	5,100,000.00	5,100,000.00
Total		

1.2 Classification and listed according to the bad debt provision method

Types	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	5,100,000.00	100.00	5,100,000.00	100.00	

Types	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for bad debt provision by portfolio					
Total	**5,100,000.00**	**100.00**	**5,100,000.00**	**100.00**	

(continued)

Types	Opening balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Accounts receivable for individual bad debt provision	5,100,000.00	100.00	5,100,000.00	100.00	
Accounts receivable for bad debt provision by portfolio					
Total	**5,100,000.00**	**100.00**	**5,100,000.00**	**100.00**	

①Accounts receivable with bad debt provisions calculated on an individual basis at the end of the period

Accounts receivable (by company)	Closing balance			
	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
The Jinan Municipal People's Procuratorate	300,000.00	300,000.00	100.00	Expected unrecoverable
Special Police detachment of Jinan Public Security Bureau	300,000.00	300,000.00	100.00	Expected unrecoverable
Singapore Tianyuan Group Company Limited	4,500,000.00	4,500,000.00	100.00	Expected unrecoverable
Total	**5,100,000.00**	**5,100,000.00**		

1.3 The provision for bad debts

Item	Opening balance	Change in the current period			Closing balance
		Provision	Receive or reverse	Resale or write-off	
Provision for bad debts made individually	5,100,000.00				5,100,000.00
Total	**5,100,000.00**				**5,100,000.00**

1.4 The top five with the ending balance of accounts receivable collected by the debtor

The total amount of the top five accounts receivable by the closing balance collected by the debtor party is RMB 5,100,000.00, accounting for 100.00% of the total closing balance of the accounts receivable, and the total amount of the closing balance of the corresponding bad debt provision is RMB 5,100,000.00.

2. Other receivables

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	20,554,768,103.38	13,905,403,511.08
Total	**20,554,768,103.38**	**13,905,403,511.08**

2.1 Other receivables

①Other receivables are disclosed by the method of provision for impairment

Item	Closing balance				
	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	271,346,878.29	1.30	271,346,878.29	100.00	
Provision for credit loss by portfolios	20,554,846,338.98	98.70	78,235.60		20,554,768,103.38
Total	**20,826,193,217.27**	**100.00**	**271,425,113.89**	**1.30**	**20,554,768,103.38**

(continued)

Item	Opening balance

	Carrying amount		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for credit loss on a single basis	271,346,878.29	1.91	271,346,878.29	100.00	
Provision for credit loss by portfolios	13,905,481,746.68	98.09	78,235.60		13,905,403,511.08
Total	**14,176,828,624.97**	**100.00**	**271,425,113.89**	**1.91**	**13,905,403,511.08**

②Other receivables for which provision for bad debts is made separately

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Other entities	108,013,600.00	108,013,600.00	100.00	Expected unrecoverable
Hong Kong Baofeng Company Limited	31,333,278.29	31,333,278.29	100.00	Expected unrecoverable
Baofeng Seafood	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building	70,000,000.00	70,000,000.00	100.00	Expected unrecoverable
Qilu Building, Shanghai	20,000,000.00	20,000,000.00	100.00	Expected unrecoverable
Shandong Building Preparation Office	7,000,000.00	7,000,000.00	100.00	Expected unrecoverable
The China Confucius Foundation	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Shandong Acrobatic Troupe	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Shandong Brilliant Century Film And Television Culture Co., Ltd	5,000,000.00	5,000,000.00	100.00	Expected unrecoverable
Shandong Qilu Animation Base Co., Ltd	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable

Name of debtor	Carrying amount	Bad debt provision	Provision ratio	Reason for provision
Shandong Film And Television Group Co., Ltd	3,000,000.00	3,000,000.00	100.00	Expected unrecoverable
Shandong Performing Arts Group Co., Ltd	2,000,000.00	2,000,000.00	100.00	Expected unrecoverable
Yantai Zhifu District Information Industry Bureau	1,000,000.00	1,000,000.00	100.00	Expected unrecoverable
Total	**271,346,878.29**	**271,346,878.29**		

③Provision for bad debts

Bad debts allowance	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (credit impairment has not incurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance			271,425,113.89	**271,425,113.89**
The book balance of other receivables at the end of last year in the current period:				
—Transfer into stage 2				
—Transfer into stage 3				
—Reverse into stage 2				
—Reverse into stage 3				
Provision in the current reporting period				
Reverse in the current reporting period				
Transfer out in the current period				
Write off in the current period				
Other changes				
Closing balance			**271,425,113.89**	**271,425,113.89**

④Top five debtors based on corresponding closing balance of other receivables

Entities	Nature	Closing balance	Aging	Proportion of total closing balance for other receivables (%)	Closing balance for credit loss provision
Shandong Finance Asset Management Co., Ltd	Related party transaction	8,760,494,514.43	Within 1 year	42.06	
Shandong Finance Small And Medium Enterprise Service Co., Ltd	Related party transaction	3,750,000,000.00	Within 1 year, 1-2 years, 2-3 years	18.01	
Shandong Finance Development Co., Ltd	Related party transaction	2,504,909,292.09	Within 1 year	12.03	
Shandong Finance Health Industry Group Co., Ltd	Related party transaction	1,057,335,508.38	Within 1 year, 1-2 years	5.08	
Shandong Finance Venture Capital Co., Ltd	Related party transaction	1,030,520,000.00	1-2 years, 2-3 years, over 3 years	4.95	
Total		**17,103,259,314.90**		**82.12**	

3. Long-term equity investments

3.1 Classification of long-term equity investment

Item	Closing balance			Opening balance		
	Carrying amount	Impairment provisions	Book value	Carrying amount	Impairment provisions	Book value
Investment in subsidiaries	65,939,530,223.87		65,939,530,223.87	59,596,188,201.14		59,596,188,201.14
Investment in associates and joint ventures	323,231,305.04		323,231,305.04	13,879,186.39		13,879,186.39
Total	**66,262,761,528.91**		**66,262,761,528.91**	**59,610,067,387.53**		**59,610,067,387.53**

3.2 Investment in subsidiaries

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Shandong Finance Commercial Management Co., Ltd	797,136,361.68	100,000,000.00	897,136,361.68			
Shandong Finance Asset Management Co., Ltd	948,706,984.60	184,945,770.98		1,133,652,755.58		
Shandong Finance Venture Capital Co., Ltd	197,701,666.80			197,701,666.80		
Shandong Finance Development Co., Ltd	17,339,855,435.05			17,339,855,435.05		
Shandong Financial Capital Management Co., Ltd	3,850,103,913.33	1,707,055,623.15		5,557,159,536.48		
Shandong Finance And Financial Leasing Co., Ltd	2,053,234,560.00			2,053,234,560.00		
Jinan Caitong Investment Partnership (Limited Partnership)	500,000,000.00			500,000,000.00		
Jinan Caiyuan Jiurushan Investment Partnership (Limited Partnership)	18,900,000.00		4,000,000.00	14,900,000.00		
Shanghai Shancai Enterprise Development Co., Ltd	300,000,000.00	235,000,000.00		535,000,000.00		
Shandong Caijin New Energy Industry Co., Ltd	966,598,829.80	14,537,388.83		981,136,218.63		
Shandong Finance Rural Revitalization Co., Ltd	2,000,000,000.00			2,000,000,000.00		
Shandong Finance, Government-Enterprise Tianyuan Equity	300,000,000.00		300,000,000.00			

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Investment Fund Center (Limited Partnership)						
Shandong Finance City Development And Investment Co., Ltd	24,079,500.00	31.00		24,079,531.00		
Shandong New Growth Drivers Fund Management Co., Ltd	23,149,062,959.72	3,293,000,000.00		26,442,062,959.72		
Shandong Provincial Financial And Government Bond Service Center	75,910,198.49			75,910,198.49		
Shandong Financial Integration Equity Investment Partnership (Limited Partnership)	110,000,000.00		110,000,000.00			
Jinan Chuangxin Equity Investment Partnership (Limited Partnership)	1,995,000,000.00			1,995,000,000.00		
Shandong Finance And Research Institute Co., Ltd	3,000,000.00			3,000,000.00		
Shandong Finance Health Industry Group Co., Ltd	480,753,319.60			480,753,319.60		
Shandong Finance Small And Medium Enterprise Service Co., Ltd	126,283,546.87			126,283,546.87		
Shandong Financial Technology Innovation Equity Investment Fund Partnership (Limited Partnership)	812,033,894.92	410,382,181.45	57,578,972.68	1,164,837,103.69		

Investee	Opening balance	Increase in current year	Decrease in current year	Closing balance	Provision for impairment in the current period	Closing balance of impairment provision
Shandong Caijin Xinrong Investment Holding Co., Ltd	2,542,827,030.28			2,542,827,030.28		
Shandong Finance And Health Industry Investment Holding Co., Ltd	970,000,000.00	1,767,136,361.68		2,737,136,361.68		
Shandong Financial Ecological Resources Development And Operation Co., Ltd	35,000,000.00			35,000,000.00		
Total	**59,596,188,201.14**	**7,712,057,357.09**	**1,368,715,334.36**	**65,939,530,223.87**		

3.3 Investment in associates and joint ventures

Investee	Opening balance	Increase/decrease in current year				
		Increase in investments	Decrease in investments	Investment Profit (Loss) recognized under the equity Method	Adjustment to other comprehensive income	Other Changes in equity
I.Joint venture companies						
Shandong Finance Industrial Co., Ltd	6,427,855.98			-166,066.61		
Wisdom Qilu (Shandong) Big Data Technology Co., Ltd	7,451,330.41		8,643,769.60	1,197,689.09	-5,249.90	
Taihe Asset Management Co., Ltd		300,000,000.00		16,969,515.67		
Subtotal	**13,879,186.39**	**300,000,000.00**	**8,643,769.60**	**18,001,138.15**	**-5,249.90**	
Total	**13,879,186.39**	**300,000,000.00**	**8,643,769.60**	**18,001,138.15**	**-5,249.90**	

(continued)

Investee	Increase/decrease in current year			Closing balance	Closing balance of the impairment provision
	Declaration of cash dividends or profit distribution	Impairment provision	Others		
I.Joint venture companies					
Shandong Finance Industrial Co., Ltd				6,261,789.37	
Wisdom Qilu (Shandong) Big Data Technology Co., Ltd					
Taihe Asset Management Co., Ltd				316,969,515.67	
Subtotal				**323,231,305.04**	
Total				**323,231,305.04**	

4. Operating revenue and operating cost

Item	Current year		Prior year	
	Revenue	Costs	Revenue	Costs
Principal operating activities				
Other operating activities	13,754,716.97	15,974,206.98	110,695,639.02	21,902,616.33
Total	**13,754,716.97**	**15,974,206.98**	**110,695,639.02**	**21,902,616.33**

5. Investment income

Item	Current year	Prior year
Investment income from long-term equity investments accounted for using the cost method	813,504,208.16	851,676,637.68
Investment income from long-term equity investments accounted for using the equity method	16,803,449.06	-1,862,171.18
Investment income from the disposal of long-term equity investments	11,801,019.49	58,001,535.36
Investment income obtained during the holding period of trading financial assets	6,205,905.94	17,504,956.50
Dividend income obtained during the holding period of other equity instrument investments	2,906,917.96	5,689,757.55
Investment income obtained from the disposal of trading financial assets	22,915,815.29	34,586,337.26

Item	Current year	Prior year
Investment income obtained from the disposal of other non-current financial assets	7,534,191.52	
Investment income obtained from the disposal of debt investments	468,396.12	
Others	1,560,698.07	
Total	**883,700,601.61**	**965,597,053.17**

XIII. Approval of the financial statements

The financial statements and notes to the financial statements were approved by the Company on 26 March 2025.

Shandong Finance Investment Group Co. Ltd

26 March 2025

ISSUER

SFG International Holdings Co. Limited
(山東財金國際控股有限公司)
Vistra Corporate Services Centre
Wickhams Cay II
Road Town
Tortola, VG1110
British Virgin Islands

GUARANTOR

Shandong Finance Investment Group Co. Limited
(山東省財金投資集團有限公司)
1851 Shanzuo Road
Lixia District, Jinan City
Shandong Province, PRC

TRUSTEE

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

PRINCIPAL PAYING AGENT, REGISTRAR AND TRANSFER AGENT

China Construction Bank (Asia) Corporation Limited
(中國建設銀行(亞洲)股份有限公司)
28/F, CCB Tower
3 Connaught Road Central
Central, Hong Kong

LEGAL ADVISORS

To the Issuer and the Guarantor as to English law and Hong Kong law

Fangda Partners
26/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

To the Issuer and the Guarantor as to PRC law

Tahota (Jinan) Law Firm
24, 29/F, Huarun Building
No. 11111 Jingshi Avenue
Lixia District, Jinan, PRC

To the Issuer and the Guarantor as to British Virgin Islands law

Ogier
11/F, Central Tower
28 Queen's Road Central
Central, Hong Kong

LEGAL ADVISORS TO THE JOINT LEAD MANAGERS

To the Joint Lead Managers as to English law and Hong Kong law

DeHeng Law Offices (Hong Kong) LLP
28/F, Henley Building
5 Queen's Road Central
Central, Hong Kong

To the Joint Lead Managers as to PRC law

JunHe LLP
20/F, China Resources Building
8 Jianguomenbei Avenue
Beijing, PRC

LEGAL ADVISORS TO THE TRUSTEE

To the Trustee as to English law and Hong Kong law

Zhong Lun Law Firm LLP
4/F., Jardine House
1 Connaught Place
Central, Hong Kong

INDEPENDENT AUDITOR OF THE GUARANTOR

Xin Lian Yi Certified Public Accountants (Limited Liability Partnership)
11/F, Building B, Jinan Daily Building
Lashanhe West Road, Xingfusi Street
Huaiyin, Jinan, Shandong, PRC

A.Plus International
FINANCIAL PRESS LIMITED
260580257